WELSPUN CORP
Pipes and Plates

# Transforming.

## Delivering value






Annual Report 2021-22

# What's Inside

## CORPORATE OVERVIEW

1



## STATUTORY REPORTS

2



## FINANCIAL STATEMENTS

3



# Corporate Information

**Company Identification Number:**
L27100GJ1995PLC025609

**Date of Incorporation:** April 26, 1995

**Date of Being Listed on Stock Exchange:**
BSE: March 27, 1997
NSE: December 4, 2003

**Type of Business:** Manufacturing of Steel Pipes & Coating, DRI, Billets, TMT, Pig Iron, Ductile Iron Pipes, SS Bars & Tubes

**Registered Capital:** ₹ 5,520.50 million

**Paid-up Capital:** ₹ 4,819.86 million divided into 260,949,395 Equity Shares of ₹ 5 each fully paid-up and 351,511,571 Preference Shares of ₹ 10 each fully paid-up

**Securities Registrar & Transfer Agent:**

Link Intime India Private Ltd.,
C-101, 247 Park, LBS Marg,
Vikhroli (West), Mumbai – 400 083

**Registered Office:**

Welspun City, Village Versamedi, Tal. Anjar,
Dist. Kutch, Gujarat - 370 110, India

Tel: +91 - 2836 - 662079
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: www.welspuncorp.com

**Marketing Offices:**

Mumbai, Lucknow, Gandhinagar, Bhopal,
Houston (USA), Dammam (KSA)

**Manufacturing Units of the Company:**

- Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat - 392 130 (Pipes & Coating)
- Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat - 370 110 (Pipes & Coating)
- KIADB Industrial Area, Gejjalagere, Taluka Maddur, Dist. Mandya, Karnataka - 571 428 (Pipes)
- Survey No. 228-229, Village Jamunia & Khejda, Dist. Raisen, Madhya Pradesh - 464 551 (Pipes & Coatings)

**Forward-looking Statements**

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

### Manufacturing Units of the Subsidiaries/JVs/Associates:

- 9301, Frazier Pike, Little Rock, Arkansas 72205, USA (Pipes & Coating)
- 2nd Ind City Dammam, Kingdom of Saudi Arabia, P. O. Box 12943, Postal Code 31483 (Pipes & Coating)
- Village Versamedi, Tal.- Anjar, Dist.- Kutch, Gujarat – 370 110 (Concrete Weight Coating)
- Village Versamedi, Tal.- Anjar, Dist.- Kutch, Gujarat – 370 110 (Pig Iron & DI Pipes)
- Plot No. 01, G.I.D.C. Industrial Estate, Valia Road, Jhagadia, Bharuch, Gujarat - 393 110 (Steel and Seamless Pipes/tubes)

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

BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

The National Stock Exchange of India Ltd.
Exchange Plaza, Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 OO1

### Board of Directors:

Mr. Balkrishan Goenka - *Chairman, Non-Executive*
Mr. Vipul Mathur - *Managing Director & CEO*
Ms. Amita Misra - *Independent Director*
Mr. Arun Todarwal - *Lead Independent Director (Appointed w.e.f. July 1, 2022)*
Mr. Deshraj Dogra - *Independent Director*
Ms. Dipali Goenka - *Director*
Mr. K. H. Viswanathan - *Lead Independent Director (Resigned w.e.f. July 1, 2022)*
Mr. Rajesh R. Mandawewala - *Director*
Ms. Revathy Ashok - *Independent Director*

### Committees of the Board:

**Audit Committee**

Mr. K. H. Viswanathan - *Chairman, Independent Director (Resigned w.e.f. July 1, 2022)*
Ms. Amita Misra - *Member, Independent Director*
Mr. Arun Todarwal - *Chairman, Independent Director (Appointed w.e.f. July 1, 2022)*
Mr. Deshraj Dogra - *Member, Independent Director*

**Risk Management Committee**

Ms. Amita Misra - *Chairperson, Independent Director*
Mr. Arun Todarwal - *Member, Independent Director (Appointed w.e.f. July 1, 2022)*
Mr. Vipul Mathur - *Member, Managing Director & CEO*
Mr. K. H. Viswanathan - *Member, Independent Director (Resigned w.e.f. July 1, 2022)*
Mr. Deshraj Dogra - *Member, Independent Director*
Mr. Percy Birdy - *Member, CFO*

**ESG & CSR Committee**

Mr. K.H. Viswanathan - *Chairman, Independent Director (Resigned w.e.f. July 1, 2022)*
Ms. Revathy Ashok - *Chairperson, Independent Director*
Mr. Arun Todarwal - *Member, Independent Director (appointed w.e.f. July 1, 2022)*
Mr. Vipul Mathur - *Member & CEO*
Ms. Dipali Goenka - *Member, Non-Independent, Non-Executive Director*

**Nomination & Remuneration Committee**

Mr. K.H. Viswanathan - *Chairman, Independent Director (Resigned w.e.f. July 1, 2022)*
Mr. Arun Todarwal - *Chairman, Independent Director (appointed w.e.f. July 1, 2022)*
Mr. Deshraj Dogra - *Member, Independent Director*
Ms. Revathy Ashok - *Member, Independent Director*

**Share Transfer & Investor Grievance and Stakeholders' Relationship Committee**

Mr. K.H. Viswanathan - *Chairman, Independent Director (Resigned w.e.f. July 1, 2022)*
Mr. Arun Todarwal - *Chairman, Independent Director (appointed w.e.f. July 1, 2022)*
Ms. Revathy Ashok - *Member, Independent Director*
Mr. Vipul Mathur - *Member, Managing Director & CEO*

### Chief Financial Officer:

Mr. Percy Birdy

### Company Secretary:

Mr. Pradeep Joshi

### Auditors:

Price Waterhouse Chartered Accountants LLP

### Key Management Team:

Mr. Vipul Mathur - *Managing Director & CEO*
Mr. Percy Birdy - *CFO*
Mr. Godfrey John - *CEO, Pipe Vertical*
Mr. Anuj Burakia - *CEO & Managing Director, (WSSL)*
Mr. T. S. Kathayat - *President, Head QA & TS*
Mr. Rahul Yenurkar - *COO & President - Steel Vertical*
Mr. Snehal Patel - *VP - Operations, USA*
Mr. Todd Phillips- *VP - Marketing, USA*
Md. Al Shaheen - *CEO, (EPIC)*
Mr. Pradeep Joshi - *Company Secretary*

### Bankers:

Bank of Baroda
Axis Bank Ltd
Bank of India
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IDFC First Bank Ltd
Punjab National Bank
State Bank of India
YES Bank Limited

# Transforming.
## Delivering Value

A purpose-led and high-order transformation is underway at Welspun Corp. We are transforming by building on our strengths and transcending boundaries. We are expanding the ambit of our businesses by making them more consumer-centric. From a point of inflection, we are changing our shape and silhouette through persistent innovation, product diversification, capacity growth, and by single-mindedly sharpening each of our business verticals.

We are building a future-ready organization by diversifying our portfolio and scaling higher by securing significant and prestigious orders and by exhibiting our strong customer connect, technical excellence and execution capabilities. By foraying into newer segments and setting up super specialty businesses, we are persevering our market leadership and seizing further growth opportunities.

As we continue to evolve, we are embracing sustainability, integrating ESG principles, changing how we interact with the environment and our people, and making a positive contribution to the society. By participating in global-scale clean energy projects, we are supporting the world's energy transition and creating a smarter and a more sustainable world.

From this vantage point of purpose-led transformation, we are well poised for growth. As we progress along this continuum, we generate continuous, exponential new business value for us and for the entire ecosystem – to unlock new innovation-driven opportunities, deliver new efficiencies and drive growth.

# Contributing to India's Infrastructure Building

**Welspun Corp Limited - At a Glance**

Among the Top Line Pipe Manufacturers Globally

Undertaken Several Challenging Projects around the World

## WCL - BY THE NUMBERS

### PIPES

**655 KMT**
Global production of Line Pipes

**796 KMT**
Global sale of Line Pipes

**925 KMT**
**₹ 12,250 crore**
Current order book

**1,250 KMT**
Active bid book

### OTHER VERTICALS

**112 KMT**
Sale of Billets

**2,915 MT**
Sale of SS Pipes

**1,531 MT**
Sale of SS Bars

### CONSOLIDATED

**2.55 Million MT**
Combined installed manufacturing capacity

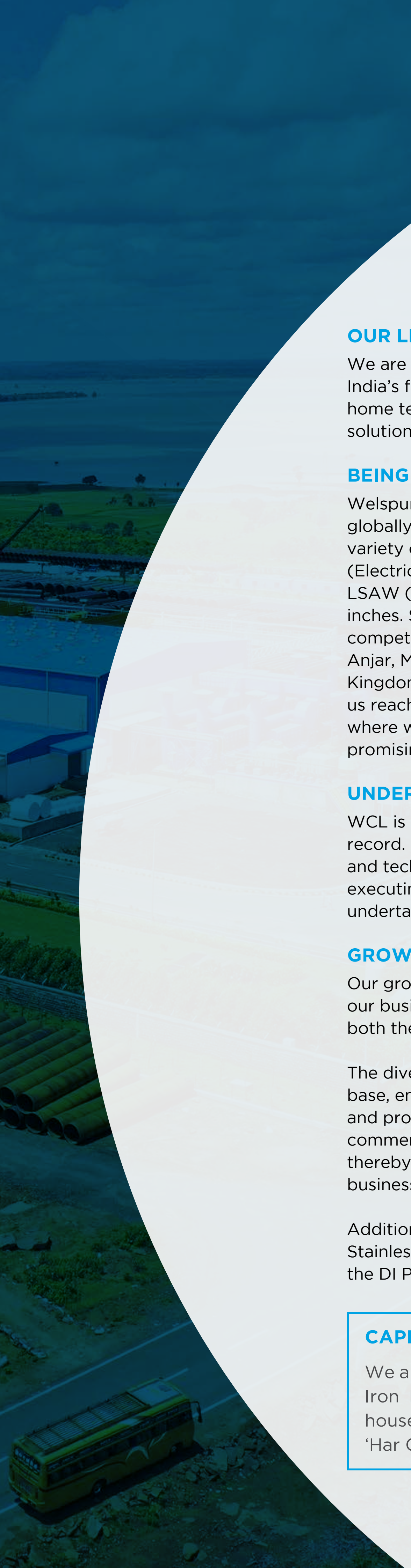
**1,193 KMT**
Orders won during the year

**6** Manufacturing facilities in **3** Countries

Out of last 10 years, achieved **sales volume >1,000 KMT** in 8 years

**15+ Million MT**
Pipes delivered till date, with multiple repeat orders

**50+**
Approvals from Oil & Gas majors; Qualifies for global bidding



## OUR LEGACY

We are a flagship company of the global conglomerate Welspun Group, one of India's fastest-growing multinationals with a leadership position in line pipes, home textiles, infrastructure, warehousing, retail, advanced textiles, and flooring solutions.

## BEING A PREFERRED SUPPLIER OF LINE PIPES

Welspun Corp Limited (WCL) is among the top welded line pipe manufacturers globally, providing complete solutions and capabilities to manufacture a diverse variety of welded line pipes namely, HFW (High-Frequency Welded), ERW (Electric Resistance Welded), HSAW (Horizontal Submerged Arc Welded), and LSAW (Longitudinal Submerged Arc Welded), ranging from 1½ inch to 140 inches. Specialized coating, double jointing, and bending are some of our core competencies. We have a current capacity of over 2.5 million MTPA at Dahej, Anjar, Mandya, and Bhopal in India; Little Rock in the USA; and Dammam in the Kingdom of Saudi Arabia. Our ever-expanding goals and targets have helped us reach out to several parts of the world - six continents and fifty countries - where we've successfully supplied pipes to massive projects, which have yielded promising results.

## UNDERTAKING CHALLENGING PROJECTS

WCL is synonymous with outstanding quality and an impeccable execution track record. With our 360-degree abilities in pipe products, our operational excellence, and technological innovation, we deliver some of the most critical pipelines in executing complex and large onshore and offshore projects. We continue to undertake some of the most challenging projects around the world.

## GROWTH STRATEGY

Our growth strategy entails creating a diversified product portfolio, repurposing our business to add new target segments, expanding our offerings to address both the B2B and B2C markets, and making well-considered strategic acquisitions.

The diversification into the B2C segment will help us significantly expand our base, enhance the brand, penetrate new markets, build a distribution network and provide opportunities to develop new products. In this pursuit, we will soon commence our TMT facility and foray into the polymer/plastic business segment, thereby transforming ourselves from being a large-scale B2B business to a B2C business in the next few months.

Additionally, we also manufacture BIS Certified Steel Billets, Direct Reduced Iron, Stainless and Alloy Steel Bars, and Stainless-Steel Tubes & Pipes. Our foray into the DI Pipes segment will cater to growing water infrastructure requirements.

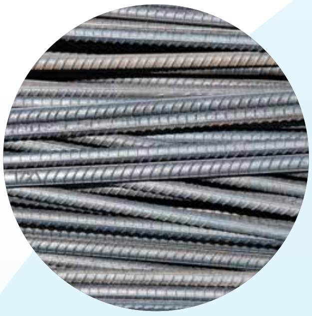
### CAPEX ON GREENFIELD EXPANSION FOR DI PIPES

We are setting up a Greenfield facility at Anjar, Gujarat to enter the Ductile Iron Pipes business that will facilitate potable water transportation to households around the country, in line with the Government's vision of 'Har Ghar Nal Se Jal'. The total capacity is proposed to be 400 KMTPA.

## SECTORS WE CATER TO

**Oil & Gas (Line Pipes)**

**Water Industry (Line Pipes and DI Pipes)**



**Infrastructure (TMT Bars)**

**Others (SS Tubes, Pipes, Bars)**

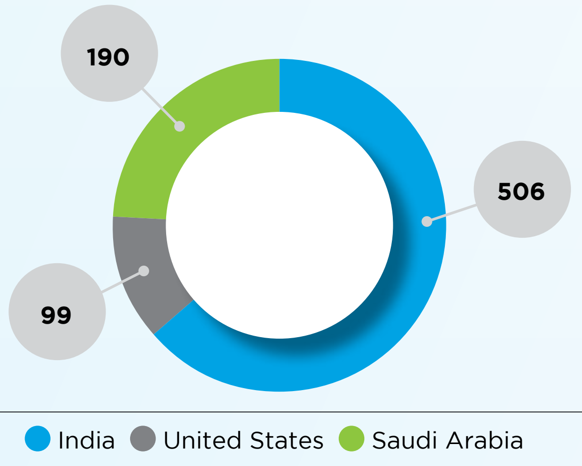
## OUR KEY FOCUS ON ESG

With sustainability as the core of our business, we continue to strengthen our business drivers, fortify our position and deliver value for all our stakeholders. With tangible and result-focused sustainability strategies, we are aligning our ESG commitments with strategic growth areas. By integrating our ESG initiatives with our business model, we aim to not only deliver financial performance, but also intend to make a positive contribution to the society and enhance our overall value creation.

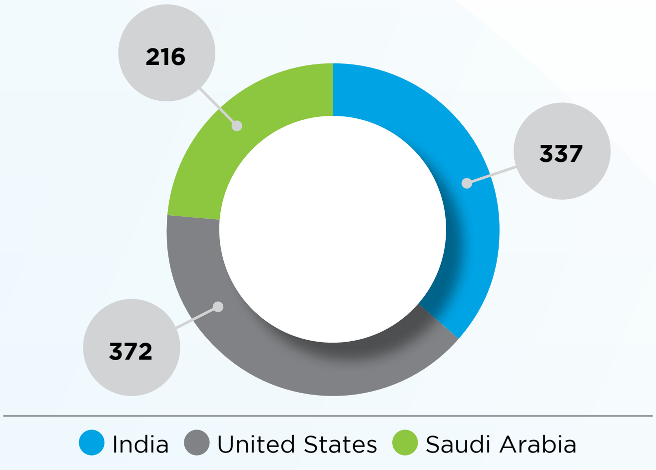
## OUR STRATEGIC PRIORITIES

## PIPE VERTICAL

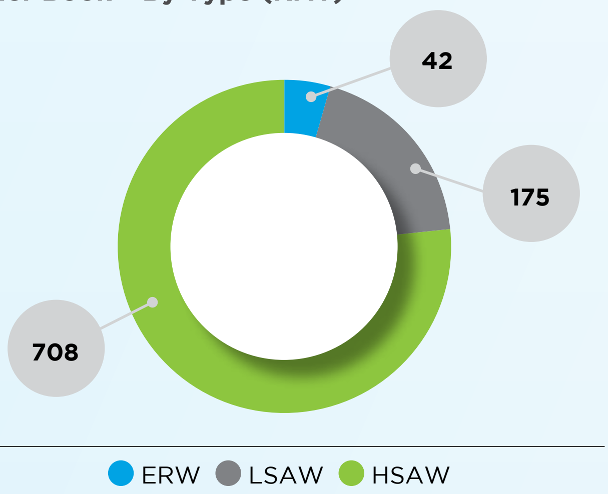
### Sales volume break-up (KMT)




### Order Book – By Region (KMT)




### Order Book – By Type (KMT)




## ENJOYING A MARKET EDGE THROUGH

**Global Leadership**
- Among the top Line Manufacturers globally
- All-round capability in manufacturing of Pipes, Bends, Internal and External Coating, Concrete Weight Coating

**Accreditations**
- Approvals from 50+ Oil & Gas majors; Qualifies for global bidding

**Expertise**
- Executed critical and complex projects worldwide
- Heaviest LSAW mill in India

**Locational Advantage**
- Ideal to cater to export and domestic businesses
- Close proximity with key demand centers

**Customer Centricity**
- Delivered 15+ Million MT Pipes with multiple repeat orders

**Supplier Relationship**
- Healthy relationships with international and domestic steel suppliers
- Long-term association with global steel and other vendors

**Innovation**
- Patented technology leading to higher productivity and high entry barriers

**Global But Local**
- Domestic presence in key demand areas – USA, Saudi Arabia and India

**One-Stop Shop**
- Steel sourcing to ROW/Laying Site – Managing complete SCM

**ESG**
- Independent Board; Focus on Diversity, CSR and Sustainability

# Taking the Welspun Legacy Forward

## Leading tomorrow together

**About Welspun Group**
Welspun Group is one of the fastest growing global conglomerates with businesses in Line Pipes, Home Textiles and Advanced Textiles, Infrastructure, Warehousing, Oil & Gas, Steel and Flooring Solutions.

**Among the**
global leaders in Home Textiles

**Among the top**
Large Diameter Pipes producer in the world

Presence in more than
**50 countries**

**26,000**
employees across global locations

On track to become among the Top 2 Value Creators in every business we have presence in.

### Our Vision

To delight our customers through innovation and technology, and to achieve inclusive and sustainable growth to remain eminent in all our businesses.

### Our Mission

We aim to be amongst the:

- Top 2 value creators in each of our businesses
- Top 10 most respected Indian brands
- Top 50 groups in India in terms of market value

**Our Purpose**

To delight customers through innovation and technology, achieve inclusive and sustainable growth and creating a more sustainable world.

## THE WELSPUN GROUP

**WELSPUN ENTERPRISES**
Infrastructure and Energy

India's fastest growing infrastructure player

**Key achievement**

Completed India's first 14-lane Expressway in a record time of 18 months

**WELSPUN CORP**
Pipes and Plates

Global leader in line pipes

**Key achievement**

Global leader in line pipes, embarking on new forays into other businesses such as DI Pipes and TMT

**WELSPUN INDIA**
Home Textiles

Global leader in home textiles

**Key achievement**

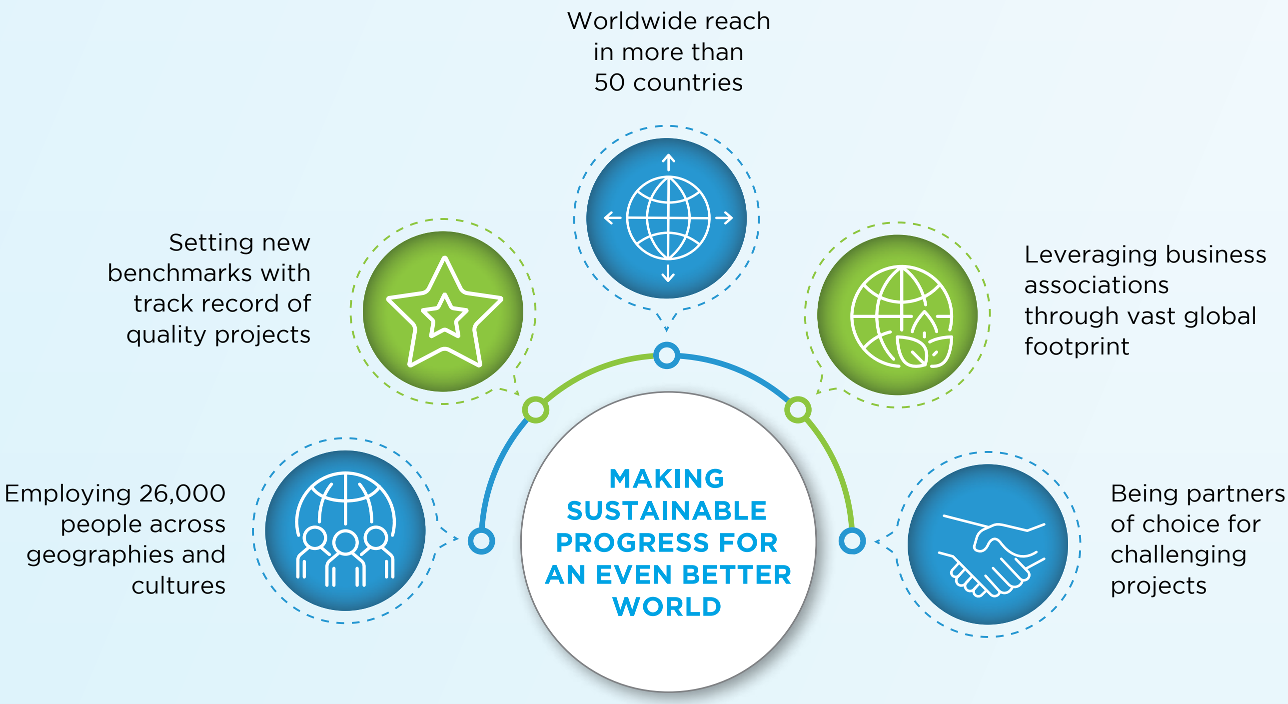
Global leader in home textiles with presence in more than 50 countries and a strategic partner to top retailers

**WELSPUN ONE**
Logistics Parks

India's leading warehousing & logistics solution provider

**Key achievement**

A flagship 110-acre Grade A logistics park



# A World-Class Product Portfolio

## ADDING RELEVANT OFFERINGS TO THE PRODUCT BASKET AND MEETING CUSTOMER REQUIREMENTS

### PIPE VERTICAL

**HSAW Pipes**
(Helically Welded)

**18-140** inch diameter
**6-27** mm thickness

**Utility for:**
Onshore Oil, Gas & Water Transmission

**LSAW Pipes**
(Longitudinally Welded)

**16-60** inch diameter
**6-50.8** mm thickness

**Utility for:**
Onshore/Offshore Oil & Gas Transmission

**ERW Pipes**
(Electric Resistance Welded)

**1.6-16** inch diameter
**4-14** mm thickness

**Utility for:**
Onshore Oil & Gas Transmission and Downstream Oil & Gas Distribution

**Coating System**

3LPE, FBE, 3LPP, Concrete Weight Coating, Internal Epoxy, Coal Tar Enamel, Inside Cement Mortar Lining

**Utility for:**
Anti-Corrosion

**Value-added Service**

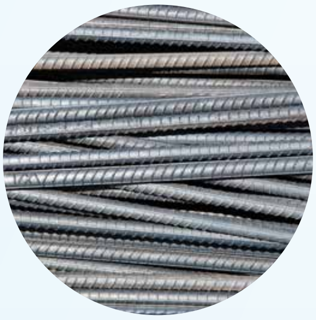
**Utility for:**
Double Jointing, Pipe Bending, ID Machining, Dump Site and Inventory Management

## STEEL VERTICAL

### DI Pipes & Pig Iron
(Ductile Iron)

**80-1,200** mm diameter
K7 and K9 class

**Utility for:**
Potable water distribution

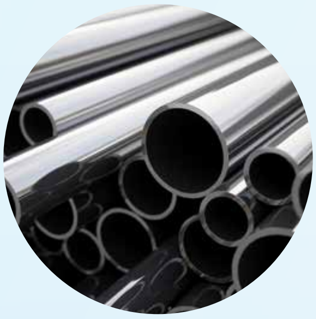


### Billets & TMT Rebars
(Thermo Mechanically Treated)

**8**mm **- 32**mm

**Utility for:**
Infrastructure and Housing construction

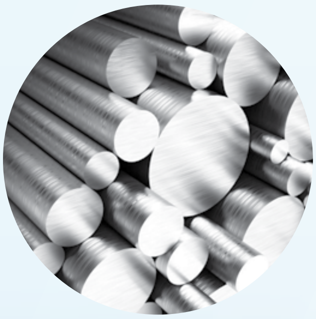
## OTHERS



### SS Pipes and Tubes
(Stainless Steel)

**6** mm outside diameter (OD) - **168.3** mm OD
**0.5** mm to **10.97** mm thickness

**Utility for:**
Oil & Gas, Refinery, Petrochemicals, Nuclear power, Fertilizers, Energy & Power, Defence, Railways and Aerospace



### SS Bars
(Stainless Steel)

**Cast Products:**
Square – **150 X 150** mm
Rectangle – **280 X 350** mm
Octagon – **198, 232, 262, 308** mm (Crest to Crest)

**Rolled Products:**
**45** mm to **250** mm diameter

**Utility for:**
Oil & Gas, Defence, Automobile, Forging Industries, Engineering Industries

# A Reflection of Our Sustained Value Creation

**2010**
- Renamed company to Welspun Corp Limited
- Established HSAW mill in Mandya, Karnataka

**2011**
- Established the LSAW mill at Anjar
- Acquired a controlling stake in the HSAW mill at Dammam, Kingdom of Saudi Arabia

**2009**
Established the HSAW mill at Little Rock, USA

**2013**
Established the HFIW mill in Little Rock, USA

**2008**
Established the HSAW mill at Anjar

**2016**
Established the CWC plant in Anjar under a JV with WASCO Energy

**2004**
Established Welspun City in Anjar

**2019**
Strengthened presence by commissioning the HSAW plant in Bhopal (Raisen district), Madhya Pradesh

**2000**
Expanded and established the LSAW mill at Dahej

**2020**
Announced foray into the Ductile Iron Pipe segment through a Greenfield facility

**1998**
Set up the HSAW mill at Dahej, Gujarat

**2021**
Announced entry into manufacturing of TMT Rebars and Stainless Steel, Tubes & Pipes, as a part of our growth and diversification strategy

**1995**
Incorporated Welspun Gujarat Stahl Rohren

**2022**
Saudi JV, East Pipes Integrated Company for Industry (EPIC), listed on the Saudi Exchange's Main Market ('Tadawul'), with our current stake at 35.01%

# Spreading Our Wings Across Continents

| Port-based facilities | All major accreditations | Best-in-class equipment and practices |
|---|---|---|

## OUR MANUFACTURING FACILITIES

### Line Pipes

**1,655 KMTPA**
Total capacity in India

**525 KMTPA**
Total capacity in United States

**375 KMTPA**
Total capacity in Saudi Arabia

### Other Forays

**400 KMTPA**
Ductile Iron Pipes & Pig Iron in India

**350 KMTPA**
TMT (upcoming) in India

**150 KMTPA**
SS Bars in India

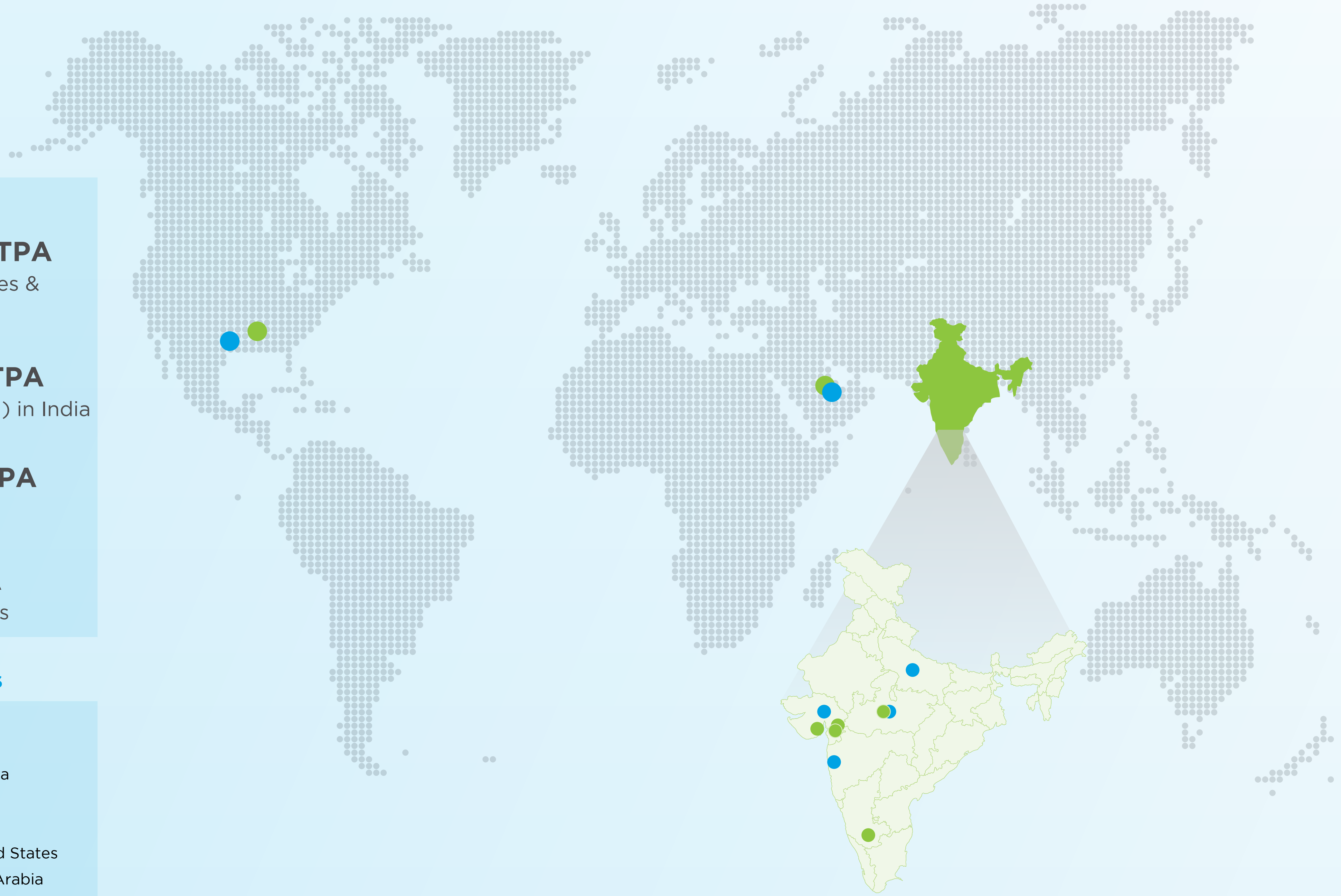
**18 KMTPA**
SS Pipes & Tubes

## MARKETING OFFICES

- **India**
  Mumbai, Maharashtra;
  Lucknow, Uttar Pradesh;
  Gandhinagar, Gujarat;
  Bhopal, Madhya Pradesh
- Houston, USA
- Dammam, Saudi Arabia

## PLANT LOCATIONS

- Anjar, Gujarat
- Dahej, Gujarat
- Mandya, Karnataka
- Bhopal, MP
- Jhagadia, Gujarat
- Little Rock, United States
- Dammam, Saudi Arabia



# From the Chairman's Desk

> Today, we have an enviable order book of 925 KMT valued at ₹ 12,250 crores, from global marquee clients.

***My dear Stakeholders,***

### THE WORLD, AS WE KNOW

The COVID-19 pandemic has had an overwhelming impact on global businesses and has been the single biggest driver of transformation in the world.

Further, sanctions on Russia contributed to rising crude prices with significant market uncertainties, which led the global commodity markets to witness one of the largest supply shocks in decades, altering global patterns of trade, production, and consumption.

### RAKING IN TRANSFORMATIONAL CHANGES

Despite external environmental challenges, Welspun Corp has continued to demonstrate resilience. We relentlessly focused on our 'Business Growth & Diversification' strategy, to consistently deliver a stronger future-ready conglomerate.

This positions us as a global leader in the niche line pipe industry, with geographical diversification, and a steady order inflow from world-renowned customers. From this vantage point, we foresee a bright future with sustainable progress as we advance on our strategic business transformation. In other words, we are changing the shape, color, and contours of Welspun Corp.

We are diversifying our product portfolio and expanding our businesses to enter the B2C segment. Our foray into Ductile Iron (DI) pipes, entry into long products, stainless steel, and the acquisition of Sintex BAPL's NCDs shall enable our B2C transformation.

## FY2022: FINANCIAL AND OPERATIONAL HIGHLIGHTS

Today, we have an enviable order book of 925 KMT valued at ₹ 12,250 crores, from global marquee clients. We have been partnering with most of them for over 15 years, having delivered repeat orders worth more than 15 million MT of Pipes. Our US-based Little Rock plant, recently won an order of 325 KMT, valued at over ₹ 5,000+ crores in the United States. This is by far the single largest order and will transport natural gas from the Permian Basin to Houston, the energy capital of the world. Apart from this, the company also secured various prestigious marquee orders globally during the year.

These significant and prestigious orders exhibit an improvement in the overall business sentiments, our strong customer connections, their confidence in our technical expertise, and our project execution capabilities.

Our operational excellence, and our financial discipline, have resulted in a healthy balance sheet which allows us to maintain a sharp focus on emerging opportunities. I am happy to share that this year our Joint Venture Company in the Kingdom of Saudi Arabia was successfully listed on the Saudi Exchange main market. The IPO witnessed a strong demand with an oversubscription of 71.8x from institutional investors and 16.1x from retail investors.

## TOWARDS A STRONGER TOMORROW

As energy demands rapidly evolve, we are developing the world's first guideline for the transportation of hydrogen gas in existing and new offshore pipelines, becoming the first Indian company to join the H2Pipe hydrogen pipeline project. We are excited to drive this research supporting the world's energy transition. The project has placed us at the forefront of creating a smarter and more sustainable world.

Further, with an exciting transformation, our immediate priorities will be to create a diversified portfolio, add new target segments, expand our offerings, and stabilize our new businesses. Our foray into the B2C segment will help us strengthen our competitiveness, enhance our brand, penetrate new markets, build a distribution network and provide opportunities to develop new markets.

We are heading into a new horizon with optimism and ambition underpinned by our strong fundamentals. We expect to continue to grow profitably while creating sustainable value for all our stakeholders. Post-pandemic, with demand coming back on track in regions where we operate, we remain geared to support development in the oil, gas, and water industries.

We look forward to your continued support as we embark on this new phase of growth - one that will not only build a stronger future but also contribute to a cleaner, greener planet for generations to come.

I thank all stakeholders for their support, our customers for believing in us; and our employees for their relentless efforts.

Sincerely,

**B. K. Goenka**
Chairman

# Lead Independent Director's Message

***Dear Shareholders,***

As your Lead Independent Director, I take this opportunity to share insights into the functioning of the Board and the Key Board priorities of the year. The last year has been an exciting one for the Company with various strategic initiatives. Your Board met 9 times during the year for strategic deliberations.

**Key Board Priorities during the year:**

- Diversification and de-risking initiatives - Amendment of MoA, exploring the acquisition of ancillary businesses
- IPO of the Saudi Arabia Joint Venture Company
- Approval for investment in Hybrid Energy Business as part of the Company's ESG-aligned capital allocation strategy
- Approval for investment in IT/ITeS Business Transformation for consolidating and scaling up its digital journey and business transformation
- Oversight of risk management and strengthening resilience
- Sustainability and long-term value creation
- Accelerating digitization and analytics initiatives

## CORPORATE GOVERNANCE

Your Board is committed to maintaining the highest standards of corporate governance, transparency and fairness in dealing with all its stakeholders. The Board continues to take various initiatives from time to time to sustain and further advance the governance practices.

**Key enhancements undertaken during the year were as follows:**

| Themes | Key Initiatives |
|---|---|
| I. Strengthening governance structure | a. Expanding the role of the 'Stakeholder Relationship Committee' of the Board from shareholders' grievances to focus on wider stakeholder grievances and feedback.<br>b. Separate meetings between Audit Committee and Internal Auditors & Statutory Auditors (without management presence).<br>c. Review & revision of the Board Evaluation framework and criteria in line with the ESG journey.<br>d. Robust process for selection of Internal Auditors and rotation of Internal Auditors.<br>e. Formalized the role of the Chief Information & Security Officer and the Chief Risk Officer. |
| II. Unlocking ESG's strategic value | **Making ESG a strategic priority**<br>a. ESG Rating from DJSI (ESG Score: 41).<br>b. Strengthening ESG Data Governance by embedding digitization and analytics into the ESG journey – deployed 'ESG Compass', an integrated digital platform to sustain the ESG journey (automating manual data collection and reporting processes in an automated manner).<br>c. Robust monitoring of ESG Goals & Initiatives during CSR & ESG Committee meetings.<br>d. Embedding ESG elements into three lines of defense.<br>e. Establishing a whistle-blower platform for anonymous reporting. |

As a Lead Independent Director of your Company, I want to emphasize about the Board's collective commitment towards the highest standards of governance, transparency, and fairness in dealing with all its stakeholders.

Should you have any suggestions, please share your views during the upcoming annual general meeting or write to the Company Secretary. We value your feedback.

Thank you for your continued faith in the Board of your Company. We would continue to work to represent the interest of all the stakeholders.

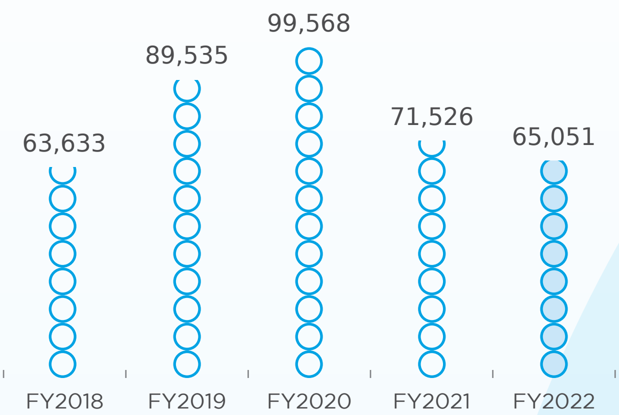
Sincerely,

**K. H. Viswanathan**
Lead Independent Director

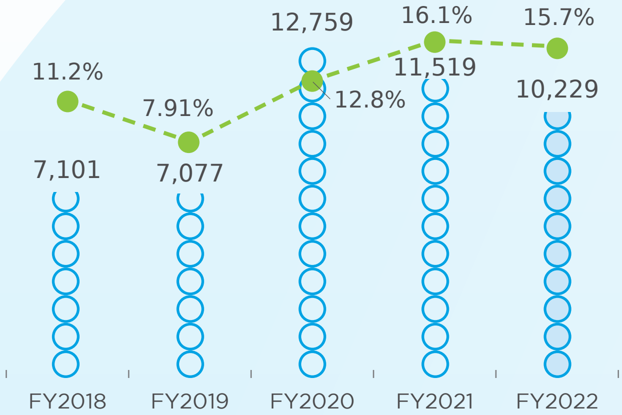
# Our Financial Performance

(₹ Million)

## Revenue from Operations

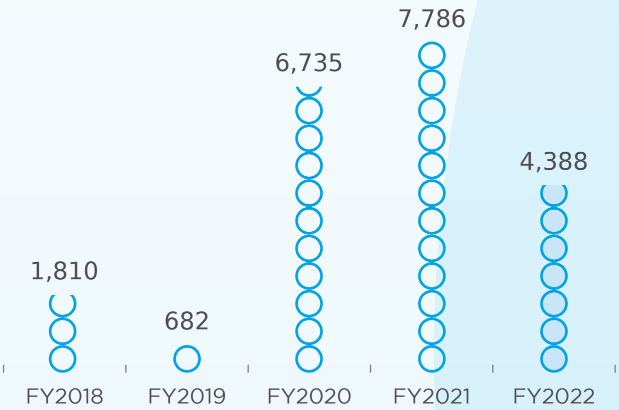



## EBITDA (In ₹ Million) and EBITDA Margin (%)



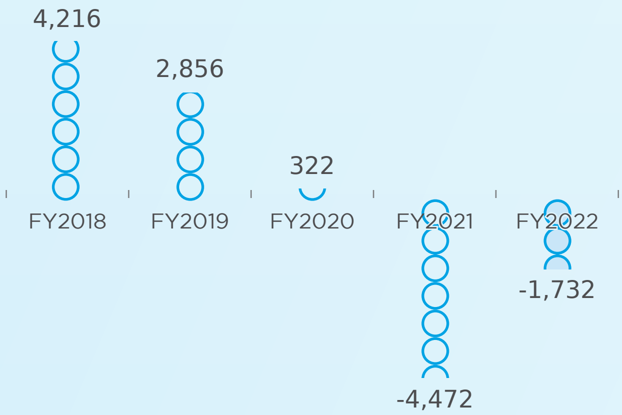

(₹ Million)

## PAT after Minorities, Associates and JVs (Continuing Operations)



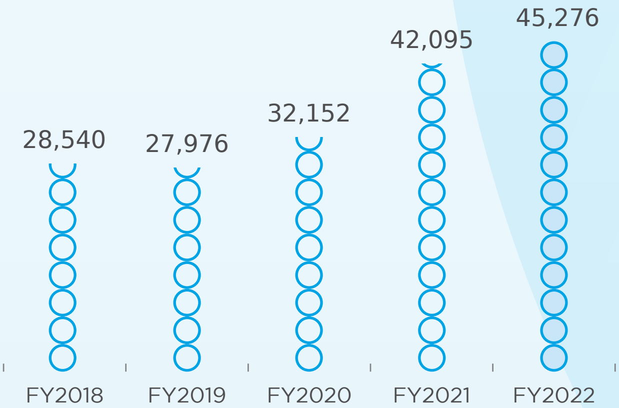

(₹ Million)

## Net Debt / (Cash)



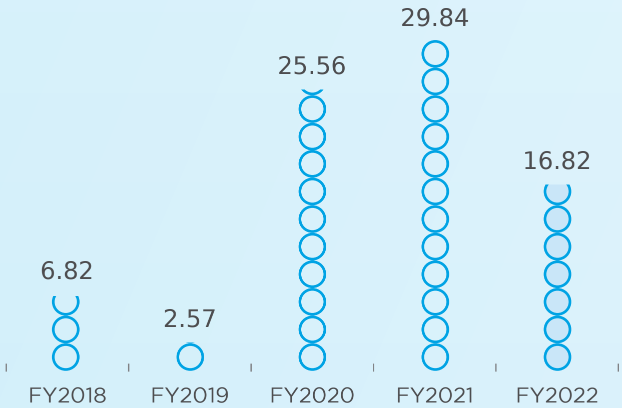

(₹ Million)

## Net Worth



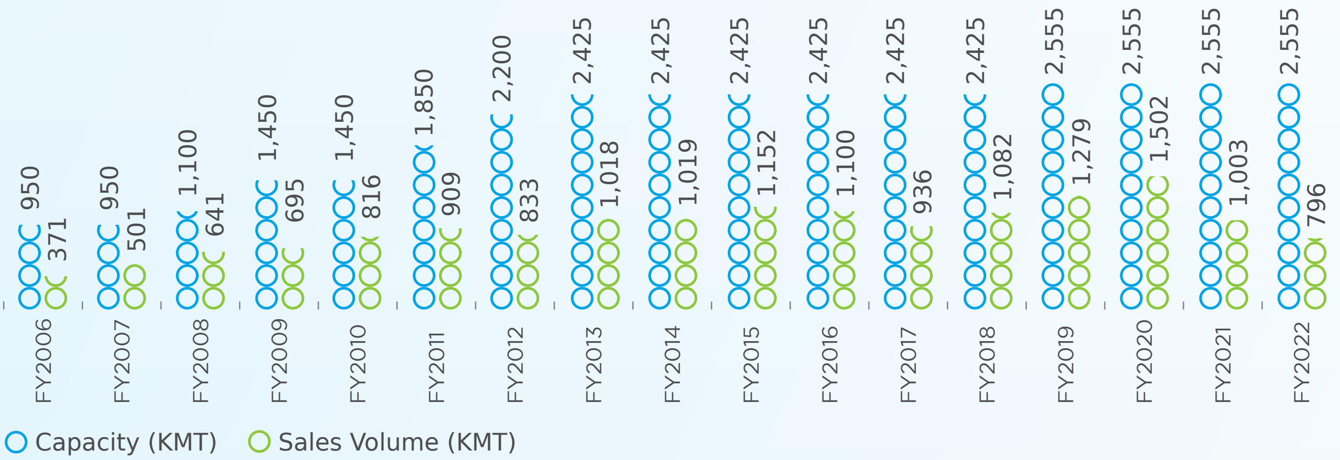

(₹)

## Earnings Per Share



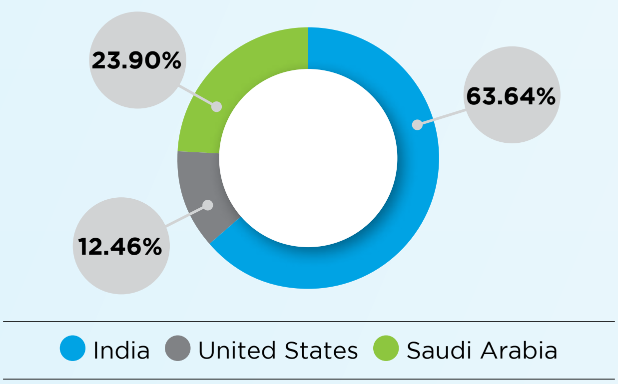
# Key Operational Highlights

## Capacity and Sales Volume

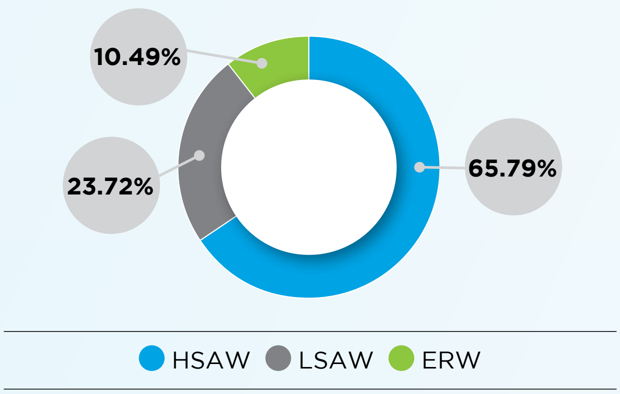



## Key Operating Metrics - Line Pipes

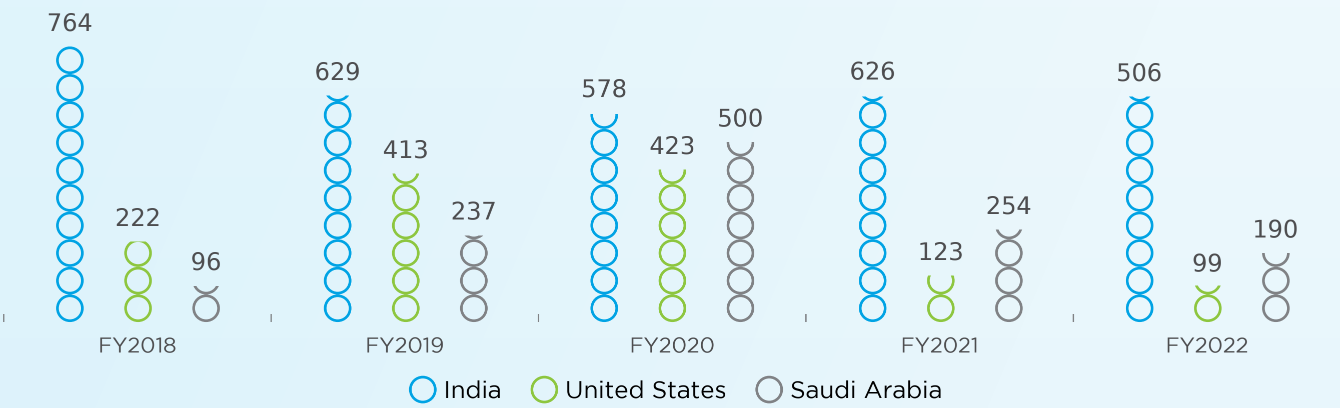
**Sale by Plant (%)**




**Sale by Type (%)**




## Sales Volume (In KMT)

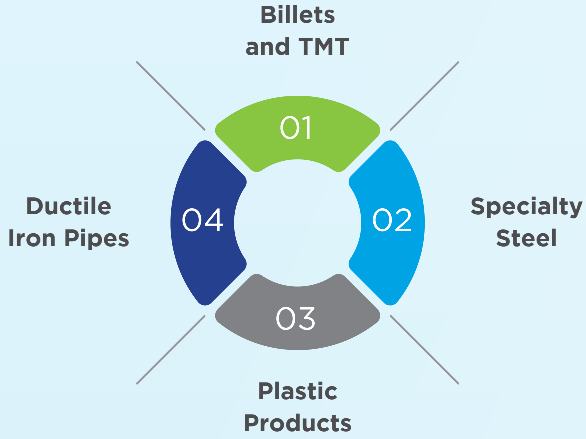


# Incubating New Growth Platforms

Having built a strong foundation, we are confident of executing our business growth and diversification plans. Our growth strategy entails diversifying our portfolio mix, improving competitiveness, adding new target segments, expanding the offerings, achieving greater economies of scale and evaluating new opportunities for organic and inorganic growth.

Our growth strategy involves creating a diversified product portfolio, repurposing our business to add new target segments, expanding our offerings to address B2B and B2C markets, and making well-considered strategic acquisitions. The diversification into the B2C segment will help the Company significantly extend its base, enhance the brand, penetrate new markets, build a distribution network and provide opportunities to develop new products. Our single-minded aim behind this is to create significant value for all our stakeholders – shareholders, employees, customers, suppliers and communities.

## NEW VENTURES: ORGANIC AND INORGANIC




## MANUFACTURING OF DUCTILE IRON PIPES

With a global leadership in large diameter pipes segment, our recent focus has been on expanding the customer base and overall presence in the segment. In addition, we are also setting up a state-of-the-art Greenfield facility at Anjar, in Gujarat, with capacity of 400 KMTPA to enter the Ductile Iron Pipe business, commissioned to operationalize by early FY 2022-23. Initiatives focused on creating drinking water supply infrastructure add to the optimism.

The Union Budget 2022-23 earmarked ₹ 60,000 crore to the Jal Jeevan Mission, with an aim to provide a functional tap connection to every rural household and supply potable water to 3.8 crore households in FY23. Further, the Jal Shakti Ministry allocated a higher amount of ₹ 86,189 crore, compared to ₹ 69,052 crore earlier. Our projection indicates robust demand for DI Pipes over the next 5-7 years.

## TRANSITIONING TO B2C

As part of our growth and diversification strategies, we are setting up a solid platform for higher value-added products and B2C initiatives. Through these planned forays and acquisitions, we plan to leverage synergies in raw material sourcing, common infrastructure, and technical manpower.

To strengthen our Company, we acquired the steel business of Welspun Steel to gain a footprint in the B2C business. The acquisition enlarges our B2C presence and makes us an integrated producer from steel-making to finished products. Our upcoming foray into the TMT bars segment will further solidify our B2C product portfolio.

In addition, we plan to foray into polymer products by way of an acquisition of a national-level brand with an extensive distribution network. Our aim is to leverage the potential synergy of its distribution platform for TMT,  and ERW pipes.

## OUR PLANNED DIVERSIFICATION STRATEGY

| | BUSINESS FORAYING INTO | | | PLANNED BUSINESS |
|---|---|---|---|---|
| | Pig Iron and DI Pipes | Specialty Steel | Billets and TMT | Polymer Products |
| **Aim** | One of the largest standalone single location facility | Integrated producer from steel-making to finished products | One of the largest key players in the key growth markets of western India | Acquisition of a national level brand |
| **Segment** | B2B | B2B | B2B and B2C | B2C |
| **Method of Foray** | Greenfield | Acquisitions | | |

# Supporting India's Clean Fuel Transition

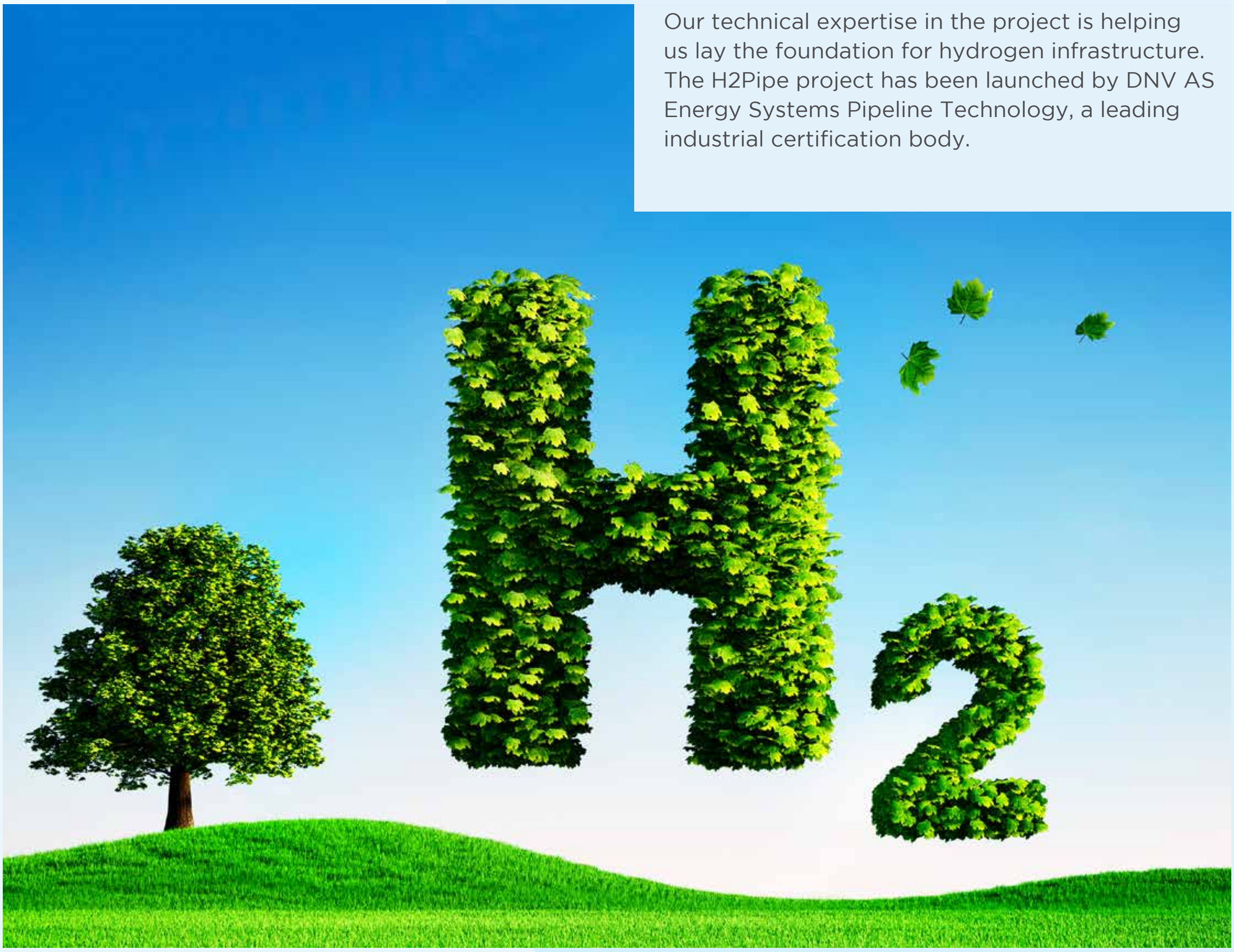
As energy demands across the world evolve rapidly, we are confident in undertaking strategic interventions in new opportunities and segments. By laying the foundation for hydrogen gas transportation infrastructure, we not only charted the course for the development of futuristic hydrogen pipelines across markets, but we are also creating a smarter and a more sustainable world.

At Welspun Corp, we take pride in being the first Indian company to have joined the H2Pipe Joint Industry Project on hydrogen pipelines. As part of the project, we are developing the "world's first guideline" for the transportation of hydrogen gas in existing and new offshore pipelines. In addition to enhancing global focus and leveraging our technical expertise, this is leading us towards playing an active role in adding sustainable gains for the industry and creating economic value for the nation.

## JOINING THE H2PIPE PROJECT

As a steering member of the committee, Welspun Corp is collaborating with 24 of the world's premier energy companies to provide technical expertise in the project and develop the world's first guideline for the transport of hydrogen gas in existing and new offshore pipelines. With hydrogen emerging as an important pillar for energy transition, the industry-first project targets at providing guidance to the global energy sector as it gradually shifts towards clean energy.

Our technical expertise in the project is helping us lay the foundation for hydrogen infrastructure. The H2Pipe project has been launched by DNV AS Energy Systems Pipeline Technology, a leading industrial certification body.



**WELSPUN CORP'S ROLE IN THE H2PIPE PROJECT**

01 Developing a recommended practice (RP) for design and re-qualification

02 Construction and operation of pipelines for hydrogen gas transportation in offshore pipelines

03 Complementing existing standards such as DNVGL ST F101 (submarine pipeline systems)

## GEARED FOR MULTIPLE PROJECT PHASES

The H2Pipe project will be executed in multiple phases. The first phase will focus on the assessment of existing standards, including the offshore standard DNVGL-ST-F101, to identify the scope and additional considerations for hydrogen transportation. This will be captured in an industry guideline and will include preliminary experimental activities. The subsequent phases will be experimental to define the requirements and acceptance criteria for offshore hydrogen pipelines.

## COLLABORATING WITH OIL & GAS MAJORS

| | | | |
|---|---|---|---|
| Shell | bp | TOTAL | Statoil |
| wood. | Ørsted | جاسكو GASCO | wintershall dea |
| INTECSEA WorleyParsons Group | subsea 7 | TechnipFMC | SAIPEM |

# Nurturing Our Human Capital

At Welspun Corp, human capital is an essential building block for creating value. People are our most precious resource and their effective management is critical to our continued success. We proactively seek out, engage and develop people's potential.

We understand the role of human capital in the value creation process and strongly believe that investment in human capital contributes to economic and business growth for the benefit of our employees, employers, and the wider economy. Our constant objective is to groom and develop internal talent and provide them with suitable career opportunities.

With a belief that a better-trained workforce brings increased productivity, and with a commitment to be dynamic and adaptive to change, we strive to bring in the right fit, aligned with our philosophy of fostering diversity and inclusion. With a key focus on employee development and well-being, we are targeting to have an engaged workforce and enhanced productivity.

## EMPLOYEE DEVELOPMENT AND ENGAGEMENT

We have structured talent management framework to provide the requisite skillsets to our employees. These are the skillsets that will make them future-ready and help them get better outcomes and results to boost organizational profitability.

### A Communicating with employees

As effective communication and transparency play a key role in boosting employee morale, we work on updating the employees on business updates, challenges and way forward. We utilize various communication channels to ensure this. Our platforms and tools ensure the right set of communication with the employees. These platforms also encompass transparency to our employees and the customers. Employee Communication, Employee Connect & Branding, Learning Interventions and Reward & Recognition, to name a few.

To keep them informed about the organization's progress and initiatives, and to understand their aspirations and concerns, we use platforms like periodic Town Halls, monthly collaboration meetings and skip meetings. Apart from this, we have initiated several engagement drives to engage our employees. Monthly birthdays and anniversaries, festivals, International and National Day celebrations, Safety Week celebrations are a few of these initiatives that keep our employees' engagement levels high.

## B Employee hiring and retention

Employer branding through campus hiring and technical tie-up for skill availability were some of the initiatives adopted to achieve a blended workforce and bring in fresh ideas to work. We designed and implemented Campus-to-Corporate programs with structured periodical assessment and panel interviews to evaluate Graduate Engineer Trainees, Diploma Engineer Trainees, and Management Trainees. They were also given exposure on behavioral training programs that helped them acclimatize themselves to the organization's culture. During this year, we joined our hands with technical institutions like GEC, Bhuj, Polytechnic College, ITI Bhuj, Global Skill Park and CIPET. With this, we aim to hire technically-skilled workforce and gain the engineering know-how, raking in technological enhancement within the organization.

## C Employee well-being

Our employees are our greatest resource and we ensure that we provide them with adequate opportunities for our professional development and well-being. We diligently promote a conducive work environment with a good work-life balance for all our employees.

- Our comprehensive employee benefit plan includes parental leave, a mediclaim policy covering immediate family, personal accident insurance, term-life insurance, travel insurance, leave benefits, provident fund, and car lease to name a few
- Socio-cultural activities like get-togethers, yoga, meditation, sports competitions, festival celebrations and community programs are organized. Wellness corner, Welspun Radio and WeVolunteer app provides a technical edge, in line with continual improvement process

## D Battling the COVID-19 crisis

During the pandemic, we conducted santization and fumigation exercises, and plotted Bus Marshals to keep social distancing and mask checks. We also took the challenge to ensure 100% employee vaccination. We established employee connect across locations not only for our employees, but also checked on family's well-being. As our employees appreciated this connect drive, it helped to establish a personal touch and care among the workforce. As a tribute to some of our employees who lost their lives during the second wave, we planted saplings at the VIP garden area during the Environment Week.

## E Learning & Development

Learning interventions are crafted considering diverse strata of talent within the organization. Our customized learning journey covers functional, behavioral and leadership development programs. Our programs focus on various drives designed in line with Welspun's values.

### Our Learning & Development programs

- Our self-learning platforms, WeWisdom and WeLearn, provide our employees an opportunity to learn anywhere, any time through micro-learning modules, book reviews and videos designed on various practices and success stories across the globe
- To create a competitive learning environment, we have initiated challenges and leaderboards to ensure the employees endeavor to get top ranks. Recognizing the Top Learners boosts their confidence and increases their urge for learning
- We adopted some focused group initiatives catering to the learning needs of special initiatives. Gamified learning opportunities during Learning Week; special initiatives for Women of Welspun with conscious women-related programs to develop women leadership pipeline; and iEmpower program for managers of women employees to create a top-down approach for an inclusive workplace
- Wisdom Through Video (WTV) is an initiative whereby employees are invited to watch TED Talk videos together and brainstorm on various learnings. Topics for WTV are also recommended by eminent team members
- We send a fable on Monday mornings to all employees to kickstart the new week and conquer the Monday morning blues
- Welspun Culture & Values Integration Workshop is organized regularly, referring to the expansion of WCL Family with new SBUs. This was arranged to imbibe and cascade our Welspun values to the upcoming Ductile Iron Pipe business
- To standardize the functional competencies of employees across functions and locations, a Functional Competency Framework has been created for job functions across WCL. With this defined competency framework, we will have a clear visibility on career maps and development plans for all the employees

# Building India's Social Infrastructure

We are proactive to the immediate global need for sustainable practices and share a cherished bond with the communities around us. With a steadfast commitment to areas of Education, Empowerment, Environment & Health, we work closely within our surrounding villages to touch, heal, and better the quality of lives around the world.

We have a pledge to behave ethically and contribute to economic development while improving the quality of life of the local communities and the society at large. In everything we do, there is a strong commitment to sustainable development, and balancing the needs of the present with those of the future.

## Some of our key community initiatives

### Welshiksha

To enhance the teaching and learning process for teachers and students by using the latest technologies, we have taken up an initiative to digitalize primary and secondary school classrooms of government schools and make them more conducive towards learning. Moreover, community-driven initiatives have been executed to ensure that not only students, but the community as a whole understands the importance of education and supports these initiatives.

**436**
Classroom installations

**70,000**
Students benefited

### WelNetrutva

In our endeavor to empower women from identified locations towards better health and sustainable livelihood, we work towards improving the preventive and curative health practices in rural India. The initiative also focuses on creating sustainable farm and non-farm-based livelihood opportunities for women, farmers and Self-Help Group members. Free consultations and medicines are provided, health camps are conducted for the community at large, and a mobile medical unit travels to remote locations across many villages to assist people in healthcare.

**1,350**
Women Entrepreneurs across 90 villages

**70,000**
Women Beneficiaries

The Welspun Super Sport Women Program is a pioneering initiative designed to support female athletes across different life stages – grassroots, national and international level. The program supports female athletes, especially those coming from challenging backgrounds to achieve their sporting endeavors.

**31**
Athletes benefited in 20 Sports

**365**
Medals won

All our green initiatives and activities related to nature constitute and are factored into the Wel-Vriksha program.

**40,000**
Trees planted

**5,000**
Sanitation blocks constructed

**15 Ponds**
deepened to retrieve

**115,000 CuM**
water

## Wel-Krishi

As part of the Wel-Krishi program, we work with the farmers' community. Through an integrated approach, we help them grow better produce. We also facilitate them leverage the government schemes, besides also providing support through dedicated and experienced persons in the field.

**15,000**
Farmers benefited

The Wel-Suraksha program aims at diving into awareness on road safety and providing certified trainings to communities living near the highways. The key objective of this initiative is to reduce road accidents and improve emergency response services towards accident cases.

**45,000**
Community members reached

## We-Volunteer

Through We-Volunteer, we support and encourage our employees to contribute towards the community for mutual benefit.

**2,456**
Employees engaged for We-Volunteer

**6,202**
Volunteering hours clocked

# Translating Sustainability Into Lasting Outcomes

We have incorporated sustainability as an integral part of our sustainable business model and of building a future-ready organization. Our ESG efforts are targeted at accelerating our aim of being recognized as the most trusted organization in the sector. With this, we remain dedicated to making a net positive contribution to the society and the environment.

At the recently concluded COP26, India took ambitious targets to reduce GHG emissions as well as increase the share of renewable energy in the overall mix, while also declaring 2070 as the target by which to achieve "Net-Zero" status. At Welspun Corp, we support this national agenda by including sustainability as an integral part of our sustainable business model and by building a future-ready organization.

The Company's sustainable business model is such that it continues to strengthen its business drivers, fortify its position in the steel pipe market and deliver value to all the stakeholders. We are developing one-of-a-kind customer-centric solutions that can change people's lives and help them meet tomorrow's challenges. The Company's efforts to improve people's skills and process efficiencies, as well as to produce more sustainable and innovative goods, are making a real difference in the lives of our customers, while also preserving the environment and ensuring the prosperity of the communities around which we operate.

To achieve this objective, we have devised a strategic approach that involves the following interventions:

- World-class manufacturing facilities renowned for quality and resource efficiency
- Form a distinctive sustainable brand image by accelerating innovation, which also helps in achieving a prominent market share
- Develop a human capital, while also becoming a more diverse and inclusive organization
- Create shared value through the promotion of the well-being of communities around which we operate

At WCL, sustainability has always been at the core of our business practices. Last year, we initiated an organized approach to clearly articulate our sustainability vision and the means to achieving it through a comprehensive roadmap with defined goals, targets and initiatives. This roadmap covers Environment, Social and Governance parameters, including energy, water, waste, safety, employee welfare, diversity, CSR and governance.

## MATERIALITY ASSESSMENT

To focus our efforts, we conducted a materiality assessment to identify key focus areas which we should prioritize. There were 20 ESG material issues identified as priority material topics through this assessment which are true to the core values of the company, while also adhering to national and international frameworks. We also conducted a maturity assessment to understand where we currently stand and determine the initiatives and programs required to achieve our sustainability goals.

Through these steps, we arrived at a framework with sustainability goals with baselines and KPIs across environmental, social and governance aspects. We have taken targets on energy, carbon, water, waste, safety, community development initiatives and public disclosures in alignment with the identified critical material issues.

To achieve these goals, we have a robust governance mechanism in place which drives and monitors the progress in the achievement of these goals. The governance of our ESG initiatives is spread across the organizational levels. The KPIs are reviewed regularly at the Board level to ensure accountability and enable effective decision-making, and to monitor and manage our ESG progress.

WCL has implemented the ESG compass, a tool that enable real-time tracking of all the parameters defined across Environment, Social and Governance aspects. The compass is integrated with various enterprise resource management tools that aids automated tracking of ESG KPIs, which ensures accuracy and accessibility of information at any given time.

We have illustrated below some of the initiatives taken this year across Environmental and Social aspects, aligning with our overall sustainability goals.

## Welspun Corp's approach to Environment, Social & Governance aspects

**Environment**

**3,09,421 GJ**
Energy consumption during the year

**2,28,324 kL**
Water consumed

**30 MLD**
Capacity of Sewage Treatment Plant set up at Anjar

**15,600 MT**
Waste generated

**12,955 MT**
Waste recycled

**153 MT**
Waste reused

At WCL, we are committed to minimizing our impact on the environment, while maximizing our resource efficiency. This commitment flows right from the top, as evidenced by the expansion of the scope of our CSR Committee to include ESG matters, resulting in its renaming as 'ESG & CSR Committee'. We also have an ESG & CSR Policy which serves as a guideline for our sustainability initiatives.

Showcasing our inclination towards adopting the best practices for our climate change efforts, we have implemented the guidelines from the TCFD framework. The report will be made available in the public domain shortly. Using this framework, we have explored climate change risks and opportunities across three timeframes: short-term (up to 2030), medium-term (up to 2040), and long-term (up to 2050).

All the identified climate change risks have been categorized as either physical or transition risks, and their potential financial impact as well as mitigation actions are listed in the report. Scenario analysis was conducted for transition risks utilizing IEA World Energy Outlook 2021 (WEO-2021) and Net-Zero Emissions (NZE) scenario, whereas various scenarios such as SSP 1-2.6, SSP 2-4.5, and SSP 5-8.5 were used for physical risks. Similarly, climate-related opportunities have been identified, along with their potential financial impact and strategies to harness the opportunities.

In order to effectively track and assess the climate-related risks and opportunities, the following metrics and targets were taken:

| Sr. No. | KPI & Metric | Target |
|---|---|---|
| **1** | Total GHG Emissions (MT of $CO_2e$) | WCL has set a target to become carbon neutral by 2040 and to use 10% Renewable Energy by 2025, and 20% Renewable Energy by 2030 |
| | Scope 1 emissions (MT of $CO_2e$) | 3,365 |
| | Scope 2 emissions (MT of $CO_2e$) | 92,435 |
| **2** | Water intensity (KL/MT) | WCL has set a target of 0.55 KL/MT and 0.40 KL/MT for FY25 & FY30, respectively. It has also set an overarching target to become water neutral by 2040. |
| **3** | Waste to landfill (MT) | WCL has set a zero waste to landfill (ZWL) target by 2030 and to limit waste to landfill by 1 MT by 2025. |
| **4** | Sustainable Supply Chain (% of suppliers assessed as per ESG compliant code of conduct) | 100% of critical suppliers to be assessed on ESG parameters by 2025 |

### ENERGY EFFICIENCY

To achieve these targets, we have adopted various measures such as retrofitting LED lights, using sludge as alternate fuel in boilers, improvements in the HVAC system, installing Variable Frequency Drives (VFDs), digital temperature controllers, switching to efficient pumps, and replacing the use of furnace oil and LPG with natural gas. Further, we have plans to set up a 300kW solar park at our Anjar facility.

Based on the measures taken, our total energy consumption for the reporting year is 3,09,421 GJ. We have also measured our Scope 1, 2, and 3 emissions, with figures of 3,365, 92,435, and 5,02,453 tCO2e, respectively. This translates into 14.7 tCO2e per ₹ Crore of turnover.

### WATER EFFICIENCY

Sensitive to the value of water as a precious resource, we have also taken initiatives to recycle and reuse wastewater in the facility, through the installation of an STP of 30 MLD at the Anjar facility, located in a water-stressed area. This year, we consumed 2,28,324 kL of water while discharging 94,290 kL.

### WASTE MANAGEMENT

We have also employed effective waste management practices at our establishments. The different types of waste are handled appropriately as per their characteristics. After collecting the waste in waste bins, they are stored at temporary storage yards at each plant. Designated Waste Storage Yards have been identified at the plants. The waste is then transported to authorized vendors for further processing. Further, co-processing disposal practices have been adopted for major classes of hazardous waste.

To reduce hazardous waste from paints, the hose length of mixed paint has been reduced from 1,500 mm to 1,250 mm, and flushing time has been optimized through automation using timers. This year, a total of 15,600 MT of waste was generated, out of 12,955 MT of waste was recycled, while 153 MT of waste was reused. Thus, almost 85% of the waste generated was either reused or recycled, serving as a testament to our sustainability efforts.

## Social

**742** employees and **937** permanent workers are covered with health insurance

**100%** of employees and permanent workers accorded retirement benefits (PF and Gratuity)

**98%** of permanent workers undertook courses for skill upgradation

**0.53** LTIFR reported in FY22

**1.5 lakh** people Beneficiaries of Health and Education programs

**50%** of identified critical suppliers were assessed on WCL Supplier Code of Conduct

At WCL, we seek to create and maximize value for all our key stakeholders, including employees, suppliers, customers, communities, and the government.

Our people are our greatest assets. We endeavor to provide the best experience to all our employees, while nurturing their talent and fostering a culture of inclusivity and openness. All our 742 employees and 937 permanent workers are covered with health insurance. Our employees are also provided with accident insurance, and maternity benefits for women, while men have paternity benefits. There are 100% of our employees and permanent workers who are accorded retirement benefits such as Provident Fund and Gratuity.

Training of employees on necessary as well as desired skills is taken as a priority. All our employees and 98% of our permanent workers have undertaken courses for skill upgradation, whereas 60% of our employees and 88% of our permanent workforce have received safety training.

## HEALTH AND SAFETY

We have a comprehensive health and safety management system in place to reduce the frequency and probability of harm at the workplace. A structured approach is taken for the identification and assessment of work-related hazards, which includes collection of existing information about workplace hazards, inspection of the workplace, identification of hazards, and investigation of incidents to ensure they do not happen again.

To further enhance safety at the workplace, we use labels and signs, ensure employees have the right tools at hand, and encourage stretch breaks. We also partner with occupational clinicians and reward employees for safe behavior. Frequent internal and external audits are also conducted. As a result of our efforts, we reported an LTIFR of 0.53 this year.

## AN EQUAL OPPORTUNITY EMPLOYER

Keeping with our belief in inculcating an inclusive work culture, our premises are accessible to differently-abled employees and workers. We have also formalized an equal opportunity policy, which is available on our website.

Two of our plants are assessed and certified with SA8000. This certification, which assesses factors such as child labor, forced labor, sexual harassment, discrimination, and wages demonstrates our commitment to treating our workforce fairly.

We have a well-established mechanism for employees and workers to air their grievances. At Anjar, the Social Performance Team captures and resolves such grievances, while at Bhopal, we have a grievance register to record any grievances. We did not receive any complaints about the working conditions or health and safety.

## EMPOWERING COMMUNITIES

As a responsible corporate citizen, we believe it is our duty to empower the lives of the communities around which we operate. To this end, we have initiated programs such as Wel-Shiksha, Wel-Netrutva and We-Volunteer. We aim to address social concerns such as the health and education of vulnerable groups through these initiatives, which have benefited nearly 1.5 lakh people. More details of our CSR initiatives are presented in Annexure 4 of the Directors' Report.

## SUPPLY CHAIN SUSTAINABILITY

WCL strives to address this concern through its vision of creating a shared value for all its stakeholders. We believe in collaborating with our value chain partners and together create a positive environmental and social impact. With this approach, WCL endeavors to institutionalize sustainability considerations in all sourcing or procurement decisions. Through the implementation of sustainable procurement and responsible sourcing policy, we are working towards encouraging its supply chain partners to implement management systems that focus on environmental and social guiding principles outlined in this policy.

Furthermore, we have defined Suppliers Code of Conduct to address and mitigate the issues of legal and regulatory compliance and managing environmental and social aspects across its value chain operations. This Code of Conduct is aligned with local regulatory requirements, principles of United Nations Global Compact (UNGC), United Nations Guiding Principles on Human Rights and the relevant International Labour Organization (ILO) conventions. The Company encourages its partners to strictly adhere to and carry out their business activities in accordance with our Code of Conduct.

We also developed a supplier scoring methodology to quantitatively assess our suppliers based on the suppliers' Code of Conduct. The organization identified suppliers critical for WCL operations and imparted workshops with an aim to provide training and guidance to its suppliers on sustainable procurement practices and march towards the path for creating a shared value of sustainability. In FY22, 50% of the identified critical suppliers were assessed on the WCL Supplier Code of Conduct and ESG issues, thereby achieving the supply chain assessment target for the financial year.

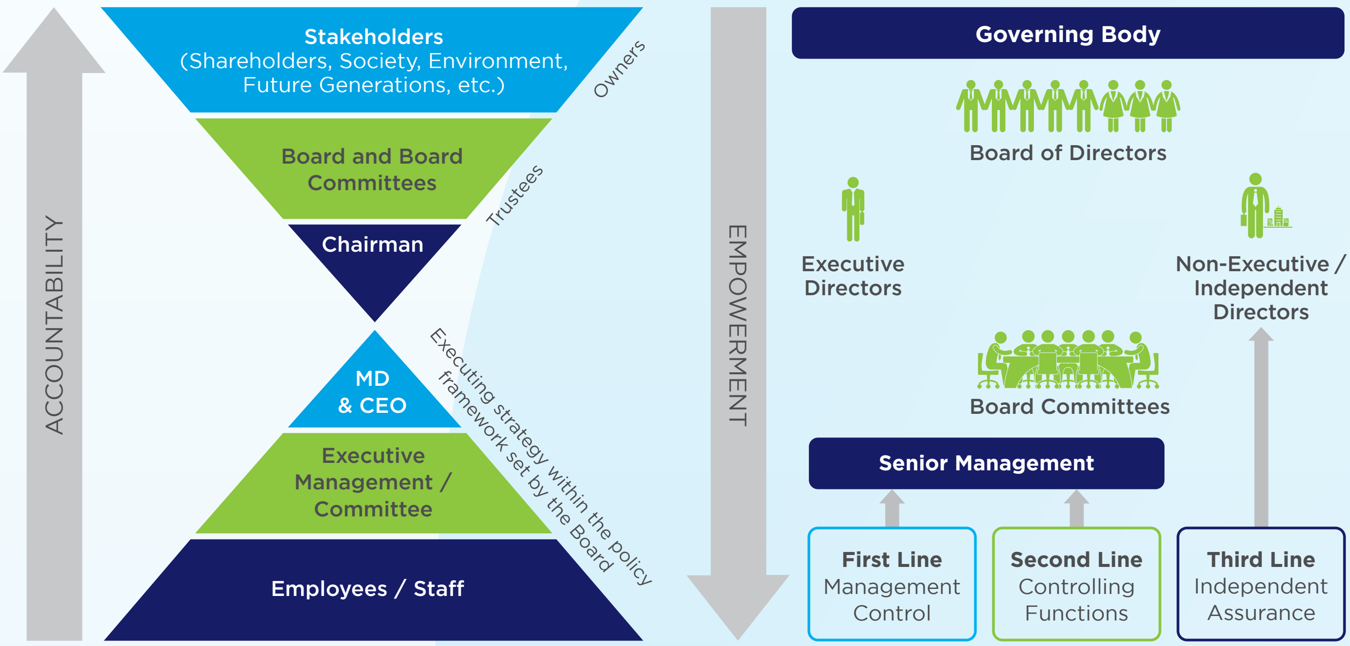
## Governance

### Corporate Governance Framework

The corporate governance framework is based on diverse Board & Board Committees and separation of the Board's supervisory role from the executive management team. As a good governance practice, there is a separation in role of Board Chairman and Managing Director at Welspun. The role of the Board and Board Committees is defined in the Board and Committee charters.

## CORPORATE GOVERNANCE STRUCTURE

**Corporate Governance Framework**
**Inculcating the three lines of defense culture**




## OUR GOVERNING POLICIES

| | | | |
|---|---|---|---|
| 1 ESG Policy | 7 Policy on Governance of Material and Other Subsidiaries | 13 Investment Policy | 19 Policy for Inquiry in the event of leak or suspected leak of UPSI |
| 2 Sustainable Procurement Policy | 8 Nomination and Remuneration Policy | 14 Risk Management Policy | 20 Ethics Policy |
| 3 Policy on Investors' Grievance Redressal Mechanism | 9 Quality Policy | 15 Legal Compliance Policy | 21 Record and Archival Management |
| 4 Whistle Blower Policy and Vigil Mechanism | 10 Code of Conduct for Board of Directors and Senior Management | 16 POSH Policy | 22 Internal Financial Control Framework |
| 5 Policy on Board Diversity | 11 Foreign Exchange Risk Management Policy | 17 Dividend Distribution Policy | |
| 6 Policy on Transaction with Related Parties | 12 CSR Policy | 18 Insider Trading Policy | |

## THREE LINES OF DEFENSE MODEL

The Company has a well-established three lines of defense model that governs the effective functioning of the organization. Each of the three lines play a distinct role within the organization's wider governance framework. At Welspun, all three lines of defense operate in a coordinated manner with the common objective to support the organization in achievement of its objectives and effective risk management. As part of periodic review, during the year, the Company reviewed maturity of entity level controls and three lines of defense model to embrace evolving leading practices and strengthen organizational resilience.

| | | |
|---|---|---|
| **FIRST LINE** (Prevent risks) | • Operating Management / Business Functions<br>• Primary ownership of risks. Owns and manages day-to-day risks as a first line of defense as per defined policies and procedures<br>• Reports to the senior management | Over the years, the Company has established a very robust first line of defense through a combination of people, process and technology. There are well-defined policies, procedures, responsibilities and system controls to prevent the occurrence of risks.<br>Automation and digitization of processes have further enabled to reduce risk and enhance governance. |
| **SECOND LINE** (Prevent and detect risks) | • Monitoring and Oversight functions<br>• Monitors risks and controls, legal compliances, enterprise risk management; supports in establishing policies and procedures<br>• Reports to the senior management | Second line of defense plays an important monitoring role. The Company has established a comprehensive management reporting framework and leverages data analytics for monitoring key performance indicators (KPI) and key risk indicators (KRI). |
| **THIRD LINE** (Detect risks) | • Independent assurance (Internal Audit Function)<br>• Reports to the governing body | Independent assurance function serves as a third line of defense. It helps accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes. |

## BOARD COMPOSITION

**Board Size**
**8**

50% Independent Directors

50% Non-independent Directors

**Gender Diversity**

38% Women

62% Men

**Average Age**
**59 years**

**Average Tenure**
**12 years**

**Number of Board Meetings**
**9**

81% Board Attendance %

**Number of Committee Meetings**
**37**

96% Committee Attendance %

**Age Diversity**

63% 50 - 59

37% 60 - 69

## AUDIT COMMITTEE INDEPENDENCE

100% Independent Directors

## NOMINATION & REMUNERATION COMMITTEE INDEPENDENCE

100% Independent Directors

**Number of Meetings Held**

| AC | RMC | SIGC | CSR | NRC | Total |
|---|---|---|---|---|---|
| 19 | 3 | 4 | 6 | 5 | 37 |

# Awards & Recognition

WCL Mandya bagged the Excellence Award for Swaccha Welspun Abhiyaan

WCL Bhopal awarded with Appreciation Certification from Bhopal Collector and Bhopal Industrial Minister for employment opportunity for ITI trainees

WCL Bhopal received the Gold Award for Occupational, Health & Safety from Assam Governor

WCL's Anjar Pipe plant won the Golden Peacock Occupational Health and Safety Award 2020. The Anjar plant also won Gold Award in Environment Preservation category at the 7th Exceed Environment Award 2020 under the Environment Preservation Category in the manufacturing sector on a national level.

## AWARDS WON BY ANJAR PIPE

- Won the National Award for Manufacturing Competitiveness 2021 – Gold Award by International Research Institute for Manufacturing
- Won an award for Digitalization in Utility Management System through integration of real-time data dashboard with trends and reports
- Won Gold Award for Environment Preservation in the category of Manufacturing – Pipes Sector
- Won Gold Award for Manufacturing Competitiveness 2021. Plant has received a score of 89.3 out of 100, highest in the category
- Won an award under 'National Welding Seminar 2021' conducted by Indian Institute of Welding in the category of:
  - Coil End Welds in Helical Seam Pipes – Automated process control for quality
  - Implementation of Industrial 4.0 in the field of Line Pipe Welding
- Winner of Merit in International Safety Awards 2022 by British Safety Council, UK

# Management Discussion and Analysis

"FY 2021-22 was a significant year for the Company as we took decisive steps in executing on our Business Growth & Diversification Strategy. The acquisition of the Steel business of Welspun Steel was completed and significant progress was made on our upcoming Ductile Iron plant. The beginning of the financial year was marked by the onset of the deadly second COVID-19 wave in India while during the last quarter, the war between Russia and Ukraine broke out. We demonstrated tremendous resilience in a weak operating environment with strong inflationary pressures. As we move towards a new journey of growth along with sustainability at the core, we are confident of generating value for all our stakeholders. Our foray into the B2C segment will help further strengthen our business model and provide a stronger base for future growth. Overall, we are well positioned to help the development of sustainable infrastructure and meaningfully impact lives across the world.

**Vipul Mathur**
MD & CEO

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) should be read in conjunction with Welspun Corp Limited's ('Welspun' or 'WCL' or the 'Company') Audited Consolidated Financial Statements and Notes for the year ended March 31, 2022. Welspun's financial situation and activities for FY 2021-22 are covered in this MD&A. Legal tender is stated in Indian Rupees unless indicated otherwise. The figures used in the analysis are on a consolidated basis, with the equivalent figures from the prior year regrouped and reclassified where needed.

### FORWARD-LOOKING STATEMENT

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

## COMPANY OVERVIEW

Welspun Group is one of India's fastest-growing conglomerate with a leadership position in line pipes, home textiles, infrastructure, warehousing, retail, advanced textiles, and flooring solutions.

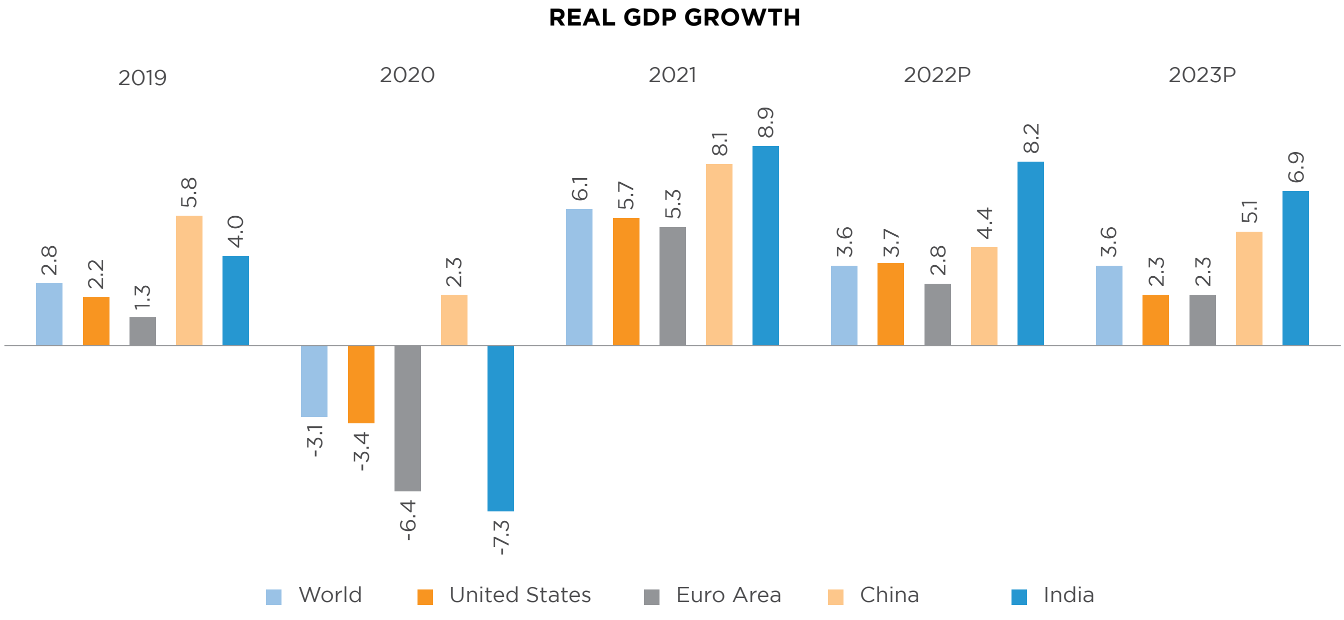
Welspun Corp Limited (WCL) is a flagship company of global conglomerate 'Welspun Group'. WCL is a one-stop service provider offering end-to-end pipe solutions ranging from a diameter of 1.5 inches to 140 inches. The business also offers specialized coating, double jointing, and bending as some of its core strengths. With a current capacity of over 2.5 million MTPA in Dahej, Anjar, Mandya, and Bhopal in India, Little Rock in the USA, and Dammam in Saudi Arabia (associate company); WCL takes pride in being a preferred supplier to most of the Fortune 100 Oil & Gas companies, globally.

As a part of its Business Growth & Diversification strategy, WCL is setting up a state-of-the-art Greenfield facility at Anjar to enter the Ductile Iron Pipe business. It has also acquired the steel business of Welspun Steel Limited (WSL) through a scheme of arrangement. Through this acquisition, the Company looks to add stakeholder value by manufacturing of BIS Certified Steel Billets, Direct Reduced Iron, TMT Bars, Stainless & Alloy Steel and Stainless Steel Tubes & Pipes.

With 360-degree abilities in pipe products, operational excellence, and technological innovation, WCL has undertaken some of the most challenging projects around the world viz. world's deepest pipeline, world's heaviest pipeline, and others. Supported by its state-of-the-art facilities and global-scale operations, WCL caters to energy and water resource management for the safe and environmentally-friendly transportation of oil, gas, petro-products, and water.

## GLOBAL ECONOMIC OVERVIEW

The global economy recovered in 2021 following the disruption caused by COVID-19 in 2020. On the back of international collaboration in adapting functional health policies and efficient fiscal and monetary policies, the global economy is estimated to grow by 6.1% in 2021, compared to a contraction of 3.1% in 2020. The global recovery has largely been spearheaded by emerging markets and developing economies, growing their gross domestic product (GDP) at an average of 6.8% and the advanced economies growing at an average of 5.2%. The biggest contributors to the growth in advanced economies were France, Italy and UK growing at 7.0%, 6.6% and 7.4% respectively. Similarly, the biggest contributors to the growth of developing economies were China and India estimated to be growing at 8.1% and 8.9% respectively. The crude prices saw a sharp increase of 36.0% between August 2021 and February 2022 owing to a strong demand, short-lived effects of the Omicron variant of the COVID-19 pandemic followed by the Ukraine and Russia war.




*Source: IMF World Economic Outlook April 2022*

Post COVID-19, the global economy was on a recovery phase. However, the ongoing Russia and Ukraine war coupled with the possibilities of another wave of COVID is expected to impact global economic growth in 2022 and 2023. Russia is a key provider of oil, gas, and metals, as well as wheat and grain, which it shares with Ukraine. Due to diminishing availability, many goods' prices have seen a sharp rise. Although, following the announcements of the US and IEA oil stock releases, crude prices dropped by over USD 10/barrel, with ICE Brent trading at USD 104/barrel in April 2022. The war has resulted in a downward revision from the World Economic Outlook (WEO) January forecast, to a growth of 3.6% in 2022 and 2023, with both Russia and Ukraine expected to experience large GDP contractions in 2022. Medium-term outlooks for most Country Groups have been revised downwards by IMF, with the exception of commodity exporters, who have benefited from the rise in energy and food prices. Advanced economies' aggregate output may take longer to return to pre-pandemic levels. Further, the divergence between advanced economies and Emerging Markets and Developing Economies (EMDEs) that emerged in 2021 is projected to persist, implying some long-term scarring from the pandemic. The crisis may also benefit EMDEs, as they may be able to acquire vacant Russian and Ukrainian markets. As a result, their output is expected to grow 3.8% in 2022 and 4.4% in 2023.

The supply-chain disruptions across the globe have resulted in a higher-than-expected broad-based inflation. Further, with the ongoing Ukraine and Russia war, inflation is expected to remain elevated for a longer timespan than previously forecasted by IMF. The inflation is projected at 5.7% for advanced economies and 8.7% for emerging and developing economies in 2022. Further, to reduce the impact of rising energy prices, many governments will need to diversify their energy sources and boost efficiency wherever possible in the near future. Increased output in OECD nations, reduced protectionism, and multilateral logistics support will benefit the countries most harmed by a disruption in supplies from Russia and Ukraine.

## GLOBAL ENERGY DEMAND

The global energy demand is set to increase from 275.4 mboe/d (million barrels of oil equivalent per day) in 2020 to 352 mboe/d by 2045. China, India, and other developing countries will continue to drive increase in global energy demand. Global demand for oil-based products is expected to reach 94.5 (mboe/d) in 2025 and 99 (mboe/d) in 2045.
Oil demand in non-OECD nations is expected to rise, and despite a slowing in demand growth in the second half of the projection period, oil will continue to hold the largest proportion of the global energy mix throughout the forecast period. Consumer demand in OECD countries will have a brief period of significant growth as they recover from the COVID-19 pandemic, followed by a long period of stagnation.

The demand for natural gas is expected to rise from 64.2 mboe/d in 2020 to 85.7 mboe/d in 2045. However, growth is likely to slow over the forecast period due to rising renewables penetration and ongoing efforts to enhance energy efficiency. Almost 95% of the increase in gas demand will come from developing countries, mostly in Asia and the Middle East, and is driven by the power generating and industrial sectors. Gas is predicted to overtake coal as the second-most important fuel in the energy mix by 2030.

**World primary energy demand by fuel type, 2020–2045 (mboe/day)**

| | Levels mboe/d | | | | | | Growth mboe/d | Growth % p.a. | Fuel share % | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2025 | 2030 | 2035 | 2040 | 2045 | 2020-2045 | 2020-2045 | 2020 | 2045 |
| Oil | 82.5 | 94.5 | 97.3 | 98.6 | 98.9 | 99.0 | 16.5 | 0.7 | 30.0 | 28.1 |
| Coal | 72.9 | 74.4 | 71.7 | 67.9 | 64.4 | 61.3 | -11.7 | -0.7 | 26.5 | 17.4 |
| Gas | 64.2 | 69.8 | 74.8 | 79.5 | 83.2 | 85.7 | 21.6 | 1.2 | 23.3 | 24.4 |
| Nuclear | 14.3 | 16.0 | 17.5 | 19.0 | 20.7 | 22.0 | 7.6 | 1.7 | 5.2 | 6.2 |
| Hydro | 7.5 | 8.2 | 8.9 | 9.5 | 10.2 | 10.5 | 3.0 | 1.4 | 2.7 | 3.0 |
| Biomass | 27.2 | 29.4 | 31.7 | 33.8 | 35.7 | 37.0 | 9.7 | 1.2 | 9.9 | 10.5 |
| Other renewables | 6.8 | 11.3 | 24.0 | 24.0 | 31.2 | 36.6 | 29.8 | 7.0 | 2.5 | 10.4 |
| **Total** | 275.4 | 303.6 | 319.3 | 332.3 | 344.3 | 352.0 | 76.6 | 1.0 | 100.0 | 100.0 |

*Source: OPEC-World Oil Outlook 2021*

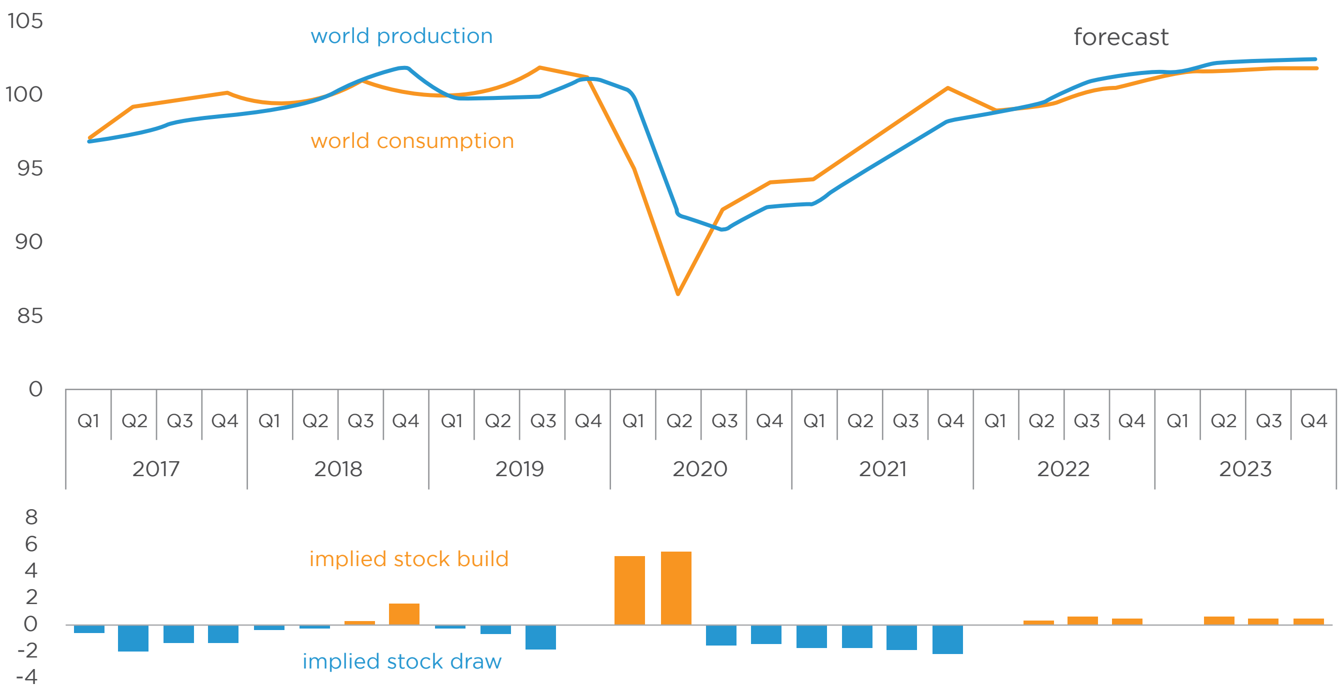
To summarize, global primary energy demand is expected to increase by 28% in the period between 2020 and 2045, with all energies required, driven by an expected doubling in size of the global economy and the addition of around 1.7 billion people worldwide by 2045. All energies will witness growth, with the exception of coal. Renewables see the largest growth, followed by gas, but oil is still expected to retain its number one position in the energy mix.

To meet this demand requires huge investments. It is clear that underinvestment remains one of the great challenges for the oil industry and this was exacerbated by the COVID-19 pandemic. Without the necessary investments, there is the potential for further volatility and a future energy shortfall, which is not in the interests of either producers or consumers.

## OIL

Stringent lockdown measures owing to rising COVID-19 cases in China and the weaker-than-expected demand in OECD countries at the beginning of the year 2021 led to the moderation in global oil demand. The world oil demand is projected to average 99.4 mb/d (million barrels/day) in 2022, up 1.9 mb/d from 2021. EIA (U.S. Energy Information Administration) estimated Global oil supply to have been increased by 450 kb/d to 99.1 mb/d, majorly led by demand in non-OPEC countries. Despite Russian oil supply disruptions, the major shortfall would be matched owing to reduced demand forecasts, continuous output increases from OPEC members as well as the US and other non-OPEC countries, and significant stock releases from IEA member countries. Global oil inventory have fallen for 14 months in a row, with February stocks 714 mb below the end-of-2020 level and OECD countries accounting for 70% of the drop. From April to August 2022, global refinery throughputs are expected to rise by 4.4 mb/d due to additional capacity and usual seasonal gains. This would allow product inventories to see their first rise in two years, providing some relief to the market's tightness. Overall, 2022 runs (quantity of crude oil processed in the refinery) are expected to increase by 3 mb/d year-on-year, but will remain below 2017 levels.

**World liquid fuels production and consumption balance (million barrels per day)**




*Source: EIA, U.S. Energy Information Administration (EIA) Short-Term Energy Outlook (STEO) April 2022 report*

Crude oil prices have risen as a result of Russia's ongoing invasion of Ukraine. The Brent crude oil spot price averaged USD 117 per barrel in March, a USD 20/b increase from February. Sanctions against Russia and other activities contributed to a drop in oil production in Russia, raising market concerns about the possibility of more supply disruptions. In March 2022, STEO report predicted that 98.3 mb/d of petroleum and liquid fuels were consumed globally, up 2.4 mb/d from March 2021. The degree to which existing sanctions on Russia, any prospective future sanctions, and independent business actions affect Russia's oil production or sale in the global market will determine actual future oil prices.

Lower demand expectations and sustained output increases from OPEC+ members in the Middle East, as well as the US and other non-OPEC+ countries, should bring the market back into balance. In addition, how other oil producers react to current oil prices, as well as the impact macroeconomic events may have on global oil demand, will be key factors in determining oil prices in the future months.

## NATURAL GAS

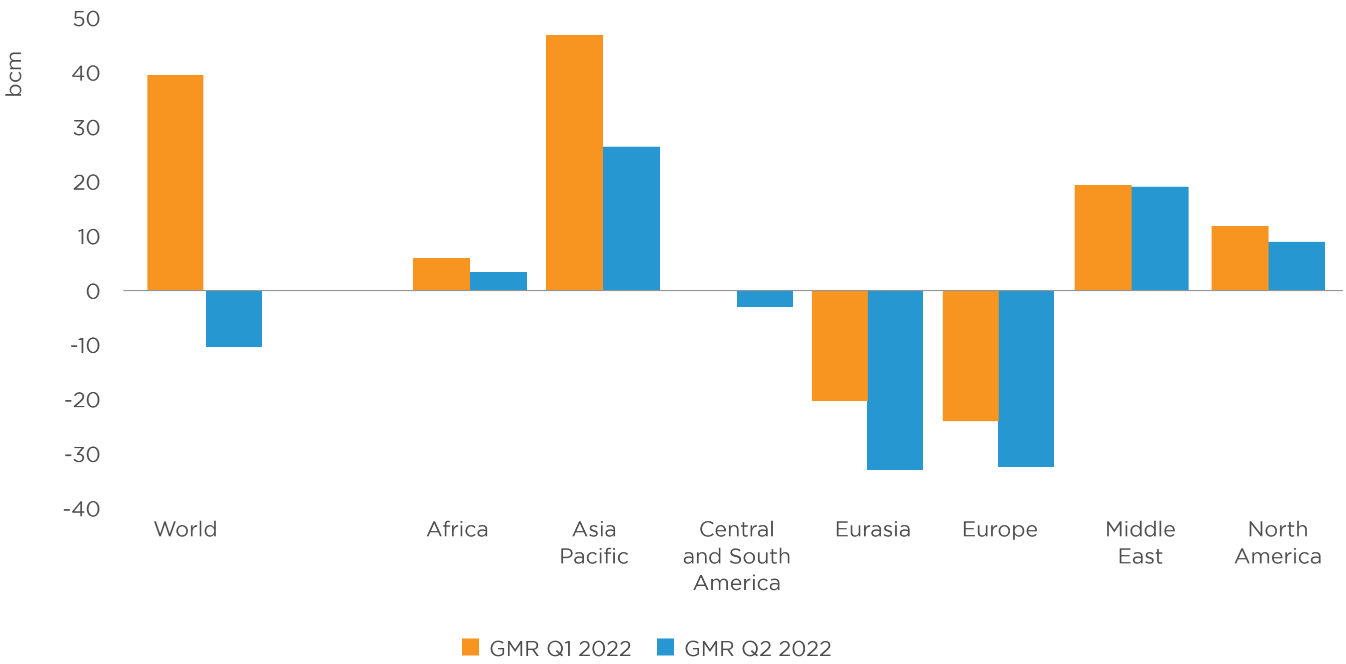
Global natural gas consumption showed a strong recovery in 2021, with an estimated 4.5% y-o-y increase. This is more than twice the equivalent of the decline experienced in 2020 and the third strongest year since 2000, after 2010 and 2018 (which grew by 7.8% and 5.2% respectively). This strong growth resulted from the combination of a rebound in economic activity after the lockdowns of 2020, boosting consumption in the industrial and power generation sectors, and a succession of extreme weather events that led to higher than expected heating and power generation needs. Growth slowed significantly in the second half of 2021 at about 3.0% in Q3 2021 and down to 1.0% in Q4 2021 due to a challenging price environment, gas supply constraints, soaring fuel prices and softening of the economic recovery.

The invasion of Ukraine by Russia has sparked a huge energy supply and security crisis, sending commodities prices to new highs and threatening the world economy. The conflict has increased the pressure on natural gas prices and heightened uncertainty in an already tight market. Lower Russian supplies have been largely compensated for by LNG, transforming Europe into a premium market and diverting cargoes away from Asia Pacific and other regions. As a result of the constrained supply, high prices, and increased market uncertainty, worldwide gas consumption growth has been revised downward, and is now predicted to be negative in 2022.

As per the IEA-Gas market report Q2 2022, global natural gas consumption growth for 2022 is

lowered from 1.0% to just below zero, implying a demand reduction of 50 bcm (billion cubic meters) as compared to the previous quarterly report's prediction. Almost all areas have been revised downwards, with the Asia Pacific region bearing a substantial portion of the impact. This is due to a combination of a reduced economic outlook caused by high commodity prices and the potential of physical limits on access to LNG – particularly for price sensitive clients with a higher exposure to short-term LNG procurement.

**Natural gas consumption growth for 2022 in Q1 2022 and Q2 2022 Gas Market Report (GMR)**



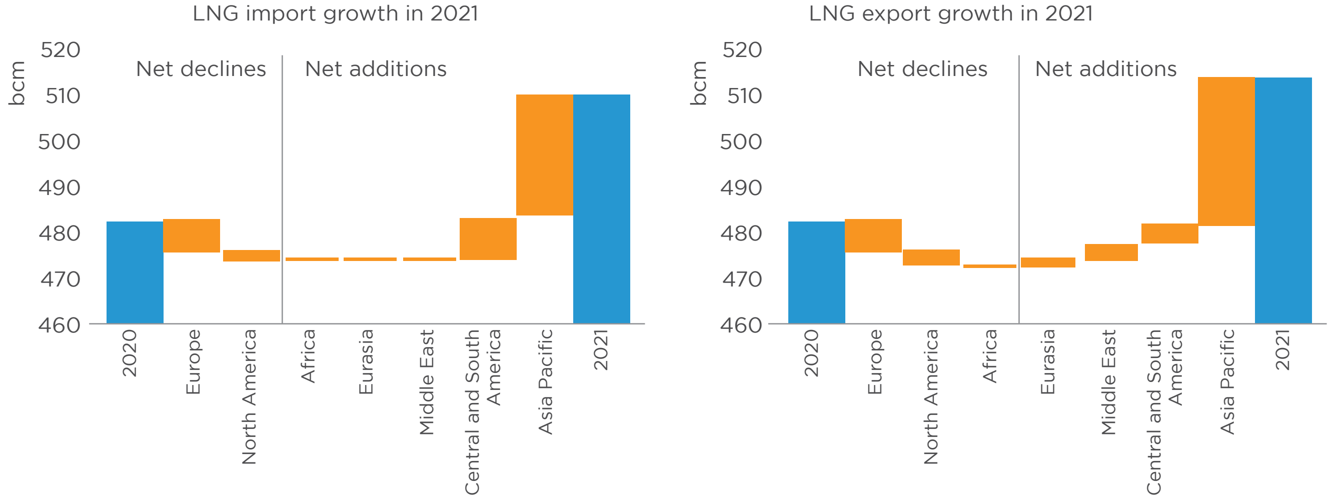

*Source: IEA, Gas Market Report, Q2-2022*

## LIQUEFIED NATURAL GAS (LNG)

Spot or short-term LNG volumes amounted for 37.0% of worldwide LNG trade in 2021, the largest share on record. China remained the largest importer of spot and short-term LNG volumes, while the United States remained the largest exporter. The United States dominated global LNG export growth, accounting for all of the net increase in LNG supply in 2021. Australia, Qatar, the United States, and Russia remained the top four LNG exporters, accounting for more than two-thirds of worldwide LNG supply.

Global LNG trade increased by 6.0% in 2021, slightly less than the 7.0% average pace seen from 2015 to 2020, but significantly faster than the 1.0% increase seen in 2020. The Asia Pacific area increased LNG imports by 8.0% and accounted for more than 95.0% of global net growth in LNG trade. China was the world's largest LNG importer in 2021. LNG imports in Emerging Asia increased by 14.0% while Japan's imports were unchanged. India's LNG imports declined by 11.0% in 2021 which was the first annual decline since 2013.

**Global LNG trade growth in 2021 was fueled by Asian demand and North American supply**




*Source: IEA, Gas Market Report, Q2-2022*

Brent crude oil prices rose by almost 70.0% from their 2020 levels to reach an average of USD 70 per barrel in 2021. Considering that over 50.0% of traded LNG is indexed to oil and oil products, higher oil prices lifted LNG prices in contracts with oil-based formulae. In the United States, Henry Hub prices almost doubled in 2021 to an average of USD 3.9 / MBtu (Million British Thermal Unit) – its highest level since 2014. Moreover, this was worsened by Russia's decision to reduce gas delivery to Europe despite the availability of excess supply and transport capacity. Asian spot LNG prices increased fourfold to over USD 18/MBtu, their highest level. In Europe, LNG import prices increased more significantly than in other regions. In the United Kingdom, average LNG import prices more than quadrupled to over USD 10/MBtu, with monthly prices soaring to an all-time high of USD 27/MBtu in December 2021.

There is a strong drive to reduce the EU's exposure to Russian energy imports, as established in the European Commission's REPowerEU outline plan issued on March 8, 2022. This echoes the IEA's publication of a 10-Point Plan on March 3, outlining a suite of measures to reduce the volume of Russian gas imports into Europe by over a third within a year. The observed drop in Russian pipeline deliveries to Europe (and absence of spot traded volumes since the beginning of the heating season), combined with the European Union's objective of reducing its supply dependency on Russia, has led to a downward revision of Russian pipeline deliveries to Europe for 2022. This in turn necessitates higher LNG imports in order to balance consumption needs and ensure the filling of European underground storage sites, with a minimum 80% filling target by November 1, 2022 (and 90% from 2023) as part of a European Commission legislative proposal issued in late March. Higher LNG import needs in Europe are putting pressure on an already tight global LNG market balance in 2022. The prospect of additional supply appears limited as incremental export capacity relies on a limited number of projects, while several exporters are still hampered by 2021's extended capacity outages.

## SHALE GAS

Shale gas and associated natural gas from tight oil plays are the primary contributors to the long term growth of U.S. natural gas production through 2050. Natural gas and crude oil reserves in the United States fell steadily from the late 1970's to 1996. In 1997, producers adopted improvements in directional drilling and hydraulic fracturing techniques that successfully expanded proven reserves and production of natural gas from shale formations, reversing the decreasing trend for natural gas. When advancements in directional drilling and hydraulic fracturing were applied to tight oil-bearing strata in 2008, the downward trend in crude oil production was reversed. The shale gas and oil revolution in North America unleashed previously unreachable unconventional gas and oil sources. It helped the United States become the world's biggest oil and gas producer.

As per EIA Annual Energy Outlook 2022 (AEO 2022) Shale gas and associated natural gas from tight oil plays are the primary contributors to the long term growth of U.S. natural gas production through 2050. More than half of projected U.S. natural gas production growth is expected to come from associated natural gas produced from tight oil plays.

## OIL AND GAS IN INDIA

The oil and gas sector is one of India's eight key industries, and it has a significant impact on decision-making in all other critical sectors of the economy. The Indian economy is directly affected by changes in crude oil prices and global demand-supply dynamics. As India's economic growth is linked to its energy demand, the demand for oil and gas is expected to increase, making the industry attractive for investment. As of 2021, India was the world's third-largest oil consumer. India's energy consumption has increased since 2000, with coal, oil, and solid biomass meeting 80.0% of its needs. India is the world's third-largest crude oil importer as it has limited crude oil reserves. During FY22, National Oil Companies (NOCs) operated fields contributed about 75.6% of total domestic crude oil production, while private businesses produced the remaining 24.4%.

**Crude Oil**

Total crude oil and condensate output decreased by 2.6% in FY22 to 29.7 MMT (million metric tons) compared to 30.5 MMT recorded in the same period in the previous year. India imported 212.2 MMT of crude oil in FY22, up from 196.5 MMT in FY21, an increase of 8.0% due to a decline in domestic output. From 221.8 MMT in FY21 to 241.7 MMT in FY22, overall crude oil processing grew by 9.0%. Crude oil imports from OPEC countries dropped to 71.5% of overall imports in the period April-March 2022, as compared to 71.9% in the period April-March 2021. Crude oil was imported mainly from Middle East (63.9%), Africa (13.6%), North America (13.3%), South America (4.6%) and Eurasia (3.4%) during the period April to March 2022.

**Domestic Production, Imports and Processing of Crude Oil (Unit: MMT)**

| | | | | Change (y-o-y) | |
|---|---|---|---|---|---|
| | FY20 | FY21 | FY22P | FY21 | FY22P |
| Production | 32.2 | 30.5 | 29.7 | -5.3% | -2.6% |
| Imports | 227.0 | 196.5 | 212.2 | -13.4% | 8.0% |
| Total Crude Processed | 254.4 | 221.8 | 241.7 | -12.8% | 9.0% |

*Source: 1) PPAC - Snapshot of India's Oil & Gas data - March 2022*
*2) Production, Import and Export of Petroleum Products*

**Natural Gas**

The overall gross natural gas production of 34,024 mmscm for FY22 was 18.7% greater than the previous year. Domestic output increased as a result of the start of two major deep-water projects, the first in December 2020 and the second in April 2021.

The total natural gas consumption of 65,307 mmscm in FY22 was 6.9% more than the previous year. For FY22, the approximate sector usage of natural gas was fertilizer (30.0%), power (15.0%), City Gas Distribution (CGD) (20.0%), refinery (9.0%), petrochemicals (5.0%), and others (21.0%). Natural gas is utilized as a feedstock in a variety of sectors, including fertilizers, polymers, and other commercially important organic chemicals, as well as a fuel for electricity production and heating in industrial and commercial units. Natural gas is also used in home residences for cooking and as a vehicle transportation fuel.

Cumulative LNG imports fell 5.9% in FY22 to 31,096 million metric standard cubic meters (mmscm). LNG imports fell sharply as high spot LNG prices and rising domestic supply dampened India's demand for LNG imports. According to Fitch Ratings, higher domestic production and LNG spot prices are projected to weigh on imports through the first half of FY23. However, imports are expected to climb steadily in the medium term as consumption increases. As per a CRISIL report, demand for LNG will increase despite rising gas prices because the city gas and fertilizer industries are less sensitive to price increases. Although the government controls consumer prices, fertilizer manufacturers can pass on increasing gas costs to customers. However, the government provides subsidies to urea producers to compensate for any losses. Natural gas is being used as a feedstock in new fertilizer plants. India's demand for LNG is driven by city gas and fertilizers. Domestic supplies are allocated to municipal gas firms at a lower cost than imported LNG, which accounts for only a part of their volumes. According to CRISIL, domestic demand for natural gas is predicted to increase 12-14% in FY23 as infrastructure strengthens and domestic production expands (which is less expensive than imported LNG). High and volatile LNG prices, on the other hand, constitute a significant risk to this forecast.

**Domestic Production, Imports and Consumption of Natural Gas (Unit: MMSCM)**

| | | | | Change (y-o-y) | |
|---|---|---|---|---|---|
| | FY20 | FY21 | FY22P | FY21 | FY22P |
| Production | 31,184 | 28,673 | 34,024 | -8.1% | 18.7% |
| Imports | 33,887 | 33,031 | 31,096 | -2.5% | -5.9% |
| Total Crude Processed | 64,144 | 60,815 | 65,037 | -5.2% | 6.9% |

*Source: PPAC - Snapshot of India's Oil & Gas data - March 2022*

### Infrastructure

India had 10,419 km of crude pipeline with a capacity of 147.9 million metric tons per year (mmtpa) as of April 1, 2022. In terms of length, Indian Oil Corporation Limited (IOCL) controls 50.8%, or 5,301 km, of India's crude pipeline network.

**Major crude oil pipeline network as on 01.04.2022**

| | ONGC | OIL | Cairn | HMEL | IOCL | BPCL | HPCL | Others | Total |
|---|---|---|---|---|---|---|---|---|---|
| Length (km) | 1,283 | 1,193 | 688 | 1,017 | 5,301 | 937 | | | 10,419 |
| Capacity (MMTPA) | 60.6 | 9.0 | 10.7 | 11.3 | 487.6 | 7.8 | | | 147.9 |

*Source: PPAC - Snapshot of India's Oil & Gas data - March 2022*

The gas pipeline system determines the structure and development of the gas market. Consequently, an interconnected National Gas Grid is being planned to provide adequate availability and equitable distribution of natural gas throughout the country. Natural gas pipelines with a total length of 19,398 km are now functioning in the country. Additional pipelines are being built to complete the National Gas Grid and make natural gas available throughout India. This will enable easy access to natural gas in all locations and may aid in establishing uniform economic and social improvement.
The Petroleum and Natural Gas Regulatory Board (PNGRB) reduced the country's gas pipeline price system in November 2020 to make fuel more affordable for distant customers and to attract investment.

The overall authorized length of natural gas pipelines as of December 2021 is 33,816 km, of which 14,417 km is under construction. In recent years, the establishment of the National Infrastructure Pipeline and the Gati Shakti plan has necessitated investments from both the government and the private sector. The initiative will offer infrastructure development and logistics in India a much-needed boost. The National Infrastructure Pipeline covering 6,835 projects was expanded to over 9,000 projects covering 34 infrastructure sub-sectors. As per the Economic Survey report, the sectors: energy (24.0%), highways (19.0%), urban (16.0%), and railroads (13.0%) account for over 70.0% of India's estimated infrastructure capital spending between fiscal years 2020 and 2025.

**Major natural gas pipeline network (Km) and Capacity (MMSCMD) as on 31.12.2021**

| | GAIL | GSPL | PIL | IOCL | AGCL | RGPL | GGL | DFPCL | ONGC | GIGL | GITL | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operational** | | | | | | | | | | | | | |
| Length | 8,937 | 2,695 | 1,459 | 143 | 107 | 304 | 73 | 42 | 24 | | | | 13,784 |
| Capacity | 167.2 | 43.0 | 85.0 | 20.0 | 2.4 | 3.5 | 5.1 | 0.7 | 6.0 | | | | 337.3 |
| **Partially Commissioned** | | | | | | | | | | | | | |
| Length | 4,643 | | | 166 | | | | | | 441 | 365 | | 5,615 |
| **Under Construction** | | | | | | | | | | | | | |
| Length | 5,945 | 100 | | 1,265 | | | | | | 1,891 | 1,666 | 3,550 | 14,417 |
| Capacity | | 3.0 | | | | | | | | | | 149.0 | - |
| **Overall Total** | | | | | | | | | | | | | |
| Length | 19,525 | 2,795 | 1,459 | 1,574 | 107 | 304 | 73 | 42 | 24 | 2,332 | 2,031 | 3,550 | 33,815 |

*Source: PPAC - Snapshot of India's Oil & Gas data - March 2022*

Petroleum & Natural Gas Regulatory Board (PNGRB) up to the 10$^{th}$ CGD bidding round had authorized 228 Geographical Areas (GAs), comprising 407 districts in 27 States/UTs covering 53% of the geographical area and 70% of the population, for the development of CGD networks. PNGRB had launched the 11$^{th}$ CGD Bidding Round in September 2021 and received 439 bids from 26 entities against 61 GAs. The Government plans to raise the share of natural gas in the country's energy basket to 15% from the current 6.3% by 2030 and city gas expansion is part of the roadmap.

## GLOBAL OIL & GAS MARKET

### Americas

Natural gas consumption in the U.S. is expected to average 84.1 Bcf/d in 2022, a 1.0% increase from 2021. The rise in natural gas consumption in the U.S. is due to colder anticipated temperatures in 2022 compared to 2021, resulting in increased demand in the residential and commercial sectors. Furthermore, the industrial sector will demand more natural gas in 2022 in response to increased economic activity. Natural gas consumption in the U.S. is expected to average to 84.7 Bcf/d in 2023.

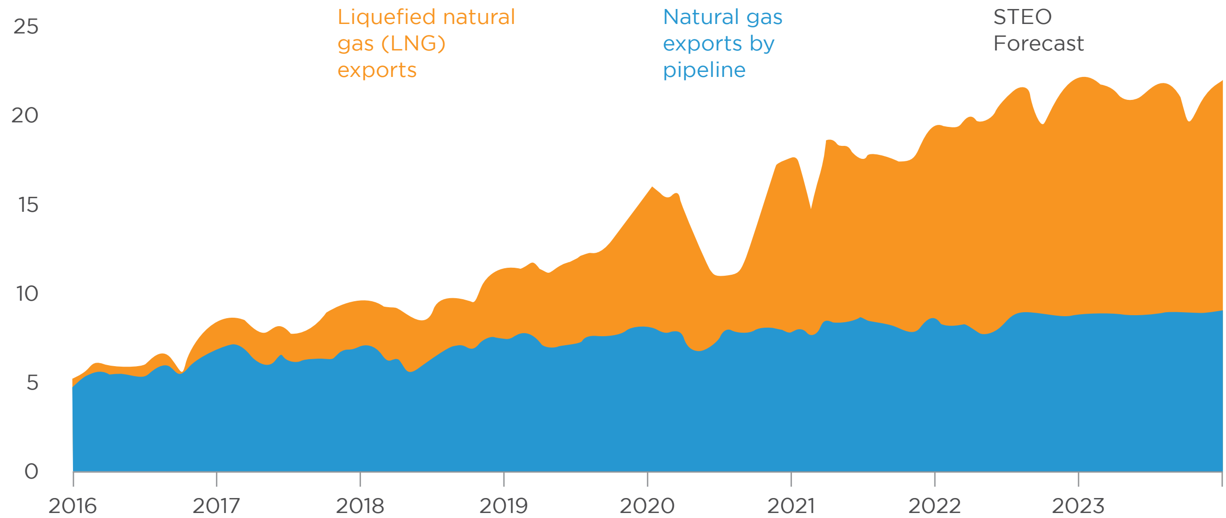
U.S. crude oil production reached record highs and production of natural gas and petroleum and other liquids is rising amid growing demand for exports and industrial uses. As per Short term EIA – energy outlook April 2022 report, Crude oil output in the U.S. is expected to average 12.0 mb/d in 2022, up by 0.8 mb/d from 2021. EIA expects another 0.9 mb/d increase in 2023, to about 13.0 mb/d, breaking the previous annual average record of 12.3 mb/d set in 2019.

In the United States, 14 petroleum liquids pipeline projects were completed in 2021. Of the fourteen completed projects: There were six new pipeline projects, five of the projects were system expansions, two projects reversed the direction of the pipeline's commodity flow and one project involved a change in the product transported by the pipeline as per the EIA report. This total includes seven crude oil pipeline construction projects and seven hydrocarbon gas liquid pipeline construction projects.

The United States presently ranks second in the world in terms of natural gas exports, after only Russia.

Since December 2021, U.S. LNG exports have been at an all-time high, with another record broken in March 2022. LNG exports averaged 11.9 Bcf/d in March 2022, up 0.5 Bcf/d from the previous peak in January (11.4 Bcf/d) and 0.7 Bcf/d higher than February shipments. The incremental rise in exports compared to previous months was due to the start-up of LNG production at Calcasieu Pass LNG, a new U.S. LNG export facility. The first LNG shipment from Calcasieu Pass was exported on March 1. Calcasieu Pass exported five LNG cargoes totaling 0.6 Bcf/d in March 2022. By the third quarter of this year, Calcasieu Pass should have reached its full LNG production capability of 1.3 Bcf/d baseload (1.6 Bcf/d peak). It is anticipated that strong levels of U.S. LNG exports will continue in 2022, with a year-to-year average of 12.2 Bcf/d, a 25.0% increase over 2021. EIA report anticipated that natural gas pipeline exports to Mexico and Canada will increase modestly, by 0.3 Bcf/d in 2022 and 0.4 Bcf/d in 2023, owing to increased exports to Mexico.

**Monthly U.S. natural gas exports (January 2016 – December 2023) (in BCF/D)**

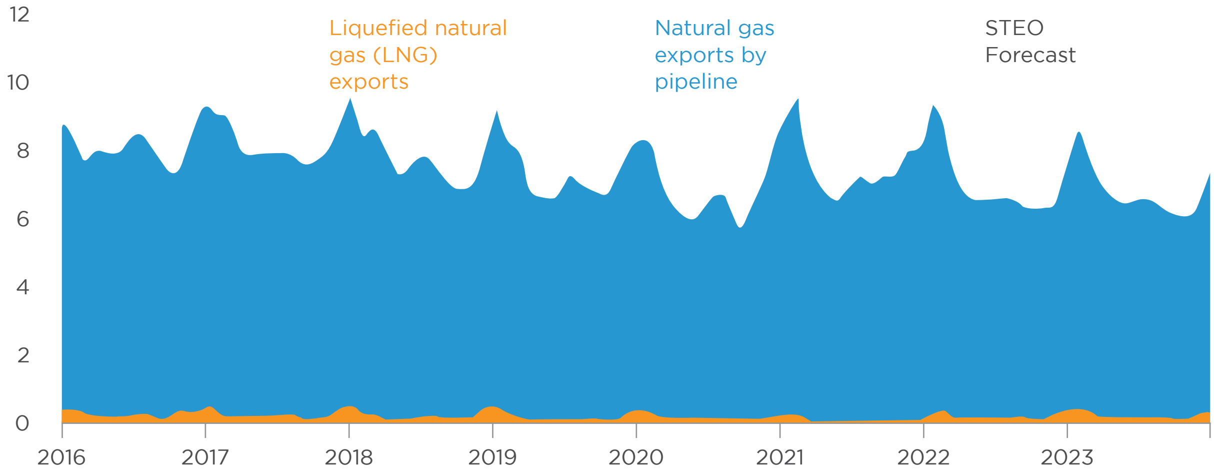



*Source: U.S. Energy Information Administration - EIA - Independent Statistics and Analysis*

The pipeline flows to Mexico increased by 9.0%. More natural gas was able to flow to the Mérida markets in the Yucatán Peninsula and to power plants in the Mexico City and Guadalahara regions in central and west-central Mexico as a result of increased flows via the Sur de Texas-Tuxpan Pipeline and the Trans-Pecos Pipeline (part of the Wahalajara system).

Because natural gas output from the Appalachia region will likely continue to displace imports from Canada in the Midwestern states, the report projects U.S. natural gas imports to decline by 0.5 Bcf/d in 2022 and 0.2 Bcf/d in 2023. In the next two years, it has been predicted that LNG imports, especially into New England during the winter months, to stay fairly unchanged.

**Monthly U.S. natural gas imports (January 2016 – December 2023) (in BCF/D)**




*Source: U.S. Energy Information Administration - EIA - Independent Statistics and Analysis*

On March 8, 2022, the U.S. (United States of America) government announced a restriction on Russian petroleum imports, adding to the temporary price rises associated with trade displacement. Weather-related outages at Kazakhstan's Caspian Pipeline Consortium (CPC) terminal along Russia's Black Sea Coast, as well as a fire connected to a Houthi missile attack at a Saudi Aramco oil storage and distribution complex in Jeddah, added to the volatility and risk of supply disruptions. On March 31, the White House announced the release of 1 mb/d from the U.S. Strategic Petroleum Reserve (SPR) for a six-month term to increase supply and relieve pricing pressure. These strategic reserve releases have contributed to lower oil prices by countering market perceptions of the risk of supply disruption.

Concerns over security of supply following Russia's invasion of Ukraine have prompted an uptick in interest in US LNG among European buyers. Expectations are building that the European gas crisis will accelerate the next supercycle of US LNG export projects. LNG companies have highlighted a flood of commercial deals for US LNG in recent months as supporting the buildout of new production capacity, especially as demand in Europe surges following Russia's invasion of Ukraine. Natural gas pipeline developers described new infrastructure growth opportunities, while upstream gas producers touted their exposure to the international LNG market.

Rig Count is an indicator to oil production in the US oil and gas production industry. In May 2022, the rig count rose for a record 22nd month in a row in the U.S. Since Russia invaded Ukraine on February 24, the U.S. government has urged drillers to produce more oil and gas to reduce domestic prices and help allies break their dependence on Russian energy.

According to data published by Baker Hughes, the oil and gas rig count in the US, was at 727 in the week to June 3, 2022, up 271, or 59%, over this time last year. U.S. oil rigs were at 574 this week, while gas rigs held at their highest since September 2019 at 151.

**Middle East**

As per the IEA Gas Market Q2-2022 report, natural gas production in the Middle East increased by 3.0% (or 20 bcm) year over year in 2021. Domestic gas demand climbed by 2.5% y-o-y as a result of the recovery in economic activity, which was aided by greater electricity demand and decreased hydropower output. In comparison to 2020, extra-regional pipeline exports and LNG supply to the worldwide market increased by 6.0% in 2021. According to World Pipelines report, the Middle East is likely to witness 598 projects to commence operations during the period 2022-26. Out of them, upstream projects would be 79, midstream would be 140, refinery at 89 and petrochemicals would be the largest with 290 projects respectively.

The Middle East Oil & Gas landscape has changed dramatically in recent years, resulting in investment in LNG and technological offshore projects. Rystad Energy predicts offshore exploration spending to five-fold by 2025. The rise in offshore exploration and production projects is likely to generate significant opportunities for market players in the years to come, as these projects are paving the way for the pipeline sector to grow more. Saudi Arabia is projected to lead the Middle East oil and gas pipe market.

Natural gas production in Iran climbed by more than 5.0% year-on-year in 2021, given the rising domestic consumption and the restart of extra-regional pipeline exports. Domestic consumption in the country increased by 3.0% in 2021, with the electricity industry playing an important contribution. Droughts afflicted the country, reducing hydropower generation and, as a result, increasing gas consumption in the


power industry by more than 10% year over year. Iran's extra-regional pipeline deliveries to Turkey increased by 77% (or 4 bcm) to 9.4 bcm, the biggest level on record.

Qatar's natural gas production stood steady in 2021. Domestic demand was substantially driven by an increase in power generation (up 5.0% y-o-y), the majority of which is gas-based. Pipeline shipments to Oman and the United Arab Emirates via the Dolphin pipeline remained broadly flat. LNG shipments increased by less than 1.0% compared to 2021, but with a significant shift in destination; whereas supplies to Europe declined by 24%, supplies to the Asia Pacific area increased by more than 6.0%. Qatar and Germany are negotiating a long-term energy relationship as Europe's biggest economy wants to become less dependent on Russian energy suppliers. Germany recently announced intentions to develop two LNG terminals to receive direct LNG from Qatar.

Saudi Arabia boosted domestic use and production of gas by roughly 5.0% in 2021, despite the absence of cross-border gas commerce. The majority of the increase in consumption occurred in the power sector, where a nearly 7.0% increase in electricity demand boosted gas-fired output in particular (although oil burning in power plants climbed just moderately, by less than 1.0%). Incremental supplies came from the 26 bcm Fadhili gas processing facility (which finished its last phase in mid-2020 and began full-scale operation in 2021), as well as increased related gas output as the OPEC+ oil production curbs were gradually relaxed in the second half of 2021. Saudi Arabia has the fifth-largest shale gas reservoir. The country could duplicate North America's unconventional reserves expansion. Unconventional reserves will stimulate demand for pipelines in collection and treatment facilities. With gas production reaching 119 bcm in 2020, demand for pipelines is expanding.

Israel's gas demand grew by 8.0% in 2021, primarily to increased gas use for power generation. Due to the continuous ramp-up of the massive Leviathan gas field, gas output increased by over 30.0%. LNG imports fell to 0.2 billion cubic meters in 2021 (from 0.8 billion cubic meters in 2020), but pipeline gas exports surged by more than 70.0%, with significant increases in deliveries to Jordan and Egypt. Due to the situation in Ukraine, Europe wants to reduce sourcing 40% of its natural gas from Russia. Gas from Israel, the US, and Qatar would help Europe diversify. A floating LNG facility would allow Israel to ship gas to Europe. Other possibilities include the projected Eastmed pipeline, a complex project that would connect the gas resources to mainland Europe, or a shorter pipeline to Turkey.

In 2021, gas consumption in the UAE dropped by 4.0%. This was driven by the electricity sector, where the continued ramp up of renewable, nuclear and coal-fired generating resulted in a 10.0% decline in gas demand. Production was projected to be reduced by 3.0%. Imports via the Dolphin pipeline from Qatar remained constant, but net LNG exports climbed by 12.0% in 2021.

The demand for OPEC crude is predicted to reach 30.8 mb/d by 2026, 5.3 mb/d more than the cartel produced at the start of 2021. As demand recovers and upstream investments lag in other parts of the world, Saudi Arabia, Iraq, the UAE, and Kuwait may need to speed up output to ensure the world is sufficiently supplied. If Iran continues under sanctions, the Gulf heavyweights may have to produce at full capacity by the end of the year to keep up with demand.

Due to mandated lockdown limitations, pipeline projects were delayed during the COVID-19 outbreak in Q1 of 2020. It also resulted in a drop in gas demand as a result of lower power consumption, while travel limitations had a negative impact on oil consumption. Factors such as expanding gas infrastructure development, growing investments, and increasing desalination plant capacity are expected to boost the market. The increase in offshore exploration and production projects is likely to generate an excellent opportunity for market players in the coming years, as these projects pave the way for the line pipe sector to expand further.

In the Middle East, more than 50 trunk/transmission pipeline projects are expected to start operations during the 2021 to 2025 outlook period. The gas pipeline segment constitutes over 50% of all pipeline projects that are expected to start operations from 2021 to 2025, followed by the oil pipeline and product pipeline. More than 40% of the upcoming pipeline projects are likely to be in the construction stage and are expected to start operations from 2021 to 2025. Among countries, Iran leads with the highest planned and announced pipeline length from 2021 to 2025. Israel stands second, followed by Saudi Arabia, Iraq, and Oman. In the Middle East, 10 countries are expected to collectively spend more than USD 35 billion on the development of new-build pipeline projects that are expected to start operations from 2021 to 2025. Israel is expected to lead among the countries in terms of project cost.

*Source: IEA, Gas Market Report, Q2 - 2022 | Global Data PLC, Pipeline & Gas Journal, World Pipelines Report*

**Africa Region**

As per the IEA gas market Q2-2022 report, driven by both local and export markets, Africa's gas production climbed by about 10% year over year in 2021. Natural gas consumption in the region grew by 5% year-on-year in 2021, driven mostly by expansion in Egypt and Nigeria, while demand in Algeria remains relatively steady. North African pipeline shipments to Europe surged by 60%, while LNG exports increased by 5%.

Egypt's natural gas consumption increased by about 6.0%, owing to increased power generation needs. The electricity sector, which accounts for nearly 60.0% of the country's gas demand, experienced record demand over the summer months and increased output by 9.0% in 2021. Domestic gas output increased as well, reaching a new high of about 7 Bcf/d (or more than 70 bcm for the year) mainly to increased offshore production at the massive Zohr field and the commissioning of the Raven field. Egypt's LNG shipments grew fourfold to 9 billion cubic meters in 2021, with a surge in the last months of the year due to high international spot prices.

Algeria's natural gas exports surged by about 45.0% year-on-year in 2021, following two years of being at their lowest levels since the mid-1990s. Despite a fall in capacity following the closing of the Maghreb–Europe pipeline at the end of October, the uptick was driven by a jump in pipeline exports to Spain and Italy. Tunisia's gas consumption is said to have climbed by 5.0%, while Morocco's demand from the power industry, the country's main driver of gas demand, is said to have increased by 3%. Despite the high pricing environment, Libyan pipeline exports fell 28.0% year-on-year in 2021.

African nations that have historically been gas suppliers to Europe are well placed to scale up their exports. Africa's advantage is that it has existing pipelines connected with the wider European gas grid. Current pipeline exports from Africa to Europe run through Algeria into Spain and from Libya into Italy. Talks of long-distance pipelines connecting gas fields in Southern Nigeria to Algeria via the onshore Trans Saharan Gas Pipeline (TSGP) and the offshore Nigeria Morocco Gas Pipeline (NMGP) have picked up in recent months. While the TSGP aims to utilize existing pipelines from Algeria to tap into European markets, NMGP aims to extend the existing West Africa Gas Pipeline all the way to Europe via West African coastal nations and Morocco. Further afield, African LNG exports have predominantly come from Nigeria and Algeria, with smaller volumes from Egypt, Angola and a fraction from Equatorial Guinea. In addition, large-scale discoveries offshore in Mozambique, Tanzania, Senegal, Mauritania and South Africa have the potential to yield additional natural gas exports once developed.

*Source: IEA, Gas Market Report, Q2-2022 | News Articles*

**Australia**

Australia is the world's largest exporter of liquefied natural gas, with a vast pipeline network that runs the length and breadth of the country. In comparison to the oil pipelines, its gas pipeline capacity dominates the terrain. The pipeline and gas industry in Australia will have several prospects in 2022. With numerous significant pipeline projects in Western Australia, a variety of projects in the eastern states, and a strong focus on hydrogen everywhere, the industry is more active than ever.

In November 2021, the government outlined a plan to spur investment in new gas pipelines to beef up gas supply. In its National Gas Infrastructure Plan, the government said its modeling showed that at least one new gas basin will need to be unlocked by 2030 to meet domestic demand and export demand for gas from Australia's east coast. Gas would be needed from Santos Ltd's proposed Narrabri project in New South Wales from 2026, from the undeveloped Beetaloo shale basin in the Northern Territory from 2025 and from one or two basins in Queensland from 2028. Those developments will require five new pipelines and expansions of existing pipelines.

The government has been promoting the gas industry to drive a recovery from the pandemic-induced economic slump, viewing cheap gas as essential for food production, manufacturing and steady power supplies.

*Source: Pipeline & Gas Journal*

**Hydrogen Pipelines**

Climate change is the biggest challenge of the 21st century. If the world is to succeed in limiting global warming, all solutions must be leveraged and accelerated. Electricity and gas will continue to fulfill complementary roles in the future integrated energy system. Electrification of all industrial and residential energy demand is not feasible, and certain industries cannot be readily electrified. In terms of low-carbon energy supply, hydrogen is a logical means to address these issues, as it is easy to transport and store using a significant proportion of repurposed infrastructure. In the medium-term, it appears inevitable that blue hydrogen – whereby hydrogen is extracted from natural gas, and the carbon dioxide is stored to prevent emissions will play a large role. Longer-term, green hydrogen predominantly generated via electrolysis using renewable energy sources is an effective solution for the storage and transportation of intermittent and excess power, providing flexibility and resilience in energy supply.

Regardless of the color of hydrogen, pipelines will be required to transport it. This has been recognized globally with initiatives such as the European Hydrogen Backbone, a growing group of now 29 European gas infrastructure companies targeting a hydrogen transmission network of 39,700 kms by 2040, with further growth expected after 2040.

*Source: Global Hydrogen Review*

**Carbon Capture**

Carbon capture, utilisation and storage (CCUS) refers to a suite of technologies that can play an important and diverse role in meeting global energy and climate goals. CCUS involves the capture of CO2 from large point sources, including power generation or industrial facilities that use either fossil fuels or biomass for fuel. The CO2 can also be captured directly from the atmosphere. If not being used on-site, the captured CO2 is compressed and transported by pipeline, ship, rail or truck to be used in a range of applications, or injected into deep geological formations (including depleted oil and gas reservoirs or saline formations) which trap the CO2 for permanent storage.

Pipelines are the cheapest way of transporting CO2 in large quantities onshore and, depending on the distance and volumes, offshore. Transport by pipeline has been practised for many years and is already deployed at large scale. There is an extensive onshore CO2 pipeline network in North America, with a combined length of more than 8,000 km.

*Source: IEA Technology Report 2021*

## WATER SECTOR

**Global Water Sector**

As per the UN-World Water Development Report 2021, water and sanitation infrastructure investment will need to be around USD 0.9–1.5 trillion per year by 2030, accounting for roughly 20.0% of total infrastructure investment requirements. Around 70% of total infrastructure investment will be made in the global South, with a major portion of it concentrated in fast rising urban areas. Renovation and improvement will necessitate huge investments in industrialized countries. The number of huge water infrastructure projects in global locations with natural resources is likely to rise.

Agriculture presently accounts for 69.0% of worldwide water withdrawals, which include water needed for livestock and aquaculture as well as irrigation. In certain undeveloped countries, this percentage can exceed 95%. Industry (including energy and electricity generating) accounts for 19.0% of worldwide water withdrawals, with municipalities accounting for the remaining 12.0% of the worldwide water withdrawals.

According to the G20 Global Infrastructure Outlook, water infrastructure will cost a total of USD 6.4 trillion to meet rising water demand. Significant expenditures in water pipes will also be made as a result of this. Hydraulic infrastructure, which serves to store or move water, supports the value of water to society. However, the value of the infrastructure extends beyond the cost of the system and includes the different benefits it delivers. Renovation and upgrading will necessitate huge investments in developed countries.

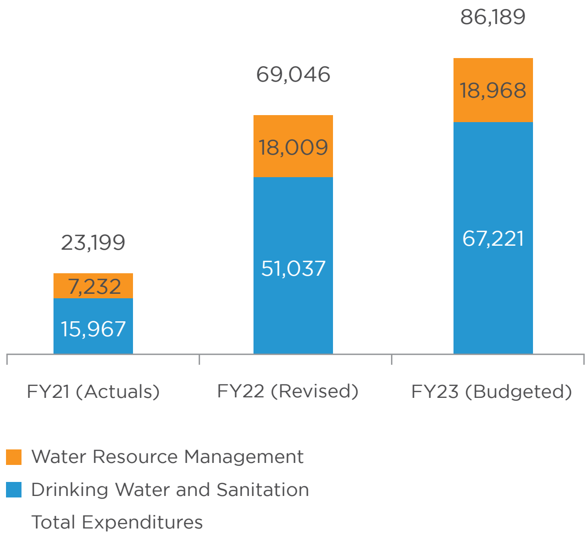
*Source: UN World Water Development Report 2021*

**Water Sector in India**

According to the UN-Water Index, India continues to trail behind other countries in terms of safe water access, with over 120 million Indian homes still lacking access. With India's population expected to reach 1.6 billion by 2050, and the pandemic adding to already-strained water resources, the situation is likely to worsen. As a result of population growth, fast urbanization, and changing lifestyles, water consumption is increasing at an exponential rate. By 2030, India's water demand is predicted to exceed available supply, resulting in severe water scarcity for hundreds of millions of people. .

The Ministry of Jal Shakti has been allocated a budget of ₹ 86,189 crore for FY23. The additional funding will go toward drinking water, which aligns with the government's objective of delivering functional tap water connections to all families by 2024. The Drinking Water and Sanitation Department received ₹ 67,221 crore from the Union Budget, while the Water Resources, River Development, and Ganga Rejuvenation Department received ₹ 18,968 crore.

**Budgetary allocation to the Jal Shakti Ministry (In ₹ Crore)**

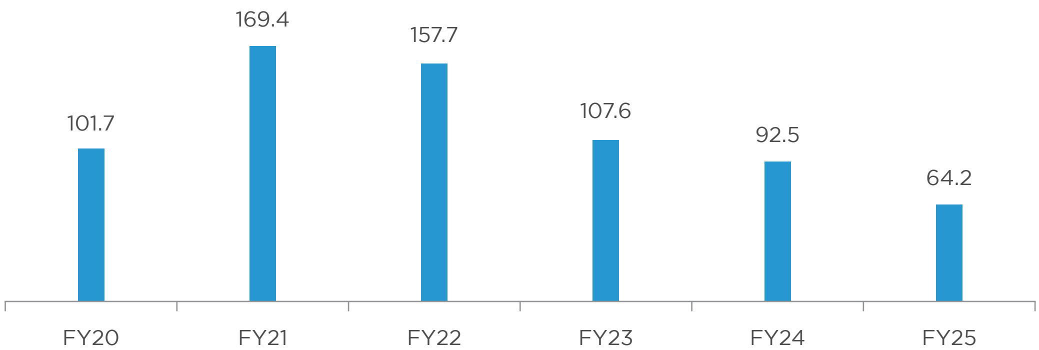



*Source: FY 2022-23 Union Budget*

**Irrigation**

The Union Finance Minister Nirmala Sitharaman, announced a budget of ₹ 45,000 crore for the interlinking of river Ken and Betwa in the FY 2022-23 Union Budget. The project was approved under the National Perspective Plan for interlinking of rivers. The Ken-Betwa interlinking hopes to transfer water from the Ken river to the Betwa river. The project is likely to boost irrigation in the region largely prone to water-crisis. The total cost of the project has been assessed at ₹ 44,605 crore and is to be taken up to provide irrigation to 9.05 lakh hectares, 65 lakh people drinking water, hydro and solar power. To provide greater access to irrigation and drinking water draft project reports of five river links, namely Damanganga-Pinjal, Par-Tapi-Narmada, Godavari-Krishna, Krishna-Pennar and Pennar-Cauvery have been finalized. Once a consensus is reached among the beneficiary states, the Centre will provide support for implementation.

**Annual phasing of investments of Irrigation NIP (in ₹ Billion)**




*Source: Report of the Task Force National Infrastructure Pipeline-Volume 3*

The Final Report on National Infrastructure Pipeline for FY 2020-25 unveiled the annual phasing of investments for irrigation in India. States would implement 78.0% of the NIP (National Infrastructure Pipeline), while the Centre would implement 22.0% of the irrigation NIP plan. By 2025, irrigated land would cover 61.0% of total land area, or 85 million hectares. Farmers' incomes and consumption will rise as their reliance on rains decreases. Furthermore, the significance of effective irrigation methods is stressed. Water usage would be reduced if traditional tank and canal irrigation were replaced with more effective alternatives such as micro-irrigation. Furthermore, under the NIP Plan 2025, drip and sprinkler irrigation, intelligent water usage, and water quantity-based fees would be employed as a pricing mechanism to sustain the overall water ecosystem.

**Water Segment in Saudi Arabia**

Saudi Arabian recent reforms have resulted in a large decrease in agricultural water consumption, the development of more energy-efficient reverse osmosis (RO), solar-powered water systems, and the elimination of long-standing water subsidies that kept the consumer cost of water between 5.0% and 10.0% of the real production cost. In 2018, the Kingdom unveiled a new National Water Strategy to address these issues in greater depth and ensure cost-effective and long-term solutions to the Kingdom's water needs over the next decade.

Despite the fact that the Saudi government has assured that more than 97.0% of its population has reliable access to clean water, the challenge of growing demand and declining supply has remained a top priority of the Kingdom's development objectives. As per the Refinitiv (Zawya report), the Kingdom has announced more than 60 water projects worth USD 9.33 billion that will cement the Kingdom's position as the world's largest water desalination market. In 2021, the country approved eight IWPPs (Independent Water and Power Plant), fourteen Independent Strategic Water Reservoir (ISWR) projects, and seven Small Sewerage Treatment Plant (SSTP) project clusters; more than USD 5.5 billion in water projects are presently under construction. Saudi Arabia has adopted Public-Private-Partnerships as a procurement approach, with Public-Private-Partnerships accounting for 70.0% of its water processing infrastructure projects. ACWA Power's Rabigh 3 Independent Water Plant (IWP) in Saudi Arabia, which can produce 600,000 m3/day of desalinated water has become the world's largest reverse osmosis (RO) desalination plant.

Saudi Arabia is planning to partner with the private sector to deliver 3,500 kilometers of new water transmission lines that will distribute more than 4 million cubic meters a day of desalinated water, requiring a total investment of USD 16 billion. The projects are the first water transmission PPP projects in the Middle East, and will be the first water transmission schemes globally to be tendered as separate concession contracts without being bundled along with a water supply project such as a reservoir or production plant.

*Source: U.S.-Saudi Business Council, 2021*

## STEEL PRICES TREND AND OUTLOOK

Steel plays a pivotal role in manufacturing of pipelines, and is one of the key materials. Any impact of the steel prices would impact pipeline project costs and profitability. When the world was recovering from

the 3 consecutive waves of COVID, it was hit by the Russia-Ukraine war. The war impacted the steel sector like many other sectors. Pig iron is one of the key raw materials for steel production. Russia and Ukraine are among the top 10 pig iron producers in the world. With the war in place, these exports were impacted, and the pig iron prices have seen a sharp rise. This is expected to increase the average steel prices of 2022 over 2021. Prior to the Russia-Ukraine war, the average hot-rolled coil (HRC) steel prices were expected to reduce to USD 750 per ton in 2022 by Fitch Ratings.

Further, China has also consciously cut its steel output owing to its focus on decarbonizing the economy. China, being the largest steel producer in the world, opted for a production cut which impacted world output of steel, thereby, increasing steel prices. The crude steel output of China in 2021 stood at 1.033 billion tons compared to 1.053 billion tons in the previous year, registering a y-o-y decline of 2%. The China factor has been impacting the economy for the past few years now, which coupled with the Ukraine-Russia war and continuously rising fuel prices, has driven steel prices higher. The March 2022, HRC contract traded on CME at USD 994 per ton.

In the domestic market, steel prices were trading at an all-time high, with HRC ranging between ₹ 76,000 and ₹ 77,000 per ton, and cold-rolled coil (CRC) ranging between ₹ 85,000 and ₹ 86,000 per ton in March 2022. Further, rebar prices ranged between ₹ 72,000 and ₹ 73,000 per ton for the same period.

However, in the month of May 2022, Steel prices witnessed a correction globally and in India, amidst fears of a global recession and a continued imposition of lockdown in China in view of rising COVID cases there.

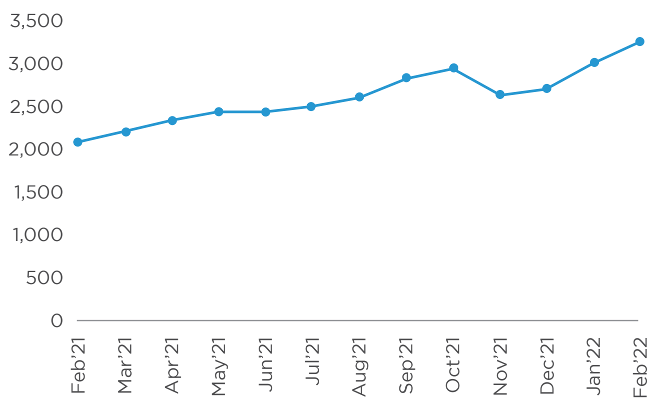
*Source: WSA, Steel Mint*

## NON-FERROUS METALS

In FY22, the world was headed for a recovery spearheaded by large and developing economies growing exponentially post the COVID-19 pandemic, marked by pent-up demand from the infrastructure sector. On the other hand, the Ukraine-Russia war, mine disruptions, logistical constraints due to 2nd and 3rd waves, and slow scaling of smelter operations gave rise to a supply crunch. This demand-supply mismatch coupled with the decarbonization focus of China impacted the price of non-ferrous metals at a global level.

The global base metal prices have been on the rise in 2021 owing to low inventories, demand-supply gap, and the impact of the second and third wave of the pandemic. The average price for February 2022 of aluminum stood at USD 3,261 per ton compared to USD 2,080 per ton in February 2021, registering a y-o-y growth of 56.8%. The average LME price of aluminum during FY21 stood at USD 1,802 per ton.

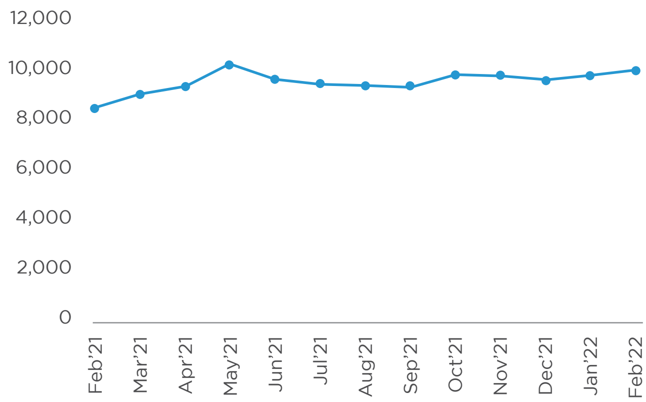
**Average LME Price Graph (USD)**




*Source: LME*

The average LME prices of copper during February 2022 stood at USD 9,941.35 per ton compared to USD 8,460.25 per ton in February 2021, registering a y-o-y growth of 17.5%. The average LME price during FY21 stood at USD 6,878.71 per ton.

**Average LME Price Graph (USD)**




*Source: LME*

Further, the average LME price of zinc for February 2022 was at USD 3,644 per ton compared to USD 2,743 per ton in February 2021, registering a y-o-y growth of 32.9%. The average LME price of zinc for 2020-21 was USD 2,422 per ton. The average LME price of lead for February 2022 was USD 2,300 per tonne compared to USD 2,086 per ton in February 2021, clocking a y-o-y growth of 10.3%. The average LME price of lead during FY21 stood at USD 1,868 per ton.

*Source: Ministry of Mines, LME*

## DOMESTIC STEEL INDUSTRY

During the first 10 months of FY22 (April-January), the production of finished steel increased by 21% to 93 MT compared to the same period previous year (April-January 2021). The growth in production is backed by a healthy 15% increase in consumption and around 26.1% rise in exports during April-January 2022. The production rebounded as domestic demand gathered pace with investment in infrastructure, focus on vaccination and policy support by the government. As per the National Steel Policy 2017, the Government is targeting crude steel production of 300 MT by 2030-31 from current levels of around 110 MT in 2020-21.

The steel consumption surpassed the pre COVID-19 level of 86 MT during April-January 2020 and stood at 87 MT during April-January 2022. This is on account of an estimated increase in demand from sectors like construction, automobiles etc.

The exports of finished steel from India was at a high of 11.1 MT for the period April-January 2022, an increase of 26.1%. The exports during the period have already crossed the finished steel exports of 10.8 MT made by India during FY21 and India continues to remain net exporter of steel for third year in a row. During the period April-November 2021, surge in exports to Italy with 1.1 MT (112%), Belgium with 1 MT (231%), as compared to same period in previous year contributed towards overall growth in shipments. The overall exports of finished steel were at all-time high at 10.9 MT during the period April-November 2021.

India's finished steel imports was 3.9 MT during the period April-January 2022, an increase of 3%. The overall imports had declined by a sharp 36.7% during April-January 2021. During April-November 2019, Korea was one of the major countries that contributed to imports of around 2 MT. This declined to 1.4 MT resulting in decrease in imports during the period April-November 2021. The government in May 2020 has issued "Steel and Steel Products (Quality Control) Order, 2020 to resist any manufacturing or import of non-standardized steel. The order states that products mentioned under the order should have standard mark under license from Bureau of Indian Standards. Though steel prices have been rising, steel companies are feeling the pinch of historically high raw material prices, especially on carbon materials. Prime coking coal which used to historically prevail around USD 150 (FOB Australia), went down to below USD 100 in beginning of CY 2021 and went up over six-fold to around USD 670 in March 22 before slightly tempering to current levels of around USD 450. The initial disruption had been caused due to a China-Australia trade dispute, but eventually the prices have sustained at historically high levels. Coke prices have also been volatile and prices in India increasing from around USD 350 to around USD 730 by end of FY22, and subsequently easing to USD 600 in end May 2022. The global power shortage along with the Russia Ukraine war have also pushed up thermal coal prices. For example, Indonesian 4200 GAR coal prices have gone up from USD 60 (CIF Kandla) to USD 150 currently.

Domestic Iron Ore prices have seen volatility in Q1 of FY22 with an increase of around 40% in first 3 months subsequently softening back to the original level. The recent announcement of export duty is expected to put pressure on Iron ore prices as well as prices of Pig Iron and Finished steel.

The government has levied an export duty of 15% on almost all the major steel products to drive volumes to the domestic market and to make steel prices affordable for domestic consumers like Autos, MSMEs, infrastructure etc. Procurement of steel had become challenging and this measure would boost availability in the domestic market.

The disruption in global steel supply is expected to benefit the Indian steel industry. Russia being the major exporter of steel to European Union (EU), the restrictions on the export from Russia to EU will create opportunity for India. In addition, the demand for Indian steel industry will be supported by increased government spending on infrastructure and a gradual economic recovery. The Union Budget 2022-23 has seen an increase of 36% Y-o-Y in allocation of capex at ₹ 7.5 lakh crore. The budget has infrastructure push towards seven engines (roads, railways, airports, ports, mass transport, waterways and logistic infra). The allocation for various schemes like Pradhan Mantri Awas Yojana (PMAY) scheme, Jal Jeevan Mission will have a positive impact on specialty steel and long steel players.

*Source: CARE Ratings*

## TMT BARS

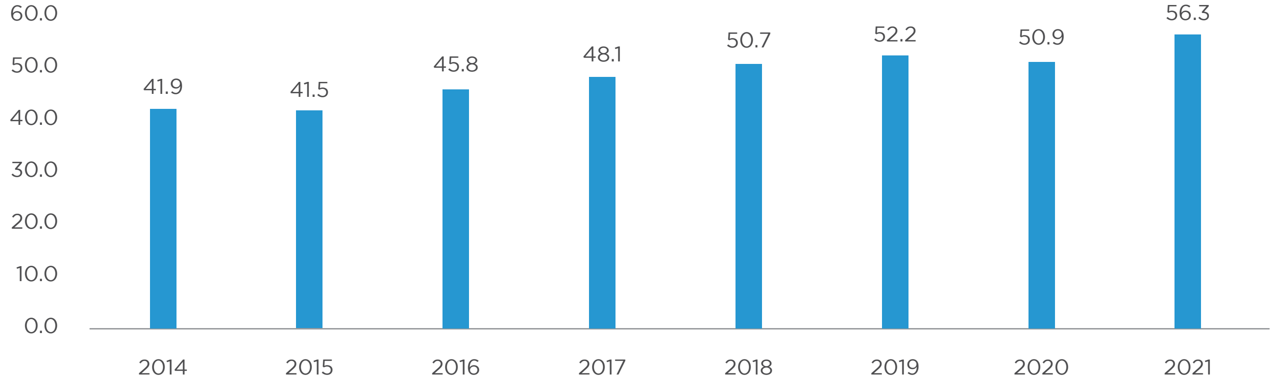
The overall Indian TMT bar market grew at 8% CAGR from ~ 35-36 million mt in FY18 to 42 million MT in FY20. However, in FY21, market witnessed a decline in TMT bar demand because of COVID-19 to reach 2018 levels but is now starting to show a recovery.

Rapid urbanization and industrialization have led to continued government spending on construction sector which have driven regional demand for TMT bars. Key scheme initiatives such as Smart Cities Mission, Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Housing for All by 2022, Indira Awaas Yojana (IAY), etc. by GoI contributed to increased TMT bar consumption.

## STAINLESS STEEL

Global Stainless Steel melt shop production grew by 10.6% to 56.3 million metric tons in 2021 compared to 50.9 million metric tons in 2020.

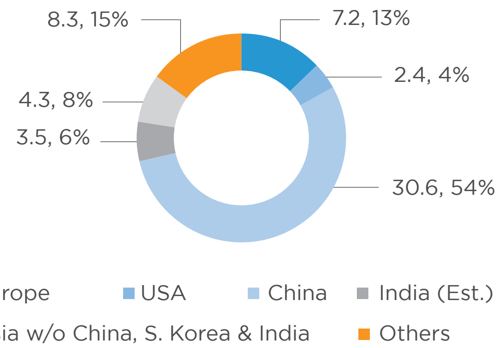
**Global Stainless Steel Production in mill. metric tons**




*Source: International Stainless-Steel Forum*

China is estimated to have the largest share of production of 54%. With 3.5 Mn Tons Stainless Steel output, India's share in world Stainless Steel output is estimated to be at 6.2% in 2021.

**Share in stainless and heat resisting steel melt shop production (ingot/slab equivalent): 2021 in mill. metric tons**




*Source: International Stainless-Steel Forum*

It is estimated that manufacturing of durables and household utensils in India is the largest end use of stainless steel with a 44% share. Apart from this, the usage of stainless steel is 30% in capital goods, 13% in automobiles, railways and transport (ART), 12% in construction and infrastructure and 1% in others.

Stainless steel pipes and tubes are important products in the stainless steel industry. They are mainly used in oil and gas, petrochemical, refineries, thermal power and nuclear power, aerospace and defence and in instrumentation across a wide range of industries. Therefore, demand for steel pipes & tubes is linked to the prospects of the end-user industries.

India is one of the largest consumers of stainless steel in the world. However, its per capita stainless steel consumption is much lower at around 2.5 kg compared to the world average of 6 kg per capita. The per capita consumption of stainless steel in India will reach 8-9 kg by 2040 and 11-12 kg by 2047 as per the "Stainless Steel Vision Document 2047" released by the Ministry of Steel.

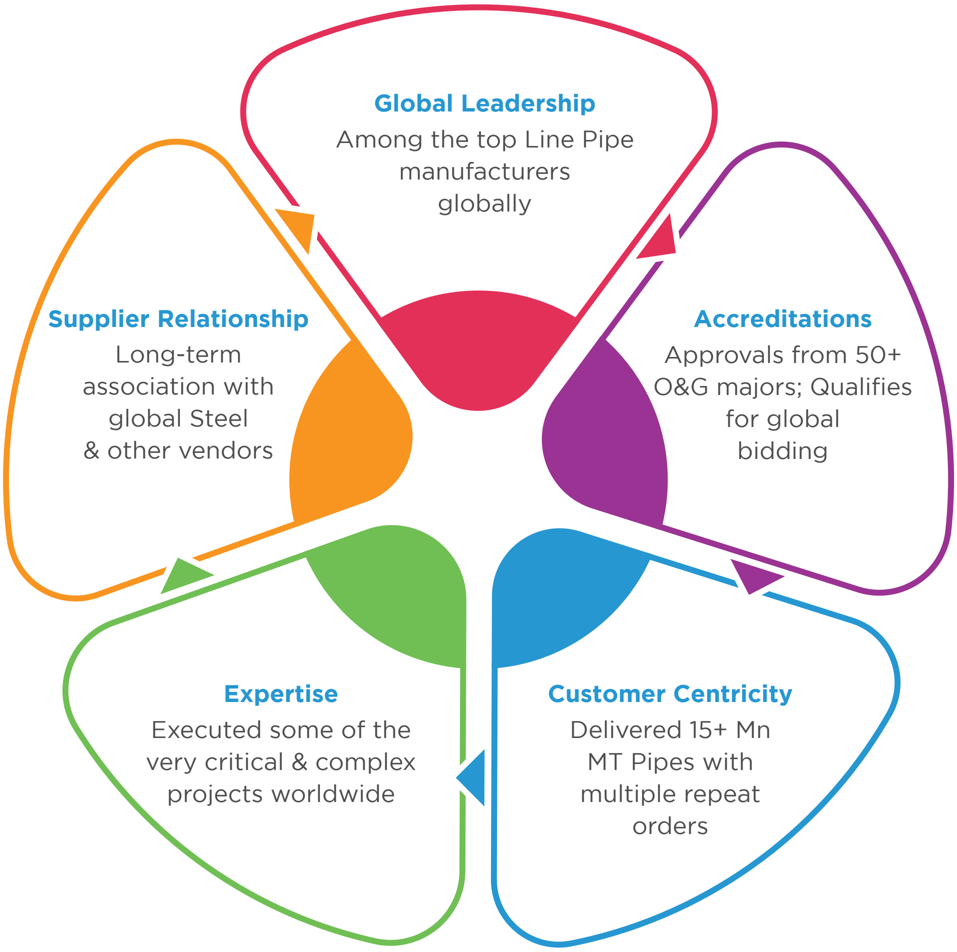
**Manufacturing Presence:**

The Company's multi-product capacity is spread across the key markets of India, US and Saudi Arabia

| Capacity (in KMT) | India | | | | | | USA | Saudi Arabia | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Anjar | Dahej | Mandya | Bhopal | Jhagadia | Total | Little Rock | Dammam | |
| LSAW | 350 | 350 | - | - | | 700 | - | - | **700** |
| HSAW | 250 | 50 | 150 | 305 | | 755 | 350 | 375 | **1,480** |
| ERW/HFIW | 200 | - | - | - | | 200 | 175 | - | **375** |
| **Line Pipes** | **800** | **400** | **150** | **305** | | **1,655** | **525** | **375** | **2,555** |
| TMT Bars | 350 | | | | | | | | **350** |
| Pig Iron / DI Pipes | 400 | | | | | | | | **400** |
| SS Bars | | | | | 150 | | | | **150** |
| SS Pipes | | | | | 18 | | | | **18** |

*Note: Upcoming capacities for TMT Bars, Pig Iron & DI Pipes*

**Business Moat (Line Pipes):**




**FY22 Highlights**

Order Book (Line Pipes)

The Company has an order book of 925 KMT (₹ 122.5 billion) as on May 27, 2022. It recently won its Single Largest Order ever, valued at ₹ 50+ billion for supply of pipes in the US.

Line Pipe Sales

FY22 has been a success as the Company has achieved 796 KMT of Pipe Sales through its plants in USA, Saudi Arabia and India despite the impact of COVID-19, a challenging macroeconomic environment and flaring steel prices.

ESG

During the year, WCL has taken several interventions aligned with global ESG standards. WCL was ranked 13$^{th}$ among the 41 companies included in its industry group (68$^{th}$ percentile) in S&P Global's DJSI Corporate Sustainability Assessment (CSA).

Dividend

For FY22, based on the Company's growth plans and cash position, the Board of Directors have recommended a dividend of ₹ 5.00 per equity share.

## ENTERPRISE RISK MANAGEMENT

| Sr. No. | Risk Description | Risk Direction | Risk Response/Mitigation |
|---|---|---|---|
| 1 | **Oil prices drop and slow recovery**<br>**Cyclical nature of business** | ↓ | • Conducting rigorous stress tests and considering hypothetical scenarios to assess the firm's ability to weather an economic downturn can then help improve efficiency and productivity<br>• Undertake operational savings initiatives with a strong ROI<br>• Strong customer engagement - Prioritize initiatives that enable high value customers to be identified and retained<br>• Focus on water & structural business to derisk operations<br>• Tap on the future CAPEX prospects of oil & gas giants<br>• Reduced dependency of the overall business on the O&G sector through Business Diversification |
| 2 | Commodity Price Risk<br>Cost of Components - increase / decrease | ↓<br>(In the recent past, commodity prices globally have begun to cool off from their historical high levels witnessed last year) | To mitigate the commodity price risk, the following actions are initiated:<br>• Develop a dedicated strategy for components that are subject to volatility<br>• Use financial and operational hedging<br>• Monitor pricing trends<br>• Manage inventory to soften impact of price changes e.g. stockpiling<br>• Manage multi currency business through proper hedging<br>• Continuous engagement with Steel and Coating materials suppliers<br>• De-risking potential value loss by back to back coverage of Steel of Oil and Gas orders |
| 3 | Policy shift globally towards Environment and Green Energy (away from O&G) | ↑ | • Horizontal diversification of business - DI pipes and HDPE / CPVC pipes<br>• Venture into product diversification - Stainless steel pipes<br>• Explore opportunities to develop new products with focus on environment and green energy<br>• Strong Research and Development team to support new products including futuristic hydrogen pipeline |
| 4 | Increased Competition | ↑ | • Regular customer satisfaction survey and engagement mechanism to sustain strong relationship with customers<br>• Continue to undertake operational savings initiatives to remain cost efficient<br>• Data analysis to help businesses spot trends and gain a competitive edge<br>• Gather intelligence and assess risk<br>• Use industry research and advisory firms to scan for competitive risk<br>• Periodic monitoring of all actions of competitors<br>• Improve competitive analysis<br>• Leveraging technology and innovation to enhance customer experience |
| 5 | Damage of Reputation / Brand | ↔ | • Maintaining highest product quality through rigorous operational processes, quality control and inspection at multiple stages is built into the Welspun ecosystem<br>• Zero tolerance to non-compliance and unethical practices at Welspun<br>• Statements in public forum and media can only be as per defined internal policies<br>• Adhere to Corporate Communication guidelines<br>• Address social concerns with the support of a dedicated CSR team to enhance social license to operate |

| Sr. No. | Risk Description | Risk Direction | Risk Response/Mitigation |
|---|---|---|---|
| 6 | Cyber Attack<br>Data Breach<br>Business Continuity Management | ↑ | • Get the essentials in place e.g. anti-virus, firewalls, password use, whitelisting, access control, SSL, SSO Network and data encryption<br>• Conduct component-driven and system-driven driven risk assessments<br>• Conduct security audits regularly<br>• Have a procedure which will be triggered in the event of loss or a suspected attack<br>• Restricted access control to the physical equipment<br>• Logical access to shared data using Active Directory<br>• Symantec Endpoint Protection against Viruses, Malware, Adware, Spyware<br>• Review Privilege access on regular interval and implement Central Logging Server<br>• Critical servers are stored at multi locations with parallel run<br>• Invest in Research and Development team<br>• Beta test new technology |
| 7 | Succession Planning<br>Talent Management<br>Internal Management Bandwidth and Resources | ↑ | Human Capital plays an important role in achieving purpose and strategy. We have carved out below strategy for robust implementation of succession planning<br>• Identify the key personnel to succeed the Senior / Middle Management<br>• Formulate a one / two-year training and upskilling plan for the incumbents depending on the future role<br>• Invest in training in Group Leadership Programs<br>• Attend senior managerial courses from reputed institutes<br>• Invest in training of all identified second line Managers<br>• Allow the person to engage independently post a pre-decided grooming period<br>• Periodic Job rotation |
| 8 | Failure to Innovate / Keep pace with modern technology<br>Meet Customer Needs | ↔ | Innovation found in smaller, incremental changes – such as creating operational efficiencies, finding new ways to serve customers or even creating new solutions to address more traditional risks – is equally as important as the headline-making transformative technologies.<br>For innovation data analytics improve organizations' understanding of consumer needs and provide perspective on how to shift their business model to keep up with consumers' demands.<br>There is a dedicated research & development team that focuses on continuous engagement with customers to develop niche products.<br>The below initiatives are undertaken for innovations -<br>• Off loading and stock piling leading to customer satisfaction<br>• Moved to shared service centre model wherein back-office functions are moved to shared service and new-age technologies are being implemented with well-defined performance parameters (SLAs)<br>• Continuous engagement with client to produce and supply niche products<br>• Continuous training of manpower and upgradation of technology<br>• Strong Research and Development team<br>• Move towards more patenting technology.<br>• Sustaining the brand value and customer loyalty through fulfilling stakeholder expectation towards better climate resilient operation |

| Sr. No. | Risk Description | Risk Direction | Risk Response/Mitigation |
|---|---|---|---|
| 9 | Business Interruptions<br>a) Geopolitical Issues<br>b) Trade Sanctions<br>c) Natural Disasters / Acts of God | | • Identified areas of vulnerability from external forces that could disrupt operations and extent of potential losses, as well as the probability of an occurrence<br>• Strong liaisoning across multiple locations<br>• Considered proactive steps (including risk engineering, risk financing and change management) to handle business interruption risks<br>• Respond to sanctions through legal process<br>• Insurance cover to shield against natural disasters<br>• Identifination of physical risk due to Climate Change and implemetation of mitigation and resilient actions |
| 10 | Compliance | | • Ensure adherence to Code of Conduct<br>• Legal compliance through We Comply<br>• Adherence to Regulatory Compliance<br>• Continuous internal audit<br>• Ensure adherence to ethical guidelines<br>• Closely monitoring of all government guidelines / notifications<br>• Commitments on enhancing Renewable Energy consumption<br>• Adherence to Perform, Achieve, Trade (PAT) scheme by Bureau of Energy Efficiency (BEE) to reduce specific energy consumption |
| 11 | Relationship | | • Strong engagement with customers<br>• Managing relationship with bankers<br>• Maintaining relationship with steel suppliers<br>• Strong engagement with logistics vendors<br>• Address social concerns with the support of a dedicated CSR team to enhance social license to operate |
| 12 | Trade Policy Changes | | • Proactive engagement and representations through Industry Associations to various Government Agencies<br>• Policy advocacy undertaken to advocate best available practices |
| 13 | Project Financing | | • Tied up with lenders for Project Financing & leveraging strong relationships with bankers. |
| 14 | Working Capital Limits | | • Maintaining strong relationship with the bankers and through continuous engagement and timely resolution of the Banker's queries. There are effective internal controls in place which ensure that all the banking related issues are resolved within given timelines. |

## SWOT (LINE PIPES)

### STRENGTHS

- Established Brand Equity in the global large dia. pipe market
- Global reach, clientele and supply chain base
- Technical capability (Deep water and Sour service capability) and strong execution track record
- Technological leadership
- Local presence in major markets
- Diversified order book
- Strong balance sheet with net cash
- Diversified product portfolio
- Experienced management team

### WEAKNESS

- Relatively Low capacity utilization in the Indian mills
- Excess capacity and aggressive competition in India
- High steel prices

### OPPORTUNITIES

- New products/applications
- New markets in Latin America, Africa, Australia
- Ability to deliver on technologically challenging specifications
- Replacement pipe demand potential
- Inorganic growth

### THREATS

- Volatile commodity prices
- Preference for local producers and tariff / non tariff barriers in many export markets
- Potential delays in large projects
- Delay in ramp up of new businesses

**Human Resource:**

We believe in being dynamic and adaptive to change for staying ahead in the business. This entails a philosophy to groom & develop internal talent and provide them career opportunities within the organization.

We strive to bring in the right fit in alignment with fostering diversity and inclusion. Our focus is on employee development, well-being & benefits which we believe results in enhanced productivity and an engaged workforce that delivers results.

**Employee Development & Engagement**

We have a structured talent management framework to provide our employees skillsets which make them future-ready and help them to get better outcomes and results to boost company's profitability.

As communication and transparency plays a major role in boosting employee morale, our focus always has been on updating our employees through various communication channels on business updates, challenges and the way forward. To ensure effective communication with our employees, we have several platforms, tools and forums that result in transparency.

This comprises Employee Communication, Employee Connect & Branding, Learning Interventions and Rewards and Recognition. Periodic Town halls, monthly collaboration meetings and skip meetings are regularly conducted to keep employees informed about organization progress, initiatives and understand their aspirations and concerns.

Apart from the above, various engagement drives are initiated to engage our employees. Monthly birthdays and anniversaries, festival celebrations and awareness drives are conducted to boost employee engagement and motivation.

Employer Branding through Campus Hiring and technical tie up for skill availability are initiatives to bring in fresh ideas to work along with experienced professionals to achieve a diverse workforce. We have designed and implemented Campus to Corporate programs with structured periodical assessment and panel interviews for GETs, DETs and MTs. They also get exposure to behavioral training programs that help them to familiarize themselves with the organization's culture. During the year, we joined hands with technical institutions like GEC, Bhuj, Polytechnic college, ITI Bhuj, Global Skill Park and CIPET for technically skilled workforce.

Learning interventions are crafted considering the diversity of talent within organization. Our customized learning journey covers functional, behavioral and leadership development programs.

Our programs focus on various initiatives that are designed in line with Welspun's Values. Our self-learning platforms like WeWisdom and WeLearn provides our employees an opportunity to learn anywhere, any time through micro-learning modules, book reviews and videos that are designed based on various best practices and success stories across the globe.

To create a competitive environment, we have initiated Face-off challenges and leaderboards to ensure employees endeavor to get top ranks. Recognizing top learners boosts their confidence and urge for learning.

Gamified learning opportunities during learning week, special initiatives for Women of Welspun with a dedicated program to develop a leadership pipeline consisting of women and the iEmpower program for managers of women employees to create a top down approach for an inclusive workplace are some of the focused group initiatives that we undertake.

Wisdom Through Video (WTV) is an initiative where employees are invited to watch TED Talk videos together and brainstorm on various learnings from them. Topics for WTV are also recommended by eminent team members. Monday Morning Read (MMR) is another initiative where we send a fable to all employees to kickstart their new week.

Welspun Culture and Values integration workshop was organized to imbibe and cascade Welspun Values to the employees of the upcoming Ductile Iron Pipe business.

Functional Competency Framework: To standardize functional competencies across various functions and locations, a functional competency framework has been created for 14 job roles across WCL. With a defined competency framework, we will have clear visibility on employees career maps and development plans.

**Contributing to ESG through the HR function**
We have embarked upon our ESG journey with a focused approach to promote health, well-being of all stakeholders and inclusive growth. Ensuring a healthy and safe work environment is never compromised at WCL. We strive to maintain the highest safety standards to eliminate any accidents from occurring. The safety culture is driven by the top management and executed at every level through the EHS Management System. Feedback from employees is regularly obtained on various health and safety considerations. At every level, there is participation from non-managerial workers.

Under Environment, to be responsible in the management of natural resources and to sensitize employees on carbon emission while they travel to work, we carried out a Carbon footprint survey. This also helped us to map Scope 3 emissions.

Under Social, Gender Diversity became an important parameter in line with an inclusive environment, and with a focused approach we have improved it from 3% to 5%.

WeVolunteer, online volunteering opportunity provided a unique opportunity to give back to the society. Our employees have shown a keen interest and supported the Health and Education pillars through Wel-Netrutva, Wel-Shiksha, Storytelling initiatives etc. Daan Utsav was one of the most appreciated initiatives where there was participation across WCL.

Under Governance, with an objective to carry out business operations in a fair and ethical manner, we initiated compliance awareness and training modules of CoC, PoSH, Ethical Dilemma and ABC's of Sustainability.

**Employee wellbeing**
Our employees are our greatest resource and we ensure we provide adequate opportunities for their professional development as well as wellbeing. We diligently promote a conducive work environment with a good work-life balance for all employees. We have a comprehensive employee benefit plan which includes parental leave, mediclaim policy that covers employees immediate family, personal accident insurance, term life insurance, travel insurance, leave benefits, provident fund, and car lease, among other benefits, to all our employees. Besides this, socio-cultural activities like get-togethers, yoga, meditation, sports competitions, festival celebrations and community programs are also organized. Wellness corner, Welspun Radio and WeVolunteer app has added to the employee experience in line with our continuous improvement process.

During the Pandemic, we not only did regular sanitization, fumigation, mask checks and designated bus marshals to maintain social distancing, we also took a challenge to complete 100% employee's vaccination. At WCL, we have established an employee connect across locations to not only with employees, but also to check upon their family's well-being. Employees have appreciated this as it has established a personal touch and care among the workforce.

**Recognition**
WCL Mandya bagged Excellence Award for Swaccha Welspun Abhiyaan.

WCL Bhopal awarded with Appreciation certification from Bhopal Collector & Bhopal Industrial Minister for employment opportunity for ITI trainees.

WCL Bhopal received Gold Award for Occupational, Health & Safety from the Governor of Assam.

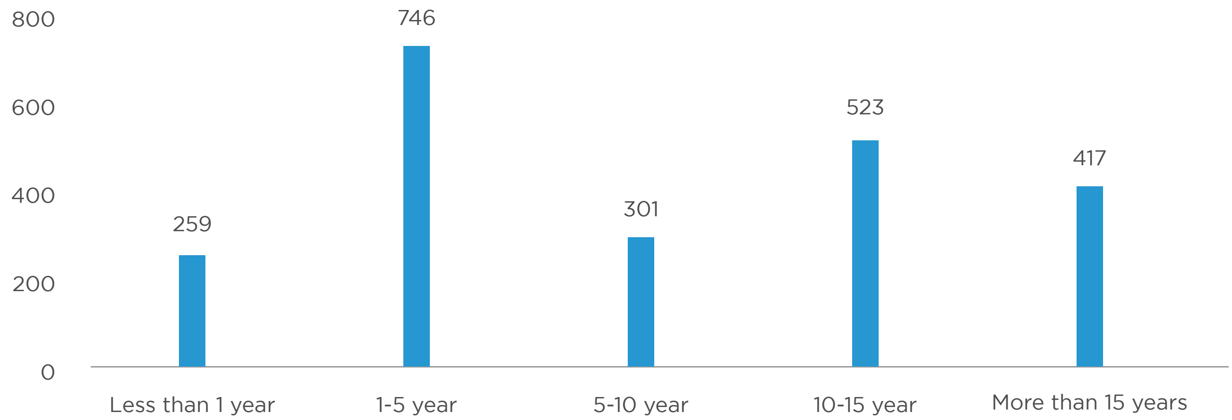
WSL Anjar bagged Excellence award for Best Manager and Young Achiever award.

**Employee Count for FY 2021-22 as of March 31, 2022:**

| Category | Headcount |
|---|---|
| Staff + Associates | 2,246 |
| Contract Labor | 751 |

**More than 55.3% employees have over 5 years of experience.**

**Headcount WCL India & USA**




*Note: Headcount does not include WSSL & EPIC (Saudi Operations)*

**Internal Control & Adequacy**

Management of the Company ensures that the internal control system is adequate and commensurate with the size and scale of the Company's operations and designed to provide reasonable assurance that assets are safeguarded and transactions are rightly executed and recorded in accordance with management authorization and accounting policies. The existing policies are subject to periodic reviews to align with the changing business needs, improve governance and to enhance compliance with evolving regulation.

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 nineteen times during this year to review, among others, the internal audit reports as well as the internal control systems and financial disclosures.

## DISCUSSION OF FINANCIAL ANALYSIS

This discussion on Financial Analysis is for consolidated financials of the Company during 2021-22. The FY21 numbers are shown on comparable basis for all statement of Profit and Loss and Balance Sheet items discussed below.

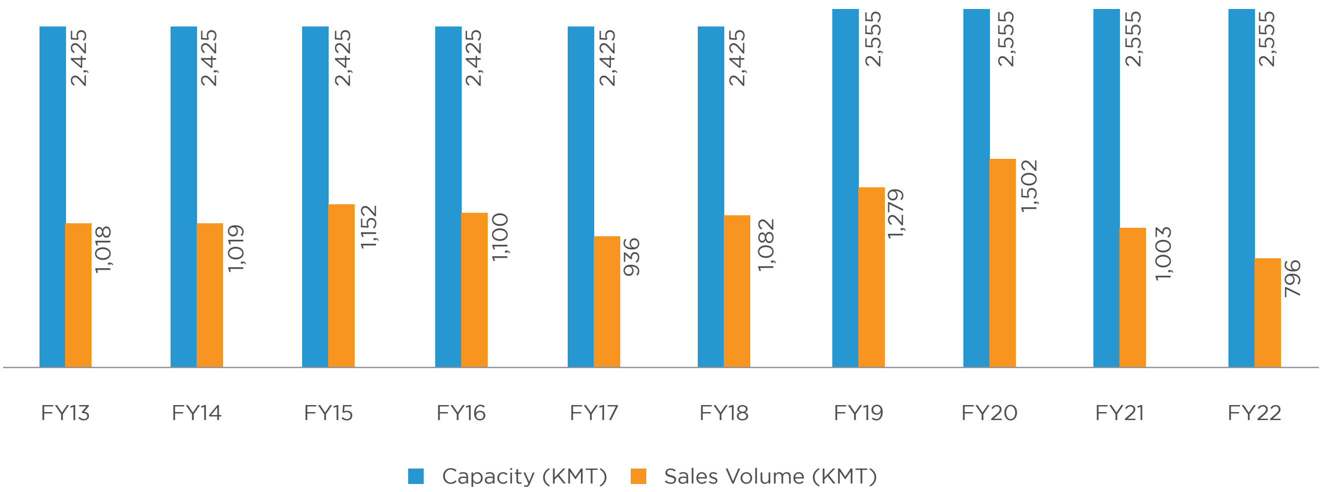
In line with the accounting standards, prior figures for the year ended March 31, 2021 have been restated after consolidation of the demerged steel undertaking of WSL and WSSL.

PCMD and 43 MW Power Division have been treated as discontinued operations in FY21 financials as well as in the prior periods.

1. **Volumes**

Production and Sales in KMT – Line Pipes (including Saudi Arabian JV)

- Pipe production volume for FY22 (including Saudi) stood at 655 KMT
- Pipe Sales volume (including Saudi) for FY22 stood at 796 KMT
- The overall installed capacity of pipes is 2.55 mn MTPA, making the Company one of the largest line pipe companies in the world




**Sales in KMT – Billets**

- Billet Sales volume for FY22 stood at 112 KMT

**Sales in MT – Stainless Steel (SS)**

- SS Bars volume for FY22 stood at 1,531 MT
- SS Pipes volume for FY22 stood at 2,915 MT

2. **Consolidated Revenues**

Revenue from Operations

Total Revenue from Operations lower due to lower volumes, partially offset by higher realizations.

**Breakup of various cost items as a %age of Sales (Consolidated)**

| Particulars | FY22 | | FY21 | |
|---|---|---|---|---|
| | ₹ Mn | % | ₹ Mn | % |
| **Continuing Operations** | | | | |
| **Total Revenue from Operations** | 65,051 | 100.0% | 71,526 | 100.0% |
| Cost of goods sold | 47,580 | 73.1% | 47,595 | 66.5% |
| Employee benefit expense | 3,835 | 5.9% | 4,545 | 6.4% |
| Other expenses | 8,919 | 13.7% | 11,436 | 16.0% |
| **Total Expenses** | 60,334 | 92.7% | 63,575 | 88.9% |
| Other Income | 5,512 | 8.5% | 3,568 | 5.0% |
| **EBITDA** | 10,229 | 15.7% | 11,519 | 16.1% |
| Depreciation and Amortization | 2,548 | 3.9% | 2,465 | 3.4% |
| Finance Cost | 1,019 | 1.6% | 850 | 1.2% |
| **Profit before tax and share of JVs** | 6,663 | 10.2% | 8,205 | 11.5% |
| Share of profit/(loss) from Associates and JVs | (57) | -0.1% | 1,349 | 1.9% |
| Exceptional Items - Income / (Expenses) | - | 0.0% | 1,376 | 1.9% |
| Tax expense | 2,164 | 3.3% | 2,553 | 3.6% |
| Non-controlling interest | 54 | 0.1% | 591 | 0.8% |
| **PAT after Minorities, Associates & JVs (I)** | 4,388 | 6.7% | 7,786 | 10.9% |
| Discontinued Operations | | | | |
| (PCMD & 43 MW) | | | | |
| Profit After Tax (II) | - | 0.0% | (110) | -0.2% |
| Net Profit / (Loss) attributable to Owners | 4,388 | 6.7% | 7,676 | 10.7% |

a. Cost of Goods Sold
Increased as a % of Sales due to higher steel prices and lower volumes in the US where margins are higher than India

b. Employee Benefit Expenses
Lower employee expenses in the US in FY22 versus FY21

c. Other Expenses
Reduced by 22% YoY due to lower sales volumes

d. Other Income
Higher due to Gain on Sale of ₹ 3,590 million on listing of Joint Venture company in Kingdom of Saudi Arabia

e. Finance Costs
Finance costs increased by 20% in FY22, mainly on account of higher gross debt

f. Depreciation/Amortization charge
Depreciation/amortization similar to previous year

g. EBITDA
EBITDA margin decreased to 15.7% in FY22 from 16.1% in FY21

h. Share of profit/(loss) from Associates and JVs
Lower due to loss in Saudi JV for the year

i. Net Profit / (Loss) attributable to Owners
Lower in FY22 vs. FY21 primarily on account of lower volumes and geographic mix

**3. Table: Balance Sheet (Consolidated)**

(₹ Mn)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Net Worth | 45,276 | 42,095 |
| Long Term Debt | 14,294 | 5,900 |
| Short Term Debt | 5,920 | 3,728 |
| Gross Debt | 20,214 | 9,627 |
| Cash & Cash Equivalents | 21,947 | 14,100 |
| Net Debt / (Cash) | (1,732) | (4,472) |
| Net Fixed Assets (incl. CWIP) | 32,156 | 22,435 |
| Current Assets | 43,162 | 42,721 |
| Current Liabilities | 29,059 | 21,658 |

**4. Networth:**
Networth as on March 31, 2022 has increased due to higher retained earnings.

**5. Net Debt / (Cash):**
Net cash position stands at ₹ 1,732 million as of March 31, 2022 after accounting for cash & bank balances and liquid investments. There has been a reduction in the Net Cash position primarily due to the Capex being undertaken for the upcoming Ductile Iron Pipe plant.

**6. Net Fixed Assets (including CWIP):**
Net Fixed Assets have increased due to higher Capital Work in Progress on account of Capex for the upcoming DI Pipe plant and for the manufacturing of TMT bars.

**7. Current Assets & Liabilities**
Current Assets are similar to last year as increase in Cash & Cash Equivalents has been offset by reduction in Receivables on sale of discontinued operations. Current Liabilities have increased mainly on account of Higher Borrowings, Trade Payables and Other Financial Liabilities.

**8. Cash Flows:**

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

(₹ Mn)

| Particulars | FY22 | FY21 |
|---|---|---|
| Net cash generated from operating activities | 2,185 | 7,745 |
| Net cash generated from investing activities | (2,091) | (8,452) |
| Net cash used in financing activities | 4,527 | (1,981) |
| Net change in cash and cash equivalents | 4,621 | (2,689) |

**9. Return on Net Worth:**

Return on net worth was 10.2% in FY22 vs. 21.7% in FY21. The decrease was on account of an increase in Net Worth and lower profit for the period.

**10. Key Financial Ratios**

| S. No. | Particulars | March 31, 2022 | March 31, 2021 | Comments |
|---|---|---|---|---|
| 1 | Debt Equity Ratio | 0.45 | 0.23 | Higher due to increase in gross debt |
| 2 | Interest service coverage ratio | 9.73 | 23.02 | Lower earnings before interest on borrowings and tax & higher interest on borrowings led to a lower ratio |
| 3 | Current Ratio | 1.49 | 1.97 | Lower ratio driven primarily by an increase in current liabilities |
| 4 | Debtors Turnover (no. of days) | 46 | 34 | Increase in trade receivables and lower sales has resulted in an increase of 12 days |
| 5 | Inventory Turnover (no. of days) | 86 | 143 | Change driven by lower average inventory in FY22 |
| 6 | Operating EBIDTA Margin (%) | 15.52% | 19.55% | Impacted by lower sales volume & business mix |
| 7 | Net Profit Margin (%) | 6.83% | 11.56% | Decrease in margin due to lower sales volume, business mix, share of loss of joint ventures and associates partially offset by higher other income |

## THE WAY FORWARD

WCL's growth strategy entails creating a diversified product portfolio, repurposing its business to add new target segments, expanding its offerings to address both the B2B and B2C markets, and making well-considered strategic acquisitions. The diversification into the B2C segment will help the Company to significantly expand its base, enhance its brand, penetrate new markets, build a distribution network and provide opportunities to develop new products.

In this regard, we have acquired Sintex BAPL Ltd.'s Senior Secured Unlisted Non-Convertible Debentures with outstanding of ₹ 11,766.10 million for a purchase price of ₹ 4,031.60 million (as of 27 May, 2022) by our wholly-owned subsidiary viz. Mahatva Plastic Products And Building Materials Private Limited. Sintex is National Brand in India with an Extensive Distribution (~ 900) and Retail (~ 13,000) Network. There are potential Synergies with WCL for leveraging this Distribution Platform for products such as TMT, DI, ERW and for other Building Materials
as well.

## WCL "The Way Forward": Business Growth & Diversification Strategy

| | Existing | New | | | Planned |
|---|---|---|---|---|---|
| **Business** | Large Diameter Pipe and Coating | Pig Iron and DI Pipes | Speciality Steel | Billets & TMT | Polymer Products |
| **Scale** | Amongst the Top 3 manufacturers globally | One of the largest standalone single location facility | Integrated producer from steel-making to finished products | One of the largest players in the Key Growth Market of Western India | Acquisition[1] of a national level brand (largest player) |
| **Target** | B2B | B2B | B2B | B2B + B2C | B2C |
| | | Greenfield | Acquisitions | | |

*Note: 1) Acquired Sintex BAPL Ltd.'s Senior Secured Unlisted Non-Convertible Debentures with outstanding of ₹ 11,766.10 million for a purchase price of ₹ 4,031.60 million (as of 27 May, 2022)*

## New & Planned Acquisitions

**Plastic Products**

- National Brand with >10% market share (Year: 2018) in India
- Extensive Distribution (~ 900) and Retail (~ 13,000) Network
- Potential Synergy of leveraging this Distribution Platform for productions such as TMT, DI and ERW pipes (Building Materials)

**Transition to B2C Distribution Network + Strong Brand**

**Billets & TMT**

- Location Advantage of Anjar (Port-based) for Raw Material imports and exports of Finished Goods
- Maximum Demand for Long Products in Western Region: Target Markets are Gujarat & Rajasthan
- TMT Bars through dealer & retail network, with direct impact on end users. Transition to B2C segment and leveraging Brand Welspun

**Specialty Steel**

- High Entry Barriers with approvals required from Process Licensors & EPC's
- Existing Group Company that has enabled WCL's entry in this segment
- Strong Improvement in recent performance: Pipe Sales Volumes higher by 50% for FY22

**High Barriers to Entry**

# Directors' Report

To,
**The Members,**
**Welspun Corp Limited**

Your directors have pleasure in presenting the 27th Annual Report of your Company along with the Audited Financial Statements for the financial year ended March 31, 2022.

## 1. FINANCIAL RESULTS

(₹ in Mn)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | For the year ended | | For the year ended | |
| | 31.03.2022 | 31.03.2021 | 31.03.2022 | 31.03.2021 |
| Total income | 57,704.92 | 61,503.17 | 70,563.32 | 75,093.91 |
| **Profit before finance cost, depreciation & tax** | **7,870.12** | **14,780.23** | **10,229.06** | **11,519.10** |
| Less : Finance costs | 768.78 | 579.40 | 1,018.85 | 849.48 |
| **Profit before depreciation & tax** | **7,101.34** | **14,200.83** | **9,210.21** | **10,669.62** |
| Less: Depreciation and amortization expense | 1,152.75 | 1,096.79 | 2,547.54 | 2,464.69 |
| Add: Share of net loss of joint ventures accounted for using the equity method | | | (57.20) | 1,349.20 |
| **Profit before exceptional items & tax** | **5,948.59** | **13,104.04** | **6,605.47** | **9,554.13** |
| Exceptional Items - Income / (Expenses) | | | | 1,376.14 |
| **Profit before tax** | **5,948.59** | **13,104.04** | **6,605.47** | **10,930.27** |
| Less : Provision for tax | | | | |
| Current Tax | 1,094.60 | 3,889.59 | 2,297.10 | 3,938.77 |
| Deferred Tax | (3.24) | (1,036.97) | (133.18) | (1,385.36) |
| **Profit after taxes before Non-controlling interests from continuing operations** | **4,857.23** | **10,251.42** | **4,441.55** | **8,376.86** |
| Profit/ (loss) before tax from discontinued operations | - | (104.26) | | (143.64) |
| Tax expense from discontinued operations | - | (33.26) | | (33.26) |
| **Profit / (loss) from discontinued operations, after tax** | **-** | **(71.00)** | **-** | **(110.38)** |
| **Profit for the period** | **4,857.23** | **10,180.42** | **4,441.55** | **8,266.48** |
| **Less :Non-controlling interests** | **-** | **-** | **53.55** | **590.60** |
| **Profit after tax for the year (after Non-controlling interests)** | **4,857.23** | **10,180.42** | **4,388.00** | **7,675.88** |
| Add : balance brought forward from previous year | 15,988.18 | 5,920.85 | 25,197.10 | 17,645.41 |
| Re-measurements of post-employment benefit (net of tax) | 19.32 | 17.35 | 14.04 | 15.35 |
| Share of OCI of joint ventures | | | (4.34) | (9.05) |
| Dividend on equity shares | (1,304.75) | (130.44) | (1,304.75) | (130.44) |
| Share issue expenses during the year | - | - | (34.82) | - |
| **Balance carried forward to the next year** | **19,559.98** | **15,988.18** | **28,255.23** | **25,197.15** |

## 2. HIGHLIGHTS FOR THE YEAR & OUTLOOK

**(a) Sales Highlight for the year under the report are as under**

| Product | Standalone (in MT) | | Consolidated(in MT) | |
|---|---|---|---|---|
| | FY 2021-22 | FY 2020-21 | FY 2021-22 | FY 2020-21 |
| MS Pipes | 506,483 | 626,249 | 795,826 | 1,002,947 |
| Billet | 111,738 | 175,403 | 111,738 | 175,403 |
| SS Pipes | 2,915 | 1,937 | 2,915 | 1,937 |

*MS Pipes Consolidated sales includes operations at Saudi Arabia*

**(b) Outlook:**

The Financial Year under Report was a pivotal year for your Company as it made significant progress on its Business Growth & Diversification Strategy. Your Company demonstrated resilience despite a sharp increase in steel prices and a weak operating environment. As the Company embarks upon a new journey of growth along with sustainability at the core, the management is confident of creating incremental value for all its stakeholders. Your Company's foray into the B2C segment would help improve its competitiveness and provide a stronger base for future growth.

The Government has set a target to raise the share of natural gas in the energy mix to 15% by 2030 from about 6.7% now. Various steps taken by the Government in this direction include expansion of National Gas Grid Pipeline, expansion of City Gas Distribution network, setting up of Liquefied Natural Gas etc.

There is a big focus on creating drinking water supply in the country through Government programs. There is also a coordinated focus by both the Central and State Governments on increasing the area under irrigation through various schemes.

Overall, the government's programs reflect the continued focus on improving the lives of people through several schemes to build water infrastructure, to increase the use of natural gas, to build refining capacity etc. Your Company is confident that it will see a steady improvement in demand for line pipes and DI pipes as these programs are implemented.

As the members may be aware that Russia's invasion of Ukraine is driving up the prices in the Global Energy market. Sanctions on Russia have contributed to rising crude prices with significant market uncertainties about the potential for further supply disruptions. Gas prices all over the world have also gone up in tandem. Your Company is in active discussions for several orders in the export markets which have seen an improvement in prospects for pipelines due to high oil prices, increased energy demand and Europe looking to diversify its energy supply away from Russia.

The clean energy transition in the US has been interrupted due to soaring prices and the disruptions caused by geo political events in Europe. There is a revival in demand for fossil fuels due to which there has been an increase in Oil & Gas exploration. The US is now focused on boosting supply within the country but also trying to provide the much-needed back up to Europe for critical gas supplies thereby creating a need to evacuate both Oil & Gas through some potential long distance large diameter pipelines. This augurs well for your Company as it has a manufacturing facility in Little Rock, US.

**(c) Pig Iron and Ductile Iron Pipe facilities in Anjar**

As mentioned in the previous Annual Report, the steel making facility of — 400 KMPTA and DI Pipe Plant of — 400 KMPTA under two separate wholly owned subsidiaries are under construction and are expected to be commenced in early FY 2022-23.

Due to improvements to the project plan and inflation, the project cost has been revised from ₹ 15,500 Mn (plus soft costs) to ₹ 19,000 Mn (plus soft costs). Some of the major reasons for the variance are: 1) Design changes for productivity improvements and increased safety 2) Augmentation and increase in capacities of BF, Sinter, Coke Oven and DI Pipes 3) Own Oxygen plant instead of a BOOT model 4) Transfer of BF gas directly to the power plant to reduce emissions 5) Cost escalation for key input commodities like Steel, TMT bars, Cement, Ocean Freight etc. and 6) Creating expanded residential infrastructure for our Staff and Associates.

The project viability continues to be healthy with the increased investment, being offset through productivity gains and increased realizations for DI pipes.

The project is being funded through internal accruals and external debts.

**(d) Sale of the Plate & Coil Mill Division ("PCMD"):**

As mentioned in the previous Annual Report, the transaction contemplated in the Business Transfer Agreement dated March 30, 2019 (the "BTA") has been concluded on March 31, 2021. As regards purchase consideration, the Company has received the full consideration of ₹8,485 Mn net of closing adjustments towards net working capital and there is no further consideration receivable.

**(e) Offer for sale & Listing of shares of subsidiary in the Kingdom of Saudi Arabia:**

As mentioned in the previous Annual Report, the shares of East Pipes Integrated Company for Industry (erstwhile joint-venture in Kingdom of Saudi Arabia) have been successfully listed w.e.f. February 14, 2022 on Saudi Exchange's Main Market ('Tadawul') and made strong debut.

Post the offer for sale and listing, the shareholding of the Company in the joint venture, through its step-down subsidiary in Mauritius, has reduced to 35.01% from 50.01%.

**(f) Scheme of Arrangement between Welspun Steel Limited ("the Demerged Company") and Welspun Corp Limited ("the Resulting Company") and their respective shareholders ("the Scheme").**

As mentioned in the previous Annual Report, the Scheme of Arrangement between Welspun Steel Limited (the "Demerged Company") and Welspun Corp Limited (the "Resulting Company") and their respective shareholders (the "Scheme") has been sanctioned by the Ahmedabad bench of National Company Law Tribunal ("NCLT") vide its order pronounced on March 16, 2022 (the "Order"). In terms of the Scheme, the captioned Scheme has become effective from the date of passing of the Order by the NCLT i.e., March 16, 2022 with the Appointed Date of April 1, 2021.

The Scheme of Arrangement is in line with the Company's Business Growth & Diversification strategy to improve earnings predictability and enhance value creation for all its stakeholders. The Company will add to its product portfolio by manufacturing BIS Certified Steel Billets, Direct Reduced Iron, TMT bars, Stainless & Alloy Steel and Stainless Steel Tubes & Pipes. It intends to create significant value through expanding its offerings to address both the B2B and B2C segments. The diversification into the B2C segment will help the Company to significantly expand its base, enhance its brand, penetrate new markets, build a distribution network and provide opportunities to develop new products.

Further, as the Demerged Company also held 50.03% equity shares in Welspun Specialty Solutions Ltd. ("WSSL"), upon the Scheme becoming effective, the shares of WSSL held by the Demerged Company stands transferred to the Resulting Company. WSSL manufactures Super Specialty Steel & Steel products that are used for critical applications in sectors like Energy, Defence, Nuclear Power, Aerospace, Oil & Gas, Petrochemicals, Food, Fertilizers, Pharma, Desalination etc.

**(g) Acquisitions of Special Purpose Vehicles (SPV)**

Your Company's growth strategy entails creating a diversified product portfolio, repurposing its business to add new target segments, expanding its offerings to address both the B2B and B2C markets, and making well-considered strategic acquisitions. The diversification into the B2C segment will help your Company to significantly expand its base, enhance its brand, penetrate new markets, build a distribution network and provide opportunities to develop new products.

For organic / inorganic growth of the businesses under the objects of the Company, your Company has acquired, from an unrelated party, entire share capital of:

- Mahatva Plastic Products and Building Materials Private Limited ("Mahatva"), a newly incorporated company with objects, inter alia, of Polymer products business,

- Big Shot Infra Facilities Private Limited ("Big Shot"), a newly incorporated company, with objects, inter alia, of Infrastructure facilities (Acquired on April 18, 2022).

Mahatva has acquired Sintex BAPL Ltd.'s Senior Secured Unlisted Non-Convertible Debentures with outstanding of ₹ 11,288 Mn for a purchase price of ₹ 3,869.37 Mn.

**(h) Long Products.**

The demand for Long Steel Products would be supported by increased government spending on infrastructure. The Union Budget 2022-23 has seen an increase of 36% Y-o-Y in allocation of capex. The budget has infrastructure push towards seven engines (roads, railways, airports, ports, mass transport, waterways and logistic infra). The allocation for various schemes like Pradhan Mantri Awas Yojana (for housing) will have a positive impact on long steel players. The government has a fixed objective of increasing rural consumption of steel from the current 19.6 kg/per capita to 38 kg/per capita by 2030-31.

Our forward integration plan of setting up a TMT Bars plant at Anjar with a capacity of 350 KMPTA is on track and we expect to begin Commercial Operations in Q2-2022-23.

**(i) ESG Initiatives**

During the year, your Company has taken several ESG interventions aligned with global ESG standards. Your Company was ranked 13th among the 41 companies included in its industry group (68th percentile) in S&P Global's DJSI Corporate Sustainability Assessment (CSA).

**(j) Carbon Neutrality – Signing of Memorandum of Understanding**

In line with the Company's ESG framework, your Company remains strongly committed to net-zero carbon emissions with an aim of lowering its carbon footprint in core operations through renewable energy, cleaner transport, effective energy management, water circularity and sludge cycling bio-gas, under the company's sustainability goals.

In the same regard the Company has signed a Memorandum of Understanding with BP India Pvt Ltd. to jointly explore carbon emission mitigation and reduction opportunities in your Company's energy, logistics, mobility and waste management activities.

## 3. RESERVES, DIVIDEND & DIVIDEND POLICY.

The Board is pleased to recommend a dividend @ 100% for the year ended March 31, 2022 i.e. ₹ 5 per equity share of ₹ 5/- each fully paid-up out of the net profits for the year. In respect of the dividend declared for the previous financial years, ₹ 8.5 Mn remained unclaimed as on March 31, 2022. During the year under Report, the Company has transferred dividend of ₹ 380,098 remaining unclaimed for the financial year 2013-14 to the Investor Education and Protection Fund. Detail of unclaimed dividend is available on the website of the Company at "www.welspuncorp.com".

The Company has appointed Mr. Pradeep Joshi, Company Secretary as the Nodal Officer for the purpose of co-ordination with Investor Education and Protection Fund Authority. Details of the Nodal Officer are available on the website of the Company at www.welspuncorp.com.

The Board does not propose to transfer any amount to General Reserves.

In terms of the Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors approved and adopted Dividend Distribution Policy of the Company setting out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to the shareholders and/ or retaining the profits earned by the Company. The Policy is annexed to this Report as **Annexure 1** and is also available on your Company's website at "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices."

## 4. INTERNAL CONTROLS & INTERNAL AUDIT

Your Company has adequate internal control system, which is commensurate with the size, scale and complexity of its operations. Your Company has a process in place to continuously monitor existing controls and identify gaps and implement new and / or improved controls wherever the effect of such gaps would have a material impact on your Company's operation. The controls were tested during the year under Report and no reportable material weaknesses either in their design or operations were observed. In other observations, appropriate corrective actions were taken as advised by the Audit Committee.

At the beginning of each financial year, a risk-based annual audit plan is rolled out after it is approved by the Audit Committee and the Board. The audit plan aims to evaluate the efficacy and adequacy of the internal control system(s) and compliance(s) thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations.

The Internal Audit is carried by independent external audit firm consisting of qualified accountants, domain & industry experts, fraud risk and information technology specialists.

Based on the reports of internal auditor, corrective actions are taken, wherever required. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

In view of COVID-19 pandemic and consequent restrictions imposed to curb its spread, conduct of physical audits became difficult. Under such challenging circumstances and considering the safety and well-being of employees, Internal Auditors envisioned and adopted a mixed approach comprising of on site and 'remote audit' approach by leveraging technology to ensure continuity in audit and assurance processes. A comprehensive plan, scoping and deployment of data analytics, facilitated seamless and effective conduct of remote internal audits during the year.

## 5. SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES AND THEIR PERFORMANCE

A report on the performance and financial position of each of the subsidiaries and joint venture companies included in the consolidated financial statement is presented in Form AOC-1 annexed to this Report as **Annexure 2.**

Financial statements of the subsidiaries and joint venture are hosted on the website of the Company at "http://www.welspuncorp.com" under the tab "Investor Relations --> Subsidiary Accounts".

## 6. DEPOSITS

The Company has not accepted any deposit within the meaning of the Chapter V to the Companies Act, 2013. Further, no amount on account of principal or interest on deposit was outstanding as at the end of the year under report.

## 7. DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A)

During the year under Report, the Company raised ₹ 400 Mn by issuing unsecured, rated, listed, taxable, redeemable, non-convertible debentures on private placement basis for General Corporate Purposes. The funds have been used for the purpose for which the same were raised.

## 8. AUDITORS

**i) Statutory Auditors:**

Your Company's Auditors M/s. Price Waterhouse Chartered Accountants LLP, who have given their consent and confirmation of qualification for re-appointment as the Statutory Auditors have been re-appointed for second term ending on the conclusion of the 29th Annual General Meeting. The remuneration approved by the Board for the Financial Year 2022-23 is ₹ 17.85 Mn p.a. plus applicable taxes (subject to deduction of tax as may be applicable) and travelling and out-of-pocket expenses.

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditors is a part during the financial year under Report is ₹ 28.13 Mn.

**ii) Cost Auditors:**

M/s. Kiran J. Mehta & Co, Cost Accountants (Firm Registration No. 000025), have been appointed as the Cost Auditors under Section 148 of the Companies Act, 2013 for the Financial Year 2022-23. The members are requested to approve their remuneration by passing an ordinary resolution pursuant to Rule 14 of the Companies (Audit and Auditors) Rules, 2015.

**iii) Secretarial Auditors:**

The Board of Directors have re-appointed M/s. Mihen Halani & Associates, Practicing Company Secretary, as the Secretarial Auditor of your Company for the Financial Year 2022-23.

## 9. AUDITORS' REPORT

**(a) Statutory Auditors' Report:**

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

No frauds or instances of mismanagement were reported by the Statutory Auditor under Section 143(12) of the Companies Act, 2013.

**(b) Cost Audit Report :**

As required under the Companies (Cost Records and Audit) Rules, 2014, the cost accounting records, as specified by the

Central Government under Section 148(1) of the Companies Act, 2013, were made and maintained by the Company.

The Company had appointed M/s. Kiran J. Mehta & Co., Cost Accountants as the Cost Auditors of the Company for auditing cost accounting records for the financial year 2021-22. The Cost Audit Report for the year 2020-21 was e-filed on August 10, 2021. The Cost Audit for the financial year 2021-22 is in progress and the report will be e-filed to the Ministry of Corporate Affairs, Government of India, in due course.

**(c) Secretarial Audit Report :**
Secretarial Audit Report given by M/s. Mihen Halani & Associates, Company Secretaries is annexed with the Report as **Annexure 3**. The Report, read with the annexure thereto, is self-explanatory and therefore, do not call for any further comments.

## 10. SHARE CAPITAL & LISTING

A) The Company does not have any equity shares with differential rights and hence disclosures as per Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 are not required. Further, the Company has not issued any sweat equity shares and hence no disclosure is required under Rule 8 (13) of Companies (Share Capital and Debentures) Rules, 2014.

The Company had granted stock options during the financial year 2018-19. Disclosure as required under Regulation 14 of the SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021, Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Part-F of Schedule I to the SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 are as under:

| | |
|---|---|
| (I) A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including - | |
| (a) Name of the ESOP Plan | Welspun Employee Stock Option Plan |
| (b) Date of shareholders' approval | September 30, 2005 |
| (c) Total number of options approved under ESOS | 5,614,752 |
| (d) Vesting requirements | Vesting: 30% on end of one year from the date of grant; 35% on end of second year from the date of grant and 35% on end of third year from the date of grant. |
| (e) Exercise price or pricing formula | At the discount up to 25% to the latest available closing market price of the equity shares of the Company rounded off to the nearest higher rupee, prior to the date of grant. |
| (f) Maximum term of options granted | 3 years |
| (g) Source of shares (primary, secondary or combination) | Primary |
| (h) Variation in terms of options | No modifications were made to the schemes during the year.<br><br>*The Board of Directors, however, recommended change in the Exercise Price from market linked exercise price to fixed exercise price of "₹ 100/- per ESOP". The change is subject to approval by the shareholders.* |
| (II) Method used to account for ESOS - Intrinsic or fair value. | The Company has recognized compensation cost using fair value method of accounting. The Company has recognized stock option compensation cost of ₹ 5.6 million in the statement of profit and loss for the financial year 2021-22. |

| | |
|---|---|
| (III) Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. | The Company accounted for employee compensation cost on the basis of fair value of the options. |
| (IV) Option movement during the year | |
| Number of options outstanding at the beginning of the period | 2,085,000 |
| Options granted | Nil |
| Options forfeited / lapsed | 150,000 |
| Options vested | 735,000 |
| Options exercised | Nil |
| The total number of shares arising as a result of exercise of option | 65,000 Equity shares were allotted during FY 2021-22 for 65,000 ESOPs exercised during FY 2020-21. |
| The exercise price | ₹ 100/- |
| Money realized by exercise of options | Not Applicable |
| Loan repaid by the Trust during the year from exercise price received | Not Applicable |
| Number of options outstanding at the end of the year | 1,935,000 |
| Number of options exercisable at the end of the year | 1,935,000 |
| **Employee wise details of options granted to:-** | |
| ■ Key managerial personnel | Granted during the financial year 2018-19:<br>Mr. Vipul Mathur, MD & CEO – 15,00,000 |
| ■ Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year | Granted during the financial year 2018-19:<br>■ Mr. Lal Hotwani - Head- Corporate Accounts & Taxation : 150,000*<br>■ Mr. Godfrey John- BuH - E-MENA India & APAC : 150,000<br>■ Mr. T.S.Kathayat- President - Quality & Technical Services: 150,000<br>■ Mr. Piyush Thakor- Vice President – India Mfg Head: 150,000^<br>■ Mr. Chintan Thaker- Head - Corporate Affairs and Strategic Planning Cell: 150,000<br>** Lapsed during FY 2020-21 due to retirement.*<br>*^ Lapsed during FY 2021-22 due to separation.* |
| ■ Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant. | Nil |

| | |
|---|---|
| Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earnings Per Share". | ₹ 18.57 |
| Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. | The Company accounted for employee compensation cost on the basis of fair value of the options. |
| Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock | Weighted-average exercise prices – ₹ 100<br>weighted-average fair value – ₹ 52.01 |
| A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: | |
| i. the weighted average values of share price, | ₹ 100 |
| ii. the weighted average values of exercise price | ₹ 100 |
| iii. expected volatility | 50% |
| iv. expected Option life | 1.43 years |
| v. expected dividends | 0.55% |
| vi. risk-free interest rate | 7.49% to 7.85% |
| vii. Method used and the assumptions made to incorporate the effects of expected early exercise; | Black Scholes method is used for fair valuation of ESOP. |
| viii. how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; | The measure of volatility used in ESOP pricing model is the annualized standard deviation of the continuously compounded rates of return. Expected volatility for fair valuation is considered based on average of previous 6 years annualized volatility. |
| ix. whether and how any other features of the options granted were incorporated into measurement of fair value, such as a market condition. | The following factors have been considered<br>(a) Share Price<br>(b) Exercise price<br>(c) Historical volatility<br>(d) Excepted option life<br>(e) Dividend Yield |
| x. the price of the underlying share in market at the time of option grant. | ₹ 126.10 |

Certificate from M/s Mihen Halani & Associates, Company Secretaries, Secretarial Auditors of the Company with respect to the implementation of Welspun Employee Stock Option Plan would be placed before the members at the ensuing Annual General Meeting of the Company and a copy of the same shall be available for inspection at the registered office of the Company.

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

| | No of shareholders | No of shares |
|---|---|---|
| Outstanding Balance in the suspense account lying at the beginning of the year | 24 | 6,300 |
| Number of shareholders who approached issuer for transfer of shares from suspense account during the year | 4 | 770 |
| Transferred/Credited during the year | 4 | 770 |
| Balance outstanding | 20 | 5,530 |

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

**(VI) Listing with the stock exchanges**

The Company's equity shares are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Secured/ Unsecured, Redeemable, Non-Convertible Debentures are listed on the BSE. The unsecured Commercial Papers outstanding as at March 31, 2022 are listed on the NSE.

Applicable annual listing fees for the year 2021-22 have been paid to both the BSE and the NSE as per the invoices received by the Company.

## 11. ANNUAL RETURN OF THE COMPANY.

The Annual Return in Form MGT-7 of the Companies (Management and Administration) Rules, 2014 is placed on the website of the Company and can be accessed at http://www.welspuncorp.com under the tab "Who We Are --> Polices, Disclosures, Notices"

## 12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

**01. Conservation of energy:**

Initiatives taken for conservation of energy, its impact are as under:

| Sr. No. | Description of Energy Efficiency Improvement Measure | Energy Savings [kWh/Annum] | Savings [₹ In million/Annum] |
|---|---|---|---|
| At Pipe Mill, Anjar | | | |
| 1 | Energy saving through replacement to LED lights, replacement of 3ph Arc welding machine with DC arc welding machine, Cooling tower operation, Shed light time control in LSAW Coating Plants | 17,504 | 0.15 |
| 2 | Energy saving by providing APFC panel for HF welding, Seam Annealing in ERW plant | 18,512 | 0.16 |
| 3 | Energy saving through replacement of LED lights, Installation of VFD and replacement of 1.5kw stretching roller motor in Coating Plant | 30,310 | 0.26 |
| 4 | Energy saving through replacement of Shade LED lights, automation of hydraulic power pack in L-SAW Plant | 176,981 | 1.54 |
| 5 | Energy saving through optimization usage of first pinch roll motor, Provide inter locking for parallel operation, Hydraulic motor replaced in Spiral-2 Plant | 150,380 | 1.30 |
| 6 | Energy saving through VT pump replace with lower rating, Cooling pump nozzle replace, Multi-function timers in admin, Gurukul and SP2 GM office ACs in Utility function. | 91,439 | 0.79 |
| | *Note: Average Power cost in 21-22 including electricity Duty ₹ 8.7/KWH* | | |
| | **Sub-Total** | **485,126** | **4.2** |
| At Mandya Plant | | | |

| Sr. No. | Description of Energy Efficiency Improvement Measure | Energy Savings [kWh/Annum] | Savings [₹ In million/Annum] |
|---|---|---|---|
| 1 | Saving Continue from last year projects | 23,255 | 0.176 |
| 2 | Installation of 57 no's of 150 W LED High bay fixtures for "Shed Lights" in place of 400 W HPSV Fixtures. | 4,032 | 0.0306 |
| 3 | Replacement of Conventional street lights with Solar lights of 11 Nos. | 652 | 0.005 |
| 4 | Replaced 32 nos. 36 watt CFL Tube Lights with 16 nos. 18 W LED Tube lights | 415 | 0.003 |
| 5 | Installation of VFD for End Beveling main pallet trolley motor 13.75 x 2 nos. | 800 | 0.006 |
| 6 | Replacement of 400watt HPMV with 250Watt LED at High mast tower light | 605 | 0.0046 |
| | *Note- Most of the energy saving projects implemented in Q4 2021-22 , hence more outcome will come in FY 2022-23* | | |
| | **Sub-Total** | **29,759** | **0.2261** |
| At Bhopal | | | |
| 1 | Installed DAY/NIGHT sensor to auto switching for outside lights ( Coating Yard High Mast) | 5,609 | 0.03 |
| 2 | Installation of Drive to run 37kw Jet Pressure pump for coating application | 10,656 | 0.08 |
| 3 | Installed and commissioning of Air Regulator in Mill Plasma Cutting | 23,868 | 0.179 |
| 4 | Process Cooling Tower Fan Stop during Night duration in winter season. | 29,640 | 0.22 |
| | **Sub-Total** | **69,773** | **0.509** |

## 02. Technology absorption and Research & Development

### A. Innovation.

Automatic Enquiry Management System is made live and it is in use.

**Anjar Plant:**

- In House Low-cost automation provided at final inspection bed at ERW 16” to measure pipe length which was previously measured manually.
- Plant Changeover parameter data of each project incorporated in SAP.
- Face sealing system successfully executed at Hydro tester machine.
- Provision of power-driven roof ventilators (10000 cfm capacity)-20 nos for Better work conditions in LSAW plant.

**Bhopal Plant:**

- Energy Management System implemented in Bhopal Plant to analyze the power consumption in plant.
- Automation of Cross Seam Welding done IN-HOUSE. Now cross seam welding can be done by single switch in SP#2.
- 2 Nos of Drives replaced in Mill Main Pinch Roll in SP#2.
- Automatic Conveyor STOP and GO provided at 6 nos. critical station for Human Safety in SP#2.
- UPS system installed in SP#2 to ensure power to save the failure of High Cost Electronics System as our Plant is prone to Power Failure.

## B. Research & Development carried out by the Company.

**Anjar Plant:**

- To improve the CVN toughness value of HF Weld Line, various studies were done and subsequent implementation based on the successful parameters were done.
- Development of online diameter measurement system, the trial has taken and found satisfactory. With more usage further improvement is expected.
- ECP-3 Plant Automation for productivity improvement.
- Development of Pipelines for the transport of Pure Hydrogen/ blended with Natural Gas. Carrying out the tests required for the qualification of pipelines as per ASME B31.12 standard.
- Participating in JIP program on revising the guidelines for Design and Operation of Hydrogen Pipelines.
- Participated in subcommittee in development of Line pipe specification by Bureau of Indian Standards.
- Our company is actively involved in the ASME subcommittee on development of pipelines for Hydrogen transportation.
- R & D being carried out for establishing Welding consumables combination to achieve CVN values at -60° C.
- Prototype HIC & SSC Test vessel @ 1 bar gauge pressure development underway @ NASELAB.
- Development of Sour grade steel for ERW application is being carried out along with M/s Tata steel, one of the leading Indian steel maker.
- Continuous Coil Feeding Line for Spiral Pipes Patent granted and certificate issued to Welspun with European patent no EP2167249A2 on 21st October 2021.

## C. Technology Upgradation

**Anjar Plant:**

- Developed in house facility to perform Straight HAZ Weldability test on plate.
- Installation of new Pipe cut off system at ERW 16" plant to improve plant performance, resulting in enhanced end quality.
- Mill speed enhancement from 6.24 to 6.75 mpm to increase throughout by replacement of V-belt pulley.
- Utility digital dashboard for online monitoring of Air, Co2, LPG, Water consumptions reports and trends analysis.
- ERW 16" Mill process parameters SAP integration & digitalization. ERW 6" Pre-visual station parameters SAP integration.

**Bhopal Plant:**

- Modification in Hydrotester, End Facer and Final Section to run the plant for 6 Meter pipe production.
- Installation and commissioning of External Blaster-2 at External Coating.
- DFBE system installation and commissioning done for the first time in Bhopal Coating Plant.
- 132 INCH, 25MM pipe produced in the SP#1. Necessary modifications done.
- Stretching Roller installed and commissioned In House by installation of VFD and Displacement Sensor. This helps to reduce PE Material consumption by speed control of stretching roller by detecting welding seam.

**Mandya Plant:**

- Plasma Max 200 is replaced by upgraded version of Max 200 Pro at Spiral mill.
- Automation at Cross welding system for speed synchronization of Linear & rotational speed, with reference of

Pipe Size & Installed Auto Stick Out control system for improvement in weld quality.

- End-facer, F & T-end Pallet: Conventional starter replaced by VFD for smooth control and energy conservation.
- Auto positioning of Offline OD-welding head on "Tab" and Auto welding start function provided.
- Hydro-tester HP Pump-2: Conventional starter replaced by VFD for better control & energy conservation.

## D. Process & System Improvement

**Anjar Plant:**

- Press and Process modification at our Anjar LSAW plant to manage challenging D/T ratio and increase throughput
- De-bottlenecking at ERW 16" to increase throughput by 20%
- Centralized Air network grid establishment for cost optimization & energy saving.
- Completed Automation for Process Improvement provided at ERW 16" Body UT area to transfer pipe to MPI skid, which was manual .
- Sand filtration system installed for ERW 16" Hydrostatic tester machine for machine healthiness.
- Instruments calibration process through SAP.
- Generation of MTC (Material testing certificate) through SAP for IS grade Pipes.
- Reduction in power consumption for idle days.

  a. Replacement of transparent sheet for reduce power consumption of shade lighting.

  b. Utilization of robot compressor for idle day.

  c. Load optimization of pumps of plant utility.

- Installation of PE Dryer at ECP-1 to improve coating quality.
- In House development for Heat input data collection in welding parameter graph.

**Bhopal Plant:**

- Increase in the productivity of Internal Coating by increasing the speed of the buggy.
- During 18-inch API Project the automatic ratio mixing of Chromate and Phosphorous with DM water. Installed Drive and PLC Program modification done.

**Mandya Plant:**

- MTC documents extracted & recorded through SAP.
- Calibration traceability system taken through SAP.
- Included IS 3589 Fe450 for specific pipe size 1685.8 mm OD x 12.9mm WT from BIS.
- Plant Illumination improved by installation of LED shed lights.
- Development of "Paper less PDF graph generation" application has been done.
- Auto Synchronization & Auto start up at OD cross welding for consistency in better welding quality.
- Auto weld head position and auto start of OD welding for consistency in better welding quality.
- Water consumption reduced from 8575 ltr to 6551 ltr in FY 2021-22.
- Snubber roller modification at Spiral mill for proper de-coiling and feeding of lower weight coils.
- Strengthening bottom assembly of butt joint system for improve coil joining Process.

  Coil Car Lifting plate & Guide rod modification for enhancing safety standard during coil movement.

## E. Key Initiatives for Future

**Anjar Plant:**

- Implementation of ESG project (Environment, Social, Governance) (Energy saving by VFD installation, LED lights, power factor improvement).
- Plan to Installation of solar park at Anjar to promote Renewable Energy.
- Development of the software for HSE Management System.
- SAVE WATER conservation project: Process RO & drinking RO reject water utilization for gardening purpose at Anjar Campus-1 plant.
- HFW Plant
    - Yield improvement by various initiatives of Internal and External factors.
    - Spectrometer automation to transfer chemical parameters value directly to SAP.
    - Installation of a new Squeeze roll force measurement system to cater to the requirement of some clients like PDO, SAUDI ARAMCO, etc.
    - Centralized operation of the slitting line from one integrated workstation.
    - Automated Pipe diameter measurement system for ERW pipes (Final).
    - ERW-16 Coil UT System up gradation.
- Spiral-2 Plant
    - Real-Time measurement of coil width and thickness during uncoiling.
    - Up-gradation of Spiral-2 Anjar Fluoroscopy system.
    - Stop & Go assembly installation at Hydro tester (IS) entry and re-routing of hydraulic piping accordingly for smooth movement of large diameter pipe (above 80” OD).
- LSAW Plant
    - Pipe Diameter Measurement from inside at final.
    - Automatic Bead Profile, Bead height, and Plate Offset Inspection.
    - Up gradation of Forming Press hydraulic System.
    - Up gradation of LSAW Final UT System.
    - Yield improvement by various initiatives from process control.
    - Hamplemann provision in sample exit bed to eliminate scratches on pipe surface.
    - Provision of pull type limit s/w at left manipulator to detect failure of manipulator chain.
    - Machine profibus network converted into profinet to avoid machine breakdowns in expander machines.
- Coating Plant
    - Development of facility to External coat 3LPE on induction bends.
    - Development of facility to internal diameter Bend coating.
    - Development of Inspection of internal surface by high resolution camera.
    - Installation of new 500 kW induction heater at ECP-3 for pipe pre-heating before shot blaster.
    - Successfully completed the qualification of our Coating facility by M/s SHELL.

**Bhopal Plant:**

- Modification in Hydrotester, End Facer and Final Section to run the plant for 6 Meter pipe production.
- Modification in the plant for enhancing it to run the Higher Thickness, Higher Diameter Pipe(132" x 25 mm).

**Mandya Plant:**

- Water Conservation & Rain Water Harvesting project: Initiative taken for installation of rain water harvesting project for usage of rain water in process and gardening purpose.
- Water conservation project - Sand Filter Installation for Hydro-tester water re circulation to reduce process wastage.
- Water Conservation – RO Drain waste water consumed for Hydro-tester process.
- Replacement of Conventional high bay shed Lights with 75 LED Lights.
- Initiative taken for Installation of 17 nos. Solar street lights.
- Initiative taken to replaced 16 nos. 400 watt lights by 250 watt LED for High mast.
- Initiative taken to install 60KW x 2 VFD for Compressors for energy conservation.
- Initiative taken for maximize use of LED lights.

**Expenditure on R&D**

(a) Capital : NIL

(b) Recurring : ₹ 25.21 Mn

(c) Total : ₹ 25.21 Mn

(d) Total R&D expenditure as a percentage of revenue from operations : 0.05%

Total Foreign exchange:

Used - ₹ 13,139.28 Mn

Earned- ₹ 13,281.65 Mn

## 13. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Disclosures as required under Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed to this Report as "**Annexure 4**".

## 14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

**A) Changes in Directors and Key Managerial Personnel**

Since the last report, no changes took place in the Board of Directors and Key Managerial Personnel.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Balkrishan Goenka is retiring by rotation at the forthcoming Annual General Meeting and being eligible, he has been recommended for re-appointment by the Board.

Further, at the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company have recommended re-appointment of Mr. Vipul Mathur as the Managing Director and CEO for another term of 5 years from December 1, 2022.

Further at the recommendation of the Nomination and Remuneration Committee and the approval of the shareholders, Mr. Desh Raj Dogra has been re-appointed as an Independent Director of the Company for second term of 4 (four) years w.e.f. February 9, 2022.

Details about the directors being (re)-appointed are given in the Notice of the forthcoming Annual General Meeting which is being sent to the members along with the Annual Report.

**B) Independent Directors**

The independent directors have individually declared to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 at the beginning of the year and there is no change in the circumstances as on the date of this Report which may affect their status as an independent director.

Your Board confirms that in their opinion the independent directors fulfill the conditions of the independence as prescribed under the SEBI (LODR), 2015 and they are independent of the management. Further, in the opinion of the Board the independent directors, possess requisite expertise, experience and integrity. All the independent directors on the Board of the Company are registered with the Indian Institute of Corporate Affairs, Manesar, Gurgaon as notified by the Central Government under Section 150(1) of the Companies Act, 2013 and shall undergo online proficiency self-assessment test, as may be applicable, within the time prescribed by the IICA.

The key criteria for independence are mapped as under:

| Key Independence Criteria | AM | DRD | KHV | RA |
|---|---|---|---|---|
| 1. The director must not have been employed by the Company in an executive capacity within the last five years. | ✓ | ✓ | ✓ | ✓ |
| 2. The director must not accept or have a "Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of $60,000 during the current fiscal year", other than those permitted by SEC Rule 4200 Definitions, including i) payments arising solely from investments in the Company's securities; or ii) payments under non-discretionary charitable contribution matching programs. Payments that do not meet these two criteria are disallowed | ✓ | ✓ | ✓ | ✓ |
| 3. The director must not be a "Family Member of an individual who is, or during the past three years was employed by the Company or by any parent or subsidiary of the Company as an executive officer. | ✓ | ✓ | ✓ | ✓ |
| 4. The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the Company or a member of the Company's senior management | ✓ | ✓ | ✓ | ✓ |
| 5. The director must not be affiliated with a significant customer or supplier of the Company | ✓ | ✓ | ✓ | ✓ |
| 6. The director must have no personal services contract(s) with the Company or a member of the Company's senior management | ✓ | ✓ | ✓ | ✓ |
| 7. The director must not be affiliated with a not-for-profit entity that receives significant contributions from the Company | ✓ | ✓ | ✓ | ✓ |
| 8. The director must not have been a partner or employee of the Company's outside auditor during the past three years | ✓ | ✓ | ✓ | ✓ |
| 9. The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent | ✓ | ✓ | ✓ | ✓ |

**C) Formal Annual Evaluation**

Background:

The performance evaluation of the Board, its committees and individual directors was conducted by the entire Board (excluding the Director being evaluated) on the basis of a structured questionnaire which was prepared after taking into consideration inputs received from the Directors covering various aspects of the Board's functioning viz. adequacy of the composition of the Board and its Committees, time spent by each of the directors; accomplishment of specific responsibilities and expertise; conflict of interest; integrity of the Director; active participation and contribution during discussions and governance.

Mode of evaluation:

Assessment is conducted through a structured questionnaire. Each question contains a scale of 0 to 3. The Company has developed an in-house digital platform to facilitate confidential responses to a structured questionnaire. All the directors participated in the evaluation process.

For the financial year 2021-22 the annual performance evaluation was carried out by the Independent Directors, Nomination and Remuneration Committee and the Board, which included evaluation of the Board, Independent Directors, Non-independent Directors, Executive Directors, Chairman, Committees of the Board, Quantity, Quality and Timeliness of Information to the Board.

### Results:

The evaluation results were discussed at the meeting of Board of Directors, Nomination & Remuneration Committee and the Independent Directors meeting. The Directors were satisfied with the overall corporate governance standards, Board performance and effectiveness. The results are summarized below:

| | Key parameters | No. of evaluation parameters | Score % |
|---|---|---|---|
| **Board of Directors** | ■ Board structure and composition<br>■ Board meeting practices (agenda, frequency, duration)<br>■ Functions of the Board (Strategic direction etc.)<br>■ Quantity, quality & timeliness of information<br>■ Board culture and effectiveness<br>■ Functioning of Board Committees<br>■ Director induction and development programs | 20 | 91% |
| **Board Committees** | ■ Composition, roles & responsibilities and effectiveness of the committee<br>■ Meeting structure and information flow<br>■ Contributions to Board decisions | 7-10 | 86-96% |
| **Independent directors** | ■ Independence from company (no conflict of interest)<br>■ Independent views and judgement<br>■ Objective contribution to the Board deliberations | 8 | 84-94% |
| **Chairperson** | ■ Promote effective decision-making<br>■ Encourage high quality of constructive debate<br>■ Open-minded and listening to the members<br>■ Effectively dealing with dissent and work constructively towards consensus<br>■ Shareholders' interest supreme while taking decisions. | 6 | 97% |
| **Executive Directors** | ■ Relevant industry experience<br>■ Performance vis-à-vis business plan<br>■ Capabilities to deal with challenging situations<br>■ Established leadership position<br>■ Development of expertise and general competence of people under him | 9 | 93% |
| **Non-executive non-independent director** | ■ Contribution to the Board discussions with his/her expertise and experience<br>■ Depth of understanding about the business model and the industry | 8 | 90-98% |

| Board of Directors | |
|---|---|
| **Parameters with high performance scores:**<br>▪ Well informed decisions with clear insight in to the Company's business<br>▪ Adequate allocation of meeting time on management presentation and discussion<br>▪ Independent Directors were facilitated to freely participate and express their views.<br>▪ Sensitive to the interest of all stakeholders, including minority shareholders, and has adequate mechanism to communicate with them. | ▪ Key suggestions / focus areas:<br>▪ Re-visiting the Board and the Committee evaluation questionnaire to increase the depth to identify gaps in the system, more focus on ESG and taking care of change in the business and regulatory framework (Action Plan – Undertaking external bench-marking, engagement of experts and revising the evaluation questionnaire).<br>▪ Re-assess Board composition and diversity with the objective of further strengthening the Board by inducting domain specialists in the new business areas of the Company (Action Plan-Develop long term Board succession plan considering diversity, domain expertise).<br>▪ Efforts should be made by all the directors to attend the meetings of the Board and Committees regularly (Action Plan – Fixing adhering to the Annual calendar for Board and Committee meetings). |

| Board Committees | |
|---|---|
| **Parameters with high performance scores:**<br>▪ Size, composition and diversity of each committee<br>▪ Strong oversight on financial reporting process, internal financial controls, compliance with related party transactions regulations, whistle blower & vigil mechanism and reporting to Board on key control gaps<br>▪ Performance monitoring of subsidiaries<br>▪ Effective process of selection of new directors and well-defined board evaluation framework<br>▪ Adequacy of information and effective monitoring of security transfer system<br>▪ Monitoring of actions taken on key issues<br>▪ Discussion on emerging issues and risks<br>▪ Effective Communication between the Committees and the executives to discuss the issues within the Committee's scope | **Key focus areas for next year:**<br>▪ Review the process for evaluation of ESG risks and opportunities that may materially affect the Company's Enterprise Risk Management (ERM) Program need to be strengthen (**Action Plan** – Strengthen the process for review and evaluation of ESG risks and opportunities)<br>▪ Review the process evaluating the Company's risk appetite and specific risk tolerance levels in conjunction with strategic objectives (**Action Plan**- Focussed discussion on the Company's risk appetite and specific risk tolerance levels in conjunction with strategic objectives |

Key actions taken as a result of previous year's evaluation:

- More training opportunities were provided to the independent directors on the emerging issues.
- Time allocation between the agenda items to strive balance.
- The Composition of the Board of subsidiaries formed / acquired for new businesses have been reconstituted considering the long term objectives.
- Key insights on strategic agenda items are provided well in advance.
- Revised Whistle Blower Policy and Vigil Mechanism implemented.
- Revised the process for appointment and remuneration of KMP and SMP.

**D) Committees of the Board of Directors**

Information on the Audit Committee, the Nomination and Remuneration Committee, the Stakeholders' Relationship, Share Transfer and Investor Grievance Committee, the Risk Management Committee and the ESG & CSR Committee (erstwhile Corporate Social Responsibility Committee) and meetings of those committees held during the year under Report is given in the "Corporate Governance Report" annexed to the Annual Report as **"Annexure 5"**.

## 15. PARTICULARS OF OUTSTANDING LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 ARE AS UNDER:

(₹ in Mn)

| Name of the Entity / beneficiary | Investment | Joint Bonds | Corporate Guarantee | Loans |
|---|---|---|---|---|
| Welspun Pipes Inc. | 0.44 | | | |
| Welspun Tradings Limited | 50.22 | | | |
| Welspun Captive Power Generation Limited | 765.79 | | | |
| Welspun Mauritius Holdings Limited* | 298.46 | | | |
| Welspun Wasco Coatings Private Limited (provision made) | 254.65 | | 86.70 | 247.01 |
| Welspun Metallics Limited | 2,981.94 | 2,832.60 | 5,750.00 | 2,490.78 |
| Welspun DI Pipes Limited | 2,095.68 | 4,676.40 | 7,500.00 | |
| Welassure Services Limited | 1.16 | | | |
| Welspun Global Services Limited | 0.02 | | | |
| Welspun Mahatva Plastic Products And Building Materials Private Limited | 4,010.10 | | | |
| Anjar TMT Steel Private Limited | 448.25 | | 1,500.00 | |
| Welspun Specialty Solutions Limited | 2,836.50 | | 2,123.60 | 886.34 |

** Investment carried at fair value through profit and loss.*

**Justification for providing loans / guarantee / investment.**

The corporate guarantees were given to secure credit facilities availed by the subsidiaries / joint ventures of your Company, to guarantee export obligations of the subsidiaries / joint ventures to the custom authorities and to guarantee performance of the subsidiaries of the Company.

The Long-term investments are made only in subsidiaries, joint-ventures and associate companies for business expansion, business transformation as per the object clause in the Memorandum of the Company.

## 16. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the year under Report were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions undertaken by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which might have a potential conflict with the interest of the Company at large.

The Company's policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

Save and except as disclosed in the financial statements, none of the Directors or Key Managerial Personnel had any pecuniary relationships or transactions vis-à-vis the Company.

Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company for financial year 2021-22 and hence does not form part of this report. Details of related party transactions entered into by the Company, in terms of Ind AS-24 have been disclosed in the Note No. 42 of the standalone financial statements.

## 17. MANAGERIAL REMUNERATION

a. Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Non-executive, independent directors are paid sitting fees at a fixed rate per meeting of the Board or the Committee attended by them and as such the same cannot compared with the remuneration to the employees.

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

| Director's name | For the period | Ratio with reference to median remuneration of the employees |
|---|---|---|
| Mr. Vipul Mathur | 01.04.2021 to 31.03.2022 | 164.5 |

(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year ended March 31, 2022 : Managing Director & CEO: 34%, CFO:39% and CS : 31%, since the previous year numbers were reduced due to Covid pandemic related reduction.

(iii) The percentage increase in the median remuneration of employees in the financial year: 4.4%.

(iv) The number of permanent employees on the rolls of the Company: 1,714.

(v) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year :

The market cap of the Company increased from ₹ 36,093.36 Mn to ₹ 43,682.93 Mn after taking in to consideration the buyback of equity shares and allotment under ESOP Scheme during the financial year. The P/ E ratio changed from 3.61 times to 9.1 times. The share price increased by 1,071.80% in comparison to the rate at which the Company came out with the public issue in February, 1997 (after taking in to consideration the reorganization of share capital done in March, 2005 but without considering other corporate actions not resulting in to any material change in the share capital).

(vi) Average percentage increase /(decrease) already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase/ (decrease) in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Aggregate remuneration of employees excluding KMP increased by 14.8%. Change in the remuneration of the KMP increased by 34.4%.

(vii) The key parameters for any variable component of remuneration availed by the directors:

1) Cash PAT

2) Operating Cash-Flow

3) Gross Debt

4) ESG Goals

b. Details of the top ten employees in terms of remuneration drawn and the name of every other employee as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as under:

| Name | Designation | DOB (mm/dd/yyyy) | Age | Joining Date (mm/dd/yyyy) | Remuneration FY 21-22 | Previous Company | Qualification | Nature of Employment | % Of Equity Shares held in the Company | Relative of any Director/ Manager of the Company |
|---|---|---|---|---|---|---|---|---|---|---|
| Vipul Mathur | Managing Director & CEO | 3/21/1970 | 52 | 2/2/2001 | 59,004,022 | Man Industries (India) Ltd | MBA | Permanent | Negligible | No |
| Godfrey John | Director# | 8/30/1965 | 56 | 6/11/2012 | 28,945,528 | Ferro Tech India Pvt. Ltd. | MBA | Permanent | Negligible | No |
| Percy Birdy | President | 1/22/1968 | 54 | 6/11/2018 | 17,976,000 | Allanasons Group | CA | Permanent | Nil | No |
| Tribhuwan Singh Kathayat | President | 1/10/1971 | 51 | 6/20/1996 | 14,683,214 | Jindal Organization | BSC/DME/MBA | Permanent | Negligible | No |
| Suresh Chander Darak | President | 1/2/1968 | 54 | 1/2/2008 | 11,943,507 | Reliance Industries Ltd. | B. Com/ DITM | Permanent | Nil | No |
| Navin Agarwal | Senior Vice President | 1/1/1972 | 50 | 6/2/2008 | 11,930,352 | Mahindra & Mahindra Ltd. | PGDBM Finance/B. Com (Hons) | Permanent | Nil | No |
| Atul Trivedi | Senior Vice President | 1/3/1974 | 48 | 5/14/2007 | 11,180,743 | Tata Consultancy | CA | Permanent | Nil | No |
| Manish Pathak | President | 1/20/1968 | 54 | 6/26/2008 | 11,028,623 | Man Industries (India) Ltd | BE Mech | Permanent | Nil | No |
| Gaurav Merchant | Vice President | 9/11/1973 | 48 | 1/15/2014 | 9,823,021 | Essar Steel Limited | B. Com/MBA | Permanent | Nil | No |
| Rupak Ghosh | Senior Vice President | 10/17/1969 | 52 | 10/29/2007 | 9,736,501 | Blue Star Limited | ICWA/ CA | Permanent | Nil | No |
| Nitin Agarwal | Vice President | 2/6/1983 | 39 | 4/20/2007 | 9,604,936 | Welspun Tubular LLC | MBA/PGDM | Permanent | Nil | No |
| Anil Nimbargi | Senior Vice President | 10/13/1965 | 56 | 9/9/2009 | 8,570,519 | - | B.sc + MBA | Permanent | Nil | No |
| Bidisha Banerjee | Vice President | 1/18/1980 | 42 | 7/9/2018 | 8,113,126 | Future Group | MBA | Permanent | Nil | No |
| Nitin Goyal* | Vice President | 12/24/1981 | 40 | 1/24/2022 | 2,025,000 | Ernst & Young | B.Com(Hons)+ ICWA+CA+ LLB+DISA | Permanent | Nil | No |
| Harishchandra Gupta | Senior Vice President | 2/5/1966 | 56 | 4/7/2007 | 7,842,866 | Idea cellular Ltd. | M. Com/ LLB/ MBA | Permanent | Nil | No |

* *Employed for a part of the year.*

\# *Not on the board of the Company.*

c. Managing Director of the Company was not in receipt of any commission from the Company and at the same time, remuneration or commission from the Company's Subsidiary Company.

d. Particulars of remuneration to the executive directors including the details of remuneration paid/payable to the executive directors for the financial year 2021-22 are as under:

| | Name of the Director | Salary & Allowance | Perqui-sites | Commi-ssion | Service Contract/ Tenure | performance linked incentives | Notice Period | Severance Fees | Stock Option | Pension |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Mr. Vipul Mathur | ₹ 58.75 Mn^ | Nil | Nil | 5 years | Nil | 1 month | Nil | Refer note below | Nil |

*^ In addition to salary & allowance, entitled for other benefits as per the Company's policy.*

*Note: 1,500,000 Employee Stock Options granted during FY 2018-19 at an exercise price of ` 100 per option and can be exercised as per the vesting schedule given under the Welspun Employee Stock Option Plan which is 30%, 35% and 35% each year, from the end of 1st year from the grant date. No ESOPs exercised so far.*

Mr. Balkrishan Goenka, Non-Executive Chairman was paid Commission of ₹ 52.92 Mn (Gross) i.e. @1% of the Net Profits (standalone) for the Financial Year 2020-21 in terms of the approval granted by the members of the Company at the 26th Annual General Meeting held on August 31, 2021. The Commission payable @1% of the Net Profits (Consolidated) for the financial year 2021-22 is ₹ 30.67 Mn.

No remuneration or perquisite was paid to, and no service contract was entered into with, or stock options granted to any non-executive director, but the sitting fees were paid / payable to the following directors for attending meetings of Board / Committees of the Board and General Meetings. Only Letter of Appointment were issued to the independent directors.

| | Name of the Director | (₹) |
|---|---|---|
| 1 | Ms. Amita Misra | 1,770,000 |
| 2 | Mr. Desh Raj Dogra | 2,136,000 |
| 3 | Mr. K. H. Viswanathan | 3,838,000 |
| 4 | Ms. Revathy Ashok | 1,628,000 |
| | **Total to Non-Executive Directors** | **9,372,000** |

The above mentioned sitting fee paid / payable to the non-executive directors was within the limits prescribed under the Companies Act, 2013 for payment of sitting fees. Hence prior approval of the members as stipulated under Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was not required.

## 18. SHAREHOLDING OF THE DIRECTORS OF THE COMPANY AS ON MARCH 31, 2022

For detail of shareholding of the directors, refer to the "Corporate Governance Report" annexed to this Report.

Except as mentioned in the "Corporate Governance Report", none of the other directors hold any shares or convertible securities in the Company.

## 19. CORPORATE GOVERNANCE CERTIFICATE

The Compliance certificate obtained from M/s. Mihen Halani & Associates, Practicing Company Secretary regarding compliance of conditions of corporate governance as stipulated under Chapter IV read with relevant Schedule to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed with this Report.

## 20. RISK MANAGEMENT POLICY

With its fast and continuous expansion in different areas of businesses across the globe, the Company is exposed to a plethora of risks which may adversely impact growth and profitability. The Company recognizes that risk management is of concern to all levels of the businesses and requires a structured risk management policy and processes involving all personnel. With this objective, the Company had formulated structured Risk Management Policy thereby to effectively address those risks such as, strategic, business, regulatory and operational risks, including cyber security & Data Privacy risks. The Policy envisages identification of risks by each business segment and location, together with the impact that these may have on the business objectives. It also provides a mechanism for categorization of risks into Low, Medium and High according to the severity of risks. The risks identified are reviewed by a committee of the Managing Director & CEO of the Company and the relevant senior executives and the appropriate actions for mitigation of risks are advised; the risk profile is updated on the basis of change in the business environment. The Risk Management Committee, periodically reviews the risk management process, risks and mitigation plans and provide appropriate advise in the improvement areas, if any, identified during the review.

For the key business risks identified by the Company, please refer to the Management Discussion and Analysis annexed to this Report.

## 21. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The details of familiarization program (for independent directors) are disclosed on the Company's website and a web link thereto is "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

During the reporting year, on a cumulative basis, the independent directors spent 74 (approx) hours on several familiarization program. During the year, the Company also conducted separate sessions on ESG familiarization, new business familiarization for directors as part of the committee meetings.

## 22. CODE OF CONDUCT

The Company has a Code of Conduct for the Board members and Senior Management Personnel. A copy of the Code has been put for information of all the members of the Board and management personnel on the Company's website "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

All the members of the Board and the Senior Management Personnel have affirmed compliance with the same.

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

I hereby confirm that the Company has obtained from all the members of the Board and the Senior Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year 2021-22.

Sd/-
**Vipul Mathur**
Managing Director& CEO
DIN: 07990476

## 23. MISCELLANEOUS DISCLOSURES

Except as mentioned in this Report with respect to acquisitions of special purpose vehicles for organic / inorganic growth of the businesses under the objects of the Company, during the year under Report, there was no change in the general nature of business of your Company.

Except as mentioned in this Report, no material change or commitment has occurred which would have affected the financial position of your Company between the end of the financial year of your Company to which the financial statements relate and the date of the Report.

No significant and material order was passed by the regulators or courts or tribunals which would have impacted the going concern status and your Company's operations in future.

There are no proceedings, either filed by the Company or filed against the Company, pending under the Insolvency and Bankruptcy Code, 2016 as amended, before the National Company Tribunal or other Courts as at the end of the Financial Year 2021-22.

Your Company has not made any provision of money for the purchase of, or subscription for, shares in your Company, to be held by or for the benefit of the employees of your Company and hence the disclosure as required under Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 is not required.

The Board of Directors affirms that the Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Companies Secretaries of India and that such systems are adequate and operating effectively. The Company has complied with the applicable Secretarial Standards.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The ICC comprises of internal as well external members.

Disclosure of number of complaints filed, disposed of and pending in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as on the end of the financial year under Report are as under:

- number of complaints filed during the financial year Nil
- number of complaints disposed of during the financial year : N/A
- number of complaints pending as on end of the financial year Nil

## 24. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Sections 134(3)(c) & 134(5) of the Companies Act, 2013, your directors hereby confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the directors had prepared the annual accounts on a going concern basis;

e. being a listed company, the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## ACKNOWLEDGEMENTS

Your directors express their deep sense of gratitude to all stakeholder, bankers, business associates, contractors, customers, employees, government authorities, joint venture partners, suppliers for the support received from them during the year and look forward to their continued assistance in future.

For and on behalf of the Board of Directors

| | |
|---|---|
| **Vipul Mathur** | **Balkrishan Goenka** |
| Managing Director & CEO | Chairman |
| DIN : 07990476 | DIN: 00270175 |

Date: May 27, 2022
Place: Mumbai

ANNEXURE 1

# Welspun Corp Limited's Dividend Distribution Policy

## 1. REGULATORY FRAMEWORK

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

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

## 2. OBJECTIVE & PHILOSOPHY

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

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

## 3. DIVIDENDDECLARATION-CIRCUMSTANCES AND FINANCIAL PARAMETERS.

The Board will consider present situation of the Company, internal and external factors influencing performance of the Company, its strategy and business plan for the future. After considering such factors, the Board will endeavor to achieve distributing upto 25% of Profit After Tax for a financial year, on standalone basis, with equity shareholders (including by way of dividend and Dividend Distribution Tax thereon).

The shareholders may expect dividend in following circumstances:

a. The Board will assess the Company's financial requirement, including present and future organic and inorganic growth opportunities and other relevant factors.

b. In the circumstances where no material event has occurred affecting the long term business stability of the Company.

c. No event has happened which may have long term material effect on the business of the Company.

In such circumstances, dividend may be recommended or declared at the discretion of the Board.

Any deviation from the Policy may be disclosed in the Directors' Report to the Shareholders.

In the event of inadequacy or absence of profits in any year, the Company may declare dividend out of free reserves subject to the fulfillment of the conditions prescribed under applicable laws and in compliance with the terms of sanction from the Banks / Financial Institutions.

## 4. FACTORS FOR DETERMINING DIVIDEND

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

| A. | Internal Factors | B. | External Factors |
|---|---|---|---|
| i) | Stability / trends of earnings | i) | Prevailing legal requirements, tax rules, Government policies, Statutory conditions or restrictions as may be provided under applicable laws |
| ii) | Liquidity of funds | ii) | State of the industry or economy of the country |
| iii) | Need for additional capital | iii) | Capital market scenario |
| iv) | Acquisitions and/or any other potential strategic action | iv) | Financial covenants stipulated by the lenders |

| A. | Internal Factors | B. | External Factors |
|---|---|---|---|
| v) | Expansion of business | v) | Covenants in agreement with shareholding group(s) |
| vi) | Past dividend trends | | |
| vii) | Dividend type and time of its payment | | |

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

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

## 6. UTILIZATION OF RETAINED EARNINGS

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

a. Maintain existing operations;

b. Acquisitions, expansion or diversification;

c. Funding organic and inorganic growth;

d. Short-term investment in risk-free instruments with moderate returns;

e. Repayment of borrowings;

f. Meet contingent and other liabilities;

g. Issue of Bonus Shares;

h. Buyback of securities;

i. Investment in Subsidiaries;

j. Research and Development;

k. Innovation;

l. Acquisition of Intellectual Property Rights;

m. Any other purpose as the Board may deem appropriate in the best interest of the Company.

## 7. AMENDMENTS / MODIFICATIONS

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

2. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

3. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

4. Any difficulty or ambiguity in this Policy will be resolved by the Board of Directors in line with the broad intent of this Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

5. When the Company proposes to declare dividend on the basis of parameters other than what is mentioned in the Policy or proposes to change its dividend distribution policy, the same along with the rationale shall be disclosed.

Approved & adopted by the Board of Directors at its meeting held on May 8, 2017.

**ANNEXURE 2**

# Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with
Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

(Information in respect of each subsidiary to be presented with amounts in Rupees in million)

| | Sl. No. | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| | Name of the subsidiary | Welspun Tradings Limited | Welspun Mauritius Holdings Limited | Welspun Pipes Inc.(see note 3) | Welspun Specialty Solutions Limited |
| 1. | The date since when subsidiary was acquired | 30.03.2010 | 19.04.2010 | 16.08.2006 | 16.03.2022 |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period : | N.A. | N.A. | N.A. | N.A. |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. : | INR | USD* | USD* | INR |
| 4. | Share capital : | 50.13 | 8.60 | 0.00 | 3,180.53 |
| 5. | Reserves & surplus: | 866.16 | 96.74 | 10,905.19 | (3,105.26) |
| 6. | Total assets : | 2,247.13 | 3,037.37 | 12,466.48 | 3,724.48 |
| 7. | Total Liabilities : | 1,330.84 | 2,932.04 | 1,561.29 | 3,649.21 |
| 8. | Investments@ : | 85.28 | NIL | 873.42 | NIL |
| 9. | Turnover | 1,623.52 | NIL | 11,452.70 | 1,632.94 |
| 10. | Profit/ (Loss) before taxation : | 53.02 | 3,301.67 | 1,120.64 | (307.85) |
| 11. | Provision for taxation: | 13.98 | (806.46) | 278.58 | - |
| 12. | Profit/ (Loss) after taxation: | 39.04 | 2,495.26 | 842.06 | (307.85) |
| 13. | Proposed Dividend: | NIL | NIL | NIL | NIL |
| 14. | % of shareholding | 100% | 89.98% | 100% | 50.03% |

**USD*

*@ Excluding investments in subsidiaries.*

*Closing Rate USD 1= 75.793 INR*

*Average Rate USD 1= 74.488 INR*

1. Names of subsidiaries or associates which are yet to commence operations:
   a) Welspun Metallics Limited
   b) Welspun DI Pipes Limited
   c) Mahatva Plastic Products and Building Materials Private Limited
   d) Anjar TMT Steel Private Limited
2. Names of subsidiaries which have been liquidated or sold during the year – Nil
3. Includes performance of step down subsidiaries viz. Welspun Tubular LLC and Welspun Global Trade LLC.

| Sl. No. | | 1 | 2 |
|---|---|---|---|
| **Name of the joint ventures** | | **East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company)#** | **Welspun Wasco Coatings Private Limited** |
| 1. | Latest audited Balance Sheet date | 31.03.2022 | 31.03.2022 |
| 2. | Date on which the Associate or Joint Venture was associated or Acquired | 17.10.2010 | 30.09.2015 |
| 3. | Shares of Associate/Joint Ventures held by the company on the year end | | |
| | Numbers of Shares | 7,351,470 | 25,465,014 |
| | Amount of Investments | 1,724.92 | 254.65 |
| | Extend of Holding % | 35.01% | 51.00% |
| 4. | Description of how there is significant influence | NA | NA |
| 5. | Reason why the associate/joint venture is not consolidated | NA | NA |
| 6. | Net worth attributable to Shareholding as per latest audited Balance Sheet | 10,408.47 | (406.83) |
| 7. | Profit / (Loss) for the year | | |
| | Considered in Consolidation | (57.20) | 0 |
| | Not Considered in Consolidation | (7.26) | (322.20) |

Reporting currency #SAR

Closing Rate SAR 1=20.211 INR

Average Rate SAR 1= 19.863 INR

For and on behalf of the Board

**Vipul Mathur**
Managing Director & CEO
DIN : 07990476

**Balkrishan Goenka**
Chairman
DIN: 00270175

**Percy Birdy**
Chief Financial Officer

**Pradeep Joshi**
Company Secretary
FCS-4959

Mumbai, May 27, 2022

**MIHEN HALANI & ASSOCIATES**
**PRACTICING COMPANY SECRETARIES**
A-501/L, Jaswanti Allied Business Centre, Next to Hotel Khwaishh Presidency,
Kachpada, Ramchandra Lane Extn. Road, Malad (West), Mumbai – 400 064
☎: 022 – 6236 0279 💻: mihenhalani@gmail.com

**FORM No. MR-3**

# SECRETARIAL AUDIT REPORT

for the Financial Year ended March 31, 2022

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

To,

The Members,

**WELSPUN CORP LIMITED**

CIN: L27100GJ1995PLC025609

Welspun City, Village Versamedi,

Taluka – Anjar, Dist. Kutch, Gujarat - 370 110.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by WELSPUN CORP LIMITED ("the Company") Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, (the "Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

i. The Companies Act, 2013 ("the Act") and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;

iii. The Depositories Act, 2018 and the Regulations and Bye-laws framed there under;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Overseas Direct Investment and External Commercial Borrowings are not applicable to the Company during the Audit period);

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act");

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

   f) The Securities and Exchange Board of India (Issue and Listing Of Non-Convertible Securities) Regulations, 2021;

   g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - Not Applicable to the Company during the Audit Period; and

i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not Applicable to the Company during the Audit Period;

vi. We have relied on the representations made by the Company and its officers for systems and mechanism formed by the Company for compliances under other various applicable Acts, Laws, Rules and Regulations to the Company

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

(i) the Secretarial Standards issued by The Institute of Company Secretaries of India ("ICSI");

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To the best of our knowledge and belief, during the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

a) During the year under review, the Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

   The committee of the Board is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b) Adequate notice is given to all directors to schedule the Board Meetings and Committee Meetings, agenda and notes on agenda were sent at least seven days in advance or with due consents for shorter notice from the directors and adequate system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

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

We further report that during the audit period, the following event/action has taken place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above;

- The Company has issued and allotted 200 (Two Hundred Only) Unsecured, Rated, Listed, Taxable, Redeemable, Non-Convertible Debentures of Face Value of ₹ 10,00,000 each (Rupees Ten Lakh only) each aggregating to ₹ 2,00,000,000/- (Rupees Twenty Crores Only) having a coupon rate of 7.90% p.a. and redeemable at par at the end of 15 Years on a private placement basis;

- The Company has issued and allotted 65,000 equity shares of ₹ 5/- each fully paid-up at a price of ₹ 100 per shares (including Premium of ₹ 95 per share) under Welspun Employee Stock Option Plan;

- The Company has issued and allotted 200 (Two Hundred Only) Unsecured, Rated, Listed, Taxable, Redeemable, Non-Convertible Debentures of Face Value of ₹ 10,00,000 each (Rupees Ten Lakh only) each aggregating to ₹ 2,00,000,000/- (Rupees Twenty Crores Only) having a coupon rate of 7.90% p.a. and redeemable at par at the end of 15 Years on a private placement basis;

- The Board of Directors of the Company in their meeting held on June 28, 2021 has considered and approved the draft Scheme of Arrangement Providing for Transfer and Vesting of the Demerged Undertaking of Welspun Steel Limited ("Demerged Company") into Welspun Corp Limited ("Resulting Company") and their Respective Shareholders ("Scheme");

- The Company has altered Main Object Clauses [substituting existing clause(s) and adding new objects] of Memorandum of Association vide Special Resolution by the members at the Extra Ordinary General Meeting held on August 05, 2021;

- The Company has declared and paid final dividend @ 100% (i.e. ₹ 5 per share) on Equity Shares for the F.Y. ended March 31, 2021;

- The Company has re-appointed Mr. Desh Raj Dogra (DIN: 00226775), as Independent Director of the Company for a second term for four consecutive years with effect from February 10, 2022 vide Special Resolution passed by the members at the 26th Annual General Meeting held on August 31, 2021;

- The Company has approved borrowing by offer of issue of securities including but not limited to secured / unsecured, redeemable, Non-Convertible

Debentures and/ or Commercial Papers upto ₹ 500 crore (Rupees Five hundred Crore only) on Private Placement basis vide Special Resolution passed by the members at the 26th Annual General Meeting held on August 31, 2021;

- The Company has approved payment of remuneration by way of commission @ 1% of the net profits of the Company to Mr. Balkrishan Goenka, Non-Executive Chairman of the Company for a period of five financial years commencing from April 1, 2021 vide Special Resolution passed by the members at the 26th Annual General Meeting held on August 31, 2021;

- The members of the Company, vide special resolution passed at the 26th Annual General Meeting held on August 31, 2021, has accorded approval for granting loan, giving guarantee or providing security in respect of specified loans to Welspun Steel Limited and / or Welspun Specialty Solutions Limited, being the parties related, and entities belonging, to the Company's promoters in which two of the directors of the Company viz. Mr. B. K. Goenka and Ms. Dipali Goenka are interested, up to an amount not exceeding in aggregate ₹ 260 crore (Rupees Two Hundred Sixty Crore only) from time to time plus any interest, cost, charges thereon;

- The members and creditors (secured and unsecured) of the Company, vide special resolution passed at the National Company Law Tribunal ("NCLT") convened meeting held on November 16, 2021 respectively, has approved the Scheme of Arrangement between Welspun Steel Limited ("Demerged Company") and Welspun Corp Limited ("Resulting Company") and their respective shareholders;

- The Company has altered Main Object Clause and Other Object Clauses of Memorandum of Association vide Special Resolution by the members at the Extra Ordinary General Meeting held on November 23, 2021;

- The Company has increased the limits under section 186 of the Companies Act, 2013 for making investments / extending loans and giving guarantees or providing securities in connection with loans to persons / bodies corporate for an amount not exceeding ₹ 5,000 Crores (Rupees Five Thousand Crores only) vide Special Resolution by the members at the Extra Ordinary General Meeting held on November 23, 2021;

- The Company has revised the remuneration of Mr. Vipul Mathur, Managing Director & Chief Executive Officer of the Company (holding DIN: 07990476) from ₹ 5.5 crores per annum to ₹ 6 crores per annum (subject to applicable taxes) w.e.f. July 1, 2021 vide Special Resolution by the members at the Extra Ordinary General Meeting held on November 23, 2021;

- The Board of Directors of the Company in their meeting held on February 10, 2022 has considered and approved to modify the Welspun Employee Stock Option Plan - 2005 ("ESOP Scheme") subject to the approval of shareholders at general meeting;

- The Board of Directors of the Company in their meeting held on February 10, 2022 has considered and approved modification in terms and conditions for granting loan, giving guarantee or providing security in respect of specified loans to Welspun Steel Limited and / or Welspun Specialty Solutions Limited, being the parties related, and entities belonging, to the Company's promoters in which two of the directors of the Company viz. Mr. B. K. Goenka and Ms. Dipali Goenka are interested, up to an amount not exceeding in aggregate ₹ 260 crore (Rupees Two Hundred Sixty Crore only) subject to the approval of shareholders and lenders;

- The Ahmedabad bench of National Company Law Tribunal ("NCLT") vide it's order pronounced on March 16, 2022 (the "Order") sanctioned the Scheme of Arrangement between Welspun Steel Limited (the "Demerged Company") and Welspun Corp Limited (the "Resulting Company") and their respective shareholders (the "Scheme"). In terms of the Scheme, the Scheme has become effective from the date of passing of the Order by the NCLT i.e., March 16, 2022 with the Appointed Date of April 1, 2021;

**We further report that** during the audit period, the Company has co-operated with us and have produced before us all the required forms information, clarifications, returns and other documents as required for the purpose of our audit.

For **MIHEN HALANI & ASSOCIATES**
Practicing Company Secretaries

Sd/-
**Mihen Halani**
(Proprietor)
CP No: 12015
FCS No: 9926
UDIN: F009926D000409182

Date: May 27, 2022
Place: Mumbai

**Note: This report is to be read with our letter of even date which is annexed as "Annexure A" herewith and forms as integral part of this report.**

**MIHEN HALANI & ASSOCIATES**
**PRACTICING COMPANY SECRETARIES**
A-501/L, Jaswanti Allied Business Centre, Next to Hotel Khwaishh Presidency,
Kachpada, Ramchandra Lane Extn. Road, Malad (West), Mumbai – 400 064
☎: 022 – 6236 0279 : mihenhalani@gmail.com

## ANNEXURE A

To,
The Members,
**WELSPUN CORP LIMITED**
CIN: L27100GJ1995PLC025609
Welspun City, Village Versamedi,
Taluka – Anjar, Dist. Kutch, Gujarat - 370 110.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **MIHEN HALANI & ASSOCIATES**
Practicing Company Secretaries

Sd/-
**Mihen Halani**
(Proprietor)
CP No: 12015
FCS No: 9926
UDIN: F009926D000409182

Date: May 27, 2022
Place: Mumbai

**ANNEXURE -4**

# Corporate Social Responsibility (CSR)

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

**a) A brief outline of the Company's CSR Policy.**

The Company is not only committed to complying with regulations relating to Corporate Social Responsibility but also aims at creating Corporate Social value. The CSR vision is enshrined in the 3E's i.e.: (i) Education; (ii) Empowerment of women; and (iii) Environment and Health.

These 3E's are implemented through:

- The programs organized by a trust, Welspun Foundation for Health and Knowledge created by the group;
- Tie-ups with Non-Governmental Organizations / Developmental Agencies / Institutions; and
- Facilitating Government initiatives.

During the year under review, your Board of Directors modified the Company's CSR Policy by way of linking the Company's CSR programs with the Sustainable Development agenda adopted by the UN; clearly defined activities and goals - ongoing/ long-term; provisions related to excess contribution & set-off, capital assets governance structure & responsibilities.

**b) The Composition of the ESG & CSR Committee (Erstwhile Corporate Social Responsibility Committee).**

| Sr. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Mr. K.H.Viswanathan | Chairman / Independent Director | 6 | 6 |
| 2 | Ms. Dipali Goenka^ | Member/ Non-independent Director | 6 | 3 |
| 3 | Ms. Revathy Ashok^ | Member/ Independent Director | 6 | 6 |
| 4 | Mr. Vipul Mathur | Member/ Non-independent Director | 6 | 6 |
| 5 | Mr. Balkrishan Goenka@ | Member/ Non-independent Director | Nil | Nil |

^ Inducted w.e.f. May 22, 2021.

@ Ceased to be a member of the Committee w.e.f. May 22, 2021.

Mr. Pradeep Joshi-Company Secretary acts as the Secretary to the Committee.

With a view to further strengthen its commitment and enhance Board's oversight over ESG matters, the Board of Directors expanded the scope of the 'Corporate Social Responsibility ("CSR") Committee' to include Environmental, Social & Governance ("ESG") matters and renamned the CSR Committee as 'ESG & CSR Committee'.

The role of the ESG & CSR Committee shall be to assist the Board in fulfilling its oversight responsibilities on the matters relating to Environmental, Social & Governance factors (including matters related to CSR). The Board has approved the charter of ESG & CSR Committee to ensure full achievement of the purpose.

The Committee Charter is hosted on the website of the Company at www.welspuncorp.com under Who We Are -> Policies, Disclosures, Notices -> ESG & CSR Committee Charter.

**c)** Provide the web-link where Composition of ESG & CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company- "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

**d)** Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) – Not applicable.

**e)** Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required to be set-off for the financial year, if any.

| Sr. No. | Financial Year | Amount available for set-off from preceding financial year (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|---|---|---|---|
| 1 | Not applicable | | |
| | **Total** | | |

Average net profit / (loss) of the Company as per Section 135(5): ₹ 3,042,300,000

**f)** (a) Two per cent of average net profit of the Company as per Section 135(5): ₹60,846,000.

(b) Surplus arising out of the CSR Projects or programs or activities of the previous financial years - Nil

(c) Amount required to be set-off for the financial year, if any – N/A.

(d) Total CSR Obligation for the financial year (7a+7b-7c) = ₹ 60,846,000.

**g)** (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (In ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) | | |
| | Amount | Date of Transfer | Name of the Fund | Amount | Date of Transfer |
| 4,63,12,000 | 1,45,25,000 | April 26, 2022 | N/A | Nil | N/A |

(b) Detail of CSR amount spent against Ongoing Projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII of the Act | Local area (Yes/ No) | Location of the Project | | Project Duration | Amount Allocated for the Project (In ₹) | Amount spent in the current financial year (in ₹) | Amount transferred to Unspent CSR Account for the Project as per Section 135(6) (in ₹) | Mode of implementation-Direct (Yes/No) | Mode of implementation - through implementing agency | |
| | | | | State | District | (years) | | | | | Name | CSR Registration Number |
| 1 | W01 Wel-Shiksha | Promoting Education | Yes | Gujarat, Madhya Pradesh, Karnataka, Telangana | Anjar, Valsad, Vapi, Bharuch, Dahej, Bhopal, Mandya, Hyedrabad | 3 | 59,600,000 | 21,330,000 | 6,066,000 | No | Welspun Foundation for Health & Knowledge | CSR00-001502 |
| 2 | W02 Wel-Netrutva – Health | Promoting Healthcare | Yes | | | 3 | 10,800,000 | 2,079,000 | 992,000 | | | |
| 3 | W06 Model Village | Ensuring Environmental Sustainability | Yes | | | 3 | 300,000 | - | 63,000 | | | |
| 4 | W07 Wel-Vriksha | Ensuring Environmental Sustainability | Yes | | | 3 | 11,500,000 | 1,257,000 | 1,075,000 | | | |
| 5 | W08 Disaster Relief - Covid-19 | Disaster Relief | Yes | | | 3 | 46,400,000 | 19,985,000 | 6,329,000 | | | |
| | **Total** | | | | | | **128,600,000** | **44,651,000** | **14,525,000** | | | |

(c) Detail of CSR amount spent against other than ongoing Projects for the financial year:

| Sr. no. | Name of the Project | Item from the list of activities in Schedule VII of the Act | Local Area (Yes/ No) | Location of the Project | | Amount spent for the project (in ₹ Lakh) | Mode of implementation-Direct (Yes/No) | Mode of implementation-through implementing agency | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | State | District | | | Name | CSR Registration Number |
| Nil | | | | | | | | | |
| | **Total** | | | | | | | | |

(d) Amount spent in Administrative Overheads: ₹ 1,661,000

(e) Amount spent on Impact Assessment, if applicable: Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 46,312,000

(g) Excess amount for set-off, if any – Not applicable

| Sr. No. | **Particulars** | **Amount (in ₹)** |
|---|---|---|
| (i) | Two Percent of average net profits of the Company as per Section 135(5) | 60,846,000 |
| (ii) | Total amount spent for the Financial Year | 46,312,000 |
| (iii) | Excess amount spent for the Financial Year [(ii-i)] | Nil |
| (iv) | Surplus arising out of the CSR Projects or programs or activities of the previous financial year, if any. | Nil |
| (v) | Amount available for set-off in succeeding financial years [iii-iv] | Nil |

**h)** (a) Details of Unspent CSR Amount for the preceding three financial years:

| Sr. No. | Preceding Financial Year | Amount Transferred to Unspent CSR Account under Section 135(6) (in ₹) | Amount Unspent for the reporting Financial Year (in ₹) | Amount Transferred to any fund specified under Schedule VII as per Section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years (in ₹) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in ₹) | Date of Transfer | |
| Nil | | | | | | | |
| | **Total** | | | | | | |

(b) Details of CSR Amount spent in the financial year for ongoing projects of the preceding financial year(s):

| Sr. No. | Project ID | Name of the Project | Financial Year in which the project was comme-nced | Project Duration (years) | Total Amount Allocated for the project (in ₹) | Amount spent on the Project in the reporting financial year (in ₹) | Cumulative amount spent at the end of reporting Financial Year (in ₹) | Status of the Project – Completed/ Ongoing |
|---|---|---|---|---|---|---|---|---|
| 1 | W01 Wel-Shiksha | W01 Wel-Shiksha | 2020-21 | 3 | 59,600,000 | 21,330,000 | 33,530,000 | Ongoing |
| 2 | W02 Wel-Netrutva – Health | W02 Wel-Netrutva - Health | 2020-21 | 3 | 10,800,000 | 2,079,000 | 4,734,000 | Ongoing |
| 3 | W06 Model Village | W06 Model Village | 2020-21 | 3 | 300,000 | - | 229,000 | Ongoing |
| 4 | W07 Wel-Vriksha | W07 Wel-Vriksha | 2020-21 | 3 | 11,500,000 | 1,257,000 | 4,597,000 | Ongoing |
| 5 | W08 Disaster Relief-Covid-19 | W08 Disaster Relief - Covid-19 | 2020-21 | 3 | 46,400,000 | 19,985,000 | 37,936,000 | Ongoing |
| 7 | W10 Admin | W10 Admin | | | 5,000,000 | 1,661,000 | 3,086,000 | Ongoing |
| | | | | | **133,600,000** | **46,312,000** | **84,112,000** | |

**i)** In case of creation or acquisition of capital assets, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year.

Asset-wise Detail

| Asset | Date of Creation or acquisition of the capital asset(s) | Amount of CSR spent for creation or acquisition of capital asset | Detail of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. | Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset. |
|---|---|---|---|---|
| Not Applicable | | | | |

**j)** Specify the reason(s), if the Company has failed to spend two per cent of the average net profits as per Section 135(5) : Not Applicable

For and on Behalf of the Board

**Vipul Mathur**
Managing Director & CEO
DIN : 07990476

**K. H. Viswanathan**
Chairman of the ESG & CSR Committee
DIN : 00391263

Date: May 27, 2022
Place: Mumbai

**ANNEXURE - 5**

# 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 Company, its members and other stakeholders. The Board supports the broad principles of Corporate Governance. In order to attain the highest-level of good Corporate Governance practice, the Board lays strong emphasis on transparency, accountability and integrity.

## II. BOARD OF DIRECTORS

The Company's Board comprises of the required blend of Independent and Non-Independent Directors with considerable experience in diverse fields such as accounts, audit, business strategy finance, ESG, governance, general management, legal and pipes & allied industry etc. to name a few. Further, the Board has mix of executive and non-executive directors. Except the independent directors, all other directors are liable to retire by rotation as per the provisions of the Companies Act, 2013.

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

| | Name of the Director(s) | Age (completed years) | Category | Board Meetings Attended during the Year 2022-22 | 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)* | Number of Shares in the Company |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Pub. | Pvt. | Other Body Corporate | | |
| 1 | Ms. Amita Misra | 66 | NE, I | 8/9 | Yes | 2 | - | - | 1C, 1M | - |
| 2 | Mr. Balkrishan Goenka | 55 | NE, P | 6/9 | Yes | 8 | - | 3 | None | 11,70,63,952 |
| 3 | Mr. Desh Raj Dogra | 67 | NE, I | 9/9 | Yes | 6 | 3 | 3 | 3C, 3M | - |
| 4 | Ms. Dipali Goenka | 52 | NE, NI | 3/9 | Yes | 9 | 4 | 1 | 1M | 2 |
| 5 | Mr. K.H.Viswanathan | 60 | NE, I | 9/9 | Yes | 4 | - | - | 4C, 1M | 20,000 |
| 6 | Mr. Rajesh R. Mandawewala | 60 | NE, P | 5/9 | Yes | 9 | 6 | 1 | 1M | 200 |
| 7 | Ms. Revathy Ashok | 63 | NE, I | 9/9 | Yes | 9 | 2 | - | 4C, 6M | - |
| 8 | Mr. Vipul Mathur | 52 | E, NI | 9/9 | Yes | 2 | 1 | 4 | 1M | 11,000 |

** Chairmanship/membership of the Audit Committee and the Share Transfer, Investors' Grievance and Stakeholders' Relationship Committee alone considered in both listed and unlisted companies.*

*Abbreviations:*

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

None of the directors of the Company are holding position of independent director in more than 7 or more listed companies as prescribed under Regulation 17A of the SEBI (LODR), 2015.

Average age of the Board members - ~ 59 years.

Average attendance at the Board meetings - ~ 81%

In line with Para 4 of Schedule B of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, it is the endeavor of the Company that the gap between the review of the financial statements of the Company and its subsidiaries by the Audit Committee and Board meeting is as narrow as possible, and the Company is committed to adhere to this requirement.

9 Meetings of the Board of Directors were held during the financial year 2021-22 on the following dates: 22/05/2021, 11/06/2021, 28/06/2021, 29/07/2021, 02/09/2021, 28/10/2021, 15/12/2021, 10/02/2022 and 29/03/2022.

In addition to the above, two meetings of the Independent Directors were held on June 28, 2021 and March 22, 2022 pursuant to Section 149(8) read with Schedule V and other applicable provisions of the Companies Act, 2013 and Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said meetings were attended by Ms. Amita Misra, Mr. Deshraj Dogra, Mr. K. H. Viswanathan, and Ms. Revathy Ashok.

It is confirmed that in the opinion of the board, the independent directors fulfill the conditions specified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management. Further, there is no relationship between the directors inter-se, except between Mr. B.K.Goenka and Ms. Dipali Goenka, who are spouse of each other.

Mr. K.H.Viswanathan continued to be the Lead Independent Director.

The names of the listed entities where the person is a director and the category of directorship and matrix of the skills/expertise/competence identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board and directors who have such skills / expertise / competence. Details of current members of the Board is given below:

| | Name of the Director(s) | Skills/expertise/ competence | Names of the listed entities where the person is a director | Category of Directorship | Detailed reasons for the resignation of an independent director who resigns before the expiry of his tenure (as applicable) |
|---|---|---|---|---|---|
| 1 | Ms. Amita Misra | Finance, Oversight, Procurement, Governance, Technical Cooperation, Framing Policy, Advocacy, Resource Mobilization | Dalmia Bharat Sugar Industries Limited<br>Welspun Specialty Solutions Ltd. (appointed on 27.04.2022) | Independent | N.A. |
| 2 | Mr. Balkrishan Goenka | Leading figure in textile and steel industry, Strategy & Business Management | Welspun India Limited,<br>Welspun Enterprises Limited<br>Welspun Specialty Solutions Limited (formerly known as RMG Alloy Steel Limited) | Non-Independent | N.A. |
| 3 | Mr. Desh Raj Dogra | Financial sector in the areas of banking and credit rating | S Chand and Company Limited<br>AXISCADES Technologies Ltd.<br>G R Infraprojects Ltd.<br>Capri Global Capital Limited<br>IFB Industries Ltd | Independent | N.A. |
| 4 | Ms. Dipali Goenka | General Management and Strategy, Brand Building, Global Business, Finance & Accounts, Diversity, ESG/ Sustainability | Welspun India Limited<br>Welspun Enterprises Limited | Non-Independent | N.A. |
| 5 | Mr. K. H. Viswanathan | Corporate Tax and Legal, Transaction advisory and structuring, Internal, Management and Due-diligence audits, formulation of business strategy, mergers and acquisitions etc. | AYM Syntex Limited<br>Welspun Specialty Solutions Ltd.(appointed on 27.04.2022) | Independent | N.A. |

| | Name of the Director(s) | Skills/expertise/ competence | Names of the listed entities where the person is a director | Category of Directorship | Detailed reasons for the resignation of an independent director who resigns before the expiry of his tenure (as applicable) |
|---|---|---|---|---|---|
| 6 | Mr. Rajesh R. Mandawewala | Textile & Steel Industry, Research & product development, strategy and business management. | Welspun India Limited,<br>AYM Syntex Limited,<br>Welspun Enterprises Limited | Non-Independent | N.A. |
| 7 | Ms. Revathy Ashok | Women Economic Empowerment, Mentoring Start-ups, Governance, Capital Raising, Business Development, Finance, Commercial and other strategic general management | ADC India Communications Ltd.<br>Quess Corp Limited<br>Astrazeneca Pharma India Ltd.<br>Sansera Engineering Limited<br>Barbeque Nation Hospitality Ltd. | Independent | N.A. |
| 8 | Mr. Vipul Mathur | Rich experience in heavy electrical equipment, manufacturing of pipes, Oil & gas etc. Management, Marketing, Operations and manufacturing efficiencies, excellent managerial skills, leadership quality, strategy & business management. | East Pipe Integrated Company for Industry (Listed in Kingdom of Saudi Arabia) | Non-Independent | N.A. |

Skills & expertise required by the Company are mainly accounts & auditing, cyber security, finance, legal & compliance, ESG, Governance, knowledge of steel industry, oil & gas market, risk & insurance, strategy & business management.

Detailed Charter of the Board is available at the web-link: "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

## III. AUDIT COMMITTEE

The Committee comprises of 3 non-executive directors having accounting and finance back-ground. All the members and the Chairman are 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. K. H. Viswanathan | Chairman | 19/19 |
| Ms. Amita Misra | Member | 17/19 |
| Mr. Deshraj Dogra | Member | 19/19 |

The Company Secretary of the Company, Mr. Pradeep Joshi acts as the Secretary of the Committee. The Chief Financial Officer is invited for all the meetings of the Audit Committee. Whenever required, the Managing Director and CEO is also invited for the Committee meetings for seeking his views on certain strategic items. Ms. Revathy Ashok, an independent director, attended two meetings of the Audit Committee as an invitee.

19 Meetings of the Audit Committee were held during the financial year 2021-22 on following dates: 17/04/2021, 22/05/2021, 25/05/2021, 11/06/2021, 26/06/2021, 28/06/2021, 27/07/2021, 28/07/2021, 29/07/2021, 17/09/2021, 24/09/2021, 27/10/2021, 28/10/2021, 15/12/2021, 17/12/2021, 25/01/2022, 10/02/2022, 21/03/2022 and 29/03/2022.

In addition, the Audit Committee had meetings with the credit rating agency during the financial year 2021-22.

The statutory auditors and internal auditors had periodic and exclusive meetings with the Audit Committee.

**Terms of Reference:** The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 177 of the Companies Act, 2013 and the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. Detailed Charter of the Committee is available at the web-link : "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

None of recommendations made by the Audit Committee were rejected by the Board.

## IV. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES.

The Company has a Whistle Blower Policy and Vigil Mechanism for employees of the Company; former employees, trainees and contractual employees of the Company; employees of other agencies deployed for the Company's activities, whether working from any of the Company's offices or any other location; existing / prospective contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company; customers, bankers of the Company; and any other person having an association with the Company, and no persons had been denied access to the Audit Committee Chairman. The Policy provide adequate safeguard against victimization and even the disclosures expressed anonymously may be considered.

A Protected Disclosure can be made in writing by an email or by Post to:

a) Third party Ethics Helpline:- India : 000-800-919-0236, USA: 833-921-5074

b) Head–Ethics(WCL):- Postal Address: 7th Floor, Kamala Mills Compound, Mumbai, Maharashtra, Email id: whistleblower_wcl@welspun.com

c) The Chairman of the Audit Committee:- khviswanathan@gmail.com

d) By accessing the Company website :- www.welspun.ethicspoint.com

Web-link where details of whistle blower mechanism are available at "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

## V. NOMINATION AND REMUNERATION COMMITTEE.

The Committee comprises of 3 non-executive directors. All the member and the Chairman are independent. The composition of the Committee and attendance of the members is given hereunder:

| Name of the Member | Member/ Chairman | Number of Meetings Attended |
|---|---|---|
| Mr. K.H.Viswanathan | Chairman | 5/5 |
| Mr. Deshraj Dogra | Member | 5/5 |
| Ms. Revathy Ashok | Member | 5/5 |

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

During the year under review, 5 meetings of the Committee were held on 25/05/2021, 15/06/2021, 28/06/2021, 30/07/2021 and 27/10/2021

Terms of reference: To recommend appointment of, and remuneration to, Managerial Personnel and review thereof from time to time. Detailed Charter of the Committee is available at the web-link : "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

None of recommendations made by the Nomination and Remuneration Committee were rejected by the Board.

The Company has in place a policy for remuneration to the Directors, the Key Managerial Personnel and the Senior Management Personnel, as well as a well-defined criteria for the selection of candidates for appointment to the said positions which has been approved by the Board. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the executive and non-executive Directors (by way of sitting fees and commission), the Key Managerial Personnel and the Senior Management Personnel.

The salient features of the Nomination and Remuneration Policy (the "Policy") are as under:

**Appointment of Directors:**

The Committee identifies the person who qualifies to become directors or who may be appointed in senior management in accordance with the criteria as mentioned in the policy.

Remuneration of Directors, Key Managerial Personnel, senior management personnel:

- The Committee shall consider top industry indicators, requirements of role, qualification and experience of candidate, expected contribution of executive to the profitability challenges specific to the Company and such other matters as the Committee may deem fit.

- The Non-Executive directors shall not be eligible for any remuneration / commission, unless specifically approved by the Board of Directors on recommendation of the Nomination and Remuneration Committee and by the shareholders.

- The Non- Executive Directors including independent directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Besides, the Committee shall take into consideration performance of the concerned executive as well as the Company, to the growth of business, profitability, company potentiality and critical role played / initiatives taken, ESG Goals achieved while considering pay hike / increment to the concerned executives.

The Policy is available on your Company's website at: "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

## VI. SHARE TRANSFER, INVESTORS' GRIEVANCE AND STAKEHOLDERS' RELATIONSHIP COMMITTEE.

The Share Transfer, Investors' Grievance and Stakeholders' Relationship Committee is in accordance with the Section 178 of the Companies Act, 2013 and the Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, among others, to oversee and review the engagement and communication plan with stakeholders and ensure that the views / concerns of the stakeholders are highlighted to the Board at appropriate time and that the steps are taken to address such concerns, to monitor and review the investor service standards of the Company, to look in to the transfer/ transmission of securities. Detailed Charter of the Committee is available at the web-link : "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

The Policy on Investors' Grievance Redressal Mechanism is available on your Company's website at: "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices" and the responses to the Frequently Asked Questions by the securityholders are available on the website under the tab "Investor Relations FAQs"

The composition of the Committee and attendance of the members is given hereunder:

| Name of the Member | Member/ Chairman | Number of Meetings Attended |
|---|---|---|
| M. K.H.Viswanathan | Chairman | 4/4 |
| Ms. Revathy Ashok | Member | 4/4 |
| Mr. Vipul Mathur | Member | 4/4 |
| Mr. B.K.Goenka-Non^ | Member | Nil/Nil |

*^ ceased to be a member w.e.f. June 28, 2021.*

Compliance Officer: Mr. Pradeep Joshi – Company Secretary.

During the year under review, 4 meetings of the Committee were held on 28/06/2021, 29/07/2021, 28/10/2021 and 10/02/2022

Number of security holder's complaints / requests received during the year

During the financial year under review, six complaints were received and resolved within prescribed time limit.

All the requests received from the investors during the year under Report, were resolved within the stipulated time to the satisfaction of the investors/ shareholders and no complaints / request were pending for more than 15 days as on March 31, 2022. All the shares/debentures received for transfer/ transmission were transferred / transmitted and no transfer was pending as at March 31, 2022.

## VII. RISK MANAGEMENT COMMITTEE

The Company has constituted a Risk Management Committee in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on February 2, 2019. The composition of the Committee and attendance of the members is given hereunder:

| Name of the Member | Member/ Chairman | Number of Meetings Attended |
|---|---|---|
| Ms. Amita Misra$ | Chairperson | 3/3 |
| Mr. Vipul Mathur ^ | Member | 3/3 |
| Mr. Deshraj Dogra | Member | 3/3 |
| Mr. K. H. Viswanathan | Member | 3/3 |
| Mr. Percy Birdy | Member | 3/3 |

*^ stepped down from the position of the Chairman w.e.f. June 28, 2021*

*$ appointed as the Chairperson w.e.f. June 28, 2021*

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

The objectives and scope of the Committee broadly comprise of assisting the Board of Directors in fulfilling its corporate governance oversight responsibilities with regard to:- identification, evaluation and mitigation of risks, including cyber security, insurance and ESG risks, and risk tolerance; reviewing strategic plans and objectives for risk management, risk philosophy and risk optimization; and monitoring and approving the risk management framework and associated practices of the Company.

Detailed Charter of the Committee is available at the web-link: "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

During the year under review, 3 meetings of the Committee were held on 31/05/2021, 24/09/2021, and 21/03/2022

The Company has a Risk Management Framework to identify, monitor, mitigate and minimize risks.

## VIII. ESG & CSR COMMITTEE

The Company's philosophy has always been to practice ethical business and be socially responsible. There is a strong commitment to a wider all-round social progress, as well as to a sustainable development that balances the needs of the present with those of the future. The key philosophy of all CSR initiatives of the Company is enshrined in the three E's which have become guiding principles of the CSR initiatives – Education, Empowerment (of Women) and Environment & Health. Our aim is to undertaken projects in perfect sync with the Sustainable Development agenda adopted by the UN. Our programs shall be linked to the following SDGs:

Goal 1: No Poverty

Goal 2: Zero Hunger

Goal 3: Good health and wellbeing

Goal 4: Quality Education

Goal 5: Gender Equality

Goal 6: Clean water and Sanitation

Goal 8: Decent work and Economic Growth

Goal 10: Reduced Inequalities

Goal 13: Climate Action

Goal 15: Life on Land

Goal 17: Partnerships to achieve the Goal

The web-link to our CSR Policy and the initiatives undertaken by your Company during FY 2021-22 in CSR have been detailed in this Report. Disclosures as required under Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 are given in Annexure – 4 to this Report.

Detailed Charter of the Committee is available at the web-link: "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

The composition of the Committee and attendance of the members is given in the Annexure-4 to this report.

During the year under review, 6 meetings of the Committee were held on 28/05/2021, 28/07/2021, 06/08/2021, 05/10/2021, 23/12/2021 and 21/03/2022.

## IX. DETAILS OF ESTABLISHMENT OF CODE OF CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING BY INSIDERS.

The Company has a Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders ("PIT Policy") for connected persons, designated persons and the insiders (collectively the "Insiders") as defined under the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations"). The Policy provide adequate safeguard against victimization. The Audit Committee reviews the Institutional Mechanism for prevention of insider trading.

During the year under review, one instance of violation of PIT Policy and PIT Regulations by the Insiders was observed. Appropriate penal action had been taken against the person involved and the same had been reported to the stock exchanges. Counselling of the violator was done to ensure such violation are not repeated.

Periodic training sessions are organized for creating awareness amongst the Insiders about the PIT Policy and PIT Regulations.

Web-link where details of the PIT Policy are available "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices --> Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders."

## X. GENERAL BODY MEETINGS

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

1) At the 26th Annual General Meeting held on Tuesday, August 31, 2021 at 12:00 pm via Other Audio-Visual Means, following special resolutions were passed:

- For appointment of Ms. Dipali Goenka (DIN: 00007199), as non-executive, non-independent director liable to retire by rotation;

- For re-appointment of Mr. Desh Raj Dogra as an independent director for a second term of appointment for four consecutive years with effect from February 10, 2022;

- For payment of commission to Mr. Balkrishan Goenka, Non-Executive Chairman @1% of the consolidated net profits, as computed under Section 198 of the Companies Act, 2013, every year for a period of five financial years commencing from April 1, 2021;

- To borrow from time to time, by way of issue of securities including but not limited to secured/unsecured redeemable Non-convertible Debentures (NCDs) and/or Commercial Papers (CPs) to be issued on Private Placement basis, in domestic and/or international market, in one or more series/ tranches aggregating upto an amount not exceeding ₹ 5,000 Mn during the period of 1 (one) year from the date of the Annual General Meeting;

- For approval for granting loan, giving guarantee or providing security in respect of specified loans to Welspun Steel Limited And / Or Welspun Specialty Solutions Limited, being the parties related, and entities belonging, to the Company's promoters in which two of the directors of the Company viz. Mr. B. K. Goenka and Ms. Dipali Goenka are interested, up to an amount not exceeding in aggregate ₹ 2,600 Mn, from time to time plus any interest, cost, charges thereon.

2) In addition to the above, at the Extra Ordinary General Meeting held on Thursday, August 5, 2021 at 11:00 am via Other Audio-Visual Means, following special resolutions were passed:

- For amendment to the Objects Clause to include Iron, Bars/Rebars, Sponge Iron/ DRI, Marine Fabrication, Industrial Fabrication, Alloy Steel, Renewable Energy, and for commencement of all or any of the business proposed in the amended Objects Clause of the Memorandum of Association of the Company.

3) In addition to the above, at the Extra Ordinary General Meeting held on Tuesday, November 23, 2021 at 11:00 am via Other Audio-Visual Means, following special resolutions were passed:

- For amendment to the Objects Clause by way of renumbering the existing Main Object Clause III(A)(1), III(A)(1-A) through III(A)(1-F) and III(A)(2) to III(A)(3) as Object Clause III(A)(1) through III(A)(9); by shifting the Other Object Clause Nos. III(C)65 to III(C)67 after the existing Clause No. III(A)(9) as new consolidated Clause III(A)(10); by inserting new Objects Clause to include polymer and polymer products related business, water treatment equipment, effluent treatment equipment, pollution control equipment, carry on the business of all types of building and construction materials, equipment, machineries and technologies; and deletion of "Other Objects" Clause i.e. III(C);

- Approving increase in the limits under Section 186 of the Companies Act, 2013 applicable for making investments / extending loans / giving guarantees or providing securities in connection with loans to persons / bodies corporate from ₹ 33,000 Mn to ₹ 50,000 Mn.

4) National Company Law Tribunal Convened Meeting held on March 7, 2019 and the Resolution(s) passed therein.

   As per the directions of Ahmedabad Bench of National Company Law Tribunal ("NCLT"), by its Order dated October 4, 2021, your Company convened a Meeting of the Equity Shareholders of the Company on Tuesday, November 16, 2021 at 02.30 P.M, to consider and approve, if thought fit, with or without modification(s), the arrangement proposed and embodied in the Scheme of Arrangement between Welspun Steel Limited and Welspun Corp Limited and their respective Shareholders.

5) At the 25th Annual General Meeting held on Monday, August 31, 2020 at 11:00 am via Other Audio-Visual Means, following special resolutions were passed:

- To borrow from time to time, by way of issue of securities including but not limited to secured/unsecured redeemable Non-convertible Debentures (NCDs) and/or Commercial Papers (CPs) to be issued on Private Placement basis, in domestic and/or international market, in one or more series/ tranches aggregating upto an amount not exceeding ₹ 5,000 Mn during the period of 1 (one) year from the date of the Annual General Meeting.

- For payment of commission @1% of Net Profits of the Company as computed under Section 198 of the Companies Act, 2013 for the financial year 2020-21 to Mr. Balkrishan Goenka, Non-Executive Chairman.

- For listing of its joint venture Company viz. Welspun Middle East Pipes LLC ("WMEPL") at the local Stock Exchange through divestment of 15% (at maximum) of the total issued shares of WMEPL held by the Company through its overseas subsidiary, at a pro-rata consideration exceeding US$30 million, along with proportionate shares to be divested by the local partners.

6) In addition to the above, at the Extra Ordinary General Meeting held on Monday, September 28, 2020 at 12:00 noon via Other Audio-Visual Means, following special resolutions were passed:

   - For amendment to the Objects Clause, and for commencement of all or any of the business proposed in the amended Objects Clause of the Memorandum of Association of the Company.

   - To borrow from time to time, by way of issue of securities including but not limited to secured/unsecured redeemable Non-convertible Debentures (NCDs) to be issued on Private Placement basis, in domestic and/or international market, in one or more series/tranches aggregating upto an amount not exceeding ₹ 5,000 Mn during the period of 1 (one) year from the date of the resolution.

7) At the 24th Annual General Meeting held on Monday, August 12, 2019 at 11:30 am at Registered Office of the Company at Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat – 370110, following special resolutions were passed:

   - For appointment of Mr. Dhruv Kaji as an independent director.

   - To borrow from time to time, by way of issue of securities including but not limited to secured/unsecured redeemable Non-convertible Debentures (NCDs) to be issued on Private Placement basis, in domestic and/or international market, in one or more series/tranches aggregating upto an amount not exceeding ₹ 5,000 Mn during the period of 1 (one) year from the date of the Annual General Meeting.

   - For payment of commission @1% of Net Profits of the Company as computed under Section 198 of the Companies Act, 2013 for the financial year 2019-20 to Mr. Balkrishan Goenka, Non-Executive Chairman.

8) National Company Law Tribunal Convened Meeting held on March 7, 2019 and the Resolution(s) passed therein.

As per the directions of Ahmedabad Bench of National Company Law Tribunal ("NCLT"), by its Order dated January 18, 2019, your Company convened a Meeting of the Equity Shareholders of the Company on March 7, 2019, to consider and approve, if thought fit, with or without modification(s), the arrangement proposed and embodied in the Scheme of Arrangement between the Company and Welspun Pipes Limited and their respective Shareholders and Creditors.

During the year 2019-20, following resolutions were passed through postal ballot:

- **Postal Ballot Notice dated May 15, 2019 :** Special Resolution for buyback of its fully paid up equity shares of the face value of ₹5/- (Rupees Five Only) each at a price to be finalized by the Buyback Committee subject to a maximum price of ₹140/- per Equity Share payable in cash for a maximum aggregate amount up to ₹ 3,900 Million (i.e. up to 27,857,142 equity shares), representing 24.76% and 14.60% of aggregate paid-up equity share capital and free reserves (including securities premium account), as per the audited accounts of the Company on standalone and consolidated basis respectively, as on March 31, 2019, being within the 25% limit of the aggregate paid-up equity share capital and free reserves (including securities premium account) as per the provisions of the Act, out of the free reserves and/or surplus and / or the securities premium account of the Company or such other source as may be permitted by the Buyback Regulations or the Act, from the Members of the Company, as on record date to be determined by the Board.

  Mr. Mihen Halani, Proprietor of M/s. Mihen Halani & Associates, Company Secretaries, having Membership No. 32176 and CP No.12015, was appointed as the Scrutinizer for conducting process of the Postal Ballot and voting by electronic means in a fair and transparent manner and the Company has engaged the services of National Securities Depository Limited (NSDL) as the agency for providing e-voting facility.

  **Procedure adopted for Postal Ballot:**

  The Notice of Postal Ballot dated May 15, 2019, containing the Resolution, Explanatory Statement, Postal Ballot Form along with the details of Login ID and password were e-mailed on May 22, 2019 to those Members whose emails were registered with the Depository Participants/Registrar & Transfer

Agents and were sent to the rest of the Members by Courier/Registered Post/speed post along with a self-addressed postage and pre-paid Business Reply Envelope dispatch of which was completed on May 22, 2019.

The advertisement was published in the Newspapers viz. Financial Express (English), Kutch Mitra (Gujarati) and Kutch Uday (Gujarati) on May 23, 2019

The voting period commenced @09.00 a.m. on Friday, May 24, 2019 and ended @05.00 p.m. on Saturday, June 22, 2019.

Details of Voting of the above Resolution are as under:

| Sr. No. | Particulars | Number of Votes | % of total votes | Result |
|---|---|---|---|---|
| 1 | Votes in favor of the Resolution | 59,516,334 | 99.99 | Passed with the requisite majority |
| 2 | Votes against the Resolution | 4,414 | 0.01 | |

- **Postal Ballot Notice dated February 3, 2020 :**
  - i. Special Resolution for appointment of Ms. Amita Misra as an independent director.
  - ii. Special Resolution for revision in the remuneration of Mr. Vipul Mathur, Managing Director & CEO with effect from July 1, 2019.
  - iii. Special Resolution for alteration of Articles of Association by deleting entire Article 241 and Schedule 1 to the Articles of Association and their references, wherever appearing, in the Articles of Association.
  - iv. Ordinary Resolution for Reclassification of Intech Metals SA as "Public" Shareholder under Regulation 31A of the SEBI (LODR), 2015
  - v. Special Resolution for sale of Plate and Coil Mill Division of the Company on a slump sale basis.

Mr. Mihen Halani, Proprietor of M/s. Mihen Halani & Associates, Company Secretaries, having Membership No. 32176 and CP No.12015, was appointed as the Scrutinizer for conducting process of the Postal Ballot and voting by electronic means in a fair and transparent manner and the Company has engaged the services of National Securities Depository Limited (NSDL) as the agency for providing e-voting facility.

**Procedure adopted for Postal Ballot:**

The Notice of Postal Ballot dated February 3, 2020, containing the Resolution, Explanatory Statement, Postal Ballot Form along with the details of Login ID and password were e-mailed on February 14, 2020 to those Members whose emails were registered with the Depository Participants/Registrar & Transfer Agents and were sent to the rest of the Members by Courier/Registered Post/speed post along with a self-addressed postage and pre-paid Business Reply Envelope dispatch of which was completed on February 15, 2020.

The advertisement was published in the Newspapers viz. Financial Express (English), Kutch Mitra (Gujarati) and Kutch Uday (Gujarati) on February 17, 2020

The voting period commenced @09.00 a.m. on Monday, February 17, 2020 and ended @05.00 p.m. on Wednesday, March 18, 2020.

The Scrutinizer submitted his combined report on March 19, 2020.

Details of Voting of the above Resolution are as under:

| Resolutions as given in Postal Ballot Notice dated February 03, 2020 | Particulars of Votes Cast | | | Result |
|---|---|---|---|---|
| | | Number of votes | % of votes | |
| Resolution No. 1 as a Special Resolution | Votes cast in favor | 162,080,064 | 99.93 | Approved by requisite majority |
| | Votes cast against | 108,451 | 0.67 | |
| Resolution No. 2 as a Special Resolution | Votes cast in favor | 145,265,202 | 89.61 | |
| | Votes cast against | 16,849,717 | 10.39 | |

| Resolutions as given in Postal Ballot Notice dated February 03, 2020 | Particulars of Votes Cast | | | Result |
|---|---|---|---|---|
| | | Number of votes | % of votes | |
| Resolution No. 3 as an Special Resolution | Votes cast in favor | 16,21,84,708 | 100.00 | |
| | Votes cast against | 3,924 | 0.00 | |
| Resolution No.4 as an Ordinary Resolution | Votes cast in favor | 16,21,86,629 | 100.00 | |
| | Votes cast against | 2,010 | 0.00 | |
| Resolution No.5 as an Special Resolution | Votes cast in favor | 15,30,77,248 | 100.00 | |
| | Votes cast against | 1,870 | 0.00 | |

## XI. DISCLOSURE

a. **Related Party Transactions.**

For materially significant related party transactions, refer Note No. 42 of Notes to the Accounts annexed to the Financial Statement.

The Company's policy on dealing with Related Party Transactions as required under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is disclosed on the Company's website and a web link thereto is "http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices".

b. **Disclosure Pursuant to Regulation 34(3) of the SEBI (LODR), 2015.**

For disclosures pursuant to Regulation 34(3), refer Note No. 53 of Notes to the Accounts annexed to the Financial Statement.

c. **Non-Compliance**

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

d. **Policy for determining "material" subsidiaries.**

The Company's policy on determining material subsidiaries as required under Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is disclosed on the Company's website and a web link thereto is under:

"http://www.welspuncorp.com" under the tab "Who We Are --> Polices, Disclosures, Notices"

e. **Detail of compliance with mandatory requirement and adoption of the non-mandatory requirements of the Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

The Company is in compliance with the mandatory requirements mentioned under Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable and in addition, the Company adopted non-mandatory requirement mentioned at "(A) The Board", "(C) Modified Opinion(s) in Audit Report", "(D) Separate Post of Chairperson and the Managing Director or the Chief Executive Officer", and "(E) Reporting of Internal Auditor" of Part "E" of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

f. **Disclosure of commodity price risks and commodity hedging activities.**

Detail of commodity price risks and commodity hedging activities as required under Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- Risk management policy of the listed entity with respect to commodities including through hedging: The Company proactively manages price fluctuation risks and in case of steel, it uses forward booking, inventory management and pre-emptive vendor development practices.

- Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:

  a. Total exposure (Annual Purchase) of the listed entity to commodities is ₹35,720.80 Mn

b. Exposure (Annual Purchase) of the listed entity to various commodities:

| Commodity Name | Exposure in INR towards the particular commodity@ | Exposure in Quantity terms towards the particular commodity@ | % of such exposure hedged through commodity derivatives | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Domestic market | | International market | | |
| | ₹ (Mn) | (000 Tonnes) | OTC | Exchange | OTC | Exchange | |
| Steel Coils | 22,802.07 | 320,375 | - | - | - | - | - |
| Steel Plates | 12,918.73 | 166,669 | - | - | - | - | - |
| **Total** | **35,720.80** | **487,044** | **-** | **-** | **-** | **-** | **-** |

*@ Annual Purchase*

- Commodity risks faced by the listed entity during the year and how they have been managed.

  The Company mitigates this risk by way of arranging back to back pre-tender tie-ups with its selected group of pre-approved steel mills (directly or thru their nominated trading channel) at the time of bidding for a project or tender - on price as well as quantity allocation, with the tacit understanding that in case the Company happens to be the successful bidder, the Company will immediately confirm its order of steel.

  In some markets, the Company do undertake channel sales where the Company is exposed to steel price fluctuation, however the contribution of such business to overall revenue is not significant.

Also refer to the Management Discussion and Analysis forming part of this Annual Report.

## XII. MEANS OF COMMUNICATION

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

These results are simultaneously posted on the website of the Company at www.welspuncorp.com. The official press release and the presentations made to the investors or to the analysts are also available on the website of the Company.

## XIII. GENERAL SHAREHOLDER INFORMATION

1. **Annual General Meeting** shall be held on Friday, July 29, 2022 at 11.30 AM via Video Conferencing ("VC")/Other Audio Visual Means ("OAVM").

2. **Financial Year** of the Company is 1st April to 31st March.

3. **Record Date:** Friday, June 10, 2022.

4. **Dividend payment date:** Starting from Monday, August 1, 2022 and thereafter.

5. **Listing on Stock Exchanges:** The Equity Shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and the BSE Limited, Mumbai (BSE). The Secured Redeemable Non-convertible Debentures are listed on the BSE. The unsecured Commercial Papers outstanding as at March 31, 2022 are listed on the NSE.

**Stock Code /Symbol for equity shares:**

| | |
|---|---|
| BSE 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 the BSE Ltd., Mumbai and the National Stock Exchange of India Limited and Performance in comparison to broad-based indices i.e. BSE - Sensex and NSE- S&P Nifty are as under:**

| Month | Share Price at BSE (in ₹) | | Share Price at NSE (in ₹) | | BSE Index (Sensex) | Closing price of Share at BSE (₹) | NSE (S&P Nifty) | Closing price of Share at NSE (₹) |
|---|---|---|---|---|---|---|---|---|
| | High | Low | High | Low | | | | |
| April-2021 | 164.50 | 135.50 | 164.95 | 133.50 | 48,782.36 | 142.90 | 14,631.10 | 142.90 |
| May-2021 | 154.65 | 138.30 | 154.80 | 138.25 | 51,937.44 | 152.40 | 15,582.80 | 152.35 |
| June-2021 | 165.00 | 139.30 | 165.90 | 139.20 | 52,482.71 | 143.25 | 15,721.50 | 143.10 |
| July-2021 | 160.65 | 136.70 | 160.70 | 136.55 | 52,586.84 | 138.40 | 15,763.05 | 138.45 |
| August-2021 | 141.40 | 106.00 | 140.40 | 105.85 | 57,552.39 | 118.95 | 17,132.20 | 118.95 |
| September-2021 | 149.25 | 114.35 | 129.00 | 115.15 | 59,126.36 | 144.40 | 17,618.15 | 144.85 |
| October-2021 | 153.60 | 123.00 | 153.65 | 123.10 | 59,306.93 | 133.50 | 17,671.65 | 133.50 |
| November-2021 | 175.45 | 127.10 | 175.40 | 127.05 | 57,064.87 | 165.50 | 16,983.20 | 165.05 |
| December-2021 | 193.75 | 152.00 | 194.00 | 152.00 | 58,253.82 | 178.40 | 17,354.05 | 178.45 |
| January-2022 | 197.00 | 163.50 | 197.30 | 160.15 | 58,014.17 | 184.35 | 17,339.85 | 184.35 |
| February-2022 | 193.00 | 135.60 | 193.90 | 136.05 | 56,247.28 | 141.85 | 16,793.90 | 142.20 |
| March-2022 | 168.90 | 135.55 | 168.80 | 135.50 | 58,568.51 | 167.45 | 17,464.75 | 167.40 |

7. The securities of the Company were not suspended from trading by any of the stock exchanges during the year under Report.

**8. Registrar and Transfer Agent:** The Company has appointed Registrar and Transfer Agent to handle the share /debenture transfer / transmission 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 101, 247 Park, L B S Marg, Vikhroli West, Mumbai-400 083

Tel No: +91 22 49186000, Fax: +91 22 49186060

Email - rnt.helpdesk@linkintime.co.in; bonds.helpdesk@linkintime.co.in

**9. Debentures and Debenture Trustee**

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

| BSE Scrip Code | ISIN No. | Outstanding Amount |
|---|---|---|
| 948505 | INE 191B07139 | ₹ 360.00 Mn |
| 960468 | INE191B07154 | ₹ 2,000.00 Mn |
| 960491 | INE191B07162 | ₹ 2,000.00 Mn |
| 973309 | INE191B08020 | ₹ 400.00 Mn |

**Debenture Trustee:**

IDBI Trusteeship Services Limited,

Contact - Mr. Deepak Kumar

Asian Building, Ground Floor,

17, R. Kamani Marg, Ballard Estate,

Near Custom House, Mumbai-400 001

Email Id: delhiitsl@idbitrustee.com

Contact No.: 011- 4513 8885

**10. Share / Debenture Transfer System:**

In terms of Regulation 40(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time, securities can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. Further, SEBI had fixed March 31, 2021 as the cut-off date for re-lodgment of transfer deeds and the securities that are re-lodged for transfer shall be issued only in dematerialized mode. The requests for effecting transfer/transmission/ transposition of securities shall not be processed unless the securities are held in the dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

Pursuant of the SEBI Circular SEBI/HO/MIRS D/ MIRSD_RTAMB/P/CIR / 2021 /655 dated November 03, 2021, the Company has intimated the holders of physical securities with folios having inadequate KYC details, for furnishing valid PAN, KYC details and to register nomination. Relevant forms and formats are also placed on the website of the Company and Registrar and Transfer Agent. Members are requested to note that the folios wherein any one of the cited document / details are not available on or after April 01, 2023, shall be frozen by the RTA.

### Transfer of shares into IEPF (in cases where dividend has not been paid or claimed for seven consecutive years or more)

In terms of Section 124(6) of the Act read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, and Notifications issued by the Ministry of Corporate Affairs from time to time, the Company is required to transfer the shares in respect of which dividends have remained unpaid/ unclaimed for a period of seven (7) consecutive years or more to the IEPF Account established by the Central Government. As required under the said Rules, during the year the Company has transferred 16,260 shares on November 26, 2021 to the IEPF.

### Guidelines for Investors to file claim in respect of the unclaimed dividend or shares transferred to the IEPF

Investors/ depositors whose unpaid dividends, matured deposits or debentures etc. have been transferred to IEPF under Companies Act, 2013, can claim the amounts. In addition, claims can also be made in respect of shares which have been transferred into the IEPF, as per the procedures/ guidelines stated as follows:

- Login to website of MCA at https://www.mca.gov.in/content/mca/global/en/home.html and click on 'Investor Relations' tab under 'MCA Services' section for filing the web-based form IEPF-5 for the refund of dividend/ shares. Read the instructions provided on the website/ instruction kit carefully before filling the form.
- Submit the duly filled form by following the instructions given on the website. On successful uploading, an acknowledgement will be generated indicating the SRN. Please note down the SRN details for future tracking of the form.
- Take a print out of the duly filled Form No. IEPF-5 and the acknowledgement issued after uploading the form.
- Submit an indemnity bond in original, copy of the acknowledgement and self-attested copy of the Form, along with other documents as mentioned in the Form No. IEPF-5 to the Nodal Officer (IEPF) of the Company at its Registered Office in an envelope marked 'Claim for refund from IEPF Authority/ Claim for shares from IEPF' as the case may be. Kindly note that submission of documents to the Company is necessary to initiate the refund process.
- Form IEPF-5 completed in all respects will be verified by the Company and on the basis of Company's Verification Report, refund will be released by the IEPF Authority in favour of claimants' Aadhaar-linked bank account through electronic transfer and/ or the shares shall be credited to the demat account of the claimant, as the case may be.

**11. Distribution of Shareholding:**

Shareholding Pattern as on March 31, 2022

| Number of Shares | No. of shareholders | % of Shareholders | No. of Shares* | % of Shares held |
|---|---|---|---|---|
| Upto – 500 | 84,910 | 90.26 | 7,938,702 | 3.04 |
| 501-1,000 | 4,361 | 4.64 | 3,499,503 | 1.34 |
| 1,001-2,000 | 2,091 | 2.22 | 3,200,562 | 1.23 |
| 2,001-3,000 | 779 | 0.83 | 2,023,466 | 0.78 |
| 3,001-4,000 | 355 | 0.38 | 1,287,267 | 0.49 |
| 4,001-5,000 | 315 | 0.33 | 1,499,725 | 0.57 |
| 5,001-10,000 | 582 | 0.62 | 4,423,121 | 1.70 |
| 10,001 and above | 675 | 0.72 | 237,077,049 | 90.85 |
| **Total** | **94,068** | **100.00** | **260,949,395** | **100.00** |

**12. De-materialization of shares and liquidity:** As on March 31, 2022, 99.90% equity shares have been dematerialized and have reasonable liquidity on the BSE Limited and the National Stock Exchange of India Limited.

**13. Outstanding Employee Stock Options & GDR, conversion date and likely impact on equity share capital is as under:**

There are no outstanding GD₹ However, the Company has outstanding Employee Stock Options. For relevant disclosure refer to the "Share Capital and Listing" section in the "Director's Report".

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

Refer to point No. 10 (A)(V) to the Directors' Report.

**15. List of all credit ratings obtained by the Company along with any revisions thereto during the relevant financial year, for all debt instruments / fixed deposit program or any scheme or proposal involving mobilization of funds, whether in India or abroad.**

| Instrument | Credit Rating at the beginning of the year | Change in the Credit Rating as the end of the year |
|---|---|---|
| Non-Convertible Debentures | AA; Stable by CARE | AA; Stable by CARE |
| Commercial Papers | A1+ by Crisil & CARE | A1+ by Crisil & CARE |

**16. Plant locations of the Company and its subsidiaries**

| | |
|---|---|
| Pipe Plants | Village Versamedi, Tal-Anjar, Dist.-Kutch, Gujarat – 370110 |
| | Survey No. 228-229 Village Jamunia & Khejda, Dist. Raisen, Madhya Pradesh - 464551 |
| | KIADB Industrial Area, Gejjalagere, Taluka-Maddur, Dist.- Mandya, Karnataka -571428 |
| | Village Jolva and Vadadla, Near Dahej, Tal: Vagra, Dist: Bharuch, Gujarat – 392130 |
| | 9301 Frazier Pike, Little Rock, Arkansas 72205 (Subsidiary's plant in the US) |
| Concrete Weight Coating Plant | Village Versamedi, Tal-Anjar, Dist.-Kutch, Gujarat – 370110 (Subsidiary's Plant in India) |
| Pig Iron project under implementation phase | Village Versamedi, Tal-Anjar, Dist.-Kutch, Gujarat – 370110 (Subsidiary's Plant in India) |
| DI Pipe project under implementation phase | Village Versamedi, Tal-Anjar, Dist.-Kutch, Gujarat – 370110 (Subsidiary's Plant in India) |
| TMT project under implementation phase | Village Versamedi, Tal-Anjar, Dist.-Kutch, Gujarat – 370110 (Subsidiary's Plant in India) |
| DRI, Billets | Village Versamedi, Tal-Anjar, Dist.-Kutch, Gujarat – 370110 |
| WSSL-Integrated facility for making steel and seamless pipes/ tubes | Plot No.1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat – 393110 (Subsidiary's Plant in India) |

**17. Address for correspondence**

The Company Secretary, Compliance Officer and Nodal Officer
Welspun Corp Limited
5th Floor, Welspun House,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel (W), Mumbai - 400 013.

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

## MIHEN HALANI & ASSOCIATES
**PRACTICING COMPANY SECRETARIES**
A-501/L, Jaswanti Allied Business Centre, Next to Hotel Khwaishh Presidency,
Kachpada, Ramchandra Lane Extn. Road, Malad (West), Mumbai – 400 064
☎: 022 – 6236 0279 💻: mihenhalani@gmail.com

### Certificate of Practicing Company Secretary on Corporate Governance Report

**To,**
**The Members,**
WELSPUN CORP LIMITED
CIN: L27100GJ1995PLC025609

We have examined the compliance of conditions of Corporate Governance by WELSPUN CORP LIMITED ("the Company"), for the year ended on March 31, 2022, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure 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 explanations as given to us, we certify that the Company, to the extent applicable, has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We state that in respect of investor's grievance received during the year ended March 31 2022, the Registrar and Transfer Agent of the Company have certified that as at March 31, 2022, there were no investors' grievances remaining unattended / pending to the satisfaction of the investor.

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 **MIHEN HALANI & ASSOCIATES**
Practicing Company Secretaries

Sd/-
**Mihen Halani**
(Proprietor)
CP No: 12015
FCS No: 9926
UDIN: F009926D000409094

Date: May 27, 2022
Place: Mumbai

# MIHEN HALANI & ASSOCIATES

**PRACTICING COMPANY SECRETARIES**

A-501/L, Jaswanti Allied Business Centre, Next to Hotel Khwaishh Presidency,
Kachpada, Ramchandra Lane Extn. Road, Malad (West), Mumbai – 400 064
☎: 022 – 6236 0279 : mihenhalani@gmail.com


## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and clause (10)(i) of Para C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

**To,**
**The Members,**
WELSPUN CORP LIMITED
CIN: L27100GJ1995PLC025609
Welspun City, Village Versamedi,
Taluka – Anjar, Dist. Kutch, Gujarat - 370 110

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of WELSPUN CORP LIMITED bearing CIN - L27100GJ1995PLC025609 and having registered office at Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat – 370 110, India (hereinafter referred to as "the Company"), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal of the Ministry of Corporate Affairs at "www.mca.gov.in") as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Designation | Date of Appointment In Company |
|---|---|---|---|---|
| 1 | Mr. Balkrishan Goenka | 00270175 | Non-Executive - Non Independent Director | 26.04.1995 |
| 2 | Mrs. Dipali Goenka | 00007199 | Non-Executive - Non Independent Director | 29.10.2020 |
| 3 | Mr. Rajesh Rameshkumar Mandawewala | 00007179 | Non-Executive - Non Independent Director | 26.04.1995 |
| 4 | Mr. Vipul Mathur | 07990476 | Managing Director | 01.12.2017 |
| 5 | Ms. Revathy Ashok | 00057539 | Non-Executive - Independent Director | 07.08.2014 |
| 6 | Ms. Amita Misra | 07942122 | Non-Executive - Independent Director | 22.10.2019 |
| 7 | Mr. Desh Raj Dogra | 00226775 | Non-Executive - Independent Director | 10.02.2017 |
| 8 | Mr. Viswanathan Hariharan Kollengode | 00391263 | Non-Executive - Independent Director | 28.10.2002 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **MIHEN HALANI & ASSOCIATES**
Practicing Company Secretaries

Sd/-
**Mihen Halani**
(Proprietor)
CP No: 12015
FCS No: 9926
UDIN: F009926D000409050

Date: May 27, 2022
Place: Mumbai

# Business Responsibility and Sustainability Report (BRSR)

The SEBI circular SEBI/HO/CFD/CMD-2/P/CIR/2021/562 has stated that with effect from the financial year 2022-2023, filing of BRSR shall be mandatory for the top 1,000 listed companies (by market capitalization) and shall replace the existing BRR. Filing of BRSR is voluntary for the financial year 2021-22. As a proactive measure to adapt to changing regulatory requirements, we have attempted to map our existing ESG information with the requirements of BRSR. In addition to BRSR, we are also reporting Business Responsibility Report (BRR) as per mandates.

## WELSPUN'S APPROACH TO BUSINESS RESPONSIBILITY AND SUSTAINABILITY

As the method's to assessing business performance evolves rapidly, their commitment and action with respect to environmental, social, and governance (ESG) principles have come into prominence. Welspun Corp Limited (WCL) believes in conducting its operations sustainably and aligning business with ESG objectives to enable value creation for all our stakeholders and to preserve the natural ecosystem for future generations.

At WCL, we build stakeholder value by taking responsibility for our operations and ensuring positive impacts in the ecosystem in which we operate, while ensuring the highest standards in product quality and fulfilling customer needs. The key pillars of business responsibility at WCL are: Governance, Protecting the Planet, Customer Centricity, Creating Healthy Communities, Empowering Our People and Collaborating with Stakeholders.

We believe that a sustainability centric approach is foundational to business responsibility and is instrumental in the coming together of economic, environmental and social dimensions that are essential to building a future ready organization and making a lasting positive impact on our stakeholders, operations and the natural ecosystem. Thus, we have integrated ESG goals into our overall business strategy to reinforce our market position, deliver financial performance, secure long-term value for our stakeholders and promote environmental preservation.

WCL is strongly committed to maintaining the highest standards of corporate governance, transparency and fairness in all matters related to the business and stakeholder engagement. A performance-driven successful business is governed by a defined structure of authorities guided by fundamental policies to operate ethically and create value. These policies are brought together as an assurance for WCL to enhance its integrity through a professional and mature work environment. We intend to build on these policies along our journey, and as we mature.

In light of our commitment to being a responsible business and growing sustainably, we have established an ESG committee at the Board level and have formulated plans for initiatives to be implemented across Environment, Social and Governance dimensions. Further, we have redefined the governance of Environment and Social aspects across organizational levels and this is helping to propel us towards meeting our commitments on carbon, water, waste, supply chain and CSR.

Operational excellence, high standards of compliance and a performance driven culture are prioritized at WCL. Our manufacturing facilities are certified for quality management system, environmental management system, occupational health, and safety management system. The certifications include: APIQR, SPECQ1, ISO-9001, ISO/TS-29001, AD 2000-Markblatt, HPOIEN / ISO 3834-3, ISO-14001 and ISO-45001. Our processes aim for maximum asset utilization and most of our products are made from externally procured plates and coils and make limited use of natural resources as raw materials. We continue to work towards greater resource efficiency by leveraging innovation, technology, R&D expertise and recovery and recycling methods.

Aligning with our commitment to minimizing the environmental impact of our operations, we have adopted a detailed risk assessment process that forms a part of our Enterprise Risk Management (ERM) framework. The process includes a detailed evaluation of all our processes, raw materials, products and services and helps to identify and measure the significance of Environmental Aspects and Associated Impacts. Our environmental performance is continuously monitored to ensure that it complies with regulatory requirements and we regularly submit compliance reports to relevant authorities to communicate our performance.

We are working to minimize the use of energy in our production and processing operations. We have put into action measures for energy efficiency and aim for carbon neutral status by employing renewable energy and negating emissions with carbon offset programs. To this end, we have also taken steps in logistics that allow for greater efficiency in transporting materials and thereby reduce GHG emissions.

Our processes are not water intensive and we do not have a significant impact on water bodies through water withdrawal. The major industrial usage of water is for coating applications on line pipes while our offices use municipal supply water for domestic purposes such as drinking, cleaning, flushing, etc. We measure and monitor the quantity of water consumed across all our business locations and operations. WCL aims to ensure water stewardship by identifying operations where water conservation techniques can be implemented and by using recycled water to limit water consumption.

In order to reduce the impact of waste generated by our operations on the environment, we have adopted the 3R approach (i.e., Reduce, Reuse, Recycle) to monitor the waste generated and identify areas for waste reduction, recycling and reuse. All waste is segregated, treated, and disposed appropriately, in line with guidelines from Pollution Control Boards

For us to be truly sustainable, it is imperative that our value chain is equally a part of this journey. We recognize the need to take on board our supply chain and support necessary capacity building to enhance their ESG performance. Therefore, training in Environment and Social aspects and supplier assessments are among some of the steps we have articulated to develop a sustainable supply chain. We regularly evaluate our vendors on required quality standards to ensure the highest standards in material procurement. As our products depend on customer-specific requirements, we engage with a limited supplier base to procure high-quality materials. However, we encourage and promote local procurement for other components used in our processes. This not only lends to reducing the environmental impact of our procurement practices, but also supports employment and continued livelihoods in the communities surrounding our operations.

WCL's employees are our greatest asset, and we believe our diverse workforce contributes significantly to the innovation and creativity that fuels our growth strategy. We make equal opportunities available for all our employees, regardless of race, religion, gender, age, nationality, or disability. Our approach to learning and development aims to inculcate new competencies and enhance existing skills that address our people's development needs as well as our business goals.

Ensuring a healthy and safe work environment is accorded high priority and a culture of safety is driven by the top management and executed at every level through the EHS Management System. WCL is accredited for ISO 45001 that enables risk assessment of all activities for achieving organizational HSE goals. We have a well-established Occupational Health, Safety and Environment (OHSE) policy, and Safety Committees at the facilities ensure compliance with regulations and deliver safety trainings to our employees and contract staff.

Corporate Social Responsibility (CSR) is ingrained into our business strategy. Our CSR contributions are aimed towards creating a positive impact on the lives of the less privileged through well-planned initiatives and key focus areas. Our social mission is enshrined within the 3Es, namely, Education, Empowerment and Environment & Health. WCL's CSR activities are carried out through the Welspun Foundation for Health and Knowledge (WFHK) in areas such as strengthening educational foundation, improving access to healthcare services, empowering people, and preserving the environment.

In the coming years, our strategic focus would be to undertake action and allocate adequate resources to achieve our ESG goals in alignment with associated business goals:

- Energy-efficiency measures, prioritizing renewable energy strategies
- Effects on the wellbeing and prosperity of employees and stakeholders
- Monitoring targets and communicate to stakeholders on a timely basis while prioritizing our Environment and Social goals
- Sustainable supply chain program
- Strengthening organization's reputation through strategic stakeholder engagement and facilitating collaborations

Each phase of our ESG action is a holistic long-term vision aligned with our business, social and environmental objectives aimed at establishing a healthy ecosystem of economic growth and societal value creation. As we move into the future, ESG will be the cornerstone of our financial success, competitive advantage, and future accomplishments.

## SECTION A - GENERAL DISCLOSURES

### I. Details of the listed entity

| | |
|---|---|
| **Corporate Identity number:** | L27100GJ1995PLC025609 |
| **Name of the Listed Entity:** | Welspun Corp Limited |
| **Year of incorporation:** | 1995 |
| **Registered office address:** | Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat-370110 |
| **Corporate address:** | Welspun House, 5th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 |
| **E-mail:** | CompanySecretary_WCl@welspun.com |
| **Telephone:** | +91 22 6613 6000 |
| **Website:** | www.welspuncorp.com |
| **Financial year for which reporting is being done:** | April 1, 2021 to March 31, 2022 |
| **Name of the Stock Exchange(s) where shares are listed:** | National Stock Exchange of India & BSE Limited |
| **Paid-up Capital:** | ₹ 4,819,862,685 divided in to 260,949,395 Equity Shares of ₹ 5 each fully paid-up and 351,511,571 Preference Shares of ₹ 10 each fully paid-up |
| **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:** | Mr. Alok Mishra - Group Head - Sustainability<br>+ 91 22 6613 5936<br>alok_mishra@welspun.com |
| **Reporting boundary:** | The Environmental data is reported for the line pipe & coating operations of at locations (Anjar, Bhopal, Mandya and Dahej) of Welspun Corp Limited for period from 01, April 2021 to 31, March 2022. The head count metrics includes all employees of WCL in India (excluding WSSL). |

### II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

| S. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity |
|---|---|---|---|
| i. | Welspun Corp Ltd, is in the business of manufacturing of tubes, pipes and hollow profiles and of tube or pipe fittings of cast-iron/cast-steel | The products are industrial B2B products that are engineered to order and hence very specific to the project for which they are to be used. | 100% |

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| S. No. | Product/Service | NIC Code | % of total Turnover contributed |
|---|---|---|---|
| i | Welded Pipes | 24,311 | |
| ii | Induction Bends | | |
| iii. | Pipe Coating Systems | | |

### III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

| Location | Number of plants | Number of offices | Total |
|---|---|---|---|
| **National** | 4 – (Anjar, Dahej, Mandya & Bhopal) | 1 - Mumbai | 5 |
| **International** | Pipe Coating Systems | 2- Houston, Mauritius | 3 |

17. Markets served by the entity:

a. Number of locations

| Locations | Number |
|---|---|
| National (No. of states) | Available across India (28 states) |
| International (No. of countries) | Australia, UAE, Iraq, Nepal, and Canada |

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Contribution of exports is 41% of the total turnover.

c. A brief on types of customers

WCL trades its products in the B2B segment, and its customers comprises leaders of the oil and gas sector like Shell, Saudi Aramco, TOTAL, Chevron to name a few.

## IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

| S. No. | Particulars | Total (A) | Male | | Female | |
|---|---|---|---|---|---|---|
| | | | No. (B) | % (B/A) | No. (C) | % (C/A) |
| **Employees** | | | | | | |
| 1. | Permanent (D) | 1,190 | 1,122 | 94.3% | 68 | 5.7% |
| 2. | Other than Permanent (E) (interns, trainees, part time employees, etc.) | 262 | 231 | 88.2% | 31 | 11.8% |
| **3.** | **Total employees (D + E)** | **1,452** | **1,353** | **93.2%** | **99** | **6.8%** |
| **Workers** | | | | | | |
| 4. | Permanent (F) | 1,278 | 1,268 | 99.2% | 10 | 0.8% |
| 5. | Other than Permanent (G) (contract) | 801 | 784 | 97.9% | 17 | 2.1% |
| **6.** | **Total workers (F + G)** | **2,079** | **2,052** | **98.7%** | **27** | **1.3%** |

b. Differently abled Employees and workers:

| S. No. | Particulars | Total (A) | Male | | Female | |
|---|---|---|---|---|---|---|
| | | | No. (B) | % (B/A) | No. (C) | % (C/A) |
| **DIFFERENTLY ABLED EMPLOYEES** | | | | | | |
| 1. | Permanent (D) | 5 | 5 | 100.0% | 0 | 0.0% |
| 2. | Other than Permanent (E) | 1 | 1 | 100.0% | 0 | 0.0% |
| **3.** | **Total differently abled employees (D + E)** | **6** | **6** | **100.0%** | **0** | **0.0%** |
| **DIFFERENTLY ABLED WORKERS** | | | | | | |
| 4. | Permanent (F) | 4 | 4 | 100.0% | 0 | 0.0% |
| 5. | Other than Permanent (G) | 0 | 0 | - | 0 | - |
| **6.** | **Total differently abled workers (F + G)** | **4** | **4** | **100%** | **0** | **0.0%** |

19. Participation/Inclusion/Representation of women

| Particulars | Total (A) | No. and percentage of Females | |
|---|---|---|---|
| | | No. (B) | % (B/A) |
| Board of Directors | 8 | 3 | 38% |
| Key Management Personnel | 3 | 0 | 0% |

20. Turnover rate for permanent employees and workers

| Particulars | FY 2021-22 | | |
|---|---|---|---|
| | Male | Female | Total |
| Permanent Employees | 252 | 16 | 268 |
| Permanent Workers | 210 | 0 | 210 |

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

| S. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|---|---|---|---|---|
| Welspun Corp Limited has 11 subsidiaries as of 31st March 2022. | | | | |

| S. No. | Name of the holding / subsidiary / associate companies / joint ventures | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|---|---|---|---|---|
| 1 | Welspun Tradings Limited (India) | Wholly Owned Subsidiary | 100% | No, the subsidiaries manage and carry out their own BR initiatives in line with the legal requirements applicable to them. |
| 2 | Welspun Pipes Inc (USA) | Wholly Owned Subsidiary | 100% | |
| 3 | Welspun Tubular LLC (USA) | Wholly Owned Subsidiary | 100% | |
| 4 | Welspun Global Trade LLC (USA) | Wholly Owned Subsidiary | 100% | |
| 5 | Welspun Metallics Limited (India) | Wholly Owned Subsidiary | 100% | |
| 6 | Welspun DI Pipes Limited (India) | Wholly Owned Subsidiary | 100% | |
| 7 | Welspun Specialty Solutions Limited (Listed subsidiary in India) | Subsidiary | 50.03% | |
| 8 | Anjar TMT Steel Private Limited (India) | Wholly Owned Subsidiary | 100% | |
| 9 | Welspun Wasco Coatings Private Limited (India) | Joint-Venture | 51% | |
| 10 | Welspun Mauritius Holdings Limited (Mauritius) | Subsidiary | 89.98% | |
| 11 | Mahatava Plastic Products & Building Materials Private Limited (India) | Wholly Owned Subsidiary | 100% | |

## VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹): ₹ 65,050 million

(iii) Net worth (in ₹): ₹ 45,280 million

## VI. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct: *

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No)<br><br>(If Yes, then provide web-link for grievance redress policy) | FY 2021-22 | |
|---|---|---|---|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year |
| Communities | | - | - |
| Investors (other than shareholders) | - | - | - |
| Shareholders | Yes (https://www.welspuncorp.com/system/downloads/attachments/000/000/805/original/Policy_on_Investors%E2%80%99_Grievance_Redressal_Mechanism10.03.2021.pdf?1615436668_ | 6 | 0 |
| Employees and workers | Yes | 0 | 0 |
| Customers | Yes | 6 | 4 |
| Value Chain Partners | - | - | - |
| Other (please specify) | - | - | - |

24. Overview of the entity's material responsible business conduct issues.

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

24. Overview of the entity's material responsible business conduct issues.

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|---|---|---|---|---|---|
| 1 | Climate Change | R | WCL's business objectives and principles have been mapped with various industry trends and global frameworks including Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), ESG metrices, National Voluntary Guidelines (NVGs). This analysis has enabled in identifying the risks and opportunities for WCL. | WCL has identified and assessed its physical and transition risks in line with recommendations provided by Task Force in Climate-Related Financial Disclosures (TCFD) | Negative Implication |
| 2 | Energy and Carbon | R | | WCL has set a target to increase its renewable energy consumption to 20% by 2030 and be carbon neutral by 2040. The company has implemented various energy saving initiatives. | Negative Implication |
| 3 | Occupational Health & Safety | R | | WCL has Safety Committees in its facilities that ensure adherence to WCL's Occupational Health, Safety and Environment (OHSE) policy, compliance with regulations and provide safety trainings to its employees and contract staff. Additionally, they access near-miss and other incidents at sites to identify the gaps in preventive risk mitigation, improving processes and procedures. | Negative Implication |
| 4 | Community development and engagement | O | | | |
| 5 | Water management | R | | WCL measures and monitors the quantity of water consumed across all its business locations and operations. WCL aims to ensure water stewardship by identifying operations where water conservation techniques can be implemented and using recycled water to limit water consumption. It also ensures proper treatment of wastewater from its facilities in line with applicable standards and regulations. | Negative Implication |
| 6 | Air emission | R | | Proper maintenance of power equipment.<br>Maintain air to fuel ratio to avoid NOx generation. | |
| 7 | Governance, ethics & transparency | O | | | |
| 8 | Human Rights | R | | Our Code of Conduct and Ethics Policy,<br>Prevention of Sexual Harassment (PoSH) Policy, and HR practices covers aspects of human rights for WCL's operations and are extended to subsidiaries, suppliers and business partners. | Negative Implication |
| 9 | Product quality | O | | | |

| S. No. | Material issue identified | Indicate whether risk or oppor-tunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|---|---|---|---|---|---|
| 10 | Waste management | R | | WCL has undertaken initiatives towards reducing waste generation and effectively segregate, treat and dispose it based on the type of waste generated in line with guidelines from Pollution Control Boards. It has adopted the 3R approach (i.e., Reduce, Reuse, Recycle) to monitor the waste generated from its operations and identify areas for waste reduction, recycling and reuse. All the metal scrap and e-waste from its sites are sent to authorized vendors promoting recycling of waste. | Negative Implication |
| 11 | Risk identification & management | R | | The Company has established a risk management policy that defines the overall risk management framework covering guidelines for risk identification, assessment, prioritization, mitigation and monitoring. The risk management committee of the Board oversees and reviews the risk management framework as well as the assessment of risks, its management and mitigation procedures. The committee reports its findings and recommendations to the Board. | Negative Implications |
| 12 | Economic performance and Business growth | O | | | |
| 13 | Customer centricity | O | | | |
| 14 | Compliance | R | | Risk registers are developed for each location and drilled down to each function which includes the compliance aspects of business. Plant head and functional heads are responsible to manage the risks and ensure compliance to the regulatory requirements. | Negative Implications |
| 15 | Employee wellbeing | O | | | |
| 16 | Innovation | O | | | |
| 17 | Circular economy | O | | | |
| 18 | Sustainable product (Green Steel) | O | | | |
| 19 | Supply chain Sustainability/value chain | R | | WCL has implemented its Supplier Code of Conduct based on ESG parameters for its suppliers to adhere and follow. It regularly evaluates its vendors on required quality standards to ensure the highest standards in material procurement. The assessment procedures include screening on ISO, EMS certifications, supply chain management, labour practices, safety, in addition to quality, delivery and service ratings. | Positive Implication |
| 20 | Biodiversity and ecology | R | | Plantation initiatives through Welspun Foundation near all operation sites. | |

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

| Disclosure Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|
| **Policy and management processes** | | | | | | | | | |
| 1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes |
| b. Has the policy been approved by the Board? (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes |
| c. Web Link of the Policies, if available | | | | | | | | | |
| https://www.welspuncorp.com/resources | | | | | | | | | |
| 2. Whether the entity has translated the policy into procedures. (Yes / No) | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No) | Yes | Yes | Yes | No | Yes | Yes | No | Yes | Yes |
| 4. Name of the national and international codes/ certifications/ labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | The policies are based on prescribed principles, conformance to the spirit of international standards like ISO 9001, ISO 14001, ISO 45001, UNGC guidelines and ILO guidance. | | | | | | | | |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any. | | | | Assess 100% of all suppliers as per ESG compliant Code of Conduct | | Carbon Neutrality – 20% RE by 2030 or Achieve carbon neutrality by 2040 To achieve water neutrality by 2040 To achieve Zero Waste to Landfill by 2040 | | Impact 20,00,000 lives through CSV by 2040 | |
| 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. | | | | 93% of critical suppliers assessed based on ESG compliant Code of Conduct | | A 300KW solar park is planned for CAPEX 2022 to be setup at Anjar facility<br>Achieved water intensity of 0.64 KL/MT in FY22<br>Achieved Zero Waste to Landfill in FY22 | | Impacted lives of 1,95,375 people through CSV | |

| Disclosure Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|
| **Governance, leadership and oversight** | | | | | | | | | |

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements: Integrated Report >> Leadership messages

WCL is dedicated to cultivating a culture in which sustainability is woven into the very fabric of all that we do. We believe that a sustainability-centric approach is fundamental to business responsibility, and that it is pivotal in bringing together the economic, environmental, and social dimensions that are necessary for building a future-ready organisation and having a long-term positive impact on our stakeholders, operations, and natural ecosystem. We have integrated ESG objectives into our growth strategy and are convinced that working towards these goals will enable us to strengthen our market position, achieve financial performance, secure long-term value for our stakeholders, and support environmental preservation.

WCL evaluated its natural strengths, found areas for improvement, devised more effective techniques, and formed solid relationships. We constantly convert challenges into opportunities and leverage it's a strong balance sheet, outstanding governance framework, and maximum asset usage to maximize growth opportunities. The Company's solid financial position and execution expertise not only give WCL adequate room to deal with unexpected scenarios, but also enable us to explore and fund new business opportunities such as ductile iron pipes, that result in increased financial earnings and stability. Our emphasis on automation, digitization, and the development of our people, enables our business to grow from strength to strength and we are confident in our ability to maintain long-term focus while addressing immediate issues.

In keeping with our commitment to reducing the environmental impact of our business, we have implemented a rigorous risk assessment as part of our Enterprise Risk Management (ERM) framework. The procedure entails a thorough examination of all of our processes, raw materials, products, and services, as well as identifying and quantifying the importance of Environmental Aspects and Associated Impacts. Our environmental performance is constantly reviewed to ensure that it meets regulatory standards, and we submit compliance reports to the appropriate authorities on a regular basis to share our progress.

The Company recognises that climate change is not just an environmental issue but also a business risk. WCL thus focuses on identifying and mitigating environmental and social risks in its value chain. We have adopted renewable energy in our operations and will continue to track greenhouse gas emissions and remain committed to lowering our overall carbon footprint.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | Mr. Vipul Mathur-Managing Director & CEO<br>+ 91 22 6613 6000<br>vipul_mathur@welspun.com | | | | | | | | |
| 9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | Yes | Yes | Yes | No | Yes | Yes | No | Yes | Yes |

| Disclosure Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|
| 10. Details of Review of NGRBCs by the Company: | | | | | | | | | |

| | Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee | | | | | | | | | Frequency (Annually/ Half-yearly/ Quarterly/ Any other – please specify) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against above policies and follow up action | Board Committee | | | | | | | | | Quarterly | | | | | | | | |
| Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances | Board Committee | | | | | | | | | Quarterly | | | | | | | | |

| | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|
| 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency. | No | | | | | | | | |

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

### Principle 1: Businesses should conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable

**Essential Indicators**

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

| Segment | Total number of training and awareness programmes held | Topics/ principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|---|---|---|---|
| Board of Directors<br>Key Managerial Personnel | The Board members were taken through familiarisation programs which included updates on:<br>1. Raw material (Principle 2)<br>2. Brands and Marketing (Principle 9)<br>3. Consumer Insights (Principle 9)<br>4. Business specific updates operational updates (Principle 6)<br>5. Different channels of customers (Principle 9)<br>6. CSR activities (Principle 8)<br>7. Code of conduct (Principle 1) | | |
| Employees other than BoD and KMPs | The employees and workers were given training on health and safety (Principle 3), skill upgradation (Principle 3) and human rights (Principle 5) | | |

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website): No

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.
NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

   Yes, WCL does have an anti-corruption and anti-bribery policy. The policy is available publicly on the following weblink: https://www.welspuncorp.com/system/downloads/attachments/000/000/981/original/3._WCL__ABAC_shorter_version_(1).pdf?1651060581

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

| | FY 2021-22 |
|---|---|
| Directors | Nil |
| KMPs | Nil |
| Employees | Nil |
| Workers | Nil |

6. Details of complaints with regard to conflict of interest:

| | FY 2021-22 |
|---|---|
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | 0 |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | 0 |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

   NA

**Leadership Indicators**

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

| Total number of awareness programmes held | Total number of training and awareness programmes held | % age of value chain partners covered (by value of business done with each partner) under the awareness programmes |
|---|---|---|
| 6 | First Aid, QMS & SME courses with High Impact, Webinar on Environmental, Social and Governance | Anjar - Approx. 4%<br>Bhopal - 27% |

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

   Yes. Annual Disclosures of interested parties and process to disclose conflict, if any, during the meeting held for consideration of proposal with interested party. Interested directors do not attend the agenda in which they have interest.

## Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

### Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively

| | FY 2021-22 | Details of improvements in environmental and social impacts |
|---|---|---|
| R&D | | 25.2 million (Total R&D expense of the year). |
| Capex | | Nil |

2 a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

| Product | Process to safely reclaim the product |
|---|---|
| a. Plastics (including packaging) | NA (Steel Being used for our product, which is 100% recycled) |
| b. E-Waste | Disposed to authorised recyclers. |
| c. Hazardous Waste | During Pipe coating Epoxy & paint cake Hazardous waste is generated which is transported to PCB (Pollution control board) approved vendors for Co processing. |
| d. Other Waste | Non-Hazardous Polyethylene (PE) waste generated during pipe coating and it is transported to local vendors for recycling & reprocessing. All other wastes are also transported to authorized recyclers |

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

   No

   If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards?

   NA

### Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

   No

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

   NA

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

| **Indicate input material** | Recycled or re-used input material to total material |
|---|---|
| | FY 2021-22 |
| | |

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

| | FY 2021-22 | | |
|---|---|---|---|
| | Re-used | Recycled | Safely disposed |
| Plastics (including packaging) | NA | | |
| E-waste | | | |
| Hazardous Waste | | | |
| Other Waste | | | |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category:

| **Indicate product category** | **Reclaimed products and their packaging materials as % of total products sold in respective category** |
|---|---|
| NA | |

## Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

### Essential Indicators

1. a. Details of measures for the well-being of employees:

| **Category** | **% of employees covered by** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Total (A)** | **Health insurance** | | **Accident insurance** | | **Maternity benefits** | | **Paternity benefits** | | **Day Care facilities** | |
| | | **No. (B)** | **% (B/A)** | **No. (C)** | **% (C/A)** | **No. (D)** | **% (D/A)** | **No. (E)** | **% (E/A)** | **No. (F)** | **% (F/A)** |
| **Permanent Employees** | | | | | | | | | | | |
| Male | 1217 | 1122 | 92% | 1122 | 92% | 0 | 0% | 1217 | 100% | 0 | 0% |
| Female | 77 | 68 | 88% | 68 | 88% | 68 | 88% | 0 | 0% | 0 | 0% |
| Total | 1294 | 1190 | 92% | 1190 | 92% | 68 | 5% | 1217 | 94% | 0 | 0% |
| **Other than Permanent Employees** | | | | | | | | | | | |
| Male | 231 | 0 | 0% | 0 | 0% | | 0 | | 0 | | 0% |
| Female | 31 | 0 | 0% | 0 | 0% | | 0 | | 0 | | 0% |
| Total | 262 | 0 | 0% | 0 | 0% | 0 | 0 | 0 | 0 | 0 | 0% |

b. Details of measures for the well-being of workers:

| Category | % of workers covered by | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity benefits | | Day Care facilities | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | No. (D) | % (D/A) | No. (E) | % (E/A) | No. (F) | % (F/A) |
| **Permanent workers** | | | | | | | | | | | |
| Male | 1,268 | 937 | 74% | 216 | 17% | 0 | 0% | 0 | 0% | 0 | 0% |
| Female | 10 | 7 | 70% | 1 | 10% | 7 | 70% | 0 | 0% | 0 | 0% |
| Total | 1,278 | 944 | 74% | 217 | 17% | 7 | 1% | 0 | 0% | 0 | 0% |
| **Other than Permanent workers** | | | | | | | | | | | |
| Male | 82 | 12 | 15% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Female | 17 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Total | 99 | 12 | 12% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |

2. Details of retirement benefits, for Current FY*.

| Benefits | FY 2021-22 | | |
|---|---|---|---|
| | No. of employees covered as a % of total employees | No. of permanent workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/NA) |
| PF | 100% | 100% | YES |
| Gratuity | 100% | 100% | YES |
| ESI | 4% | 70% | YES |

3. Accessibility of workplaces: Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes.
https://welspungroup.sharepoint.com/PortalHRPolicy/Equal%20Opportunity%20Policy%20_V1.0.pdf#search=equal

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| Gender | Permanent Employees | | | | | |
|---|---|---|---|---|---|---|
| | Total number of people returned after parental leave in FY | Total Number of people who took parental leave in FY | Return to work rate | Total Number of people retained for 12 months after returning from parental leave | Total number of people returned from parental leave in prior FY | Retention Rate |
| Male | 20 | 20 | 100% | 20 | 20 | 100% |
| Female | 1 | 1 | 100% | 1 | 0 | 0% |
| Total | 21 | 21 | 100% | 21 | 20 | 95% |

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| | Permanent Workers | | | | | |
|---|---|---|---|---|---|---|
| **Gender** | **Total number of people returned after parental leave in FY** | **Total Number of people who took parental leave in FY** | **Return to work rate** | **Total Number of people retained for 12 months after returning from parental leave** | **Total number of people returned from parental leave in prior FY** | **Retention Rate** |
| Male | 0 | 0 | 0 | 0 | 0 | 0 |
| Female | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 |

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

| | **Yes/No (If Yes, then give details of the mechanism in brief)** |
|---|---|
| Permanent Workers | Yes. SA 8000 certified unit so system as per certification's requirement is implemented.<br>Anjar - SPT (Social Performance Team) is there which captures/ discusses such grievances.<br>At Bhopal, we maintain Grievance Register. |
| Other than Permanent Workers | |
| Permanent Employees | |
| Other than Permanent Employees | |

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

| **Category** | FY 2021-22 | | |
|---|---|---|---|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B / A) |
| Total Permanent Employees | 1,191 | 0 | 0 |
| - Male | 1,123 | 0 | 0 |
| - Female | 68 | 0 | 0 |
| Total Permanent Workers | 1,278 | 414 | 33% |
| - Male | 1,268 | 414 | 33% |
| - Female | 10 | 0 | 0 |

8. Details of training given to employees and workers:

| **Category** | **FY 2021-22** | | | | |
|---|---|---|---|---|---|
| | **Total (A)** | **On Health and safety measures** | | **On Skill upgradation** | |
| | | **No. (B)** | **% (B/A)** | **No. (C)** | **% (C/A)** |
| **Employees** | | | | | |
| Male | 1,123 | 729 | 65% | 951 | 85% |
| Female | 68 | 41 | 60% | 60 | 88% |
| Others | 262 | 2 | 1% | 1 | 50% |
| Total | 1,453 | 772 | 53% | 1,070 | 74% |
| **Permanent Workers** | | | | | |
| Male | 1,217 | 1,086 | 89% | 998 | 82% |
| Female | 10 | 10 | 100% | 8 | 80% |
| Others | 291 | 291 | 100% | 0 | 0% |
| Total | 1,518 | 1,387 | 91% | 1,006 | 66% |

9. Details of performance and career development reviews of employees and worker:

| Category | FY 2021-22 | | |
|---|---|---|---|
| | Total (A) | No. (B) | % (B/A) |
| | | No. (B) | % (B/A) |
| **Employees** | | | |
| Male | 1,350 | 1,122 | 83% |
| Female | 99 | 99 | 100% |
| Others | 2 | 2 | 100% |
| Total | 1,451 | 1,223 | 84% |
| **Permanent Workers** | | | |
| Male | 2,052 | 1,268 | 62% |
| Female | 27 | 0 | 0% |
| Others | 291 | 0 | 0% |
| Total | 2,370 | 1,268 | 54% |

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes. HSE Management System is prepared with the integrated approach where all the 3 HSE factors are effectively managed to reduce risks in the workplace of company. The objective of a HSE Management System is to provide a structured management approach to control safety & environmental risks. Overall HSE management System have four level of documents as follow,

Level 1: Document: Health, Safety & Environmental Management System Manual

Level2: HSE Procedure Manual

Level 3: Operational Control Procedures

Level 4: HSE Document List

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Step 1: Collect Existing Information about Workplace Hazards.

Step 2: Inspect the Workplace for Safety Hazards.

Step 3: Identify Health & Work-Related Hazards.

Step 4: Conduct Incident Investigations.

Step 5: Identify Hazards Associated with Emergency Situations.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes

11. Details of safety related incidents, in the following format:

| Safety Incident/Number | Category | FY 2021-22 Current Financial Year |
|---|---|---|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees and Permanent workers | 0.53 |
| | Contract Workers | 0 |
| Total recordable work-related injuries | Employees and Permanent workers | 3 |
| | Contract Workers | 0 |

| Safety Incident/Number | Category | FY 2021-22 Current Financial Year |
|---|---|---|
| No. of fatalities | Employees and Permanent workers | 1 |
| | Contract Workers | 0 |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | 0 |
| | Permanent Workers | 0 |

The fatal incident at the plant was thoroughly investigated by the local HSE team member along with a cross functional plant operations team and the root cause of incident was identified. The team has revamped the concerned operational procedure and built in engineering controls to prevent future recurrence of such incidents at the plant. Minimizing manual interventions during such operations has also been adopted. Further focus on employee skill enhancement has also been adopted through repeated training and awareness sessions.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

WCL provides trainings to its employees.

Reward employees for safe behaviour.

Partner with occupational clinicians.

Use labels and signs.

Keep things clean.

Make sure employees have the right tools and have regular equipment inspections.

Encourage stretch breaks.

Implement safety protocols from the start.

13. Number of Complaints on the following made by employees and workers:

| | Filed during the year | Pending resolution at the end of year | Remarks |
|---|---|---|---|
| Working Conditions | Nil | Nil | Nil |
| Health & Safety | Nil | Nil | Nil |

14. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Health and safety practices | 100% workplace assessments for the year F21-22 through,<br>**1. INTERNAL AUDITS:** Once in a six-month, Internal Audit carried out by certified Internal Auditors.<br>**2. EXTERNAL AUDIT:** Focus Audit and Certificate Renewal Audit successfully completed by accredited 3rd party audit firm M/s LRQA.<br>**3. MONTHLY MANAGEMENT AUDIT:** Once in a month a complete safety audit conducted by respective Plant Head, HSE Head, other functional Head, Safety Champions and Plant team.<br>**4. APEX COMMITTEE MEMBER'S PLANT VISIT:** With the objective of identifying the gaps in workplace management. |
| Working Conditions | The assessment of working conditions covers the entire premises including all operation & production activities, Health & hygienic, Admin and other office buildings, Canteen and Gurukul building, and Store. |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Hazard / Risk identification is a regular activity at the plant. Workplace hazards are identified and rectified by the plant EHS teams.

## Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of

(A) Employees (Y/N) - Yes

(B) Permanent Workers (Y/N). – Yes

Yes. All the employees are covered under the Social security Insurance Schemes and Medi-claim Insurance. In case of death or disablement, the nominee of the deceased employee (or the employee in case of disablement) is entitled for the compensation in accordance with the provisions of the Employees' Compensation Act. Further, the employee or his/her nominee is also entitled for the compensation under the "Employees' Deposit Linked Insurance Scheme" and under the "Associate Welfare Scheme".

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Suppliers are assessed on ESG parameters and it is ensured that statutory requirements are met by the partners.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

| Category | FY 2021-22 | |
|---|---|---|
| | Total no. of affected employees/ workers | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment |
| Employees | 0 | 0 |
| Permanent Workers | 2 | 2 |

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes, for identified roles in reference to business requirement.

5. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|---|---|
| Health and safety practices | 50% of critical suppliers assessed |
| Working Conditions | 50% of critical suppliers assessed |

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners

Based on the severity of the findings of suppliers' assessment, suppliers are given a tentative time frame to close the findings with root-cause analysis and further correctional and corrective actions. We expect our suppliers to engage and improve their sustainability performance to achieve the larger goal of creating a sustainable value-chain. In case of a severe or major violation of our code of conduct, a follow-up assessment takes place based on or within the mutually agreed target date of completion of identified findings.

### Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

## Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Welspun continuously engages with its internal and external stakeholders regularly through structured mechanisms such as meetings, workshops, and one-on-one discussions and identifies the key stakeholder groups through timely feedback.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|---|---|---|---|---|
| Investors | No | Quarterly results calls, Participation in investor conferences, Media releases and investor presentations | Quarterly | Financial performance, Capital allocation, Risk management |
| Government and regulators | No | Engagement on a need basis, Participation in industry level consultation groups, Participation in forums | Continuous | Compliance, Sustainable practices, Inclusive growth |
| Employees | No | Employee surveys, Team building workshop, Capacity building and training, Annual appraisals, Employee newsletters, Rewards and recognitions, Volunteering opportunities | Continuous | Professional growth, Diversity at the workplace, Leadership Connect sessions, Workplace safety, Equal opportunities, Work-life balance, Wages and benefits |
| Business partners / suppliers and contractors | No | Contract agreements, Direct interactions, Supplier meets, Membership in industry associations | Continuous | Payment processing cycles, Business ethics, Transparency, Compliance |
| Communities & NGOs | Yes | Direct engagement, Dedicated CSR team, CSR projects and initiatives, Visits and camps, Community need assessments | Continuous | Infrastructure development, Education & healthcare, Environmental protection, Employment opportunities, Human rights |
| Customers | No | Active Participation in Pre-qualification Processes, Business Development Visits and Presentations, Participation in Product Development Programs for Specific Projects and Applications, Multi-level Relationship Management, Promoting Ethical Business Practices | Continuous | Increasing customer base, winning over competition, Providing Customized Solutions, Enhancing Collaboration, Ethical Transparency |

## Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

There is no mechanism for a direct consultation between board and stakeholders. The board is informed through the stakeholder relationship committee which receives the necessary feedback from stakeholders through the different business functions.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

   Yes. The initiatives of Wel-Shiksha which address the social concerns, Wel-Netrutva which addresses the health concerns and healthy life through organic green vegetable which addresses the environmental concerns were incorporated through stakeholder consultations.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

   WCL has implemented initiatives like Wel-Shiksha and Wel-Netrutva to address the concerns of vulnerable groups like children and women in the community.

## Principle 5: Businesses should respect and promote human rights

**Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category | FY 2021-22 | | |
|---|---|---|---|
| | Total (A) | No. of employees / workers covered (B) | % (B / A) |
| **Employees** | | | |
| Permanent | 846 | 21 | 2% |
| Other than permanent | 253 | 0 | 0% |
| Total Employees | 1,099 | 0 | 0% |
| **Workers** | | | |
| Permanent | 997 | 0 | 0% |
| Other than permanent | 510 | 0 | 0% |
| Total Workers | 1,507 | 0 | 0% |

2. Details of minimum wages paid to employees and workers, in the following format:

| Category | FY 2021-22 | | | | |
|---|---|---|---|---|---|
| | Total (A) | Equal to Minimum Wage | | More than Minimum Wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) |
| **Employees** | | | | | |
| Permanent | | | | | |
| Male | 1122 | | 0% | 1122 | 100% |
| Female | 68 | | 0% | 68 | 100% |
| Other than Permanent | | | | | |
| Male | 228 | | 0% | 228 | 100% |
| Female | 31 | | 0% | 31 | 100% |
| **Workers** | | | | | |
| Permanent | | | | | |
| Male | 1268 | 61 | 5% | 898 | 71% |
| Female | 10 | 0 | 0% | 10 | 100% |
| Other than Permanent | | | | | |
| Male | 784 | | 0% | 784 | 100% |
| Female | 0 | 0 | 0 | 0 | 0 |

3. Details of remuneration/salary/wages, in the following format:

| | Male | | Female | |
|---|---|---|---|---|
| | Number | Median remuneration/ salary/ wages of respective category (in INR) | Number | Median remuneration/ salary/ wages of respective category (in INR) |
| Board of Directors (BoD) | 5 | | 3 | |
| Key Managerial Personnel | 3 | 18,457,500 | 0 | |
| Employees other than BoD and KMP | 1,149 | 606,620 | 70 | 471,570 |
| Permanent Workers | 1,230 | 268,518 | 10 | 216,000 |

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

   The HR team responds to any issues raised on human rights.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

   The issues related to human rights can be raised through the site representatives who then pass on the grievance to local HR / sustainability team who work towards the resolution of grievance.

6. Number of Complaints on the following made by employees and workers:

| Category | FY 2021-22 | |
|---|---|---|
| | Filed during the year | Pending resolution at the end of year |
| Sexual Harassment | 0 | 0 |
| Discrimination at workplace | 0 | 0 |
| Child Labour | 0 | 0 |
| Forced Labour/Involuntary Labour | 0 | 0 |
| Wages | 0 | 0 |
| Other human rights related issues | 0 | 0 |

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

   Internal Complaint Committee for POSH

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

   Supplier Code of Conduct is in place which looks after the aspects of human rights issues and the same is duly signed and acknowledged by the suppliers as a commitment to the code of conduct.

9. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Child labour | As per SA 8000: 2 Plants were assessed: Anjar + Dahej |
| Forced/involuntary labour | As per SA 8000: 2 Plants were assessed: Anjar + Dahej |
| Sexual harassment | As per SA 8000: 2 Plants were assessed: Anjar + Dahej |
| Discrimination at workplace | As per SA 8000: 2 Plants were assessed: Anjar + Dahej |
| Wages | As per SA 8000: 2 Plants were assessed: Anjar + Dahej |
| Others – please specify | |

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

    There were no corrective actions taken since there were 0 concerns arising from the assessments.

**Leadership Indicators**

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

   There have been no instances of business process being modified / introduced as a result of addressing human rights grievances/complaints.

2. Details of the scope and coverage of any Human rights due diligence conducted.

   SA 8000 certified Anjar, Dahej units

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

   Yes, we have provided facilities for differently abled Visitors at Admin Block, Anjar.

4. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|---|---|
| Sexual Harassment | 50% of critical suppliers |
| Discrimination at workplace | 50% of critical suppliers |
| Child Labour | 50% of critical suppliers |
| Forced Labour/Involuntary Labour | 50% of critical suppliers |
| Wages | 50% of critical suppliers |
| Others – please specify | 50% of critical suppliers<br>Aspects covered:<br>▪ Freedom of association and Collective Bargaining<br>▪ Environment Management and Compliance<br>▪ Health and Safety<br>▪ Business Ethics |

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

   NA

## Principle 6: Businesses should respect and make efforts to protect and restore the environment

**Leadership Indicators**

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

| Parameter | FY 2021-22 |
|---|---|
| Total electricity consumption (in GJ) | 257,493 |
| Total fuel consumption (in GJ) | 51,927 |
| Energy consumption | |
| Total energy | 309,421 |
| Energy intensity per rupee of turnover (Total energy | 4.75 GJ per ₹ million |

   Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

   No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

   Yes, the following plants is registered as designated consumers under PAT scheme of Government of India: WCL Anjar (PAT Cycle II)

3. Provide details of the following disclosures related to water, in the following format:

| Parameter | FY 2021-22 |
|---|---|
| Water withdrawal by source (in kilolitres) | |
| (i) Surface water | |
| (ii) Groundwater | |
| (iii) Third party water (Municipal Water Supply) | 311,118 |
| (iv) Seawater / desalinated water | |
| (v) Others | |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | 311,118 |
| Total volume of water consumption (in kilolitres) | 311,118 |
| Water intensity per rupee of turnover (Water consumed KL / turnover) | 4.78 KL per ₹ million |

   Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

   No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

   No

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

| Parameter | Please specify unit | FY 2021-22 |
|---|---|---|
| NOx | MT | 10 |
| SOx | MT | 6 |
| Particulate matter (PM) | MT | 77 |
| Persistent organic pollutants (POP) | - | - |
| Volatile organic compounds (VOC) | - | - |
| Hazardous air pollutants (HAP) | - | - |
| Others – please specify | | - |

   Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

   Yes. The external agency hired for assessment is M/s Royal Environment Auditing & Consultancy Service.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format

| Parameter | Unit | FY 2021-22 |
|---|---|---|
| Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) | Metric tonnes of CO2 equivalent | 3,365 |
| Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) | Metric tonnes of CO2 equivalent | 92,435 |
| Total Scope 1 and Scope 2 emissions per rupee of turnover | Tonne CO2 per INR | 1.47 tCO2e per ₹ million |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

A solar park of 300KW is being planned to be setup at Anjar facility. WCL has also taken several energy conservation measures like installing variable frequency Drives, digital temperature controllers, retrofitting LED lights, replacing the use of furnace oil and LPG with natural gas, switching to efficient pumps and improvements in the HVAC system.

8. Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2021-22 |
|---|---|
| **Total Waste generated (in metric tonnes)** | |
| Plastic waste **(A)** | 691 MT |
| E-waste **(B)** | - |
| Bio-medical waste **(C)** | - |
| Construction and demolition waste **(D)** | - |
| Battery waste **(E)** | 1.3 MT |
| Radioactive waste **(F)** | - |
| Other Hazardous waste. Please specify, if any. **(G)**<br>1. Grease<br>2. Used Oil<br>3. ETP Sludge<br>4. Dry ink waste<br>5. Waste containing oil | 1. ETP Sludge: 14 MT<br>2. Expander Sludge: 48 MT<br>3. Paint waste cutback tape: 45 MT<br>4. Paint Cake: 205 MT<br>5. Used waste oil: 5 MT<br>6. Empty barrels/containers contaminated with hazardous chemicals /waste: 81 MT<br>7. Cotton Waste: 0.2 MT<br>8. Process Waste: 20 MT |
| Other Non-hazardous waste generated **(H)**.<br>*Please specify, if any.*<br>(Break-up by composition i.e., by materials relevant to the sector) | 1. MS Scrap: 12955 MT<br>2. Other than MS scrap: 1382 MT<br>3. Wooden pallets: 153 MT |
| **Total (A+B + C + D + E + F + G + H)** | 15,600 MT |

| Parameter | FY 2021-22 |
|---|---|
| **For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)** | |
| (i) Recycled | MS Scrap: 12955 |
| (ii) Re-used | Wooden pallets: 153 |
| (iii) Other recovery operations | |
| **Total** | **13,108** |
| **For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)** | |
| **Category of waste** | |
| (i) Incineration | 332 |
| (ii) Landfilling | |
| (iii) Other disposal operations | 2,160 (Sold to authorised recycler) |
| **Total** | **2,492** |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

9. a. Briefly describe the waste management practices adopted in your establishments.

1. All generated different types of waste have been managed and handled as per their characteristic i.e., Non-hazardous & Hazardous.
2. Collection of different types of wastes into the waste bins, temporary Storage yard at each plant level and designated Waste Storage Yard are identified.
3. Standard Operating Procedure (SOP) has been developed for smooth operation, handling, and transportation.
4. Wastes are transported to the Vendor or Recycler authorized by Pollution Control Boards.
5. Opted co-processing disposal practice for major hazardous waste class over to incineration for superior environmental performance.

b. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Reduction of Paint waste:

Reduction in Hose length of Mixed Paint from 1500 mm to 1250 mm.

Optimizing Flushing time by Timer based automation.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

| S. No. | Location of operations/offices | Type of operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|---|---|---|---|
| Not applicable as there are no operations near above-mentioned zones. | | | |

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|---|---|---|---|---|---|
| No EIA undertaken in FY 2021-22 | | | | | |

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes

| S. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken if any |
|---|---|---|---|---|
| NA | | | | |

## Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

| Parameter | FY 2021-22 |
|---|---|
| **From renewable sources** | |
| Total electricity consumption (in GJ) (A) | - |
| Total fuel consumption (B) | - |
| Energy consumption through other sources (C) | - |
| **Total energy consumed from renewable sources (A+B+C) (in GJ)** | **-** |
| **From non-renewable sources** | |
| **Total electricity consumption (in GJ) (D) 2,57,493** | **257,493** |
| Total fuel consumption (E) (in GJ) | 51,927 |
| Energy consumption through other sources (F) | |
| **Total energy consumed from non-renewable sources (D+E+F) (in GJ)** | **309,421** |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Provide the following details related to water discharged:

| Parameter | FY 2021-22 |
|---|---|
| **Water discharge by destination and level of treatment (in kilolitres)** | |
| (i) To Surface water | |
| - No treatment | |
| - With treatment – please specify level of treatment | Treatment - STP & ETP<br>Quantity – 5,622 KL |
| (ii) To Groundwater | |
| - No treatment | |
| - With treatment – please specify level of treatment | |

| Parameter | FY 2021-22 |
|---|---|
| (iii) To Seawater | |
| - No treatment | |
| - With treatment – please specify level of treatment | Treatment – STP & ETP<br>Quantity – 94,290 KL |
| (iv) Sent to third parties | |
| - No treatment | |
| - With treatment – please specify level of treatment | |
| (v) Others | |
| - No treatment | |
| - With treatment – please specify level of treatment | |
| **Total water discharged (in kilolitres)** | **99,912** |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

   For each facility / plant located in areas of water stress, provide the following information:

   (i) Name of the area: Anjar

   (ii) Nature of operations: Steel Pipe Manufacturing

   (iii) Water withdrawal, consumption and discharge in the following format:

   WCL's Anjar facility falls under a water stress area. We have setup a 30 MLD Sewage Treatment plant at our Anjar factory, which recycles sewage wastewater from the neighbouring areas, leading to zero intake of freshwater for manufacturing processes.

| Parameter | FY 2021-22 |
|---|---|
| **Water withdrawal by source (in kilolitres)** | |
| (i) Surface water | 0 |
| (ii) Groundwater | 0 |
| **Total volume of water withdrawal (in kilolitres)** | |
| **Total volume of water consumption (in kilolitres)** | 228,324 |
| **Water intensity per rupee of turnover**<br>(KL Water consumed / INR million turnover) | 3.51 KL per ₹ million |
| **Water discharge by destination and level of treatment (in kilolitres)** | |
| **Total water discharged (in kilolitres)** | **94,290** |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter | Unit | FY 2021-22 |
|---|---|---|
| **Total Scope 3 emissions** | Metric tonnes of CO2 equivalent | 5,02,453<br>(The emission inventory includes 7 out of 12 applicable categories of Scope 3. Remaining 5 categories are being computed and to be reported next fiscal year. The reported categories are:<br>1. Downstream Transportation & Distribution<br>2. Upstream Transportation & Distribution<br>3. Purchase goods & Services<br>4. Capital Goods<br>5. Investments<br>6. Waste generated from operations<br>7. End of Life |
| **Total Scope 3 emissions per rupee of turnover** | Tonne CO2 per INR million | 7.72 tCO2e per ₹ million |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

NA

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

| Sr. No | Initiative undertaken | Details of the initiative *(Web-link, if any, may be provided along-with summary)* | Outcome of the initiative |
|---|---|---|---|
| 1 | Installed STP of 30 MLD to recycle wastewater and reuse within the manufacturing process at WCL Anjar. | This process ensures recycling and treatment of sewage water generations. 100% of water requirement is met through the recycled water thus ensuring zero freshwater usage. | 100% recycled water usage in our entire production activities |
| 2 | Solar dried bio-sludge (used a fuel in boiler) | The sludge generated from the operating facility has an equivalent calorific value as coal. Therefore, it is dried and used as an alternative fuel in boilers. | It reduces the coal consumption in the boiler |
| 3 | Briquettes | Biomass briquettes are a biofuel substitute to coal and charcoal and is used in boiler operations. | It reduces the coal consumption in the boiler |

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes.

We have implemented Disaster management plant for occurrence of a sudden calamity of chain of events, which affect normal working within the factory area and/or may Cause Serious injuries, loss of life, extensive damage to the Properties etc. It may also result from Natural phenomena like flood, earthquakes, cyclones, forest fires in Which the day-to-day Patterns of life are, in many instances, suddenly disturbed and people are plugged in to helplessness and Suffering and as a Result needs Protection, clothing, shelter, Medical and necessity of life.

Aim of this Disaster Plan is to familiarize employees in the Factory to:

(a) Control Disaster

(b) Combat Fire

(c) Rescue People

(d) Save life not only inside the Factory but also in neighbouring area in Case of an Accident.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

   There is no significant adverse impact to the environment, arising from the value chain of WCL.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

   50% of critical suppliers assessed based on suppliers' code of conduct consisting of ESG aspects including environmental compliance

## Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

**Essential Indicators**

1. a. Number of affiliations with trade and industry chambers/ associations.

   Welspun Corp Limited is a part of 18 associations.

   b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|---|---|---|
| 1 | Bombay Chamber of Commerce and Industry (BCCI) | National |
| 2 | The Associated Chambers of Commerce and Industry (ASSOCHAM) | National |
| 3 | Indian Merchants Chamber (IMC) | National |
| 4 | Indian Pipe Manufacturers Association (IPMA) | National |
| 5 | Federation of Kutch Industries Associations, (FOKIA) | National |
| 6 | International Tube Association, India Chapter (ITA) | National |
| 7 | Pipeline Research Council International (PRCI) | National |
| 8 | National Association of Corrosion Engineers (NACE) | National |
| 9 | American Society of Mechanical Engineers (ASME) | International |
| 10 | Engineering Export Promotion Council (EEPC) | National |
| 11 | Federation of Indian Exporters Organization (FIEO) | National |
| 12 | Interstate Natural Gas Association of America (INGAA) | International |
| 13 | Southern Gas Association (SGA) | International |
| 14 | North American Steel Pipe Distributors (NASPD) | International |
| 15 | Pipeliners Association of Houston | International |
| 16 | San Antonio Pipeliners Association (SAPA) | International |
| 17 | American Line Pipe Association (ALPA) | International |
| 18 | US-India Business Council (USIBC) | International |

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

| Name of authority | Brief of the case | Corrective action taken |
|---|---|---|
| Nil | Nil | Nil |

**Leadership Indicators**

1. Details of public policy positions advocated by the entity:

| S. No. | Public policy advocated | Method resorted for such advocacy | Whether information available in public domain? (Yes/No) | Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify) | Web Link, if available |
|---|---|---|---|---|---|
| NA | | | | | |

Principle 8: Businesses should promote inclusive growth and equitable development

**Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

| Name and brief details of project | SIA Notification No. | SIA Notification No. | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|---|---|---|---|---|---|
| NA | | | | | |

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

| S. No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In INR) |
|---|---|---|---|---|---|---|
| NA | | | | | | |

Principle 8: Businesses should promote inclusive growth and equitable development

3. Describe the mechanisms to receive and redress grievances of the community.

   Grievances of the community, if any, are first communicated with the CSR team. Based on the nature of grievance, the matter is discussed with the respective department. The suggestions / solutions to mitigate the problem are then communicated to the community. Based on mutual agreement, the action plan is executed.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

| | FY 2021-22 |
|---|---|
| Directly sourced from MSMEs/ small producers | |
| Sourced directly from within the district and neighbouring districts | |

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

| Details of negative social impact identified | Corrective action taken |
|---|---|
| No negative social impact identified. | |

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

| S. No. | State | Aspirational District | Amount spent (In INR) |
|---|---|---|---|
| CSR activities are executed in villages around the manufacturing sites. No aspirational districts are taken up currently under CSR. | | | |

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No

**Essential Indicators**

(b) From which marginalized /vulnerable groups do you procure?

NA

(c) What percentage of total procurement (by value) does it constitute?

NA

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

| S. No. | Intellectual Property based on traditional knowledge | Owned/ Acquired (Yes/No) | Benefit shared (Yes / No) | Basis of calculating benefit share |
|---|---|---|---|---|
| Not Applicable | | | | |

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

| Name of authority | Brief of the Case | Corrective action taken |
|---|---|---|
| Not Applicable | | |

6. Details of beneficiaries of CSR Projects:

| S. No. | CSR Project | No. of persons benefitted from CSR Projects | % of beneficiaries from vulnerable and marginalized groups |
|---|---|---|---|
| 1 | Wel-Shiksha | 75,000 | 100% (children) |
| 2 | Wel-Netrutva | 70,427 | 100% (women) |
| 3 | We-Volunteer | 344 | |
| 4 | Covid-19 | 15,000 | 100% |

## Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

**Essential Indicators**

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

In case any product supplied to the client is found to not conform to the specifications, then the Clients can raise a formal customer complaint. Upon receiving the complaint, we review the same, refer the data of the testing done at our mills and if need arises, we mobilise our inspector to the site to verify the complaint. Once the complaint is verified as genuine, a root cause analysis is done to identify the root cause/s and a corrective and preventive actions (CAPA) is prepared and presented to the customer. Any commercial issues, costs for repair/ rectification, rectification plan schedule etc is negotiated with the customer and the rectification/ repairs are completed.

As a preventive action, any lessons learnt from the project are discussed at Quarterly review meetings and any modifications needed to the SOP's/ Quality Assurance Plans are made. These lessons learnt are taken into consideration while negotiating any future project contracts.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

| | As a percentage to total turnover |
|---|---|
| Environmental and social parameters relevant to the product | 0% as this is not relevant to the nature of our business activity at this point of time |
| Safe and responsible usage | 0% as this is not relevant to the nature of our business activity at this point of time |
| Recycling and/or safe disposal | 0% as this is not relevant to the nature of our business activity at this point of time |

3. Number of consumer complaints in respect of the following:

| Category | FY 2021-22 | | |
|---|---|---|---|
| | Received during the year | Pending resolution at end of year | Remarks |
| Data privacy | 0 | 0 | 0 |
| Advertising | 0 | 0 | 0 |
| Cyber-security | 0 | 0 | 0 |
| Delivery of essential services | 0 | 0 | 0 |
| Restrictive Trade Practices | 0 | 0 | 0 |
| Unfair Trade Practices | 0 | 0 | 0 |
| Other (Product related) | 0 | 0 | 0 |

4. Details of instances of product recalls on account of safety issues:

| CSR Project | Number | Reasons for recall |
|---|---|---|
| Voluntary recalls | Nil | NA |
| Forced recalls | Nil | NA |

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

   Yes

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

   Cyber Security and Data privacy of customers: We have a project specific server/ share point for each project where the data pertaining to that project is stored. The access to this is controlled and provided to only select persons handling the project. Generally, project contracts have a secrecy/ non-disclosure clause wherein a specific period is mentioned up to which we must store the project data with us. If not, then the project data is stored for a period of 5 years.

   Re-occurrence of instances of product recalls: In case even after taking the preventive actions and modifications to SOP's Quality plans as mentioned above, there is an instance of a re-occurrence of defects, then a re-assessment of the root cause analysis is done any parameters that were previously overlooked are identified. A new CAPA is made and accordingly actions taken, and any further necessary changes made to the SOP's and Quality plans

   Penalty/ action taken by regulatory authorities: Since our products are engineered by the client, the question does not apply to us. Regarding any manufacturing related activity, we have not received any penalty/ action on safety of our products. We are certified as per ISO 45001 and SA 8000 and continue to conform to the same.

**Leadership Indicators**

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

   We manufacture and supply to the customer's specification. Our product range is available at our website https://www.welspuncorp.com/

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

   We manufacture and supply to the customer's specification. Hence generally the customer is more knowledgeable than us on the usage of our supplied pipes into their pipelines, the operating pressures of their pipelines, the maintenance pigging intervals for pipelines etc.

   A safe handling procedure to efficiently handle the pipes without damage and a pipe preservation procedure to safely store the pipes for a long term are provided to the customer as and when required against the specific project.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

   Any forced major events or other delays in delivery/ project progress, in a project are immediately informed to the client as soon as they come to our knowledge

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

   Yes. To conform to API 5L requirements the API monogram and minimum required information is always marked on each pipe.

   In addition to this depending on project requirements, specific additional information can be marked and is covered under a separate document titled "marking map."

   Depending on customer requirements 1D or 2D bar codes can also be applied to the pipes at specified locations.

   Upon the completion of the Final delivery of every project, a customer feedback form is sent to the customer. Their responses and ratings are noted and circulated to the plant, quality team and all relevant departments for their continuous improvement. The customer satisfaction scores across various projects are compiled into a final CSAT (Customer Satisfaction) score. This score must satisfy the CSAT target for the year. If not, then a root cause analysis and CAPA (Corrective and Preventive Actions) is performed.

5. Provide the following information relating to data breaches:

   a. Number of instances of data breaches along-with impact

      Nil

   b. Percentage of data breaches involving personally identifiable information of customers

      Nil

# Independent Auditors' Report

To the Members of Welspun Corp Limited

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### OPINION

1. We have audited the accompanying standalone financial statements of Welspun Corp Limited (the "Company"), which comprise the standalone balance sheet as at March 31, 2022, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") (refer Emphasis of matter paragraph 5 below) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

### BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditors' responsibilities for the audit of the standalone financial statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### EMPHASIS OF MATTERS

4. We draw your attention to Note 51 to the standalone financial statements, regarding the approval of the Scheme of Arrangement between Welspun Steel Limited (the "Demerged Company" or "WSL") and the Company and their respective shareholders for transfer of the Demerged Undertaking (the 'Scheme') received from the National Company Law Tribunal vide its Order dated March 16, 2022, from appointed date of April 1, 2021. However, the accounting treatment pursuant to the Scheme has been given effect to from the date required under Ind AS 103 - Business Combinations, which is the beginning of the preceding period from April 1, 2020. Accordingly, the figures for the year ended March 31, 2021, have been restated to give effect to the aforesaid merger.

5. We draw your attention to note 51 to the standalone financial statements, regarding the accounting treatment and presentation of Cumulative Redeemable Preference shares ("CRPS"), issued on March 16, 2022 pursuant to the Scheme (Refer paragraph 4 above) as a financial liability in its entirety in accordance with the requirements of Ind AS 32 'Financial Instruments: Presentation' and Ind AS 109 'Financial Instruments'. Such accounting treatment and presentation, however, is not in accordance with the provisions of section 2(64) and section 43 of the Act.

   Our opinion is not modified in respect of these matters.

## KEY AUDIT MATTERS

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Appropriateness of revenue recognition | |
| (Refer note 1.3 and 25 to the standalone financial statements)<br><br>The Company recognises revenue in accordance with Ind AS 115 "Revenue from Contracts with Customers".<br><br>Revenue from the sale of goods is recognised at a point in time when the control has been transferred, which generally coincides with terms as agreed with the customers.<br><br>The above was considered to be a key audit matter since revenue is significant to the standalone financial statements, and is required to be recognised in accordance with the terms of the customer contracts, which involve management judgements as described above. | We performed the following procedures:<br><br>• Understanding, evaluating and testing the design and the operating effectiveness of controls relating to revenue recognition under Ind AS 115;<br><br>• Testing the reconciliation of the amounts as per the sales register to the general ledger;<br><br>• Reading of contracts to identify significant terms of the contracts;<br><br>• Evaluating the contract terms to assess the timing of transfer of control to the customer and to determine whether revenue is recognised appropriately;<br><br>• Testing whether the revenue recognition (including procedures related to cut off) is in line with the terms of customer contracts;<br><br>• Testing of journal entries for revenue transactions; and<br><br>• Evaluating adequacy of the presentation and disclosures.<br><br>Based on the above procedures, no significant exceptions were noted by us in revenue recognition including those relating to presentation and disclosures as required by applicable accounting standard. |
| **Assessment of impairment of carrying value of investments in and recoverability of loans to a subsidiary** | |
| (Refer note 6, 8 and 51 to the standalone financial statements)<br><br>The Company has investment in equity shares of Welspun Specialty Solutions Limited ('WSSL' or 'subsidiary') of ₹ 2,836.50 million as at March 31, 2022. The Company has also granted loans to the subsidiary with carrying value of ₹ 886.34 million as at March 31, 2022. These amounts are significant to the financial statements.<br><br>Consequent to the deteriorating net worth and continued losses of the subsidiary, the Company has assessed the impairment of the carrying value of the investment in subsidiary based on the market approach model (the "model"). The Company has also assessed the impairment of the carrying value of the loans based on expected credit loss model ("ECL").<br><br>We considered this as a key audit matter due to significant management judgement involved in the above impairment models. | Our procedures included, the following:<br><br>• Understanding and evaluating the design and testing the operating effectiveness of the Company's controls over impairment assessment of investments in subsidiary and ECL model for loans and recognition of provision;<br><br>• In respect of assessment of carrying value of the investment in the subsidiary and recoverability of loans to the subsidiary.<br><br>(a) Understanding the operating parameters used in the ECL and assessing consistency of our understanding of parameters with those considered in the ECL;<br><br>(b) Reviewing the market prices available on independent website for model;<br><br>(c) Reviewing the information considered in the model and ECL by examining supporting documentation;<br><br>(d) Assessing the work of the Management's external valuation expert for model including their independence and objectivity; |

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| | (e) Testing the mathematical accuracy of the model and ECL; and<br>(f) Reading the latest financial information available including quarterly results and audit report issued by the auditors of the subsidiary.<br>Based on the above procedures performed, we found the Management's conclusion with respect to recoverability of these amounts to be reasonable and appropriate. |

## OTHER INFORMATION

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Management Discussion and Analysis, Directors' Report, Corporate Governance Report and Business Responsibility Report and Other Information in Annual Report including Annexure thereto but does not include the standalone financial statements and our auditors' report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

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

9. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTER

15. We did not audit the comparative figures for year ended March 31, 2021, which have been restated to include the financial information of the Demerged undertaking (referred to in Note 51 of the standalone financial statements) which reflects total assets of ₹ 7,255.82 millions as at March 31, 2021, net assets of ₹ 5,135.74 millions as at March 31, 2021, total revenue of ₹ 6,504.80 millions, total net profit after tax of ₹ 159.30 millions and total comprehensive income of ₹ 159.43 millions for the year ended March 31, 2021, and cash flows (net) of ₹ (0.10) millions for the year ended March 31, 2021. The said financial information of the Demerged undertaking have been provided to us by the management, and our opinion on the standalone financial statements of the Company to the extent they relate to these Demerged Undertaking is based solely on such unaudited financial information furnished to us. We have audited the adjustments made by the Management, including adjustments required for consistency of accounting policies, arrising on account of scheme of arrangement to arrive at the restated comparative figures for year ended March 31, 2021. Our opinion is not modified in respect of the above matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. As required by the Companies (Auditor's Report) Order, 2020 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books. (Refer Emphasis of matter paragraph 5 above)

(c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors subsequent to March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(g) With respect to the other matters to be included in the Auditors' report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 45 to the standalone financial statements.

ii. The Company was not required to recognise a provision as at March 31, 2022, under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any long-term derivative contracts as at March 31, 2022.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.

iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 56 (vii) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.

18. The Company has provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Neeraj Sharma**
Partner
Membership No. 108391
UDIN: 22108391AJSHPS2221

Place: Mumbai
Date: May 27, 2022

# Annexure A to Independent auditors' report

**Referred to in paragraph 17(f) of the Independent auditors' report of even date to the members of Welspun Corp Limited on the standalone financial statements for the year ended March 31, 2022**

## REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. We have audited the internal financial controls with reference to financial statements of Welspun Corp Limited (the "Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

## AUDITORS' RESPONSIBILITY

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

## MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

# Annexure A to Independent auditors' report

**Referred to in paragraph 17(f) of the Independent auditors' report of even date to the members of Welspun Corp Limited on the standalone financial statements for the year ended March 31, 2022**

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

## OPINION

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Neeraj Sharma**
Partner
Membership No. 108391
UDIN: 22108391AJSHPS2221

Place: Mumbai
Date: May 27, 2022

# Annexure B to Independent auditors' report

**Referred to in paragraph 16 of the Independent auditors' report of even date to the members of Welspun Corp Limited on the standalone financial statements as of and for the year ended March 31, 2022**

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of property, plant and equipment (including right-of-use assets and investment properties).

(B) The Company is maintaining proper records showing full particulars of intangible assets.

(b) The property, plant and equipment (including right-of-use assets and investment properties) are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the property, plant and equipment (including right-of-use assets and investment properties) has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3(a) on property, plant and equipment, 3(b) on right-of-use assets and Note 4 on investment property to the standalone financial statements, are held in the name of the Company, except for the following:

| Description of property | Gross carrying value (in INR million) | Held in the name of | Whether promoter, director or their relative or employee | Period held - indicate range, where appropriate |
|---|---|---|---|---|
| Freehold Land | 341.81 | Welspun Steel Limited | No | 12 - 17 years |
| Right of use assets | 4.13 | Welspun Steel Limited | No | 1 - 2 years |
| Investment properties | 76.22 | Welspun Steel Limited | No | 17 years |

**Reason for not being held in the name of the Company: -**

Title deeds are held in the name of the demerged undertaking which has been merged with the Company in the current year (Refer notes 3(a), 3(b), 4, 51 and 56(xi) to the standalone financial statement).

(d) The Company has chosen cost model for its property, plant and equipment (including right-of -use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of property, plant and equipment (including right-of-use assets) or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its standalone financial statements does not arise.

ii. (a) The physical verification of inventory excluding stocks with third parties has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

(b) During the year, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, from banks and financial institutions on the basis of security of current assets. The Company has filed

# Annexure B to Independent auditors' report

**Referred to in paragraph 16 of the Independent auditors' report of even date to the members of Welspun Corp Limited on the standalone financial statements as of and for the year ended March 31, 2022**

quarterly returns or statements with such banks and financial institutions, which are in agreement with the audited books of account (Also refer note 56(ii) to the standalone financial statements)

iii. (a) The Company has made investments in 4 companies, granted unsecured loans to 3 companies, advance in nature of loans to 1 company and stood as a guarantor of 4 companies. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans and guarantees are as per the table given below:

( ₹ in million)

| | Guarantees | Loans | Advance in nature of loans |
|---|---|---|---|
| Aggregate amount granted/ provided during the year | | | |
| - Subsidiaries | 20,200.00 | 5,871.92 | |
| - Others | | | 499.51 |
| Balance outstanding as a balance sheet date in respect of the above case | | | |
| - Subsidiaries | 16,873.60 | 3,377.12 | |
| - Others | | | 499.51 |

(Also refer Note 42 to the standalone financial statements)

According to the information and explanations given to us and the records of the Company examined by us, the Company has not granted any loans, securities, guarantees to joint ventures and associates and to parties other than subsidiaries. The Company has not granted any advance in nature of loans to subsidiaries, joint ventures and associates and the Company has not granted any securities or advances in nature of loans to subsidiaries, and accordingly, reporting under this Clause, to this extent, is not applicable.

(b) In respect of the aforesaid investments/ guarantees/ loans, the terms and conditions under which such loans were granted/ investments were made/guarantees provided/ advances in nature of loans are not prejudicial to the Company's interest. According to the information and explanations given to us and the records of the Company examined by us, the Company has not granted any securities as referred above, and accordingly, reporting under this Clause, to this extent, is not applicable.

(c) In respect of the aforesaid loans/ advances in nature of loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

(d) In respect of the aforesaid loans/advances in nature of loans, there is no amount which is overdue for more than ninety days.

(e) Following loan was granted to same party, which has fallen due during the year and was extended -

| Name of the parties | Aggregate amount dues extended (INR in millions) | Percentage of the aggregate to the total loans granted during the year |
|---|---|---|
| Welspun Wasco Coatings Private Limited | 35.40 | 0.60% |

According to the information and explanations given to us and the records of the Company examined by us, there were no advances in nature of loans that were granted to same party, which have fallen due during the year and were renewed/extended and accordingly, reporting under this Clause, to this extent, is not applicable.

Further, according to the information and explanations given to us and the records of the Company examined by us, there were no loans/advances in nature of loans where fresh loans were granted to settle the overdue loans/advances in nature of loan and accordingly, reporting under this Clause, to this extent, is not applicable.

(f) The loans granted during the year, including to related parties had stipulated the scheduled repayment of principal and payment of interest and the same were not repayable on demand.

# Annexure B to Independent auditors' report

**Referred to in paragraph 16 of the Independent auditors' report of even date to the members of Welspun Corp Limited on the standalone financial statements as of and for the year ended March 31, 2022**

According to the information and explanations given to us and the records of the Company examined by us, there were no advances in nature of loans that were granted during the year to related parties, and accordingly, reporting under this Clause, to this extent, is not applicable.

Further, according to the information and explanations given to us and the records of the Company examined by us, there were no loans or advances in nature of loans which were granted during the year to promoters, and accordingly, reporting under this Clause, to this extent, is not applicable.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, professional tax, labour welfare fund and income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities. Also, refer Note 38 to the standalone financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of provident fund, professional tax, labour welfare fund, employees' state insurance, duty of customs and cess which have not been deposited on account of any dispute. The particulars of other statutory dues referred to in sub-clause (a) as at March 31, 2022, which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ in millions)# | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Central Excise Act, 1944 | Duty of Excise | 3.38 | FY 2008-2009 | Commissioner (Appeals) |
| | | 19.37 | FY 2005-2006 to FY 2007-2008, FY 2009-2010 and FY 2012-2013 | Custom Excise Service Tax Appellate Tribunal (CESTAT) |
| | | 160.68 | FY 2010-2011 to FY 2013-2014 | Commissioner of Central Excise & Service Tax |
| | | 240.43 | FY 2007-2008 to FY 2011-2012 | High Court |
| | | 9.77 | FY 2008-09 | Joint Commissioner, Central Goods and Service Tax |
| Gujarat Sales Tax Act, 1969 and Gujarat Value Added Tax Act, 2003 | Central Sales Tax | 4.26 | FY 2008-2009 and FY 2009-2010 | Gujarat Value Added Tax Tribunal |

# Annexure B to Independent auditors' report

**Referred to in paragraph 16 of the Independent auditors' report of even date to the members of Welspun Corp Limited on the standalone financial statements as of and for the year ended March 31, 2022**

| Name of the statute | Nature of dues | Amount (₹ in millions)# | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Gujarat Sales Tax Act, 1969 and Gujarat Value Added Tax Act, 2003 | Sales Tax/ Value Added Tax | 1,429.30 | FY 1999-2000 to FY 2003-2004 and FY 2005-2006 to FY 2012-2013 | Gujarat Value Added Tax Tribunal |
| | | 1.89 | FY 2005-2006 | Supreme Court |
| | | 1.26 | FY 2013-2014 | Joint Commissioner of Commercial Tax |
| The Service Tax under the Finance Act, 1994 | Service Tax | 127.79 | FY 2005-2006 to FY 2012-2013 | Custom Excise Service Tax Appellate Tribunal (CESTAT) |
| | | 29.03 | FY 2012-2013 to FY 2014-2015 | Commissioner (Appeals) |
| | | 20.47 | FY 2015-2016 | Joint Commissioner of Commercial Tax |
| Custom Act, 1962 | Duty of Customs | 2.19 | FY 2012-2013 and FY 2013-2014 | Custom Excise Service Tax Appellate Tribunal (CESTAT) |
| | | 0.52 | FY 2013-2014 | Additional Commissioner of Customs |
| Income Tax Act, 1961 | Income Tax | 10.96 | AY 2014-2015 | Commissioner of Income Tax (Appeals) |

*# Net of amounts paid under protest/lying under balance with government authorities ₹ 133.83 million.*

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, and according to the information and explanations given to us, the term loans (i.e. non-convertible debentures issued on private placement) have been applied for the purposes for which they were obtained. (Also refer Note 56 (xiii) to the standalone financial statements)

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

# Annexure B to Independent auditors' report

**Referred to in paragraph 16 of the Independent auditors' report of even date to the members of Welspun Corp Limited on the standalone financial statements as of and for the year ended March 31, 2022**

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 (as amended) was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditor for the period under audit have been considered by us.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him within the meaning of Section 192 of the Act. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group ('Companies in the Group' is as defined in Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016, as amended) has three CICs as part of the Group as detailed in note 61 to the standalone financial statements. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

# Annexure B to Independent auditors' report

**Referred to in paragraph 16 of the Independent auditors' report of even date to the members of Welspun Corp Limited on the standalone financial statements as of and for the year ended March 31, 2022**

xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act.

(b) In respect of ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under this clause is not applicable.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Neeraj Sharma**
Partner
Membership No. 108391
UDIN: 22108391AJSHPS2221

Place: Mumbai
Date: May 27, 2022

# Standalone Balance Sheet

as at March 31, 2022

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

| | Notes | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3(a) | 9,643.69 | 10,367.47 |
| Capital work-in-progress | 3(a) | 42.43 | 103.44 |
| Right-of-use assets | 3(b) | 229.71 | 351.48 |
| Investment property | 4 | 156.42 | 149.55 |
| Intangible assets | 5 | 42.48 | 70.56 |
| Intangible assets under development | 5 | 9.02 | - |
| Financial assets | | | |
| Investments in subsidiaries, associate and joint venture | 6 | 13,487.28 | 5,033.23 |
| Investments | 7(a) | 1.24 | 799.68 |
| Loans | 8(a) | 886.34 | - |
| Other financial assets | 9(a) | 831.47 | 202.05 |
| Other non-current assets | 10(a) | 333.38 | 266.34 |
| **Total non-current assets** | | **25,663.46** | **17,343.80** |
| **Current assets** | | | |
| Inventories | 11 | 7,900.73 | 5,524.23 |
| Financial assets | | | |
| Investments | 7(b) | 13,973.11 | 11,400.92 |
| Trade receivables | 12 | 8,014.78 | 6,064.50 |
| Cash and cash equivalents | 13 | 3,564.96 | 912.14 |
| Bank balances other than cash and cash equivalents | 14 | 188.12 | 304.72 |
| Loans | 8(b) | 2,493.41 | 62.73 |
| Other financial assets | 9(b) | 1,225.23 | 8,721.50 |
| Other current assets | 10(b) | 1,293.22 | 1,378.67 |
| Assets held for sale | 15 | 15.32 | - |
| **Total current assets** | | **38,668.88** | **34,369.41** |
| **Total Assets** | | **64,332.34** | **51,713.21** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 16(a) | 1,304.75 | 1,304.43 |
| **Other equity** | | | |
| Reserves and surplus | 16(b) | 29,363.57 | 25,780.00 |
| Other reserves | 16(c) | (124.26) | (25.10) |
| Share application money pending allotment | 16(d) | - | 6.50 |
| **Total equity** | | **30,544.06** | **27,065.83** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 17(a) | 7,902.98 | 4,343.47 |
| Lease liabilities | 3(b) | 100.10 | 190.82 |
| Other financial liabilities | 18(a) | 114.30 | 3,629.68 |
| Provisions | 19(a) | 529.76 | 718.33 |
| Deferred tax liabilities (net) | 20 | 90.53 | 120.62 |
| Government grants | 21 | 703.56 | 908.32 |
| **Total non-current liabilities** | | **9,441.23** | **9,911.24** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 17(b) | 5,211.49 | 968.14 |
| Lease liabilities | 3(b) | 81.23 | 84.09 |
| Trade payables | | | |
| - total outstanding dues of micro and small enterprises | 23 | 15.17 | 75.95 |
| - total outstanding dues other than above | 23 | 9,652.26 | 4,783.64 |
| Other financial liabilities | 18(b) | 345.41 | 447.88 |
| Provisions | 19(b) | 299.00 | 309.49 |
| Government grants | 21 | 204.76 | 204.76 |
| Current tax liabilities (net) | 24 | 4,723.25 | 4,792.42 |
| Other current liabilities | 22 | 3,814.48 | 3,069.77 |
| **Total current liabilities** | | **24,347.05** | **14,736.14** |
| **Total liabilities** | | **33,788.28** | **24,647.38** |
| **Total equity and liabilities** | | **64,332.34** | **51,713.21** |

The above standalone balance sheet should be read in conjunction with the accompanying notes.

This is the standalone balance sheet referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N / N500016

**Neeraj Sharma**
Partner
Membership No.108391

Place: Mumbai
Date: May 27, 2022

**For and on behalf of Board**

**B.K.Goenka**
Chairman
DIN No.00270175

**Vipul Mathur**
Managing Director
and Chief Executive Officer
DIN - 07990476

**Percy Birdy**
Chief Financial Officer

**Pradeep Joshi**
Company Secretary
FCS-4959

Place: Mumbai
Date: May 27, 2022

# Standalone Statement of Profit and Loss

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

| | Notes | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue from operations | 25 | 52,878.73 | 52,854.14 |
| Other income | 26 | 4,826.19 | 8,649.03 |
| Total income | | 57,704.92 | 61,503.17 |
| **Expenses** | | | |
| Cost of materials consumed | 27 | 39,320.63 | 28,734.38 |
| Purchases of stock-in-trade | 28 | 1,466.68 | 249.36 |
| Changes in inventories of work-in progress and finished goods | 29 | 204.01 | 6,429.66 |
| Employee benefit expense | 30 | 2,090.24 | 1,967.69 |
| Depreciation and amortisation expense | 31 | 1,152.75 | 1,096.79 |
| Other expenses | 32 | 6,753.24 | 9,341.85 |
| Finance costs | 33 | 768.78 | 579.40 |
| **Total expenses** | | **51,756.33** | **48,399.13** |
| **Profit before tax** | | **5,948.59** | **13,104.04** |
| **Income tax expense** | | | |
| Current tax | 34 | 1,094.60 | 3,889.59 |
| Deferred tax | 35 | (3.24) | (1,036.97) |
| **Total income tax expense** | | **1,091.36** | **2,852.62** |
| **Profit from continuing operations** | | **4,857.23** | **10,251.42** |
| **Discontinued operations** | | | |
| Loss before tax from discontinued operations | 50 | - | (104.26) |
| Tax credit from discontinued operations | | - | (33.26) |
| Loss from discontinued operations | | - | (71.00) |
| **Profit for the year (A)** | | **4,857.23** | **10,180.42** |
| **Other comprehensive income** | | | |
| **Items that may be reclassified to profit or loss** | | | |
| Deferred gains/ (losses) on cash flow hedges (net) | 16(c) | (142.68) | 38.21 |
| Income tax relating to this item | | 33.35 | (16.64) |
| | | **(109.33)** | **21.57** |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of post employment benefit obligations | 36 | 25.82 | 23.18 |
| Income tax relating to this item | | (6.50) | (5.83) |
| | | **19.32** | **17.35** |
| **Other comprehensive income for the year, net of tax (B)** | | **(90.01)** | **38.92** |
| **Total comprehensive income for the year (A+B)** | | **4,767.22** | **10,219.34** |
| **Earnings per equity share from continuing operations** | 58 | | |
| Basic earnings per share (in Rupees) | | 18.61 | 39.29 |
| Diluted earnings per share (in Rupees) | | 18.57 | 39.19 |
| **Loss per equity share from discontinuing operations** | 58 | | |
| Basic loss per share (in Rupees) | | - | (0.27) |
| Diluted loss per share (in Rupees) | | - | (0.27) |
| **Earnings per equity share from continuing and discontinuing operations** | 58 | | |
| Basic earnings per share (in Rupees) | | 18.61 | 39.02 |
| Diluted earnings per share (in Rupees) | | 18.57 | 38.92 |

The above standalone statement of profit and loss should be read in conjunction with the accompanying notes.

This is the standalone statement of profit and loss referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N / N500016

**Neeraj Sharma**
Partner
Membership No.108391

Place: Mumbai
Date: May 27, 2022

**For and on behalf of Board**

**B.K.Goenka**
Chairman
DIN No.00270175

**Vipul Mathur**
Managing Director
and Chief Executive Officer
DIN - 07990476

**Percy Birdy**
Chief Financial Officer

**Pradeep Joshi**
Company Secretary
FCS-4959

Place: Mumbai
Date: May 27, 2022

# Standalone Statement of Cash Flows

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

| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **A)** | **Cash flow from operating activities** | | |
| | **Profit/ (loss) before tax** | | |
| | Continuing operations | 5,948.59 | 13,104.04 |
| | Discontinued operations | - | (104.26) |
| | **Profit before tax** | **5,948.59** | **12,999.78** |
| | **Adjustments for:** | | |
| | Depreciation and amortisation expense | 1,152.75 | 1,096.79 |
| | Employee share-based expense | 5.60 | 17.30 |
| | Loss/ (gain) on disposal of property, plant and equipment (net) | 68.12 | (575.35) |
| | Loss on sale of disposal group classified as held for sale | - | 32.44 |
| | Reversal of Impairment loss on disposal group (net) | - | (51.90) |
| | Gain on sale/ redemption of | - | - |
| | Current investments | (56.34) | (488.19) |
| | Non-current investments | - | (1.60) |
| | Fair valuation loss/(gain) on investment (net) | 70.13 | (328.15) |
| | Liabilities/ Provision no longer required written back | - | (109.57) |
| | Provision for litigation, disputes and other matters (net) | 9.00 | (6.87) |
| | Allowance for doubtful debts (net) | (100.26) | 217.38 |
| | Bad debts expense | - | 91.88 |
| | Dividend income | (3,077.57) | (6,184.78) |
| | Interest income and commission income | (1,259.90) | (629.00) |
| | Interest expenses | 579.02 | 347.20 |
| | Unrealised net exchange differences | (10.90) | (73.50) |
| | | **(2,620.35)** | **(6,645.92)** |
| | **Operating profit before changes in operating assets and liabilities** | **3,328.24** | **6,353.86** |
| | **Changes in operating assets and liabilities (bracket figures represents increase in asset and decrease in liabilities)** | | |
| | Movement in other non-current financial assets | (635.86) | (0.15) |
| | Movement in other non current assets | 5.15 | 108.08 |
| | Movement in inventories | (2,376.50) | 9,440.66 |
| | Movement in trade receivables | (1,842.68) | 912.48 |
| | Movement in other current financial assets | (650.28) | 76.98 |
| | Movement in other current assets | 93.57 | 539.51 |
| | Movement in other non-current financial liabilities | (0.26) | (54.80) |
| | Movement in trade payables | 4,807.83 | (5,116.57) |
| | Movement in other current financial liabilities | 19.76 | 216.42 |
| | Movement in other current liabilities | 744.71 | (6,925.41) |
| | Movement in provisions | (182.24) | 37.42 |
| | Movement in government grants | (204.76) | (319.54) |
| | **Total changes in operating assets and liabilities** | **(221.56)** | **(1,084.92)** |
| | **Cash flow from operations** | **3,106.68** | **5,268.94** |
| | Income taxes paid (net of refund received) | (1,173.77) | (1,486.01) |
| | **Net cash from operating activities (A)** | **1,932.91** | **3,782.93** |
| | | | |
| **B)** | **Cash flow used in investing activities** | | |
| | Payments for property, plant and equipment, investment property and intangible assets (including capital work-in-progress and intangible assets under development) | (483.03) | (763.23) |
| | Proceeds from disposal of property, plant and equipment and investment property | 37.69 | 637.51 |
| | Proceeds from assets of disposal group | 7,809.54 | - |
| | Proceeds from sale/redemption of long term investments | - | 208.38 |
| | Purchase of long term investments | (7,683.90) | (2,076.19) |
| | Purchase of current investments | (161,710.25) | (99,827.63) |
| | Proceeds from sale/redemption of current investments | 159,252.56 | 92,929.14 |
| | Proceeds from maturity of fixed deposit (net) | 123.04 | 443.14 |
| | Interest and commission received | 1,268.27 | 344.55 |
| | Dividend received | 3,077.57 | 6,184.78 |
| | Loans given to subsidiaries | (6,661.40) | (760.00) |
| | Repayment of loans by subsidiaries | 3,344.20 | 700.00 |
| | Repayment of loans by others (net) | 0.18 | - |
| | **Net cash used in investing activities (B)** | **(1,625.53)** | **(1,979.55)** |

# Standalone Statement of Cash Flows

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

| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **C)** | **Cash flow from/ (used in) financing activities** | | |
| | Proceeds from Share application money pending allotment | - | 6.50 |
| | Proceeds from long term borrowings | 400.00 | 4,000.00 |
| | Repayment of long term borrowings | (270.00) | (4,770.00) |
| | Proceeds from short term borrowings | 20,193.02 | 3,332.73 |
| | Repayment of short term borrowings | (16,039.67) | (4,001.90) |
| | Interest paid | (531.84) | (315.75) |
| | Dividend paid | (1,302.65) | (129.00) |
| | Principal elements of lease payments | (103.42) | (96.79) |
| | **Net cash from/ (used in ) financing activities (C)** | **2,345.44** | **(1,974.21)** |
| | **Net increase/ (decrease) in cash and cash equivalents (A+B+C)** | **2,652.82** | **(170.84)** |
| | Cash and cash equivalents at the beginning of the year | 912.14 | 1,082.98 |
| | **Cash and cash equivalents at the end of the year (refer note 13)** | **3,564.96** | **912.14** |
| | **Net (decrease)/ increase in cash and cash equivalents** | **2,652.82** | **(170.84)** |
| | | | |
| | **Non-cash investing activities:** | | |
| | - Acquisition of right-of-use asets | - | 4.25 |

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

This is the standalone statement of cash flows referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N / N500016

**Neeraj Sharma**
Partner
Membership No.108391

Place: Mumbai
Date: May 27, 2022

**For and on behalf of Board**

**B.K.Goenka**
Chairman
DIN No.00270175

**Vipul Mathur**
Managing Director
and Chief Executive Officer
DIN - 07990476

**Percy Birdy**
Chief Financial Officer

**Pradeep Joshi**
Company Secretary
FCS-4959

Place: Mumbai
Date: May 27, 2022

# Standalone Statement of Changes in Equity

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

## A. EQUITY SHARE CAPITAL

| Particulars | Notes | Amount |
|---|---|---|
| **Balance as at April 01, 2020** | | 1,304.43 |
| Changes in equity share capital during the year | 16(a) | - |
| **Balance as at March 31, 2021** | | 1,304.43 |
| Changes in equity share capital during the year | 16(a) | 0.32 |
| **Balance as at March 31, 2022** | | 1,304.75 |

## B. OTHER EQUITY [REFER NOTE 16(B) AND (C)]

| | Reserves and surplus | | | | | | | | Other reserves | Share application money pending allotment | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Securities premium | Debenture redemption reserve | General reserve | Equity settled share based payments | Capital Redemption reserve | Capital reserve | Retained earnings | Total reserve and surplus | Cash flow hedging reserve | | |
| **Balance as at April 01, 2020** | **7,183.71** | **505.84** | **621.73** | **90.65** | **21.78** | **1.79** | **5,920.85** | **14,346.35** | **(77.88)** | **-** | **14,268.47** |
| Capital Reserve persuant to business combination (refer note 51) | - | - | - | - | - | 1,349.02 | - | 1,349.02 | | | 1,349.02 |
| Profit for the year | - | - | - | - | - | - | 10,180.42 | 10,180.42 | - | - | 10,180.42 |
| Other comprehensive income | - | - | - | - | - | - | 17.35 | 17.35 | 21.57 | - | 38.92 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **10,197.77** | **10,197.77** | **21.57** | **-** | **10,219.34** |
| Movement in general reserve | - | - | 370.84 | - | - | - | - | 370.84 | - | - | 370.84 |
| Movement in debenture redemption reserve | - | (370.84) | - | - | - | - | - | (370.84) | - | - | (370.84) |
| Hedging loss transferred to inventory | - | - | - | - | - | - | - | - | 31.21 | - | 31.21 |
| **Transactions with owners in their capacity as owners:** | | | | | | | | | | | |
| Share application money pending allotment | - | - | - | - | - | - | - | - | | 6.50 | 6.50 |
| Employee share-based expense | - | - | - | 17.30 | - | - | - | 17.30 | - | - | 17.30 |
| Employee share-based options lapsed | - | - | 1.87 | (1.87) | - | - | - | - | | | - |
| Dividends paid | - | - | - | - | - | - | (130.44) | (130.44) | - | - | (130.44) |
| **Balance as at March 31, 2021** | **7,183.71** | **135.00** | **994.44** | **106.08** | **21.78** | **1,350.81** | **15,988.18** | **25,780.00** | **(25.10)** | **6.50** | **25,761.40** |

# Standalone Statement of Changes in Equity

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

| | Reserves and surplus | | | | | | | | Other reserves | Share application money pending allotment | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Securities premium | Debenture redemption reserve | General reserve | Equity settled share based payments | Capital Redemption reserve | Capital reserve | Retained earnings | Total reserve and surplus | Cash flow hedging reserve | | |
| Profit for the year | - | - | - | - | - | - | 4,857.23 | 4,857.23 | - | - | 4,857.23 |
| Other comprehensive income | - | - | - | - | - | - | 19.32 | 19.32 | (109.33) | - | (90.01) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **4,876.55** | **4,876.55** | **(109.33)** | **-** | **4,767.22** |
| Movement in general reserve | - | - | 45.00 | - | - | - | - | 45.00 | | - | 45.00 |
| Movement in debenture redemption reserve | - | (45.00) | - | - | - | - | - | (45.00) | - | - | (45.00) |
| Hedging loss transferred to inventory | - | - | - | - | - | - | - | - | 10.17 | - | 10.17 |
| **Transactions with owners in their capacity as owners:** | | | | | | | | | | | |
| Share application money pending allotment | - | - | - | - | - | - | - | - | - | (6.50) | (6.50) |
| Employee share-based expense | - | - | - | 5.60 | - | - | - | 5.60 | - | - | 5.60 |
| Options exercised | 9.25 | - | - | (3.08) | - | - | - | 6.17 | - | - | 6.17 |
| Employee share-based options lapsed | - | - | 7.80 | (7.80) | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | (1,304.75) | (1,304.75) | - | - | (1,304.75) |
| **Balance as at March 31, 2022** | **7,192.96** | **90.00** | **1,047.24** | **100.80** | **21.78** | **1,350.81** | **19,559.98** | **29,363.57** | **(124.26)** | **-** | **29,239.31** |

The above standalone statement of changes in equity should be read in conjunction with the accompanying notes.

This is the standalone statement of changes in equity referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N / N500016

**Neeraj Sharma**
Partner
Membership No.108391

Place: Mumbai
Date: May 27, 2022

**For and on behalf of Board**

**B.K.Goenka**
Chairman
DIN No.00270175

**Vipul Mathur**
Managing Director
and Chief Executive Officer
DIN - 07990476

**Percy Birdy**
Chief Financial Officer

**Pradeep Joshi**
Company Secretary
FCS-4959

Place: Mumbai
Date: May 27, 2022

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## GENERAL INFORMATION

Welspun Corp Limited (hereinafter referred to as "WCL" or "the Company") is engaged in the business of Production and Coating of High Grade Submerged Arc Welded Pipes, Hot Rolled Steel Plates and Coils.

The Company is a public limited company which is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) and is incorporated and domiciled in India. The address of its registered office is "Welspun City", Village Versamedi, Tal. Anjar, Dist Kutch, Gujarat - 370110, India.

These standalone financial statements were approved for issue by the Board of Directors on May 27, 2022.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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

### 1.1 BASIS OF PREPARATION OF STANDALONE FINANCIAL STATEMENTS

**a) Compliance with Ind AS**

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

**b) Historical cost convention**

The standalone financial statements have been prepared on an accrual and going concern basis. The standalone financial statements have been prepared on a historical cost basis, except for the following items:

| Items | Measurement basis |
|---|---|
| Certain financial assets and liabilities (including derivatives instruments) | Fair value |
| Assets or disposal groups held for sale | Fair value less cost to sell |
| Share based payments | Fair value |
| Net defined benefit (asset)/ liability | Fair value of plan assets less present value of defined benefit obligations |

**c) Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (i.e 12 months) and other criteria set out in Schedule III (Division II) to the Act.

**d) Recent Accounting Pronouncements**

**i. New and amended standards adopted by the Company**

The Comany has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April 2021:

- Extension of COVID-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**ii. New amendments issued but not effective**

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

Below is a summary of such amendments:

| Title | Key requirements |
|---|---|
| Ind AS 16, Property, Plant and Equipment | Proceeds before intended use of property, plant and equipment The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly) |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| Title | Key requirements |
|---|---|
| Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets | Onerous Contracts – Cost of fulfilling a contract The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts |
| Ind AS 103, Business combinations | References to the conceptual framework The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities. |
| Ind AS 109, Financial Instruments | Fees included in the 10% test for derecognition of financial liabilities The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. |
| Ind AS 101, First time adoption | Subsidiary as a first-time adopter Simplifies the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. |

**iii. Reclassification consequent to amendment to Schedule III**

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from 1 April 2021. Consequent to above, the group has changed the classification/presentation of (i) current maturities of long-term borrowings (ii) security deposits, in the current year. The current maturities of long-term borrowings (including interest accrued) has now been included in the "Current borrowings" line item. Previously, current maturities of long-term borrowings and interest accrued were included in 'other financial liabilities' line item. Further, security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets' line item. Previously, these deposits were included in 'loans' line item. The group has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. Refer note no 51 of standalone financial statements.

## 1.2 FOREIGN CURRENCY TRANSLATION

**a) Functional and presentation currency**

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

**b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

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

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

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

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

The Company has elected to apply the exemption from the transition date i.e. April 01, 2015 in respect of accounting policy followed for long term foreign currency monetary items. Accordingly, long term foreign currency monetary items in the standalone financial statement have been accounted in accordance with adopted under previous GAAP as given below:

- Foreign exchange differences on account of depreciable assets are adjusted in the cost of depreciable assets and depreciated over the balance life of the assets.
- In other cases, foreign exchange differences are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term assets / liabilities.

## 1.3 REVENUE RECOGNITION

**a) Sale of goods**

The Company derives revenue principally from sale of pipes.

The Company recognises revenue when it satisfies a performance obligation in accordance with the provisions of contract with the customer. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, risk of obsolescence and loss pass to the customer and the Company has the present right to payment, all of which occurs at a point in time upon shipment or delivery of the product. The Company considers freight activities as costs to fulfil the promise to transfer the related products and the customer payments for freight costs are recorded as a component of revenue.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

In certain customer contracts, freight services are treated as a distinct separate performance obligation and the Company recognises revenue for such services when the performance obligation is completed.

The Company considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the Company expects to be entitled to in exchange for transferring of promised goods and services to the customer after deducting incentive programs, included but not limited to discounts, volume rebates, etc.

Revenue is recognized at a determined transaction price when identified performance obligations are satisfied. The bill and hold contracts are entered at the request of the customer. Revenue from bill and hold contracts is recognised at the agreed transaction price (determined price) .The price for bill and hold contracts is determined at the time of entering into the transaction and the performance obligation is satisfied when goods have been appropriated towards the sale transaction (the control of asset is transferred to the customer).

Revenue excludes any taxes and duties collected on behalf of the government.

**b) Sale of services**

The Company provides freight services to its customers. Revenue from providing freight services is recognised in the accounting period in which the services are rendered. The related freight costs incurred are included in freight expenses when the Company is acting as principal in the freight arrangement.

Freight services may be considered a separate performance obligation if control of the goods transfers to the customer before goods reach to the agreed place of shipment, but the entity has promised to ship the goods (or arrange for the goods to be shipped). In contrast, if control of a good does not transfer to the customer before goods reach to the agreed place of shipment, freight service is not a promised service to the customer. This is because freight service is a fulfillment activity as the costs are incurred as part of transferring the goods to the customer.

## 1.4 CONTRACT ASSETS AND CONTRACT LIABILITIES

When the Company performs a service or transfers a good in advance of receiving consideration, it recognises a contract asset or receivable.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

A contract asset is a Company's right to consideration in exchange for goods or services that the Company has transferred to a customer. If the Company transfers control of goods or services to a customer before the customer pays consideration, the Company records a contract asset when the nature of the Company's right to consideration for its performance is other than passage of time. A contract asset will be classified as a receivable when the Company's right to consideration is unconditional (that is, when payment is due only on the passage of time).The Company shall assess a contract asset for impairment in accordance with Ind AS 109. Impairment of a contract asset is measured, presented and disclosed on similar basis as other financial asset in nature of trade receivable within the scope of Ind AS 109. The Company discloses contract assets under "Other Assets".

The Company recognises a contract liability if the customer's payment of consideration precedes the Company's performance. A contract liability is recognised if the Company receives consideration (or if it has the unconditional right to receive consideration) in advance of performance. The Company discloses contract liabilities under "Other Liabilities".

## 1.5 SEGMENT REPORTING

The board of directors of the Company assess the financial performance and position of the Company, and makes strategic decisions. The chief operating decision makers are board of directors of the Company. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

## 1.6 GOVERNMENT GRANTS

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

Export incentives and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions and the incentive will be received.

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

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

Government grants relating to the purchase of property, plant and equipment are included in liabilities as "Government grants" and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within "Other operating income". In case of disposal of such property, plant and equipment, related Government Grants included in the liabilities are written back and charged to the statement of profit and loss.

## 1.7 INCOME TAX, DEFERRED TAX AND DIVIDEND DISTRIBUTION TAX

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

Current and deferred tax is recognised in the profit and loss except to the extent it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

**a) Current income tax**

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

Current tax assets and tax liabilities are offset when there is a legally enforceable right to

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

set off current tax assets against current tax liabilities and Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**b) Deferred tax**

Deferred tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill.

Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax assets is realized or deferred tax liability is settled.

Deferred tax are recognised for all deductible temporary difference and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

**c) Dividend distribution tax**

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

## 1.8 LEASES

**a) As a lessee**

The Company leases various leasehold lands, buildings, vehicles, and office and other equipments. Rental contracts are typically made for fixed periods of one to ninety-nine years but may have extension options as described in note 3(b). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Based on the notification released by MCA, Ind AS 116 has been made applicable w.e.f April 01, 2019. From April 01, 2019, leases are recognized as a right-of-use assets and a corresponding lease liability at the date at which the leased assets is available for the use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments, as applicable:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

Lease payment to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following, wherever applicable:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term (including extension considering reasonable certainty), on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets and short term lease assets comprises of dumpsite land, laptops and other office equipements.

**b) As a lessor**

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct cost incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

## 1.9 PROPERTY, PLANT AND EQUIPMENT

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Cost of Capital Work in Progress ('CWIP') comprises amount paid towards acquisition of property, plant and equipment outstanding as of each balance sheet date and construction expenditures, other expenditures necessary for the purpose of preparing the CWIP for it intended use and borrowing cost incurred before the qualifying asset is ready for intended use. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

**Depreciation methods, estimated useful lives and residual value**

Freehold land is not depreciated. Leasehold improvements and Lease hold land are amortised over the shorter of estimated useful life or the related lease term. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

| Assets | Estimated Useful Lives (in years) |
|---|---|
| **Buildings** | |
| Building | 30 |
| Residential and other buildings | 60 |
| Road, fencing, etc. | Ranging between 3 to 15 years |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| Assets | Estimated Useful Lives (in years) |
|---|---|
| **Office and other equipments** | |
| Office equipment | Ranging between 3 to 10 years |
| Computer | 3 years except Networking equipment's which are depreciated over useful life of 5 years |
| Vehicles | 8 |
| Furniture and fixtures | 10 |

These estimated useful lives are in accordance with those prescribed under Schedule II to the Companies Act, 2013 except in respect of plant and machinery wherein the estimated useful lives are different than those under Schedule II to the Companies Act, 2013 based on a technical evaluation done by the Management.

Plant and machinery is depreciated on straight line method over the useful life ranging between 2 years to 40 years in order to reflect the actual usage of the assets. The estimated useful lives of plant and machinery has been determined based on internal technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, etc.

The residual values are not more than 5% of the original cost of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other expenses or other income or other expenses, as applicable.

## 1.10 INVESTMENT PROPERTIES

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as Investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties (except freehold land) are depreciated using the straight-line method over their estimated useful lives over a period of thirty years. These estimated useful lives are in accordance with those prescribed under Schedule II to the Companies Act, 2013.

## 1.11 INTANGIBLE ASSETS

Intangible assets with finite useful lives acquired by the Company are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

**Amortisation methods and periods**

Intangible assets comprise of computer software which is amortised on a straight-line basis over its expected useful life over a period of five years which is based on a technical evaluation done by the Management.

## 1.12 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

such as deferred tax assets, assets arising from employee benefits, financial assets, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal groups) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal groups), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal groups) is recognised at the date of de-recognition.

Non-current assets (including those that are part of disposal groups) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to liabilities of disposal groups classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately from the other assets in the balance sheet under the head "Assets or disposal groups classified as held for sale". The liabilities of disposal groups classified as held for sale are presented separately from other liabilities in the balance sheet under the head "Liabilities directly associated with disposal groups classified as held for sale".

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or are of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

## 1.13 IMPAIRMENT OF ASSETS

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 1.14 INVENTORIES

Raw materials, stores and spares, work in progress, traded goods and finished goods

Raw materials, stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases on moving weighted average basis. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on moving weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 1.15 INVESTMENT IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE

The investments in subsidiaries, joint ventures and associate are carried in the standalone financial statements at historical cost except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for as Non-current assets held for sale and discontinued operations.

When the Company is committed to a sale plan involving disposal of an investment, or a portion of an investment, in any subsidiary or joint venture, the investment or the portion of the investment that will be disposed of is classified

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

as held for sale when the criteria described above are met. Any retained portion of an investment in a subsidiary or a joint venture that has not been classified as held for sale continues to be accounted for at historical cost.

Company considers issuance of non-market rate redeemable preference shares by subsidiary as compound instrument comprising a loan with market terms and a capital injection and hence treat the difference between the cash paid and fair value on initial recognition as an addition to the investment in the subsidiary and presented separately as 'Investment in equity component of preference shares' under 'Equity investments in subsidiaries and joint ventures'. Equity Component is not subsequent remeasured.

## 1.16 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a) Financial assets**

**(I) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**(II) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. After initial recognition, financial assets not measured at fair value through profit & Loss are measured using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flow through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**(i) Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or other expenses (as applicable). Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income or other expenses (as applicable) in the period in which it arises. Interest income from these financial assets is included in other income or other expenses, as applicable.

**(ii) Equity instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments and gain/loss on restatement of equity shares held in foreign currency are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other expenses, as applicable in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**(III) Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(IV) Derecognition of financial assets**

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**(V) Income recognition**

**(i) Interest income**

Interest income from a financial assets is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on time basis by reference to principal outstanding and the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Interest on income tax and indirect tax are recognised in the year in which it is received.

**(ii) Dividend income**

Dividend income are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

**(iii) Export Benefits**

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

**(VI) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits with an original maturity of three months or less and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flow, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

**(VII) Trade receivable**

Trade Receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost less loss allowance.

**b) Financial liabilities**

**(I) Measurement**

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss.

**(II) Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**(III) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit and loss as other income or other expenses, as applicable.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the standalone financial statements for issue, not to demand payment as a consequence of the breach.

**(IV) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised, initially at fair value, and subsequently measured at amortised cost using effective interest rate method.

Trade payables includes acceptances arrangements where operational suppliers of goods are paid by banks while Company continues to recognise the liability till settlement with the banks.

**c) Financial guarantee contracts**

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and amount initially recognized less cumulative amortization, where appropriate. The fair value of guarantee is determined as at the present value of difference in net cash flows between the contractual payments under the debt instrument and the payment that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation. Where guarantee in relation to loan or other payables of group companies are provided for no consideration, the fair values are accounted for as contributions and recognized as part of the cost of investment.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**d) Derivatives and hedging activities**

In order to hedge its exposure to foreign exchange and interest rate, the Company enters into forward and interest rate swap contracts and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Derivatives a1re initially recognised at fair value on the date a derivative contract is entered into and are subsequently marked to market to their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions and variable interest rate risk associated with borrowings (cash flow hedges).

The Company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

**(I) Cash flow hedges that qualify for hedge accounting**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income or other expenses (as applicable).

When forward contracts are used to hedge forecast transactions, the Company generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the deferred forward contracts, if any are included within the initial cost of the asset.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss within other income or other expense (as applicable). If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in statement of profit or loss at the time of the hedge relationship rebalancing.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**(II) Derivatives that are not designated as hedges**

The Company enters into derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income or other expenses (as applicable).

**e) Embedded Derivatives**

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**f) Embedded foreign currency derivatives**

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

- the functional currency of any substantial party to that contract,
- the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world, and
- the currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency).

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss. The Company currently does not have any such derivatives which are not closely related.

**g) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## 1.17 BORROWING COSTS

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

## 1.18 EMPLOYEE BENEFITS

**a) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**b) Other long-term employee benefit obligations**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**c) Post-employment obligations**

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity; and
- defined contribution plans such as provident fund and superannuation fund.

**(I) Defined Benefit Plans**

**(i) Gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to profit and loss in the subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**(II) Defined contribution plans**

**(i) Provident Fund, Employee State Insurance Corporation (ESIC) and Pension Fund**

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

**(ii) Superannuation Fund**

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

**d) Bonus Plan**

The Company recognises a liability and an expense for bonus. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**e) Equity-settled share-based payments (ESOP)**

Equity-settled share-based payments to employees are measured at the fair value of the options at the grant date.

The fair value of option at the grant date is expensed over the vesting period with a corresponding increase in equity as “Equity settled share based payments”. In case of forfeiture of unvested option, portion of amount already expensed is reversed. In a situation where the vested option forfeited or expires unexercised, the related balance standing to the credit of the “Equity settled share based payments” are transferred to the “Retained Earnings”.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

When the options are exercised, the Company issues new equity shares of the Company of ₹ 5 each fully paid-up. The proceeds received and the related balance standing to credit of the Equity settled share based payments, are credited to share capital (nominal value) and Securities Premium.

## 1.19 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

**a) Provisions**

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

**b) Contingent liabilities**

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

**c) Contingent Assets**

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

## 1.20 CONTRIBUTED EQUITY

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 1.21 DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 1.22EARNINGS PER SHARE

**a) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company; and
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

**b) Diluted earnings per share**

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 1.23ROUNDING OF AMOUNTS

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest Rupees millions (upto two decimals), unless otherwise stated as per the requirement of Schedule III (Division II).

## 1.24 BUSINESS COMBINATIONS

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

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of the:

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

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

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

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

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

## NOTE 2: CRITICAL ESTIMATES AND JUDGMENTS

The preparation of standalone financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the standalone financial statements.

**Critical estimates and judgments**

**i) Estimation of Provisions and Contingent Liabilities**

The Company exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision (Refer note 37 and 45).

**ii) Estimation of useful life of Property, Plant and Equipment**

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

impact their life, such as changes in technology (Refer note 1.9).

**iii) Estimation of Provision for Inventory**

The Company writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

**iv) Estimation of Defined Benefit Obligation**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability (Refer note 36).

**v) Estimated fair value of Financial Instruments**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Management uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Refer note 40).

**vi) Impairment of carrying value of investments and recoverability of loans to a subsidiary:**

Determining whether the impairment of carrying value of investments in a subsidiary and recoverability of loans to a subsidiary requires an estimate of the value in use of investments and loans.

In considering the value in use, the board of directors of Investee Company have selected the appropriate method for the determination of value-in-use example market approach model, discounted cash flow model etc. Accordingly, Company anticipates the market rates from independent website, assesses the work of the external valuation expert for valuation of the Investee Company in case of market approach model.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 3(a). PROPERTY, PLANT AND EQUIPMENT

| Carrying amounts | Freehold land | Buildings | Plant and machinery | Office and other equipments | Vehicles | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2021** | | | | | | | |
| **Gross carrying amount** | | | | | | | |
| **Balance as at April 01, 2020** | **588.53** | **3,679.63** | **8,449.75** | **134.56** | **21.75** | **89.39** | **12,963.61** |
| Addition pursuant to business combination (refer note 51) | 331.94 | 1,012.56 | 2,630.97 | 11.30 | 6.39 | 7.52 | 4,000.68 |
| Additions | 51.64 | 489.51 | 674.84 | 28.33 | 1.90 | 32.05 | 1,278.27 |
| Disposals | 0.52 | - | 74.18 | 6.38 | - | 0.41 | 81.49 |
| Reclassification as investment property (refer note 4) | 0.26 | - | - | - | - | - | 0.26 |
| **Gross carrying amount as at March 31, 2021** | **971.33** | **5,181.70** | **11,681.38** | **167.81** | **30.04** | **128.55** | **18,160.81** |
| **Year ended March 31, 2022** | | | | | | | |
| **Gross carrying amount** | | | | | | | |
| Additions | 77.02 | 7.32 | 297.63 | 10.03 | 1.88 | 2.68 | 396.56 |
| Disposals | 15.32 | 50.40 | 205.50 | 6.25 | 4.55 | - | 282.02 |
| Reclassification as investment property (refer note 4) | - | 10.37 | - | - | - | - | 10.37 |
| **Gross carrying amount as at March 31, 2022** | **1,033.03** | **5,128.25** | **11,773.51** | **171.59** | **27.37** | **131.23** | **18,264.98** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 3(a). PROPERTY, PLANT AND EQUIPMENT

| Accumulated depreciation | Freehold land | Buildings | Plant and machinery | Office and other equipments | Vehicles | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2021** | | | | | | | |
| **Balance as at April 01, 2020** | **-** | **649.47** | **4,633.12** | **76.70** | **10.93** | **47.92** | **5,418.14** |
| Addition pursuant to business combination (refer note 51) | - | 370.46 | 1,102.25 | 8.73 | 3.05 | 6.66 | 1,491.15 |
| Depreciation charge during the year | - | 174.49 | 739.98 | 23.48 | 2.68 | 8.57 | 949.20 |
| Disposals | - | - | 57.99 | 4.68 | - | 0.17 | 62.84 |
| Reclassification as investment property (refer note 4) | - | 2.31 | - | - | - | - | 2.31 |
| **Accumulated depreciation as at March 31, 2021** | **-** | **1,192.11** | **6,417.36** | **104.23** | **16.66** | **62.98** | **7,793.34** |
| **Year ended March 31, 2022** | | | | | | | |
| Depreciation charge during the year | - | 182.57 | 792.73 | 20.55 | 2.42 | 9.40 | 1,007.67 |
| Disposals | - | 9.30 | 157.89 | 5.43 | 3.60 | - | 176.22 |
| Reclassification as investment property (refer note 4) | - | 3.50 | - | - | - | - | 3.50 |
| **Accumulated depreciation as at March 31, 2022** | **-** | **1,361.88** | **7,052.20** | **119.35** | **15.48** | **72.38** | **8,621.29** |
| **Net carrying amount of property, plant and equipment** | | | | | | | |
| As at March 31, 2021 | 971.33 | 3,989.59 | 5,264.02 | 63.58 | 13.38 | 65.57 | 10,367.47 |
| **As at March 31, 2022** | **1,033.03** | **3,766.37** | **4,721.31** | **52.24** | **11.89** | **58.85** | **9,643.69** |
| **Capital work-in-progress** | | | | | | | |
| **Opening balance as at April 01, 2020** | **665.66** | | | | | | |
| Addition pursuant to business combination (refer note 51) | 10.25 | | | | | | |
| Additions | 642.52 | | | | | | |
| Capitalisation | 1,214.99 | | | | | | |
| **Closing balance as at March 31, 2021** | **103.44** | | | | | | |
| **Opening balance as at April 01, 2021** | **103.44** | | | | | | |
| Additions | 282.89 | | | | | | |
| Capitalisation | 343.90 | | | | | | |
| **Closing balance as at March 31, 2022** | **42.43** | | | | | | |

Capital work-in-progress mainly comprises of plant and machinery.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**Capital work-in-progress ageing :**

**Ageing for capital work-in-progress as at March 31, 2022 is as follows:**

| Capital work-in-progress | Amount in CWIP for a period of | | | Total |
|---|---|---|---|---|
| | Less than 1 year | 2-3 years | More than 3 years | |
| Project in progress | 103.44 | - | - | 103.44 |
| Projects temporarily suspended | - | - | - | - |
| **Total** | **103.44** | **-** | **-** | **103.44** |

Capital work-in-progress ageing

**Ageing for capital work-in-progress as at March 31, 2021 is as follows:**

| Capital work-in-progress | Amount in CWIP for a period of | | | Total |
|---|---|---|---|---|
| | Less than 1 year | 2-3 years | More than 3 years | |
| Project in progress | 42.43 | - | - | 42.43 |
| Projects temporarily suspended | - | - | - | - |
| **Total** | **42.43** | **-** | **-** | **42.43** |

**Notes:**

(i) For property, plant and equipment mortgaged as security, refer note 17.

(ii) Contractual obligations: Refer note 46 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Project execution plans are monitored on a quarterly basis to determine whether the progress is as per the plans.

(iv) The completion schedule for the above capital work-in-porgress is not overdue or has not exceeded its cost compared to its original plan.

## 3(B). RIGHT-OF-USE ASSETS

**(i) Amount recognised in balance sheet**

The Balance sheet shows the following amounts relating to leases:

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Right-of-use assets** | | |
| Leasehold land | 42.88 | 44.14 |
| Buildings | 148.70 | 205.41 |
| Vehicle | 29.95 | 59.90 |
| Office and other equipments | 8.18 | 26.90 |
| Others | - | 15.13 |
| **Total Right-of-use assets** | **229.71** | **351.48** |
| **Lease Liabilities** | | |
| Current | 81.23 | 84.09 |
| Non-Current | 100.10 | 190.82 |
| **Total Lease Liabilities** | **181.33** | **274.91** |

Addition to the right-of-use assets during the current financial year were Nil (March 31, 2021 ₹ 4.25 )

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

The Company leases various leasehold lands, buildings, vehicles, and office and other equipments. Rental contracts are typically made for fixed periods of one to ninety-nine years, but may have extension options of as described in below:

Extension options for one to three years and termination options are included in a number of leasehold lands, buildings, vehicles, and office and other equipments across the Company. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable by the Company and the respective lessor.

**(ii) Amount recognised in the statement of profit and loss**

The statement of profit or loss shows the following amounts relating to leases:

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Depreciation charge of Right-of-use assets** | | |
| Leasehold land | 0.97 | 0.54 |
| Buildings | 56.71 | 57.72 |
| Vehicle | 29.95 | 29.95 |
| Office & other equipments | 8.61 | 9.79 |
| Others | 15.13 | 15.51 |
| **Total** | **111.37** | **113.51** |
| **Interest and Other expense** | | |
| Interest expense on Leases (included in finance cost) | 20.24 | 27.23 |
| Expense relating to short-term leases (included in other expenses) | 11.81 | 40.61 |
| Expense relating to lease of low value assets that are not shown above as short-term leases (included in other expenses) | - | 13.30 |
| **Total** | **32.05** | **81.14** |

The total cash outflow for the leases for the year ended March 31, 2022 was ₹103.42 (March 31, 2021 ₹ 96.79

## 4. INVESTMENT PROPERTY

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Investment property - land | 103.67 | 104.89 |
| Investment property - building | 52.75 | 44.66 |
| **Total investment property** | **156.42** | **149.55** |

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Gross carrying amount** | | |
| Opening balance | 163.87 | 87.39 |
| Addition pursuant to business combination (refer note 51) | - | 76.22 |
| Transferred from property, plant and equipment (refer note 3(a)) | 10.37 | 0.26 |
| **Closing balance** | **174.24** | **163.87** |
| **Accumulated Depreciation** | | |
| Opening balance | 14.32 | 12.01 |
| Transferred from property, plant and equipment (refer note 3(a)) | 3.50 | 2.31 |
| **Closing balance** | **17.82** | **14.32** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**(i) Amount recognised in statement of profit and loss under the head "Other income"**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Rental Income | 16.83 | 26.02 |
| | **16.83** | **26.02** |

There are no direct operating expenses (including repairs and maintenance) on investment properties recognised in statement of profit and loss.

**(ii) Fair Value**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Investment property - land | 288.62 | 296.43 |
| Investment property - building | 176.95 | 167.67 |
| | **465.57** | **464.10** |

**Estimation of fair value**

The Company has obtained independent valuation of its freehold land located at Anjar, flat located at Mumbai and office located in Delhi based on current prices in an active market for properties of similar nature. The fair values of investment property have been determined by an independent valuer. The main inputs used are the rental growth rates and a study of the micro market in discussion with industry experts. Resulting fair value estimate for investment property are included in level 3.

## 5. INTANGIBLE ASSETS

| **Carrying amounts** | **Intangible assets (Software)** |
|---|---|
| **Year ended March 31, 2021** | |
| **Gross carrying amount** | |
| Balance as at April 01, 2020 | 209.30 |
| Addition pursuant to business combination (refer note 51) | 5.28 |
| Additions | 15.46 |
| **Gross carrying amount as at March 31, 2021** | **230.04** |
| **Year ended March 31, 2022** | |
| Gross carrying amount | |
| Additions | 5.64 |
| **Gross carrying amount as at March 31, 2022** | **235.68** |

| **Accumulated amortisation** | **Intangible assets (Software)** |
|---|---|
| **Year ended March 31, 2021** | |
| **Balance as at April 01, 2020** | **120.41** |
| Addition pursuant to business combination (refer note 51) | 4.99 |
| Amortisation charge during the year | 34.08 |
| **Accumulated amortisation as at March 31, 2021** | **159.48** |
| **Year ended March 31, 2022** | |
| Amortisation charge during the year | 33.71 |
| **Accumulated amortisation as at March 31, 2022** | **193.19** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| Accumulated amortisation | Intangible assets (Software) |
|---|---|
| **Net carrying amount of Intangible assets** | |
| As at March 31, 2021 | 70.56 |
| **As at March 31, 2022** | **42.48** |

| | |
|---|---|
| **Intangible assets under development (IAUD)** | |
| Opening balance as at April 01, 2020 | 8.13 |
| Additions | 3.00 |
| Capitalisation | 11.13 |
| **Closing balance as at March 31, 2021** | **-** |
| Opening balance as at April 01, 2021 | - |
| Additions | 9.02 |
| Capitalisation | - |
| **Closing balance as at March 31, 2022** | **9.02** |

**Intangible assets under development ageing:**

Ageing for intangible assets under development as at March 31, 2022 is as follows:

| Intangible assets under development ageing | Amount in IAUD for a period of | | | Total |
|---|---|---|---|---|
| | Less than 1 year | 2-3 years | More than 3 years | |
| Project in progress | 9.02 | - | - | 9.02 |
| Projects temporarily suspended | - | - | - | - |
| **Total** | | | | **9.02** |

**Notes**

Contractual obligations: Refer note 46 for disclosure of contractual commitments.

## 6. INVESTMENTS IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE (REFER NOTE 42) (FULLY PAID UP)

**Valued at cost**

**Unquoted**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **I. Investments in equity instruments of subsidiaries** | | |
| **i) Wholly owned subsidiaries** | | |
| Welspun Pipes Inc. | 0.44 | 0.44 |
| 1,000 (March 31, 2021: 1,000) equity shares of USD 0.0001 each | | |
| Welspun Tradings Limited | 50.22 | 50.22 |
| 5,013,402 (March 31, 2021: 5,013,402) equity shares of ₹ 10 each | | |
| Welspun DI Pipes Limited | 295.68 | 0.11 |
| 29,511,000 (March 31, 2021: 11,000) equity shares of ₹ 10 each (refer note (iii) below) | | |
| Welspun Metallics Limited | 861.94 | 0.11 |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | 85,011,000 (March 31, 2021: 11,000) equity shares of ₹ 10 each (refer note (iii) below) | | |
| | Welspun Mahatva Plastic Products and Building Materials Private Limited | 0.01 | - |
| | 1,000 (March 31, 2021: Nil) equity shares of ₹ 10 each (refer note (i) below) | | |
| | Anjar TMT Steel Private Limited | 200.10 | - |
| | 20,010,000 (March 31, 2021: Nil) equity shares of ₹ 10 each (refer note (ii) below) | | |
| ii) | **Other subsidiary** | | |
| | Welspun Mauritius Holdings Limited | 4.70 | 4.70 |
| | 102,089 (March 31, 2021: 102,089) equity shares of USD 1 each | | |
| | | **1,413.09** | **55.58** |
| | **Quoted** | | |
| | **Equity investments carried at cost** | | |
| | Welspun Specialty Solutions Limited | 2,836.50 | 2,836.50 |
| | 265,190,034 (March 31, 2021: 265,190,034) equity shares of ₹ 6 each, fully paid up (refer note 51) | | |
| | | **2,836.50** | **2,836.50** |
| | **Total Investments in equity instruments of subsidiaries** | **4,249.59** | **2,892.08** |
| **II.** | **Investment in equity component of preference shares** | | |
| | **Other subsidiary** | | |
| | Welspun Mauritius Holdings Limited | 293.75 | 293.75 |
| | **Total investment in equity component of preference shares** | **293.75** | **293.75** |
| **III.** | **Investments in preference shares of subsidiaries** | | |
| | **Wholly owned subsidiaries** | | |
| | Welspun DI Pipes Limited (refer note no.(iii) below) | 1,800.00 | 150.00 |
| | 180,000,000 (March 31, 2021: 15,000,000) 8% Convertible Non-Cumulative Optionally Redeemable Preference Share of ₹ 10 each | | |
| | Welspun Metallics Limited (refer note no. (iii) below) | 2,120.00 | 740.00 |
| | 212,000,000 (March 31, 2021: 74,000,000) 8% Convertible Non-Cumulative Optionally Redeemable Preference Share of ₹ 10 each | | |
| | Anjar TMT Steel Private Limited (refer note no. (ii) below) | 248.15 | - |
| | 24,815,000 (March 31, 2021: Nil) 7.75% Convertible Non-Cumulative Optionally Redeemable Preference Share of ₹ 10 each | | |
| | **Total investments in preference shares of subsidiaries** | **4,168.15** | **890.00** |
| | **Equity investments in subsidiaries associates and joint ventures** (refer note 42) (fully paid up) (Contd...) | | |
| **IV.** | **Investment in compulsory convertible debentures of subsidiaries** | | |
| | **Wholly owned subsidiaries** | | |
| | Welspun DI Pipes Limited (refer note (iii) below) | - | 95.57 |
| | Nil (March 31, 2021: 9,500,000) compulsorily convertible debentures of ₹ 10 each | | |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | Welspun Metallics Limited (refer note (iii) below) | - | 861.83 |
| | Nil (March 31, 2021: 85,000,000) compulsorily convertible debentures of ₹ 10 each | | |
| | **Total investment in compulsory convertible debentures of subsidiaries** | **-** | **957.40** |
| **V.** | **Investment in optionally convertible debentures of subsidiaries** | | |
| | **Wholly owned subsidiaries** | | |
| | Welspun Mahatva Plastic Products and Building Materials Private Limited (refer note (i) below) | 4,010.00 | - |
| | 40,100,000 (March 31, 2021: Nil) debenture of ₹ 100 each | | |
| | | **4,010.00** | **-** |
| **VI.** | **Investments in equity instruments of associate and joint venture** | | |
| | **Joint venture:** | | |
| | Welspun Wasco Coatings Private Limited | 254.65 | 254.65 |
| | 25,465,014 (March 31, 2021: 25,465,014) equity shares of ₹ 10 each | | |
| | Less: Provision for Impairment in equity investment | (254.65) | (254.65) |
| | **Associate:** | | |
| | Welspun Captive Power Generation Limited (refer note 51) | | |
| | 6,705,693 (March 31, 2021: Nil ) equity shares of ₹ 10 each | 765.79 | - |
| | **Total investments in equity instruments of associate and joint venture** | **765.79** | **-** |
| **Total equity investments in subsidiaries, associate and joint venture** | | **13,487.28** | **5,033.23** |
| Aggregate market value of quoted investments | | 4,030.89 | 3,328.13 |
| Aggregate amount of quoted investments | | 2,836.50 | 2,836.50 |
| Aggregate amount of unquoted investments | | 10,650.78 | 2,196.73 |
| Aggregate amount of impairment in the value of investments | | 254.65 | 254.65 |

**Note:**

i Pursuant to the meeting of board of directors held on October 28, 2021, the Company on November 26, 2021, has acquired 100% of equity shares of Welspun Mahatva Plastic Products and Building Materials Private Limited (Mahatva) for purchase consideration of ₹ 0.01. Accordingly Welspun Mahatva Plastic Products and Building Materials Private Limited is now a wholly owned subsidiary of the Company. Welspun Mahatva Plastic Products and Building Materials Private Limited is incorporated in the current financial year for the manufacturing of plastic products. Further as at March 30, 2022, the Company has also invested 0.01% optionally convertible debentures of Welspun Mahatva Plastic Products and Building Materials Private Limited of ₹ 4,010 million.

**March 31, 2022:-**

**Terms and rights of 0.01% Optionally Convertible Debentures (OCDs):**

0.01% Optionally Convertible Debentures (OCDs) having face value of ₹ 100 each shall be convertible at the option of WCL, the holder at any time during the tenure of the debentures into 10 equity shares of ₹ 10 each.If the OCD are not redeemed within 5 years from the date of issue, the OCD will be mandatorily converted into equity shares. The OCD shall be redeemable at the option of Mahatva, the issuer, any-time from the date of issue but not later than 5 years.

ii Anjar TMT Steel Private Limited (Anjar ATMT) became a subsidiary (100%) of the Company pursuant to Merger order dated March 16, 2022 (refer note 51). Company holds 20,010,000 equity shares of Anjar TMT of par value ₹10 amounting to ₹ 200.10.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

The Company invested in 24,815,000, 7.75% Convertible Non-cumulative Optionally Redeemable Preference Shares (7.75% CORPS) of par value ₹ 10. amounting to ₹ 248.15 in the current year.

**March 31, 2022:-**
**Terms and rights of 7.75% Convertible Non-cumulative Optionally Redeemable Preference Shares (7.75% CORPS):**

7.75% CORPS have par value ₹ 10 each.

The 7.75% CORPS shall be convertible into equity shares of Anjar ATMT, the issuer any time before March 31, 2036. Conversion ratio is 1:1. One 7.75% CORPS will be converted into one equity share of ₹ 10/- each fully paid-up. If not converted, the 7.75% CORPS shall be redeemable at par at the option of Anjar ATMT, the issuer after March 31, 2030, but before 31st March, 2036.

iii Pursuant to the meeting of board of directors held on January 28, 2021, the Company on February 03, 2021, has acquired 100% of equity shares of Welspun DI Pipes Limited (WDI) and Welspun Metallics Limited (WML) for purchase consideration of ₹ 0.11 each. Accordingly WDI and WML became wholly owned subsidiaries of the Company. WDI and WML were incorporated in the previous financial year for the manufacturing of ductile iron pipes and pig iron, respectively.

As at February 03, 2021, the Company holds 0% Compulsorily Convertible debentures of WDI and WML for ₹ 95.57 and ₹ 861.83, respectively which are converted in the current year into 9,500,000 equity shares of WDI of par value ₹10 amounting to ₹ 95.57 and 85,000,000 equity shares of WML of ₹10 amounting to ₹ 861.83, respectively, in the current year.

Additionally, the Company has also invested 20,000,000 equity shares of WDI of ₹ 10 amounting to ₹ 200 during the current year.

**March 31, 2022:-**
Terms and rights of 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (8% CORPS):

The Company has also invested in the 8% CORPS of ₹ 10 each of WDI and WML for ₹1,800 and ₹ 2,120 (Previous year ₹150 and ₹ 740), respectively.

The 8% CORPS shall be convertible into equity shares of WML/ WDI, the issuer any time before March 31, 2036. Conversion ratio is 1:1 One 8% CORPS will be converted into one equity share at par. The 8% CORPS shall be Redeemable at the option of WML/ WDI, the issuer in one or more tranches at any time on or after 30th September, 2034 but before March 31, 2026 and 8% CORPS shall be redeemed at par.

Further, during the previous year the rate of 8% CORPS was 10% (reduction in the coupon rate to 8% during the current year.)

**March 31, 2021:-**
**Terms and rights of 0% Compulsorily Convertible Debentures (CCDs):**
0% Compulsorily Convertible Debentures (CCDs) have par value ₹ 10 each. The CCDs issued at 0% interest.

The CCDs can be converted at the option of WML/ WDI, the issuer into Equity Shares of ₹10/- each fully paid-up. Conversion Ratio 1:1

Tenor of CCDs : 18 months from the date of first allotment.

If the CCDs have not been converted at the expiry of the Tenure of CCDs, the said CCDs shall be mandatorily converted into equity shares at the end of the tenure of CCDs in accordance with the conversion ratio.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 7. INVESTMENTS

**7(a) Non -current investments**

**Investment carried at fair value through profit and loss (fully paid up)**

**Unquoted (refer note 42)**

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **I.** | **Investments in equity instruments of other entities** | | |
| | Welspun Captive Power Generation Limited (refer note 42) | - | 798.44 |
| | Nil (March 31, 2021: 6,705,693) equity shares of ₹ 10 each (refer note 6 (VI) and 51) | | |
| | Welassure Private Limited | 1.16 | 1.16 |
| | 1,900 (March 31, 2021: 1,900) equity shares of ₹ 10 each | | |
| | Welspun Global Services Limited | 0.02 | 0.02 |
| | 1,900 (March 31, 2021: 1,900) equity shares of ₹ 10 each | | |
| | **Total investments in equity instruments of other entities** | **1.18** | **799.62** |
| **II.** | **In government securities at fair value through profit and loss:** | | |
| | National Saving Certificates | 0.06 | 0.06 |
| | **Total Investment in other entities** | **0.06** | **0.06** |
| | **Total non-current investments** | **1.24** | **799.68** |
| | Aggregate amount of unquoted investments | 1.24 | 799.68 |

Note: Investments made is in accordance with policy of Company and are approved by Board of Directors. Management also confirms that transactions are not prejudicial to shareholders of the Company.

**7(b) Current investments**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Bonds | 12,374.88 | 8,841.14 |
| Government securities | 504.25 | 1,009.72 |
| Mutual funds | 1,093.98 | 1,550.06 |
| **Total current investments** | **13,973.11** | **11,400.92** |

**Unquoted**

**Investment carried at fair value through profit and loss**

**I. Investments in bonds**

| | Face Value in Rupees | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 10.25% ECL Finance Limited Perpetual | 1,000,000 | 48 | 24.00 | 50 | 25.00 |
| 8.45% Jorabat Shillong Expressway Limited 31/01/2030 | 100,000 | 2,191 | - | 2,191 | - |
| 8.45% Jorabat Shillong Expressway Limited 28/02/2020 | 100,000 | 1,444 | - | 1,444 | - |
| 8.45% Jorabat Shillong Expressway Limited 01/03/2023 | 100,000 | 1,118 | - | 1,118 | - |
| 5.36% Hindustan Petroleum Corporation Limited (Series iii) 11/04/2025 | 1,000,000 | 50 | 49.33 | 50 | 50.00 |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | Face Value in Rupees | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 5.40% Indian Oil Corporation Limited (Series xviii) 11/04/2025 | 1,000,000 | - | - | 50 | 50.00 |
| 7.49% Power Grid Corporation of India Limited 25/10/2024 | 600,000 | - | - | 581 | 190.65 |
| 6.28% Power Grid Corporation Of India Limited Bonds (Series lxviii) 11/04/2031 | 1,000,000 | 50 | 47.94 | 50 | 50.00 |
| 6.79% Bharat Sanchhar Nigam Limited 23/09/2030 | 4,000,000 | - | - | 341 | 341.85 |
| 6.79% Bharat Sanchhar Nigam Limited 23/09/2030 | 1,000,000 | 50 | 48.79 | - | - |
| 6.29% NTPC Limited Bonds (Series 71) 11/04/2031 | 1,000,000 | 250 | 239.06 | 200 | 200.10 |
| 6.75% Housing And Urban Development Corporation Limited Bonds (Series D) 29/05/2030 | 1,000,000 | 50 | 49.40 | 50 | 50.31 |
| 7.10% ICICI Bank Limited Bonds (Series Dfe20T2) 17/02/2030 | 1,000,000 | - | - | 250 | 258.50 |
| 7.50% NHPC Limited Bonds (SERIES Y - STRPP 1) 07/10/2025 | 200,000 | 1,000 | 211.31 | 1,000 | 215.72 |
| 6.11% Bharat Petroleum Corporation Limited 06/07/2025 | 2,000,000 | - | - | 250 | 248.75 |
| 6.65% FCI Govt. Fully Serviced Bonds (Series ix) 23/10/2030 | 2,000,000 | - | - | 329 | 329.00 |
| 6.65% FCI Govt. Fully Serviced Bonds (Series ix) 23/10/2030 | 1,000,000 | 700 | 684.25 | - | - |
| 8.15% Bank Of Baroda P. 13/06/2026 | 1,000,000 | - | - | 100 | 99.50 |
| 8.50% Canara Bank Perpetual Bonds (Series iii) | 1,000,000 | - | - | 350 | 348.25 |
| 6.41% IRFC Limited (Series 152) 11/04/2031 | 1,000,000 | 150 | 144.64 | 200 | 198.30 |
| 8.44% Indian Bank Ltd Perpetual 08/12/2025 | 1,000,000 | 391 | 395.61 | 55 | 54.84 |
| 4.50% Oil and Natural Gas Corporation Limited (Series iv) 09/02/2024 | 1,000,000 | - | - | 309 | 309.00 |
| 6.49% National Bank For Agriculture And Rural Development Govt. Fully Serviced Bonds (Series Pmay-G Pd3) 30/12/2030 | 1,000,000 | - | - | 10 | 9.98 |
| 6.45% Rec Limited Govt. Fully Serviced Bonds 07/01/2031 | 2,000,000 | - | - | 379 | 378.62 |
| 6.80% State Bank Of India (Series I) 21/08/2035 | 2,000,000 | - | - | 353 | 352.82 |
| 6.05% NLC India Limited (Series I) 12/02/2026 | 1,000,000 | - | - | 250 | 249.50 |
| 7.00% Power Finance Corporation Limited (Series iv) 22/01/2031 | 1,000 | 247,000 | 251.25 | 146,000 | 146.93 |
| 6.50% National Highways Authority of India (Series-iv- Etf-ii) 11/04/2031 | 1,000,000 | 250 | 242.18 | 250 | 251.13 |
| 6.86% NHPC Limited (Series Ac - STRPP 5) 12/02/2031 | 100,000 | - | - | 100 | 10.00 |
| 6.86% NHPC Limited (Series Ac - STRPP 6) 12/02/2032 | 100,000 | - | - | 100 | 10.00 |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | Face Value in Rupees | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 6.86% NHPC Limited (Series Ac - STRPP 7) 11/02/2033 | 100,000 | - | - | 100 | 10.00 |
| 6.86% NHPC Limited (Series Ac - STRPP 8) 10/02/2034 | 100,000 | - | - | 100 | 10.00 |
| 6.86% NHPC Limited (Series Ac - STRPP 9) 12/02/2035 | 100,000 | - | - | 100 | 10.00 |
| 6.86% NHPC Limited (Series Ac - STRPP 10) 12/02/2036 | 100,000 | - | - | 100 | 10.00 |
| 8.75% Axis Bank Limited Sr-28 Ncd Perpetual Fvrs10Lac | 1,000,000 | - | - | 100 | 101.32 |
| 8.25% Bank Of Baroda Sr Xii Bd Perpetual Fvrs10Lac | 1,000,000 | 20 | 20.19 | 8 | 7.94 |
| 8.70% Bank Of Baroda Series X NCD Perpatual Fvrs10Lac | 1,000,000 | - | - | 250 | 251.15 |
| 5.62% Export Import Bank Of India Sr W 01 Bd 20Ju25 Fvrvs10Lac | 1,000,000 | - | - | 250 | 249.43 |
| 7.22% Export Import Bank Of India Sr-U-04 Bd 03Ag27 Fvrs10Lac | 1,000,000 | - | - | 50 | 51.92 |
| 7.03% Hindustan Petroleum Corporation Limited 2030 | 1,000,000 | 250 | 252.73 | 250 | 256.07 |
| 8.37% Housing and Urban Development Corporation Limited 2029 | 1,000,000 | - | - | 250 | 275.40 |
| 5.59% Housing and Urban Development Corporation Limited 2025 | 1,000,000 | 250 | 248.70 | - | - |
| 7.55% Indian Railway Finance Corporation Limited 2030 | 1,000,000 | 150 | 155.41 | 150 | 158.52 |
| 5.60% Indian Oil Corporation Limited 2026 | 1,000,000 | - | - | 50 | 49.37 |
| 5.50% Indian Oil Corporation Limited 2025 | 1,000,000 | 150 | 147.81 | 300 | 296.64 |
| 6.40% Oil and Natural Gas Corporation Limited 2031 | 1,000,000 | - | - | 100 | 100.00 |
| 7.05% National Housing Bank 2024 | 1,000,000 | - | - | 350 | 367.99 |
| 6.43% National Thermal Power Corporation Limited 2031 | 1,000,000 | 100 | 96.59 | 200 | 198.90 |
| 5.45% National Thermal Power Corporation Limited 2025 | 1,000,000 | - | - | 50 | 49.33 |
| 6.85% National Bank for Agriculture and Rural Development 2031 | 1,000,000 | - | - | 200 | 201.50 |
| 6.85% National Bank for Agriculture and Rural Development 2032 | 1,000,000 | 50 | 49.52 | - | - |
| 7.69% National Bank for Agriculture and Rural Development 2024 | 1,000,000 | - | - | 50 | 53.23 |
| 6.85% Power Grid Corporation of India Limited 2025 | 1,000,000 | - | - | 200 | 208.84 |
| 7.75% Power Finance Corporation Limited 2030 | 1,000,000 | - | - | 50 | 52.49 |
| 7.25% Punjab National Bank 2030 | 1,000,000 | - | - | 400 | 395.11 |
| 6.80% Nuclear Power Corporation of India Limited 2031 | 1,000,000 | - | - | 150 | 150.68 |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | Face Value in Rupees | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 5.24% Small Industries Development Bank of India 2024 | 1,000,000 | 50 | 50.00 | 400 | 401.78 |
| 5.57% Small Industries Development Bank of India 2025 | 1,000,000 | 250 | 250.00 | - | - |
| 5.59% Small Industries Development Bank of India 2025 | 1,000,000 | 250 | 250.00 | - | - |
| 5.70% Small Industries Development Bank of India 2025 | 1,000,000 | 250 | 250.00 | - | - |
| 8.64% Union Bank of India 2026 | 10,000,000 | 8 | 80.41 | 25 | 250.00 |
| 8.85% HDFC 2022 | 1,000,000 | - | - | 239 | 244.78 |
| 5.63% National Bank for Agriculture and Rural Development 2025 | 1,000,000 | 750 | 749.63 | - | - |
| 6.44% National Bank for Agriculture and Rural Development 2030 | 1,000,000 | 150 | 145.85 | - | - |
| 5.85% Rural Electrification Corporation Limited 2025 | 1,000,000 | 50 | 49.73 | - | - |
| 6.92% Rural Electrification Corporation Limited 2032 | 1,000,000 | 186 | 184.87 | - | - |
| 6.09% Hindustan Petroleum Corporation Limited 2027 | 1,000,000 | 50 | 49.76 | - | - |
| 6.14% Indian Oil Corporation Limited 2027 | 1,000,000 | 250 | 249.00 | - | - |
| 6.45% ICICI 2028 | 1,000,000 | 205 | 201.89 | - | - |
| 6.69% National Thermal Power Corporation Limited 2031 | 1,000,000 | 500 | 490.75 | - | - |
| 6.92% Indian Railway Finance Corporation Limited 2031 | 1,000,000 | 100 | 99.66 | - | - |
| 6.92% Power Finance Corporation Limited 2032 | 1,000,000 | 250 | 248.46 | - | - |
| 7.10% Punjab National Bank 2031 | 10,000,000 | 25 | 250.25 | - | - |
| 7.14% Bank Of India 2031 | 10,000,000 | 28 | 280.00 | - | - |
| 7.09% Food Corporation of India Govt. 2031 | 1,000,000 | 40 | 39.81 | - | - |
| 7.17% Power Finance Corporation Limited 2025 | 1,000,000 | 24 | 24.81 | - | - |
| 7.17% India Infrastructure Finance Company Limited 2032 | 1,000,000 | 370 | 370.00 | - | - |
| 7.32% India Grid Trust 2031 | 1,000,000 | 99 | 99.00 | - | - |
| 7.40% Rural Electrification Corporation Limited 2024 | 1,000,000 | 10 | 10.38 | - | - |
| 7.48% Mangalore Refinery and Petrochemicals Limited 2032 | 1,000,000 | 471 | 481.61 | - | - |
| 7.49% National Highways Authority of India 2029 | 1,000,000 | 150 | 154.66 | - | - |
| 7.55% State Bank of India 2026 | 10,000,000 | 70 | 694.75 | - | - |
| 7.72% State Bank of India 2026 | 10,000,000 | 13 | 129.84 | - | - |
| 7.73% State Bank of India 2025 | 1,000,000 | 50 | 50.00 | - | - |
| 7.74% State Bank of India 2025 | 1,000,000 | 73 | 73.13 | - | - |
| 7.79% Power Finance Corporation Limited 2030 | 1,000,000 | 410 | 429.72 | - | - |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | Face Value in Rupees | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 8.00% Bank of Baroda 2027 | 10,000,000 | 40 | 404.00 | - | - |
| 8.05% Canara Bank 2026 | 10,000,000 | 20 | 200.00 | - | - |
| 8.07% Canara Bank 2027 | 10,000,000 | 25 | 249.60 | - | - |
| 8.50% Canara Bank 2025 | 1,000,000 | 168 | 169.97 | - | - |
| 7.60% Food Corporation of India 2030 | 1,000,000 | 50 | 51.42 | - | - |
| 8.40% Punjab National Bank 2026 | 10,000,000 | 35 | 349.02 | - | - |
| 8.50% Punjab National Bank 2027 | 10,000,000 | 34 | 344.25 | - | - |
| 9.35% Punjab National Bank 2024 | 1,000,000 | 39 | 39.23 | - | - |
| 8.40% Union Bank of India 2026 | 10,000,000 | 44 | 444.40 | - | - |
| 7.62% Export Import Bank Of India 2026 | 1,000,000 | 25 | 26.31 | - | - |
| 5.20% Export Import Bank Of India 2025 | 1,000,000 | 150 | 150.00 | - | - |
| 5.40% Export Import Bank Of India 2025 | 1,000,000 | 150 | 150.00 | - | - |
| **Total investments in bonds** | | **261,624** | **12,374.88** | **160,882** | **8,841.14** |

**Unquoted**

**Investment carried at fair value through profit and loss**

**II. Investments in government securities**

| | Face Value in Rupees | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 6.90% Gujarat SDL 2030 | 100 | - | - | 2,490,000 | 250.39 |
| 7.29% Gujarat SDL 2032 | 100 | 5,000,000 | 504.25 | - | - |
| 5.85% Government of India 2030 | 100 | - | - | 2,500,000 | 244.45 |
| 7.17% Government of India 2028 | 100 | - | - | 2,500,000 | 261.50 |
| 07.02% Maharashtra 2029 | 100 | - | - | 2,500,000 | 253.38 |
| **Total investments in government securities** | | **5,000,000** | **504.25** | **9,990,000** | **1,009.72** |

**Unquoted**

**Investment carried at fair value through profit and loss**

**III. Investments in mutual funds**

| | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Units | Amount | Units | Amount |
| ABSL Money Manager Fund Gr -Direct | - | - | 870,518 | 249.99 |
| ABSL Overnight Direct - Growth | - | - | 179,712 | 200.01 |
| HDFC Money Market Fund - Direct Plan - Growth | - | - | 55,890 | 250.05 |
| Kotak Money Market Fund - Direct Plan - Growth | - | - | 71,757 | 249.98 |
| Kotak Liquid Direct Plan Growth | - | - | 36,068 | 150.01 |
| SBI Savings Fund - Direct Plan - Growth | - | - | 7,310,474 | 249.98 |
| Union Liquid Fund Direct Growth - Direct Plan | - | - | 100,923 | 200.04 |
| Nippon india overnight fund - Direct Growth Plan | 258,263 | 893.94 | - | - |
| SBI Overnight Fund Direct Growth Plan | 1,752,904 | 200.04 | - | - |
| **Total investments in mutual funds** | **2,011,167** | **1,093.98** | **8,625,342** | **1,550.06** |
| Aggregate amount of unquoted investments | | 13,973.11 | | 11,400.92 |
| | | **13,973.11** | | **11,400.92** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 8. LOANS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **8(a) Non-current** | | |
| **Unsecured, considered good** | | |
| Loans to subsidiary (refer note (i) below and 42) | 886.34 | - |
| Loans to joint venture (refer note 42, 52 and 54) | 247.01 | 247.01 |
| Less: Allowance for doubtful loans | (247.01) | (247.01) |
| **Total non-current loans** | **886.34** | **-** |
| **8(b) Current** | | |
| **Unsecured, considered good** | | |
| Loans to subsidiary (refer note (ii) below, 42 and 54 ) | 2,490.78 | 60.00 |
| Loans to employees | 2.63 | 2.73 |
| **Total current loans** | **2,493.41** | **62.73** |
| **Total loans** | **3,379.75** | **62.73** |

**Terms of repayment and interest**

(i) Carries an interest of 7.25% and repayable at maturity of 36/24 months.

(ii) Carries an interest of 7% and repayable at maturity of 12 months.

## 9. OTHER FINANCIAL ASSETS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **9(a) Non-current** | | |
| **Secured, considered good** | | |
| Security deposits | 38.65 | 49.72 |
| **Unsecured, considered good** | | |
| Security deposits | | |
| Related parties (refer note 42) | 83.91 | 93.92 |
| Others (consists of utilities, premises etc) | 708.91 | 51.97 |
| Margin money deposits (refer note 14 (ii)) | - | 6.44 |
| **Total non-current other financial assets** | **831.47** | **202.05** |
| **9(b) Current** | | |
| **Secured** | | |
| Security deposits* | 11.07 | 10.28 |
| **Unsecured, considered good** | | |
| Security deposits | | |
| Related parties (refer note 42) | 9.92 | 10.44 |
| Others | 720.47 | 88.63 |
| | **741.46** | **109.35** |
| **Interest accrued on** | | |
| Loan to related parties (refer note 42) | 77.76 | 3.69 |
| Current investments | 274.32 | 235.50 |
| Others | 14.33 | - |
| | **366.41** | **239.19** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Other receivables from** | | |
| Related parties (refer note 42) | 78.14 | 153.30 |
| Receivable on sale of discontinued operations (refer note 50) | - | 8,059.54 |
| Others | 2.34 | 44.60 |
| | **80.48** | **8,257.44** |
| **Derivatives designated as hedges** | | |
| Forward contracts | 29.51 | 3.46 |
| Derivatives not designated as hedges | | |
| Forward contracts | 7.37 | 12.06 |
| | **36.88** | **15.52** |
| Unapplied advance with asset management company for purchase of mutual funds units | - | 100.00 |
| **Total current other financial assets** | **1,225.23** | **8,721.50** |
| **Total other financial assets** | **2,056.70** | **8,923.55** |

** Secured against particular assets of the party.*

## 10. OTHER ASSETS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **10(a) Non-current** | | |
| **Capital advances** | | |
| Related parties (refer note 42) | - | 28.40 |
| Others | 161.34 | 60.75 |
| Less: Allowance for doubtful capital advances | (0.90) | (0.90) |
| | **160.44** | **88.25** |
| Balance with statutory authorities | 328.98 | 333.88 |
| Less: Allowance for doubtful balance with statutory authorities | (294.56) | (294.56) |
| | **34.42** | **39.32** |
| Advance to suppliers | 28.12 | 33.65 |
| Less: Allowance for doubtful balance with vendors | (26.87) | (8.92) |
| | **1.25** | **24.73** |
| Prepaid expenses | 31.03 | 7.80 |
| Others* | 106.24 | 106.24 |
| **Total other non-current assets** | **333.38** | **266.34** |

**Represents amount recoverable from employees towards employees' contribution for provident fund (refer note 38)*

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **10(b) Current** | | |
| Balance with statutory authorities | 306.48 | 328.23 |
| Advance to suppliers | | |
| Secured | | |
| Related parties (refer note 42)* | - | 548.31 |
| Unsecured, considered good | | |
| Related parties (refer note 42) | 0.01 | - |
| Others (majorily pertains to purchase of coals) | 715.81 | 131.56 |
| Prepaid expenses | 179.85 | 240.78 |
| Advance to employees | 2.22 | 2.13 |
| Export benefit receivable | 88.85 | 127.66 |
| **Total other current assets** | **1,293.22** | **1,378.67** |

**Secured by residuary charge on current assets of related party*

## 11. INVENTORIES (REFER NOTE 17 (B))

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Raw materials | 3,301.17 | 1,421.36 |
| Goods-in-transit for raw materials | 730.50 | 50.23 |
| Work-in-progress | 251.61 | 85.25 |
| Finished goods | 3,125.67 | 3,496.04 |
| Stores and spares | 491.78 | 471.35 |
| **Total inventories** | **7,900.73** | **5,524.23** |

## 12. TRADE RECEIVABLES (REFER NOTE 17 (B))

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Trade receivables from related parties (refer note 42) | 612.36 | 136.30 |
| Trade receivables from others | 7,636.74 | 6,262.78 |
| Allowance for doubtful debts (net) | (234.32) | (334.58) |
| **Total receivables** | **8,014.78** | **6,064.50** |
| **Break up of security details** | | |
| Unsecured, considered good | 8,014.78 | 6,064.50 |
| Unsecured, considered doubtful | 234.32 | 334.58 |
| **Total** | **8,249.10** | **6,399.08** |
| Allowance for doubtful debts (net) | (234.32) | (334.58) |
| **Total trade receivables** | **8,014.78** | **6,064.50** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**Ageing for trade receivables as at March 31, 2022 is as follows:**

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed trade receivables** | | | | | | | | |
| (i) considered good | - | 2,806.14 | 4,527.81 | 680.83 | - | - | - | **8,014.78** |
| (ii) considered doubtful | - | - | 63.65 | 3.17 | 167.50 | - | - | **234.32** |
| **Total** | **-** | **2,806.14** | **4,591.46** | **684.00** | **167.50** | **-** | **-** | **8,249.10** |

**Ageing for trade receivables as at March 31, 2021 is as follows:**

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed trade receivables** | | | | | | | | |
| (i) considered good | | 2,939.55 | 2,845.93 | 274.51 | 4.51 | - | - | **6,064.50** |
| (ii) considered doubtful | - | - | 330.28 | 1.59 | 2.71 | - | - | **334.58** |
| **Total** | **-** | **2,939.55** | **3,176.21** | **276.10** | **7.22** | **-** | **-** | **6,399.08** |

**Note:**

(i) The Company's trade receivable do not carry a significant financing element. Accordingly the Company has adopted a simplified approach for measurement of expected credit loss.

(ii) There are no disputed trade receivables as at March 31, 2022 and March 31, 2021.

## 13. CASH AND CASH EQUIVALENTS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Cash on hand | 0.66 | 0.90 |
| Balances with banks | | |
| In current accounts | 2,296.20 | 911.24 |
| Deposits with Maturity of less than three months | 1,268.10 | - |
| **Total cash and cash equivalents** | **3,564.96** | **912.14** |

## 14. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deposits with original maturity of more than three months but less than twelve months | - | 15.07 |
| Unclaimed dividend (refer note (i) below) | 8.51 | 6.41 |
| Margin money deposits (refer note (ii) below) | 179.61 | 283.24 |
| **Total bank balances other than cash and cash equivalents** | **188.12** | **304.72** |

(i) There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end. This amount represents restricted cash.

(ii) Fixed deposits of ₹ 179.61 (March 31, 2021: ₹ 289.68) represent earmarked balances with banks (refer note 9(a)).

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 15. ASSETS HELD FOR SALE

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Assets held for sale | 15.32 | - |
| **Total assets held for sale** | **15.32** | **-** |

** It represents land held for sale*

## 16. EQUITY SHARE CAPITAL AND OTHER EQUITY

**16(a) Share capital**

| | Equity shares | | | Preference shares | | |
|---|---|---|---|---|---|---|
| | Number of Shares | Par value | Amount | Number of Shares | Par value | Amount |
| **Authorised share capital** | | | | | | |
| As at April 01, 2020 | 304,100,000 | 5.00 | 1,520.50 | 98,000,000 | 10.00 | 980.00 |
| Increase/ (decrease) during the year | - | - | - | - | | - |
| **As at March 31, 2021** | **304,100,000** | **5.00** | **1,520.50** | **98,000,000** | **10.00** | **980.00** |
| Increase/ (decrease) during the year | - | | - | 302,000,000 | 10.00 | 3,020.00 |
| **As at March 31, 2022** | **304,100,000** | **5.00** | **1520.50** | **400,000,000** | **10.00** | **4000.00** |

| | | Number of shares | Amount |
|---|---|---|---|
| i) | **Movement in equity shares capital** | | |
| | **Issued, subscribed and paid up capital** | | |
| | As at April 01, 2020 | 260,884,395 | 1,304.43 |
| | Increase/ (decrease) during the year | - | - |
| | **As at March 31, 2021** | **260,884,395** | **1,304.43** |
| | Increase/ (decrease) during the year | - | - |
| | Shares issued on exercise of employee stock options (refer note 49) | 65,000 | 0.32 |
| | **As at March 31, 2022** | **260,949,395** | **1,304.75** |

**ii) Terms and rights attached to shares**

**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. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend.

In the event of liquidation 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.

**Preference shares**

Preference shares does not carry any voting rights in the Company, except as provided in the Companies Act, 2013. Preference share will have priority over equity shares in the payment of dividend and repayment of capital.

Increase in authorized preference share capital pursuant to the Scheme (refer note 51)

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**iii) Details of shareholders holding more than 5% shares in the Company**

| As at March 31, 2022 | No. of shares | % holding |
|---|---|---|
| **Equity shares held by** | | |
| Balkrishan Goenka, Trustee of Welspun Group Master Trust | 117,063,807 | 44.86% |

| As at March 31, 2021 | No. of shares | % holding |
|---|---|---|
| **Equity shares held by** | | |
| Balkrishan Goenka, Trustee of Welspun Group Master Trust | 117,063,807 | 44.87% |

**Details of shareholding of promoters**

| Name of the promoter | Year ended March 31, 2022 | | | Year ended March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Number of shares | % of total number of shares | Percentage of change during the year | Number of shares | % of total number of shares | Percentage of change during the year |
| Rajesh R. Mandawewala | 200 | 0.00% | - | 200 | 0.00% | - |
| Balkrishan Gopiram Goenka | 140 | 0.00% | - | 140 | 0.00% | - |
| Dipali B. Goenka | 2 | 0.00% | - | 2 | 0.00% | - |
| Aryabhat Vyapar Private Limited | 6,915,000 | 2.65% | - | 6,915,000 | 2.65% | - |
| Welspun Investments and Commercials Limited | 6,523,000 | 2.50% | - | 6,523,000 | 2.50% | - |
| Balkrishan Goenka, trustee of Welspun Group Master Trust | 117,063,807 | 44.86% | -0.01% | 117,063,807 | 44.87% | 2.53% |
| B. K. Goenka Family Trust (Balkrishan Goenka) | 5 | 0.00% | - | 5 | 0.00% | - |
| **Total** | **130,502,154** | **50.01%** | | **130,502,154** | **50.02%** | |

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **16(b) Reserves and surplus** | | | |
| (i) | Securities premium | 7,192.96 | 7,183.71 |
| (ii) | Debenture redemption reserve | 90.00 | 135.00 |
| (iii) | General reserve | 1,047.24 | 994.44 |
| (iv) | Equity settled share based payments | 100.80 | 106.08 |
| (v) | Capital redemption reserve | 21.78 | 21.78 |
| (vi) | Capital reserve | 1,350.81 | 1,350.81 |
| (vii) | Retained earnings | 19,559.98 | 15,988.18 |
| **Total reserves and surplus** | | **29,363.57** | **25,780.00** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **(i)** | **Securities premium** | | |
| | Opening balance | 7,183.71 | 7,183.71 |
| | Share issued on exercise on employee stock options (refer note 49) | 9.25 | - |
| | **Closing balance** | **7,192.96** | **7,183.71** |
| **(ii)** | **Debenture redemption reserve** | | |
| | Opening balance | 135.00 | 505.84 |
| | Transfer to general reserve | (45.00) | (370.84) |
| | **Closing balance** | **90.00** | **135.00** |
| **(iii)** | **General reserve** | | |
| | Opening balance | 994.44 | 621.73 |
| | Transfer from debenture redemption reserve | 45.00 | 370.84 |
| | Transfer from equity settled share based payments | 7.80 | 1.87 |
| | **Closing balance** | **1,047.24** | **994.44** |
| **(iv)** | **Equity settled share based payments (refer note 49)** | | |
| | Opening balance | 106.08 | 90.65 |
| | Employee share-based expense | 5.60 | 17.30 |
| | Employee share-based options lapsed | (7.80) | (1.87) |
| | Transferred to securities premium/ share capital on exercise of stock options | (3.08) | - |
| | **Closing balance** | **100.80** | **106.08** |
| **(v)** | **Capital redemption reserve** | | |
| | Opening balance | 21.78 | 21.78 |
| | **Closing balance** | **21.78** | **21.78** |
| | Opening balance | 1,350.81 | 1.79 |
| | Capital Reserve on merger of Welspun Steel Limited (refer note 51) | - | 1,349.02 |
| | **Closing balance** | **1,350.81** | **1,350.81** |
| **(vii)** | **Retained earnings** | | |
| | Opening balance | 15,988.18 | 5,920.85 |
| | Profit for the year | 4,857.23 | 10,180.42 |
| | Item of other comprehensive income recognised directly in retained earnings | | |
| | Remeasurements of post employment benefit obligations, net of tax | 19.32 | 17.35 |
| | Dividend on equity shares | (1,304.75) | (130.44) |
| | **Closing balance** | **19,559.98** | **15,988.18** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **16(c) Other reserves** | | |
| Cash flow hedging reserve | (124.26) | (25.10) |
| **Total other reserves** | **(124.26)** | **(25.10)** |
| **Cash flow hedging reserve** | | |
| Opening balance | (25.10) | (77.88) |
| Amount recognised in cash flow hedging reserve during the year (net) | (305.48) | 56.58 |
| Gain/ (loss) transferred to statement of profit and loss | 162.80 | (18.37) |
| Hedging loss transferred to inventory | 10.17 | 31.21 |
| Income tax on amount recognised in cash flow hedging reserve | 33.35 | (16.64) |
| **Closing balance** | **(124.26)** | **(25.10)** |

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **16(d) Share application money pending allotment** | | |
| Share application money pending allotment (refer note 49) | 6.50 | 6.50 |
| Share alloted during the year | (6.50) | - |
| Total share application money pending allotment | **-** | **6.50** |

**Nature and purpose of other equity**

**(i) Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**(ii) Debenture redemption reserve**

The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures.

**(iii) General reserve**

General Reserve represents appropriation of profit by the Company. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

**(iv) Equity settled share based payments (refer note 49)**

Share options outstanding account is used to recognise the grant date fair value of options issued to employees under “WELSOP” Employee stock option plan.

**(v) Capital redemption reserve**

Capital Redemption Reserve is created equal to the nominal value of the shares purchased pursuant to Buy Back of its own fully paid up equity shares.

**(vi) Capital reserve**

Capital reserve on merger of Welspun Pipes Limited and Welspun Steel Limited (refer note 51).

**(vii) Cash flow hedging reserve**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The Cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flows reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss or included as a basis adjustment to the non-financial hedged item.

**(viii) Retained Earnings**

Retained earnings comprises of prior years as well as current year’s undistributed earnings after taxes.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 17. BORROWINGS

### 17(a) Non-current borrowings

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Secured** | | |
| **Measured at Amortised cost** | | |
| Redeemable non-convertible debentures (refer note (i) below) | 3,987.86 | 4,343.47 |
| **Unsecured** | | |
| **Measured at Amortised cost** | | |
| Redeemable non-convertible debentures | 400.00 | - |
| 6% Cumulative redeemable preference share (refer note 51) | 3,515.12 | - |
| **Total non-current borrowings** | **7,902.98** | **4,343.47** |

| No. of debentures | Face value (₹) | Redemption date(last instalment) | Rate of interest per annum | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|---|---|
| **Secured** | | | | | |
| 360 (March 31, 2021: 630)@ | 1,000,000 | November 2022 | 11.00% | 360* | 630* |
| 1,000 (March 31, 2021: 1,000) | 1,000,000 | February 2024 | 6.50% | 1000# | 1000# |
| 1,000 (March 31, 2021: 1,000) | 1,000,000 | February 2024 | 6.50% | 1000# | 1000# |
| 2,000 (March 31, 2021: 2,000) | 1,000,000 | February 2026 | 7.25% | 2000# | 2000# |
| **Total**** | | | | **4,360** | **4,630** |
| **Unsecured** | | | | | |
| 200 (March 31, 2021: Nil) | 1,000,000 | July 2036 | 7.90% | 200 | - |
| 200 (March 31, 2021: Nil) | 1,000,000 | July 2036 | 7.90% | 200 | - |
| **Total**** | | | | **400** | **-** |

** it includes Amount of ₹ 360 (March 31, 2021: ₹ 270) which is transferred to current maturities of long term borrowings.*

*** the above is excluding effective interest rate resulting in decrease in borrowing by ₹ 12.14 (March 31, 2021: ₹ 16.53).*

*# Security charge for these debentures have been created during the year ended March 31, 2022.*

*@ with respect to this debenture the charge over the assets of discontinuing business was released vide the debenture trustee's no objection dated March 26, 2021.*

### 17(b) Current borrowings

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Secured** | | |
| **Measured at Amortised cost** | | |
| Loans repayable on demand | | |
| Working capital loan from banks (refer notes (i) below) | 1.49 | 198.14 |
| Current maturities of long-term borrowings | 360.00 | 270.00 |
| **Unsecured** | | |
| **Measured at Amortised cost** | | |
| Commercial papers (refer note (ii(a)) below) | 1,700.00 | 500.00 |
| Working capital loan from banks (refer note (ii(b)) below) | 3,150.00 | - |
| **Total current borrowings** | **5,211.49** | **968.14** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**(i) Nature of security for current borrowings**

Secured by first charge ranking pari passu on hypothecation of raw materials, finished goods, work-in-progress, goods-in-transit, stores and spares and trade receivables of the Company and second charge on all movable and immovable property, plant and equipment of the Company both present and future.

**(ii) Terms of repayment and interest**

(a) Commercial papers carry an interest of 4.45%-4.75% (March 31, 2021: 4.25%) and are repayable on April 18, 2022 - ₹ 200, May 31, 2022 - ₹ 1,000 and June 10, 2022 - ₹ 500 (March 31, 2021: June 22, 2021 - ₹ 500).

(b) Working capital loan carry an interest of 4.50%-4.65% (March 31, 2021: Nil) from banks includes cash credit which are repayable on demand.

**(iii) Net debt reconciliation**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Net debt reconciliation | | |
| Cash and cash equivalents | 3,564.96 | 912.14 |
| Current investments | 13,973.11 | 11,400.92 |
| Non-current borrowings* | (8,329.89) | (4,659.72) |
| Lease liabilities (current and non-current) | (181.33) | (274.91) |
| Current borrowings | (4,851.49) | (698.14) |
| | **4,175.36** | **6,680.29** |

| | Financial assets | | Financial liabilities | | | Total |
|---|---|---|---|---|---|---|
| | Cash and cash equivalents [A] | Current investments [B] | Non-current borrowings* [C] | Lease liabilities [D] | Current borrowings [E] | [F] = [A]+[B]-[C]-[D]-[E] |
| **Net debts as at March 31, 2020** | **1,081.15** | **4,097.73** | **(5,376.43)** | **(346.58)** | **(2,501.90)** | **(3,046.03)** |
| Addition pursuant to business combination (refer note 51) | 1.83 | - | - | (1.51) | (74.84) | (74.52) |
| **Interest accrued as at March 31, 2020** | **-** | **-** | **(81.03)** | **-** | **-** | **(81.03)** |
| | | | | | | |
| Cash flow (net) | (170.84) | 7,386.68 | 770.00 | 96.79 | 1,888.06 | 9,970.69 |
| Acquisition - leases | - | - | - | (4.25) | - | (4.25) |
| Interest expenses | - | - | (246.54) | (27.23) | (67.40) | (341.17) |
| Interest paid | - | - | 253.08 | | 62.67 | 315.75 |
| Prepaid interest | - | - | - | - | (4.73) | (4.73) |
| Other non cash adjustments | | | | | | |
| Fair value adjustment | - | (0.26) | - | - | - | (0.26) |
| Unapplied advance with asset management company for purchase of mutual funds units | - | (83.23) | - | - | - | (83.23) |
| Others | - | - | 21.20 | 7.87 | - | 29.07 |
| **Net debts as at March 31, 2021** | **912.14** | **11,400.92** | **(4,613.47)** | **(274.91)** | **(698.14)** | **6,726.54** |
| **Interest accrued as at March 31, 2021** | **-** | **-** | **(46.25)** | **-** | **-** | **(46.25)** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | Financial assets | | Financial liabilities | | | Total |
|---|---|---|---|---|---|---|
| | **Cash and cash equivalents [A]** | **Current investments [B]** | **Non-current borrowings* [C]** | **Lease liabilities [D]** | **Current borrowings [E]** | **[F] = [A]+[B]-[C]-[D]-[E]** |
| Cash flow (net) | 2,652.82 | 2,457.69 | (130.00) | 103.42 | (4,153.35) | 930.58 |
| Interest expenses | - | - | (359.48) | (20.24) | (189.30) | (569.02) |
| Interest paid | - | - | 338.82 | | 193.02 | 531.84 |
| Prepaid interest | - | - | - | - | (3.72) | (3.72) |
| Other non cash adjustments | | | | | | |
| Fair value adjustment | - | 14.50 | - | - | - | 14.50 |
| Preference share issued on account of merger (refer note 51) | - | | (3,515.12) | - | - | (3,515.12) |
| Unapplied advance with asset management company for purchase of mutual funds units | - | 100.00 | - | - | - | 100.00 |
| Others | - | - | (4.39) | 10.40 | - | 6.01 |
| **Net debts as at March 31, 2022** | **3,564.96** | **13,973.11** | **(8,262.98)** | **(181.33)** | **(4,851.49)** | **4,242.27** |
| **Interest accrued as at March 31, 2022** | **-** | **-** | **(66.91)** | **-** | **-** | **(66.91)** |

** Includes interest accrued and current maturities of long-term borrowings*

## 18 OTHER FINANCIAL LIABILITIES

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **18(a) Non-current** | | |
| Liability to be settled on account of merger (refer note 51) | 112.17 | 3,627.29 |
| Deposits received | | |
| Related parties (refer note 42) | 0.66 | 0.68 |
| Others | 1.47 | 1.71 |
| **Total other non-current financial liabilities** | **114.30** | **3,629.68** |

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **18(b) Current** | | |
| Interest accrued but not due on borrowings | 66.91 | 46.25 |
| Interest accrued but not due on acceptances and others | 13.62 | 0.24 |
| Unclaimed dividend (refer note 14) | 8.51 | 6.41 |
| Trade deposits | 20.41 | 16.06 |
| Deposits received | 0.66 | - |
| Capital creditors | 39.27 | 84.58 |
| Derivatives not designated as hedges | | |
| Forward contracts | - | 7.33 |
| Derivatives designated as hedges | | |
| Forward contracts | 194.66 | 37.01 |
| Other payables (majorly comprises of advance towards disposal of group held for sale) | 1.37 | 250.00 |
| **Total other current financial liabilities** | **345.41** | **447.88** |
| **Total other financial liabilities** | **459.71** | **4,077.56** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 19. PROVISIONS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **19(a) Non-current** | | |
| **Employee benefit obligations** | | |
| Gratuity (refer note 36) | 32.39 | 219.46 |
| **Other provisions** | | |
| Provision for litigation / disputes (refer note 37 and 38) | 497.37 | 498.87 |
| **Total non-current provisions** | **529.76** | **718.33** |
| **19(b) Current** | | |
| **Employee benefit obligations** | | |
| Gratuity (refer note 36) | 46.36 | 48.83 |
| Leave obligations (refer note 36) | 70.06 | 88.58 |
| **Other provisions** | | |
| Provision for claims (refer note 38) | 182.58 | 172.08 |
| **Total current provisions** | **299.00** | **309.49** |
| **Total provisions** | **828.76** | **1,027.82** |

## 20. DEFERRED TAX LIABILITIES (NET) (REFER NOTE 39)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **The balance comprises temporary differences attributable to:** | | |
| **Deferred tax liabilities** | | |
| Property, plant and equipment | 717.33 | 782.78 |
| Fair valuation of investments (net) | 55.69 | 83.31 |
| Others | - | 2.16 |
| | **773.02** | **868.25** |
| **Set-off of deferred tax assets pursuant to set-off provisions** | | |
| **Deferred tax assets** | | |
| Employee benefit obligations | 37.45 | 89.82 |
| Allowance for doubtful debts and advances (net) | 358.42 | 340.28 |
| Unabsorbed depreciation | - | 14.04 |
| Government grants | 228.61 | 280.14 |
| Cash flow hedging reserve | 41.79 | 8.44 |
| Lease liability (net of right-of-use-asset) | 11.54 | 5.59 |
| Others | 4.68 | 9.32 |
| | **682.49** | **747.63** |
| **Total deferred tax liabilities (net)** | **90.53** | **120.62** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 21. GOVERNMENT GRANTS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **VAT Income (refer note below)** | | |
| Opening balance | 1,113.08 | 1,317.84 |
| Less: Recognised in the statement of profit and loss (refer note 26) | 204.76 | 204.76 |
| **Closing balance** | **908.32** | **1,113.08** |
| **Total government grants** | **908.32** | **1,113.08** |
| Non Current | 703.56 | 908.32 |
| Current | 204.76 | 204.76 |
| **Total government grants** | **908.32** | **1,113.08** |

*Note : The Company was entitled to VAT Incentive, on its investment in the eligible property plant and equipment, on fulfillment of the conditions stated in the scheme.*

## 22. OTHER CURRENT LIABILITIES

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Trade advances | | |
| Related parties (refer note 42) | 1,718.55 | 255.96 |
| Others | 1,863.03 | 2,330.54 |
| Statutory dues payable | 93.79 | 364.08 |
| Employee dues payable | 139.11 | 119.19 |
| **Total other current liabilities** | **3,814.48** | **3,069.77** |

## 23. TRADE PAYABLES

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| Trade payables dues of micro and small enterprises (refer note 43) | 15.17 | 75.95 |
| Trade payables for acceptances | 6,091.55 | 638.57 |
| Trade payable to related parties (refer note 42) | 465.75 | 379.50 |
| Trade payables others | 3,094.96 | 3,765.57 |
| | **9,652.26** | **4,783.64** |
| **Total trade payables** | **9,667.43** | **4,859.59** |

**Ageing for trade payable as at March 31, 2022 is as follows:**

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed Trade Payables** | | | | | | | |
| (i) Micro enterprise and small enterprises | - | 15.05 | 0.12 | - | - | - | **15.17** |
| (ii) Others | 932.19 | 2,989.77 | 5,429.53 | 300.78 | - | - | **9,652.26** |
| **Total** | **932.19** | **3,004.82** | **5,429.65** | **300.78** | **-** | **-** | **9,667.43** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**Ageing for trade receivables as at March 31, 2021 is as follows:**

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed Trade Payables** | | | | | | | |
| (i) Micro enterprise and small enterprises | - | 67.82 | 7.89 | 0.24 | - | - | **75.95** |
| (ii) Others | 1,004.31 | 1,955.43 | 1,819.70 | 4.20 | - | - | **4,783.64** |
| **Total** | **1,004.31** | **2,023.25** | **1,827.59** | **4.44** | **-** | **-** | **4,859.59** |

## 24. CURRENT TAX LIABILITIES (NET)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Opening balance | 4,792.42 | 2,383.84 |
| Add: Current tax (refer note 35) | 1,094.60 | 3,889.59 |
| Add : Interest on Income tax | 10.00 | 5.00 |
| Less: Taxes paid net of refunds (including tax deducted at source) | 1,173.77 | 1,486.01 |
| **Closing balance** | **4,723.25** | **4,792.42** |

## 25. REVENUE FROM OPERATIONS

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **(a) Sale of products and services** | | |
| Finished goods | 50,398.36 | 50,735.73 |
| Traded goods | 1,513.29 | 259.67 |
| **Total sale of products and services** | **51,911.65** | **50,995.40** |

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **(b) Other operating income** | | |
| Government grants | | |
| VAT income | 204.76 | 204.76 |
| Export benefits | 186.81 | 585.69 |
| Scrap sale | 540.12 | 954.38 |
| Liabilities/ Provision no longer required written back | - | 109.57 |
| Others | 35.39 | 4.34 |
| **Total other operating income** | **967.08** | **1,858.74** |
| Product | | |
| **Total revenue from operations** | **52,878.73** | **52,854.14** |

The Company is primarily engaged in the business of manufacture and distribution of steel products and revenue from such products is derived from transfer at a point in time which is shown under sale of products as above.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Reconciliation of revenue recognised with contract price:** | | |
| **Contract price** | **52,715.23** | **52,803.97** |
| Adjustments for: | | |
| Liquidated damages | (163.50) | (50.17) |
| | **52,878.73** | **52,854.14** |

## 26. OTHER INCOME

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Interest income (refer note 40)** | | |
| Loans to related party (refer note 42) | 117.01 | 30.25 |
| Current investments | 1,035.10 | 282.29 |
| Fixed deposits | 13.11 | 15.67 |
| Income tax refund | 10.70 | 128.47 |
| Others (mainly comprises of interest earned on sale/discarding of tangible assets and from customer) | 319.11 | 102.78 |
| **Dividend income on** | | |
| Non-current investments (refer note 42) | 3,077.57 | 6,184.78 |
| **Net gain on sale/redemption of** | | |
| Non-current investments | - | 1.60 |
| Current investments | 56.34 | 488.19 |
| **Other non-operating income** | | |
| Rental income (refer note 47) | 38.53 | 42.31 |
| Net exchange differences | 5.80 | 274.81 |
| Commission income (refer note 42) | 94.68 | 192.01 |
| Profit on sale / discarding of tangible assets (Net) | - | 575.35 |
| Fair valuation gain on investment (net) | - | 328.37 |
| Miscellaneous income (majorly comprises insurance claims received, etc) | 58.24 | 2.15 |
| **Total other income** | **4,826.19** | **8,649.03** |

## 27. COST OF MATERIALS CONSUMED

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Raw materials at the beginning of the year | 1,471.59 | 4,011.59 |
| Add: Purchases (net) | 41,880.71 | 26,194.38 |
| | **43,352.30** | **30,205.97** |
| Less : Raw materials at the end of the year | 4,031.67 | 1,471.59 |
| **Total cost of materials consumed** | **39,320.63** | **28,734.38** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 28. PURCHASES OF STOCK-IN-TRADE

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Purchases of stock-in-trade | 1,466.68 | 249.36 |
| **Total purchases of stock-in-trade** | **1,466.68** | **249.36** |

## 29. CHANGES IN INVENTORIES OF WORK-IN PROGRESS AND FINISHED GOODS

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening balance** | | |
| Work-in-progress | 85.25 | 232.83 |
| Finished goods | 3,496.04 | 9,778.12 |
| **Total opening balance** | **3,581.29** | **10,010.95** |
| **Closing balance** | | |
| Work-in-progress | 251.61 | 85.25 |
| Finished goods | 3,125.67 | 3,496.04 |
| **Total closing balance** | **3,377.28** | **3,581.29** |
| **Total changes in inventories of work-in progress and finished goods** | **204.01** | **6,429.66** |

## 30. EMPLOYEE BENEFIT EXPENSE

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Salaries, wages and bonus | 1,872.85 | 1,725.39 |
| Contribution to provident and other funds (refer note below) | 95.32 | 112.35 |
| Gratuity expense (refer note 36) | 41.07 | 47.19 |
| Staff welfare expenses | 75.40 | 65.46 |
| Employee share-based expense (refer note 16 and 49) | 5.60 | 17.30 |
| **Total employee benefit expense** | **2,090.24** | **1,967.69** |

**Note:**

**Defined contribution plans**

i. Employers' Contribution to Provident Fund and Employee's Pension Scheme, 1995

ii. Employees' State Insurance Act, 1948

iii. Superannuation fund

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| During the year, the Company has recognised the following amounts in the statement of profit and loss: | | |
| Employer's Contribution to Provident Fund | 78.97 | 95.73 |
| Employer's Contribution to Employees State Insurance | 0.85 | 0.72 |
| Employer's Contribution to Employees Pension Scheme | 11.10 | 11.03 |
| Employer's Contribution to Superannuation fund | 4.40 | 4.87 |
| **Total expenses recognised in the statement of profit and loss** | **95.32** | **112.35** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 31. DEPRECIATION AND AMORTISATION EXPENSE

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Depreciation of property, plant and equipment and investment property (refer note 3(a) and 4) | 1,007.67 | 949.20 |
| Depreciation of right-of-use assets (refer note 3(b)) | 111.37 | 113.51 |
| Amortisation of intangible assets (refer note 5) | 33.71 | 34.08 |
| **Total depreciation and amortisation expense** | **1,152.75** | **1,096.79** |

## 32. OTHER EXPENSES

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Consumption of stores and spares | 967.44 | 955.76 |
| Labour charges | 161.19 | 193.39 |
| Coating and other job charges | 158.94 | 169.60 |
| Power, fuel and water charges | 1,225.05 | 1,660.23 |
| Freight, material handling and transportation | 2,752.12 | 4,728.16 |
| Rental charges (refer note 3(b)) | 11.81 | 53.91 |
| Rates and taxes | 54.10 | 20.64 |
| Repairs and maintenance | | |
| Plant and machinery | 68.70 | 51.51 |
| Buildings | 55.28 | 64.30 |
| Others | 193.23 | 221.68 |
| Travel and conveyance expenses | 90.73 | 64.65 |
| Communication expenses | 6.49 | 4.99 |
| Legal and professional fees | 436.07 | 191.67 |
| Insurance | 117.27 | 102.68 |
| Directors' sitting fees (refer note 42) | 9.43 | 7.78 |
| Printing and stationery | 2.73 | 3.04 |
| Security charges | 32.20 | 32.22 |
| Membership and fees | 14.74 | 19.08 |
| Vehicle expenses | 4.73 | 5.51 |
| Net exchange differences | - | 5.68 |
| Payment to auditors (refer note (i) below) | 23.11 | 19.10 |
| Sales promotion expenses | 41.28 | 29.31 |
| Commission on sales to agents | 42.08 | 94.35 |
| Allowance for doubtful debts (net) | (100.26) | 309.26 |
| Bad debts expense | - | 91.88 |
| Less: Allowance for doubtful debts | - | (91.88) |
| Loss on disposal groups classified as held for sale (refer note 50) | - | 32.44 |
| Loss on disposal of property, plant and equipment (net) | 68.12 | - |
| Expenditure towards corporate social responsibility (refer notes (ii) below and 42) | 63.09 | 40.99 |
| Fair valuation loss on investments (net) | 70.13 | - |
| Fair value losses on derivatives not designated as hedges (net) | 0.05 | 27.46 |
| Donation (refer note (iii) below) | - | 75.51 |
| Miscellaneous expenses (majorly comprises of bank guarantee charges,office expenses, etc.) | 183.39 | 156.95 |
| **Total other expenses** | **6,753.24** | **9,341.85** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **Note:** | | | |
| **i)** | **Details of payments to auditors** | | |
| | **Payment to auditors** | | |
| | **As auditor:** | | |
| | Audit fee | 19.55 | 15.24 |
| | Tax audit fee | 1.00 | 1.00 |
| | **In other capacities** | | |
| | Certification fees | 2.44 | 2.76 |
| | Re-imbursement of expenses | 0.12 | 0.10 |
| | **Total payment to auditors** | **23.11** | **19.10** |

| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **ii)** | **Corporate social responsibility expenditure** | | |
| | Contribution to Welspun Foundation for Health & Knowledge | 63.09 | 40.44 |
| | Contribution to others | - | 0.55 |
| | **Total corporate social responsibility expenditure** | **63.09** | **40.99** |
| | Amou1nt required to be spent as per Section 135 of the Companies Act, 2013 | 63.09 | 40.99 |
| | **Amount spent during the year on:** | | |
| | On purposes other than construction/ acquisition of an asset | 63.09 | 40.99 |
| **iii)** | **It includes donation in electoral bonds to the political party ₹ Nil (March 31, 2021: ₹ 70).** | | |
| | Amount required to be spent by the Company during the year | 63.05 | 40.43 |
| | Amount of expenditure incurred | 63.09 | 40.39 |
| | Amount of shortfall for the year | - | 0.04 |
| | Amount of cumulative shortfall at the end of the year | - | - |

Company has incurred ₹ 63.09 during the year towards donation to Welspun Foundation for Health and Knowledge.

The excess amount of INR 0.04 pertains to previous year which is charged to statement of Profit and loss.

The shortfall of previous year amount of ₹ 0.04 is paid on November 26, 2021.

Details of ongoing CSR projects under Section 135(6) of the Act

| Balance as at 1 April 2021 | | Amount spent during the year | | Balance as at 31 March 2022 | |
|---|---|---|---|---|---|
| With the Co. | In separate CSR unspent account | From the company's bank account | From separate CSR unspent account | With the Company | In separate CSR unspent account |
| 0.04 | - | 0.04 | - | - | - |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 33. FINANCE COSTS

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Interest on financial liabilities not at fair value through profit and loss** | | |
| Redeemable non-convertible debentures | 359.48 | 246.54 |
| Current borrowings | 189.30 | 67.40 |
| Interest on acceptances and charges on letter of credit | 144.70 | 143.51 |
| Interest on income tax | 10.00 | 5.00 |
| Interest and finance charges on lease liability (refer note 3 (b)) | 20.24 | 27.23 |
| Other finance cost (majorily consists of interest to vendors etc) | 45.06 | 89.72 |
| **Total finance cost** | **768.78** | **579.40** |

## 34. INCOME TAX EXPENSE

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Current tax** | | |
| Current tax for the year | 1,094.60 | 3,867.70 |
| Adjustments for current tax of prior years | - | 21.89 |
| **Total Current tax** | **1,094.60** | **3,889.59** |
| Continuing operations | 1,094.60 | 3,889.59 |

## 35. DEFERRED TAX (REFER NOTE 39)

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Decrease in deferred tax assets (including tax credit)** | 91.99 | 80.22 |
| Decrease in deferred tax liabilities | (95.23) | (1,150.45) |
| **Total deferred tax expense/ (benefit)** | **(3.24)** | **(1,070.23)** |
| Continuing operations | (3.24) | (1,036.97) |
| Discontinued operations | - | (33.26) |
| **Total income tax expense** | **1,091.36** | **2,819.36** |
| **(i) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate** | | |
| Profit before tax from continuing operations | 5,948.59 | 13,104.04 |
| Loss before tax from discontinued operations | - | (104.26) |
| **Profit for the year** | **5,948.59** | **12,999.78** |
| Tax rate | 25.168% | 34.944% |
| **Tax at normal rate** | **1,497.14** | **4,542.64** |
| Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income | | |
| Dividend income | | - |
| (Income) / expense on which no deferred tax was required to be recognised | 18.39 | (39.54) |
| Items on which deferred tax was not recognised in the earlier years | - | (441.61) |
| Items subject to differential tax rate | (424.17) | (1,264.02) |
| Adjustments for current tax of prior years | - | 21.89 |
| **Total Income tax expense** | **1,091.36** | **2,819.36** |

**(ii)** There are certain income-tax related legal proceedings which are pending against the Company. Potential liabilities, if any have been adequately provided for, and the Company does not currently estimate any probable material incremental tax liabilities in respect of these matters.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 36. EMPLOYEE BENEFIT OBLIGATIONS

**(i) Leave obligations**

The leave obligations cover the Company's liability for earned leave.

**(ii) Post-employment obligations - gratuity**

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen day wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

This defined benefit plans expose the Company to actuarial risks, such as interest rate risk and market (investment) risk.

**(iii) Balance sheet amounts - gratuity**

The amounts recognised in the balance sheet and the movements in the net defined benefit obligations over the year are as follows:

| | Present value of obligations | Fair value of plan assets | Net amount |
|---|---|---|---|
| **April 01, 2020** | **323.40** | **(76.75)** | **246.65** |
| Addition pursuant to business combination (refer note 51) | 16.49 | (16.70) | (0.21) |
| Current service cost | 29.34 | - | 29.34 |
| Interest expense/ (income) | 23.36 | (5.27) | 18.09 |
| **Total amount recognised in profit or loss*** | **52.70** | **(5.27)** | **47.43** |
| **Remeasurements** | | | |
| Return on plan assets excluding amount included in interest expense | - | (1.38) | (1.38) |
| Experience gains | (22.90) | | (22.90) |
| Loss from change in financial assumptions | 2.25 | (1.15) | 1.10 |
| **Total amount recognised in other comprehensive income** | **(20.65)** | **(2.53)** | **(23.18)** |
| Employer's contribution | - | - | - |
| Benefit payment | (50.26) | 47.86 | (2.40) |
| Adjustment due to transfer out | (13.30) | 13.30 | - |
| **March 31, 2021** | **308.38** | **(40.09)** | **268.29** |

| | Present value of obligations | Fair value of plan assets | Net amount |
|---|---|---|---|
| **April 01, 2021** | **308.38** | **(40.09)** | **268.29** |
| Current service cost | 23.73 | - | 23.73 |
| Interest expense/ (income) | 20.81 | (3.47) | 17.34 |
| **Total amount recognised in profit or loss** | **44.54** | **(3.47)** | **41.07** |
| Remeasurements | | | |
| Return on plan assets excluding amount included in interest income | - | 1.93 | 1.93 |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | Present value of obligations | Fair value of plan assets | Net amount |
|---|---|---|---|
| Experience gains | (18.73) | - | (18.73) |
| Loss from change in financial assumptions | (9.02) | - | (9.02) |
| **Total amount recognised in other comprehensive income** | **(27.75)** | **1.93** | **(25.82)** |
| Contribution Employers | - | (188.60) | (188.60) |
| Benefit payment | (60.35) | 60.35 | - |
| Adjustment due to transfer out | (16.19) | - | (16.19) |
| **March 31, 2022** | **248.63** | **(169.88)** | **78.75** |

The net liabilities disclosed above relating to funded plans are as follows:

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Present value of funded obligations | 248.63 | 308.38 |
| Fair value of plan assets | (169.88) | (40.09) |
| Deficit of funded plan | 78.75 | 268.29 |
| Non-current (refer note 19(a)) | 32.39 | 219.46 |
| Current (refer note 19(b)) | 46.36 | 48.83 |

**(iv) Significant actuarial assumptions are as follows:**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Discount rate | 6.80% | 6.80% |
| Salary growth rate | 6.00% | 6.00% |

**(v) Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Assumptions | Impact on defined benefit obligation | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Change in assumption (%) | | Increase in assumption (₹) | | | Decrease in assumption (₹) | | |
| | As at March 31, 2022 | As at March 31, 2021 | | As at March 31, 2022 | As at March 31, 2021 | | As at March 31, 2022 | As at March 31, 2021 |
| Discount rate | 1.00% | 1.00% | Decrease by | 21.64 | 24.32 | Increase by | 18.92 | 27.82 |
| Salary growth rate | 1.00% | 1.00% | Increase by | 21.69 | 27.78 | Decrease by | 19.30 | 24.69 |

**(vi) Risk exposure**

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which is asset volatility. The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. The plan assets are invested by the Company in Kotak Group Gratuity Fund and India First Employee Benefits Plan. The plan assets have been providing consistent and competitive returns over the years. The Company intends to maintain these investments in the continuing years.

**(vii) Defined benefit liability and employer contributions**

Expected contribution to post-employment benefit plans for next year ended March 31, 2023 is ₹ 46.36 (March 31, 2022: ₹ 48.83).

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

The weighted average duration of the defined benefit obligation is 10 years (March 31, 2021 - 10 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

| | Less than a year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **March 31, 2022** | | | | | |
| Defined benefit obligations- Gratuity | 11.96 | 12.17 | 63.09 | 132.46 | 219.68 |
| **March 31, 2021** | | | | | |
| Defined benefit obligations- Gratuity | 18.07 | 19.91 | 171.81 | 154.10 | 363.89 |

**Gratuity expenses includes ₹ Nil (March 31, 2021: ₹ 0.24) for discontinued operation, refer note 50.*

## 37. MOVEMENTS IN PROVISION FOR LITIGATION/ DISPUTES/CLAIMS (NON-CURRENT AND CURRENT) (REFER NOTE 19)

**Movements in each class of provisions during the financial year ended March 31, 2022 are set out below:**

| | As at March 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | GST | Excise Duty | Service Tax | Value Added Tax | Provident Fund (Refer note 38) | Other Litigation and Claims | Total |
| Opening balance as at April 01, 2021 | - | 120.00 | 97.94 | 61.07 | 216.76 | 175.18 | 670.95 |
| Provided during the year | - | - | - | - | - | 10.50 | 10.50 |
| Provision reversed during the year | - | - | - | - | - | 1.50 | 1.50 |
| **Closing balance as at March 31, 2022** | **-** | **120.00** | **97.94** | **61.07** | **216.76** | **184.18** | **679.95** |

**Movements in each class of provisions during the financial year ended March 31, 2021 are set out below:**

| | As at March 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | GST | Excise Duty | Service Tax | Value Added Tax | Provident Fund (Refer note 38) | Other Litigation and Claims | Total |
| Opening balance as at April 01, 2020 | 0.47 | 120.00 | 97.94 | 61.07 | 228.90 | 167.60 | 675.98 |
| Addition pursuant to business combination (refer note 51) | - | - | - | - | 1.84 | - | 1.84 |
| Provided during the year | - | - | - | - | - | 8.54 | 8.54 |
| Provision reversed during the year | (0.47) | - | - | - | (13.98) | (0.96) | (15.41) |
| **Closing balance as at March 31, 2021** | **-** | **120.00** | **97.94** | **61.07** | **216.76** | **175.18** | **670.95** |

Note : There are uncertainties regarding the timing and amount of the provisions. Changes in underlying facts and circumstances for each provision could result in differences in the amounts provided for and the actual cash outflow. Therefore, long term provisions are presented on non-discounted basis.

**38.** Pursuant to the Supreme Court Judgment in the case of “Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal” in relation to non-exclusion of certain allowances from the definition of “basic wages” of the relevant employees for the purposes of determining contribution to provident fund under the Employees’ Provident Funds & Miscellaneous Provisions Act, 1952, and subsequent dismissal of the review petition filed against the Judgement, the Company has assesses the impact and on conservative basis made provision (presented under Non-current) of ₹ 216.76 (March 31, 2021: ₹ 216.76). The Company has also determined and discharged the provident fund liability from September 1, 2019 considering the impact of the judgement. The Company has changed its salary structure in the month of June 2020 w.e.f. April 01, 2020 to comply with above judgement.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 39. MOVEMENT IN DEFERRED TAX LIABILITIES AND DEFERRED TAX ASSETS (REFER NOTE 20):

| | Deferred tax liabilities | | | | | Deferred tax assets | | | | | | | | | | Net deferred tax liabilities |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Property, plant and equipment | Fair valuation of investments | Effective rate of interest on borrowings | Others | Total deferred tax liabilities | Employee benefit obligations | Allowance for doubtful debts and advances (net) | Unabsorbed business losses | Unabsorbed depreciation | Government grants | Fair valuation of investments | Lease liability (net of right-of-use-asset) | Cash flow hedging reserve | Others | Total deferred tax assets | |
| **As at April 01, 2020** | **1,648.18** | **-** | **6.52** | **3.50** | **1,658.20** | **79.53** | **284.24** | **-** | **-** | **351.71** | **19.92** | **2.73** | **25.08** | **1.53** | **764.74** | **893.46** |
| Addition pursuant to business combination (refer note 51) | 349.85 | 10.59 | - | 0.06 | 360.50 | 1.68 | - | 52.84 | 30.41 | - | - | 0.65 | - | - | 85.58 | 274.92 |
| Recognised in the statement of profit and loss | (1,215.25) | 72.72 | (6.52) | (1.40) | (1,150.45) | 14.44 | 56.04 | (52.84) | (16.37) | (71.57) | (19.92) | 2.21 | - | 7.79 | (80.22) | (1,070.23) |
| other comprehensive income | - | - | - | - | - | (5.83) | - | - | - | - | - | - | (16.64) | - | (22.47) | 22.47 |
| **As at March 31, 2021** | **782.78** | **83.31** | **-** | **2.16** | **868.25** | **89.82** | **340.28** | **-** | **14.04** | **280.14** | **-** | **5.59** | **8.44** | **9.32** | **747.63** | **120.62** |
| Recognised in the statement of profit and loss | (65.45) | (27.62) | - | (2.16) | (95.23) | (45.87) | 18.14 | - | (14.04) | (51.53) | - | 5.95 | - | (4.64) | (91.99) | (3.24) |
| other comprehensive income | - | - | - | - | - | (6.50) | - | - | | - | - | - | 33.35 | - | 26.85 | (26.85) |
| **As at March 31, 2022** | **717.33** | **55.69** | **-** | **-** | **773.02** | **37.45** | **358.42** | **-** | **-** | **228.61** | **-** | **11.54** | **41.79** | **4.68** | **682.49** | **90.53** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 40. FAIR VALUE MEASUREMENTS

**Financial instruments by category**

| | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | FVPL | Amortised cost | FVPL | Amortised cost |
| **Financial assets** | | | | |
| **Investments** | | | | |
| Investments | 1.18 | - | 799.62 | - |
| Bonds | 12,374.88 | - | 8,841.14 | - |
| Government securities | 504.25 | - | 1,009.72 | - |
| Mutual fund | 1,093.98 | - | 1,550.06 | - |
| Others | 0.06 | - | 0.06 | |
| **Loans** | | | | |
| Loans to subsidiary | - | 3,377.12 | - | 60.00 |
| Loans to employees | - | 2.63 | - | 2.73 |
| Trade receivables | - | 8,014.78 | - | 6,064.50 |
| Cash and cash equivalents | - | 3,564.96 | - | 912.14 |
| Bank balances other than cash and cash equivalents | - | 188.12 | - | 304.72 |
| **Other financial assets** | | | | |
| Security deposits | - | 1,572.93 | - | 304.96 |
| Margin money deposits | - | - | - | 6.44 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | 7.37 | - | 12.06 | - |
| Others | - | 446.89 | - | 8,596.63 |
| **Total financial assets** | **13,981.72** | **17,167.43** | **12,212.66** | **16,252.12** |
| **Financial liabilities** | | | | |
| "Borrowings (includes interest accrued and current maturities of long-term borrowing)" | - | 13,181.38 | - | 5,357.86 |
| Trade payables | - | 9,667.43 | - | 4,859.59 |
| | | | | |
| **Other financial liabilities** | | | | |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | - | 7.33 | - |
| Others | - | 198.14 | - | 3,986.97 |
| **Total financial liabilities** | **-** | **23,046.95** | **7.33** | **14,204.42** |

*Note: Derivatives designated as hedges are fair valued through other comprehensive income and hence not included as a part of the above table.*

**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**Financial assets measured at fair value - recurring fair value measurements as at March 31, 2022**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial Investments at FVPL** | | | | |
| Investments | - | - | 1.18 | 1.18 |
| Bonds | - | 12,374.88 | - | 12,374.88 |
| Government securities | - | 504.25 | - | 504.25 |
| Mutual fund | - | 1,093.98 | - | 1,093.98 |
| Others | - | - | 0.06 | 0.06 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 7.37 | - | 7.37 |
| **Total financial liabilities** | **-** | **13,980.48** | **1.24** | **13,981.72** |

**Assets and liabilities which are measured at amortised cost for which fair value are disclosed as at March 31, 2022**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Loans** | | | | |
| Loans to subsidiary | - | - | 3,377.12 | 3,377.12 |
| Loans to employees | - | - | 2.63 | 2.63 |
| **Other financial assets** | | | | |
| Security deposits | - | - | 1,572.93 | 1,572.93 |
| Others | - | - | 446.89 | 446.89 |
| **Total financial assets** | **-** | **-** | **5,399.57** | **5,399.57** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term borrowing) | - | - | 13,181.38 | 13,181.38 |
| **Other financial liabilities** | | | | |
| Others | - | - | 198.14 | 198.14 |
| **Total financial liabilities** | **-** | **-** | **13,379.52** | **13,379.52** |

**Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2021**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial investments at FVPL** | | | | |
| Investments | - | - | 799.62 | 799.62 |
| Bonds | - | 8,841.14 | - | 8,841.14 |
| Government securities | - | 1,009.72 | - | 1,009.72 |
| Mutual fund | - | 1,550.06 | - | 1,550.06 |
| Others | - | - | 0.06 | 0.06 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 12.06 | - | 12.06 |
| **Total financial assets** | **-** | **11,412.98** | **799.68** | **12,212.66** |
| **Financial liabilities** | | | | |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 7.33 | - | 7.33 |
| **Total financial liabilities** | **-** | **7.33** | **-** | **7.33** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**Assets and liabilities which are measured at amortised cost for which fair value are disclosed as at March 31, 2021**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Loans** | | | | |
| Loans to subsidiary | - | - | 60.00 | 60.00 |
| Loans to employees | - | - | 2.73 | 2.73 |
| **Other financial assets** | | | | |
| Security deposits | - | - | 304.96 | 304.96 |
| Term deposits with maturity more than 12 months | - | - | 6.44 | 6.44 |
| Others | - | - | 8,596.63 | 8,596.63 |
| **Total financial assets** | **-** | **-** | **8,970.76** | **8,970.76** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | - | - | 5,357.86 | 5,357.86 |
| **Other financial liabilities** | | | | |
| Others | - | - | 3,986.97 | 3,986.97 |
| **Total financial liabilities** | **-** | **-** | **9,344.83** | **9,344.83** |

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Level 1: This hierarchy includes financial instruments measured using quoted prices. There is no item under this category as at March 31, 2022 and as at March 31, 2021.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The Company has derivatives which are not designated as hedges, bonds, government securities and mutual funds for which all significant inputs required to fair value an instrument falls under level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted securities.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the fair value of forward contracts is determined using forward exchange rates prevailing with Authorised Dealers dealing in foreign exchange.
- the use of Net Assets Value (‘NAV’) for valuation of mutual fund investment. NAV represents the price at which the issuer will issue further units and will redeem such units of mutual fund to and from the investors.
- the fair value of bonds and government securities are derived based on the indicative quotes of price and yields prevailing in the market or latest available prices.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**(iii) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the year ended March 31, 2022 and March 31, 2021:

| | Unlisted equity shares | Unlisted preference shares | Total |
|---|---|---|---|
| **As at April 01, 2020** | **414.88** | **190.06** | **604.94** |
| Addition pursuant to business combination (refer note 51) | 66.20 | 9.00 | 75.20 |
| | **481.08** | **199.06** | **680.14** |
| Acquisition/ conversions (refer note 42) | 1.18 | - | 1.18 |
| Disposal/ conversions (refer note 42) | (6.62) | (204.28) | (210.90) |
| Gain/ (loss) recognised in profit or loss | 323.98 | 5.22 | 329.20 |
| **As at March 31, 2021** | **799.62** | **-** | **799.62** |
| Reclassified to investment valued at amortised cost | (798.44) | - | (798.44) |
| Gain recognised in profit or loss | - | - | - |
| **As at March 31, 2022** | **1.18** | **-** | **1.18** |
| Unrealised gain/ (loss) recognised in profit or loss related to assets held at the end of the reporting period | | | |
| Year ended March 31, 2022 | - | - | - |
| Year ended March 31, 2021 | 323.98 | - | 323.98 |

**(iv) Valuation inputs and relationships to fair value**

| | Fair value | | Significant unobservable inputs* | Probability weighted average | | Sensitivity |
|---|---|---|---|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 | | As at March 31, 2022 | As at March 31, 2021 | |
| Unlisted equity shares | 1.18 | 799.62 | Risk adjusted discount rate | - | 14.50% | The estimated fair value would increase/ (decrease) if -Discount rate were lower/ (higher) |
| Others | 0.06 | 0.06 | Risk adjusted discount rate | - | - | The estimated fair value would increase/ (decrease) if -Discount rate were lower/ (higher) |

**(v) Valuation processes:**

The fair value of unlisted equity shares, preference shares, debentures and others are through independent valuer.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**(vi) Fair value of Financial assets and liabilities measured at amortised cost**

| | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial Assets** | | | | |
| **Loans** | | | | |
| Loans to subsidiary | 3,377.12 | 3,377.12 | 60.00 | 60.00 |
| Loans to employees | 2.63 | 2.63 | 2.73 | 2.73 |
| **Other financial assets** | | | | |
| Term deposits with maturity more than 12 months | - | - | 6.44 | 6.44 |
| Security deposits | 1,572.93 | 1,572.93 | 304.96 | 304.96 |
| Others | 446.89 | 446.89 | 8,596.63 | 8,596.63 |
| **Total** | **5,399.57** | **5,399.57** | **8,970.76** | **8,970.76** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term borrowings) | 13,181.38 | 13,181.38 | 5,357.86 | 5,357.86 |
| **Other financial liabilities** | | | | |
| Others | 198.14 | 198.14 | 3,986.97 | 3,986.97 |
| **Total** | **13,379.52** | **13,379.52** | **9,344.83** | **9,344.83** |

a) The carrying amount of trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, loans, term deposits with maturity more than 12 months, security deposits, other financial assets, borrowings, trade payables and other financial liabilities are considered to be the same as their value, due to their short-term nature.

b) The fair values and carrying value of loans, term deposits with maturity more than 12 months, security deposits, other financial assets, borrowings and other financial liabilities (other than those covered in above note (a)) are materially the same.

**(vii) Classification of interest income by instrument category**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Interest income at amotised cost:** | | |
| Loans to related party | 117.01 | 30.25 |
| Fixed deposits | 13.11 | 15.67 |
| Interest on customers | 34.18 | 54.19 |
| Others | 284.93 | 48.59 |
| **Interest income at FVTPL:** | | |
| Current investments | 1,035.10 | 282.29 |
| **Other interest income** | | |
| Income tax refund | 10.70 | 128.47 |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 41. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk and the impact of hedge accounting in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit risk | Trade receivables and other financial assets | Ageing analysis" | Diversification of bank deposits, credit limits and letters of credit |
| Liquidity risk | Borrowings and other financial liabilities | Borrowings maturity and cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk – foreign currency risk | Recognised financial assets and liabilities not denominated in Rupees | Sensitivity analysis | Forward foreign exchange contracts and derivative contracts |
| Market risk – security prices risk | Investments in bonds and mutual funds | Sensitivity analysis | Portfolio diversification |

The Company's risk management is carried out by treasury department under policies approved by the board of directors. Treasury department identifies, evaluates and hedges financial risks. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. There is no change in objectives, policies and process for managing the risk and methods used to measure the risk as compared to previous year.

### (I) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with bank, foreign exchange transactions and other financial instruments.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

#### a) Trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

Past exposure suggest a low/ minimum credit risk or allowances of debtors. Exposures of trade receivable (net of allowance) broken into ageing bucket is given below:

| | 0-120 Days | More than 120 Days | Total |
|---|---|---|---|
| March 31, 2022 | 7,325.99 | 688.79 | 8,014.78 |
| March 31, 2021 | 5,370.65 | 693.85 | 6,064.50 |

**Reconciliation of allowance for doubtful debts on trade receivables:**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Opening balance | 334.58 | 117.20 |
| Changes in allowance for doubtful debts | (100.26) | 217.38 |
| Closing balance | 234.32 | 334.58 |

**b) Other financial assets**

The Company maintains exposure in cash and cash equivalents, term deposits with banks, derivative financial instruments, investments in government securities, bonds and investments in mutual funds. The Company has diversified portfolio of investment with various number of counterparties which have good credit ratings, good reputation and hence the risk is reduced. Individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company.

**(II) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities (comprising the undrawn borrowing facilities below), by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**a) Financing arrangements**

The Company had access to the following undrawn borrowing facilities for working capital at the end of the reporting period:

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Floating rate | | |
| Expiring within one year | 4,886.80 | 4,278.26 |
| **Total** | **4,886.80** | **4,278.26** |

**b Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

All non-derivative financial liabilities, and

Derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not material.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**As at March 31, 2022**

| Contractual maturities of financial liabilities | < 1 Year | 1 - 3 years | 3 - 5 years | > 5 years | Total | Carrying value |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | 5,550.95 | 6,288.27 | 2,191.12 | 661.46 | 14,691.80 | 13,181.38 |
| Trade payables | 9,667.43 | - | - | - | 9,667.43 | 9,667.43 |
| Lease liability | 93.06 | 94.11 | 1.30 | 57.89 | 246.36 | 181.33 |
| Other financial liabilities | 198.14 | - | - | - | 198.14 | 198.14 |
| **Total non-derivative liabilities** | **15,509.58** | **6,382.38** | **2,192.42** | **719.35** | **24,803.73** | **23,228.28** |
| **Derivatives** | | | | | | |
| Forward contracts | 194.66 | - | - | - | 194.66 | 194.66 |
| **Total derivative liabilities** | **194.66** | **-** | **-** | **-** | **194.66** | **194.66** |

**As at March 31, 2021**

| Contractual maturities of financial liabilities | < 1 Year | 1 - 3 years | 3 - 5 years | > 5 years | Total | Carrying value |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | 1,345.86 | 2,916.39 | 2,270.14 | - | 6,532.38 | 5,357.86 |
| Trade payables | 4,859.59 | - | - | - | 4,859.59 | 4,859.59 |
| Lease liability | 104.74 | 147.01 | 56.45 | 92.29 | 400.49 | 274.91 |
| Other financial liabilities | 3,986.97 | - | - | - | 3,986.97 | 3,986.97 |
| **Total non-derivative liabilities** | **10,297.16** | **3,063.40** | **2,326.59** | **92.29** | **15,779.43** | **14,479.33** |
| **Derivatives** | | | | | | |
| Forward contracts | 44.34 | - | - | - | 44.34 | 44.34 |
| **Total derivative liabilities** | **44.34** | **-** | **-** | **-** | **44.34** | **44.34** |

**III) Market risk - foreign currency risk**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of foreign currency forward contracts is governed by the Company's strategy approved by the board of directors, which provide principles on the use of such forward contracts consistent with the Company's risk management policy and procedures.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**a) Foreign currency risk exposure**

The Company's exposure to foreign currency risk at the end of the reporting period expressed in equivalent in INR Rupees is as follows:

| | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | USD | EUR | Other | USD | EUR | Other |
| **Financial assets** | | | | | | |
| Trade receivables | 1,333.83 | 26.24 | - | 1,633.81 | 11.30 | - |
| Other financial assets | 6.95 | - | - | 139.34 | - | - |
| **Derivatives not designated as hedges** | | | | | | |
| Forward contracts (Sell foreign currency) | (988.86) | (38.05) | - | (3,209.67) | - | - |
| **Derivatives designated as hedges** | | | | - | - | - |
| Forward contracts (Sell foreign currency) | (3,692.50) | (419.04) | - | (1,196.53) | (55.62) | - |
| **Net exposure to foreign currency risk (assets)** | **(3,340.58)** | **(430.85)** | **-** | **(2,633.06)** | **(44.32)** | **-** |
| **Financial liabilities** | | | | | | |
| Trade payables | 5,475.42 | 22.92 | 158.88 | 951.07 | 7.96 | 110.89 |
| Other financial liabilities | 5.09 | 2.28 | - | 92.51 | - | - |
| **Derivatives not designated as hedges** | | | | | | |
| Forward contracts (Buy foreign currency) | (1,088.60) | (21.89) | (101.22) | (818.61) | - | (112.18) |
| **Derivatives designated as hedges** | | | | | | |
| Forward contracts (Buy foreign currency) | (1,118.56) | (3,709.47) | (85.53) | (461.45) | (587.46) | - |
| **Net exposure to foreign currency risk (liabilities)** | **3,273.34** | **(3,706.16)** | **(27.86)** | **(236.48)** | **(579.50)** | **(1.29)** |
| **Total Net exposure to foreign currency risk** | **(4,039.99)** | **(15.12)** | **(57.66)** | **(1,661.50)** | **3.34** | **1.29** |
| **Net Derivatives designated as hedges** | **(2,573.94)** | **3,290.43** | **85.53** | **(735.08)** | **531.84** | **-** |

**b) As at the balance sheet date, following foreign currency exposure (including non financial assets and liabilities) is not hedged by a derivative instrument or otherwise:**

| | Amount in Rupees | | Equivalent amount in USD (in millions) | |
|---|---|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| **Assets** | | | | |
| Investment in equity share | 5.14 | 5.14 | 0.11 | 0.11 |
| Investment in equity component of preference shares | 293.75 | 293.75 | 5.56 | 5.56 |
| Trade receivables | 1,360.07 | 1,645.11 | 17.94 | 22.50 |
| Other financial assets | 6.95 | 139.34 | 0.09 | 1.91 |
| Advance to suppliers | 7.72 | - | 0.11 | - |
| | **1,673.63** | **2,083.34** | **23.81** | **30.08** |
| **Liabilities** | | | | |
| Trade payables | 5,657.22 | 1,069.92 | 74.64 | 14.63 |
| Other financial liabilities | 7.37 | 92.51 | 0.10 | 1.27 |
| Trade advances | 1,676.12 | 387.31 | 22.11 | 5.30 |
| | **7,340.71** | **1,549.74** | **96.85** | **21.20** |
| Less: Forward contracts (USD-INR) | (99.74) | 2,391.06 | (1.32) | 32.71 |
| Less: Forward contracts (EURO-INR) | 16.16 | - | - | - |
| Less: Forward contracts (CAD-INR) | (101.22) | (112.18) | (1.34) | (1.53) |
| **Net unhedge foreign currency exposure*** | **5,482.28** | **1,745.28** | **70.38** | **22.30** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**c) Foreign currency sensitivity**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and impact on other components of equity arises from foreign forward exchange contracts, designated as cash flow hedges.

| | Net impact on profit before tax | | Net impact on other reserve | |
|---|---|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| **USD sensitivity** | | | | |
| INR/USD - Increase by 1% (March 31, 2021 - 1%)* | (40.40) | (16.61) | (25.74) | (7.35) |
| INR/USD - Decrease by 1% (March 31, 2021 - 1%)* | 40.40 | 16.61 | 25.74 | 7.35 |
| **EURO sensitivity** | | | | |
| INR/EURO - Increase by 1% (March 31, 2021 - 1%)* | (0.15) | 0.03 | 32.90 | 5.32 |
| INR/EURO - Decrease by 1% (March 31, 2021 - 1%)* | 0.15 | (0.03) | (32.90) | (5.32) |
| **Other sensitivity** | | | | |
| INR/Others - Increase by 1% (March 31, 2021 - 1%)* | (0.58) | 0.01 | 0.86 | - |
| INR/Others - Decrease by 1% (March 31, 2021 - 1%)* | 0.58 | (0.01) | (0.86) | - |

** Holding all other variables constant*

*Note:- All figures in note 40 (III) (a), (b) and (c) covers both continuing and discontinued operations.*

**(IV) Market risk - interest rate risk**

The Company had borrowed funds at fixed interest rates.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**a) Interest rate risk exposure**

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

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Fixed rate borrowings | 13,114.47 | 5,311.61 |
| Floating rate borrowings | - | - |
| **Total borrowings** | **13,114.47** | **5,311.61** |

**(V) Market risk – security prices**

**a) Exposure**

The Company is mainly exposed to the price risk due to its investment in mutual funds and bonds. The price risk arises due to uncertainties about the future market values of these investments.

In order to manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**b) Sensitivity**

The table below summarises the impact of increases/decreases of 1% increase in price of bonds, government securities and mutual funds.

| Particulars | Impact on profit before tax | |
|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 |
| Increase in rate 1% (March 31, 2021 - 1% ) | 139.73 | 114.01 |
| Decrease in rate 1% (March 31, 2021 - 1% ) | (139.73) | (114.01) |

**(VI) Impact of hedging activities**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward contracts and derivative contracts

**a) Disclosure of effects of hedge accounting on financial position:**

**As at March 31, 2022**

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Hedge ratio |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities | | |
| **Cash flow hedge** | | | | | | |
| **Foreign exchange risk** | | | | | | |
| Forward contract | 4,111.54 | 4,913.56 | 29.51 | 194.66 | Apr 22 - Nov 22 | 1:1 |

**As at March 31, 2021**

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Hedge ratio |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities | | |
| **Cash flow hedge** | | | | | | |
| **Foreign exchange risk** | | | | | | |
| Forward contract | 1,800.66 | 1,992.76 | 3.46 | 37.01 | Apr 21 - Sep 21 | 1:1 |

**As at March 31, 2022**

| Type of hedge | Change in the Value of hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash Flow Hedge** | | | | |
| Foreign Exchange Risk | (305.48) | - | 162.80 | Revenue |

**As at March 31, 2021**

| Type of hedge | Change in the Value of hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash Flow Hedge** | | | | |
| Foreign Exchange Risk | 56.58 | - | (18.37) | Revenue |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of forward contracts is governed by the Company's strategy approved by the board of directors, which provide principles on the use of such forward contracts consistent with the Company's risk management policy.

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness. Ineffectiveness is recognised on a cash flow hedge and net investment hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of foreign currency forecast sale and purchase transactions, hedges of interest rate risk and hedges of net investment, as applicable, this may arise if:

(i) The critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or

(ii) Differences arise between the credit risk inherent within the hedged item and the hedging instrument. There were no ineffectiveness recognised in the statement of profit and loss during March 31, 2022 and March 31, 2021.

**b) Movements in cash flow hedging reserve**

| **Risk category** | **Foreign currency risk** |
|---|---|
| **Derivative instruments** | **Forward contracts** |
| **Cash flow hedging reserve** | |
| As at April 01, 2020 | (77.88) |
| Changes in fair value of forward contracts | 56.58 |
| Loss transferred to statement of profit and loss | (18.37) |
| Hedging loss transferred to inventory | 31.21 |
| Income tax on amount recognised in hedging reserve | (16.64) |
| **As at March 31, 2021** | **(25.10)** |
| Changes in fair value of forward contracts | (305.48) |
| Gain transferred to statement of profit and loss | 162.80 |
| Hedging loss transferred to inventory | 10.17 |
| Income tax on amount recognised in hedging reserve | 33.35 |
| **As at March 31, 2022** | **(124.26)** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 42. RELATED PARTY TRANSACTIONS

### a) Entities having significant influence

| Name | Type | Effective proportion of ownership interest (%) | |
|---|---|---|---|
| | | As at March 31, 2022 | As at March 31, 2021 |
| Balkrishan Goenka, trustee of Welspun Group Master Trust | Shareholder (refer note 16(a) (iii)) | 44.86% | 44.87% |

### b) List of related parties:

| Name | Principal place of business | Effective proportion of ownership interest (%) | |
|---|---|---|---|
| | | As at March 31, 2022 | As at March 31, 2021 |
| **Subsidiaries** | | | |
| Welspun Pipes Inc. | USA | 100.00% | 100.00% |
| Welspun Tradings Limited | India | 100.00% | 100.00% |
| Welspun DI Pipes Limited (from February 03, 2021) | India | 100.00% | 100.00% |
| Welspun Metallics Limited (from February 03, 2021) | India | 100.00% | 100.00% |
| Welspun Mauritius Holdings Limited | Mauritius | 89.98% | 89.98% |
| Welspun Tubular LLC | USA | 100.00% | 100.00% |
| Welspun Global Trade LLC | USA | 100.00% | 100.00% |
| Welspun Mahatva Plastic Products and Building Materials Private Limited (from November 26, 2021) | India | 100.00% | - |
| Anjar TMT Steel Private Limited (refer note 51) | India | 100.00% | - |
| Welspun Specialty Solutions Limited (refer note 51) | India | 50.03% | - |
| **Joint venture** | | | |
| Welspun Wasco Coatings Private Limited | India | 51.00% | 51.00% |
| **Joint ventures of Welspun Mauritius Holdings Limited** | | | |
| East Pipes Integrated Company for Industry (EPIC) (Formerly known as Welspun Middle East Pipes LLC) | Kingdom of Saudi Arabia | - | 50.01% |
| (Joint venture till February 13, 2022) | | | |
| **Associate company** | | | |
| East Pipes Integrated Company for Industry (EPIC) (Formerly known as Welspun Middle East Pipes LLC) (Associate company w.e.f. February 14, 2022) (refer note (i) below) | Kingdom of Saudi Arabia | 35.01% | - |
| Welspun Captive Power Generation Limited (Associate company w.e.f. March 16, 2022) (refer note (ii) below) | India | 22.70% | - |

(i) During the year the Company announced the successful listing of its Joint Venture company in Kingdom of Saudi Arabia ("KSA"), East Pipes Integrated Company for Industry (EPIC) on the Saudi Exchanges Main Market ("Tadawul") at the final offer price of SAR 80 per share. Post the IPO the Company owns 35.01% (from earlier 50.01%) through its step-down subsidiary in Mauritius and will continue to be the largest shareholder in EPIC. Consequently, EPIC is now classified as an associate for the Company.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**c) Key management personnel**

| Name | Nature of relationship |
|---|---|
| Mr. Balkrishan Goenka | Chairman, Non-Executive Director |
| Mr. Rajesh Mandawewala | Non Executive, Non Independent Director |
| Mr. Vipul Mathur | Managing Director & Chief Executive Officer |
| Mrs. Dipali Goenka | Non Independent , Non Executive Director (w.e.f. October 29, 2020) |
| Mr. K.H.Viswanathan | Independent, Non-Executive Director |
| Mr. Rajkumar Jain | Independent, Non Executive Director (till October 31, 2020) |
| Ms. Revathy Ashok | Independent, Non-Executive Director |
| Mr. Desh Raj Dogra | Independent, Non-Executive Director |
| Ms. Amita Misra | Independent, Non-Executive Director |
| Mr. Percy Birdy | Chief Financial Officer |
| Mr. Pradeep Joshi | Company Secretary |

**d) List of Others over which key management personnel or relatives of such personnel exercise significant influence or control and entities which are members of same group with whom transaction have taken place during the current year and previous year:**

| |
|---|
| Welspun India Limited |
| Welspun Foundation for Health and Knowledge |
| Welspun Realty Private Limited |
| Welspun Global Brands Limited |
| Welspun Captive Power Generation Limited |
| Welspun Enterprises Limited |
| Welspun Anjar SEZ Limited |
| Welspun Multiventures LLP |
| Welspun Floorings Limited |
| Welassure Private Limited |
| Welspun Global Services Limited |
| Welspun Steel Resources Private Limited |
| MGN Agro Properties Private Limited |
| Nauyaan Shipyard Private Limited |
| DBG Estates Private Limited |

**e) Disclosure in respect of significant transactions with related parties during the year:**

| | | Transactions | |
|---|---|---|---|
| | | **Year ended March 31, 2022** | **Year ended March 31, 2021** |
| **1)** | **Sale of goods and services** | | |
| | Welspun Tradings Limited | 1,808.30 | 1,034.59 |
| | Welspun Tubular LLC | 7.46 | 252.85 |
| | Welspun India Limited | 330.29 | 430.23 |
| | Welspun Specialty Solutions Limited | 739.56 | 4.59 |
| | Others | 436.42 | 243.42 |
| | **Total sale of goods and services** | **3,322.03** | **1,965.68** |
| **2)** | **Other income** | | |
| | Welspun Pipes Inc. | 23.69 | 6,298.12 |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | 70.99 | 78.46 |
| | Welspun Wasco Coatings Private Limited | 37.05 | 37.29 |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | | Transactions | |
|---|---|---|---|
| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
| | Welspun Mauritius Holdings Limited | 3,076.62 | - |
| | Others | 119.19 | 29.88 |
| | **Total other income** | **3,327.54** | **6,443.75** |
| **3)** | **Purchase of goods and expenses incurred** | | |
| | Welspun Captive Power Generation Limited | 808.82 | 1,038.81 |
| | Welspun Realty Private Limited | 53.37 | 45.16 |
| | Welspun India Limited | 84.15 | 61.86 |
| | Welspun Wasco Coatings Private Limited | 243.35 | 227.61 |
| | Welspun Speciality Solutions Limited | 876.42 | 191.54 |
| | Others | 210.89 | 49.88 |
| | **Total purchase of goods and expenses incurred** | **2,277.00** | **1,614.86** |
| **4)** | **Purchase of property, plant and equipment and investment property** | | |
| | Welspun India Limited | - | 0.41 |
| | Welspun Tubular LLC | - | 4.89 |
| | Welspun Captive Power Generation Limited | - | 1.00 |
| | Welspun Anjar SEZ Private Limited | - | 40.64 |
| | Welspun Enterprises Limited | 0.32 | - |
| | **Total of purchase of property, plant and equipment and investment property** | **0.32** | **46.94** |
| **5)** | **Corporate social responsibility expenses** | | |
| | Welspun Foundation for Health and Knowledge | 63.09 | 40.99 |
| | Total of corporate social responsibility expenses | 63.09 | 40.99 |
| **6)** | **Redemption of non current investments** | | |
| | Welspun Captive Power Generation Limited | - | 204.28 |
| | **Total redemption of non current investments** | **-** | **204.28** |
| **7)** | **Sale of non-current Investment** | | |
| | Welspun Metallics Limited | - | 6.62 |
| | **Total sale of non-current Investment** | **-** | **6.62** |
| **8)** | **Sale of property, plant and equipment** | | |
| | Welspun Captive Power Generation Limited | - | 95.82 |
| | Welspun India Limited | - | 113.24 |
| | Welspun Metallics Limited | 0.63 | 20.77 |
| | Welspun Specialty Solutions Limited | 0.48 | |
| | Others | - | 0.01 |
| | **Total sale of property, plant and equipment** | **1.11** | **229.84** |
| **9)** | **Investment in compulsory convertible debentures/optionally convertible debentures of subsidiaries** | | |
| | Rank Marketing LLP (85,000,000 debentures of Welspun DI Pipes Limited) | - | 861.83 |
| | Rank Marketing LLP (9,500,000 debentures of Welspun Metallics Limited) | - | 95.57 |
| | Welspun Mahatva Plastic Products And Building Materials Private Limited (OCD's) | 4,010.00 | - |
| | Anjar TMT Steel Private Limited (OCD's) | 200.00 | - |
| | Anjar TMT Steel Private Limited (CCD's) | 248.15 | - |
| | **Total Investment in compulsory convertible debentures/ optionally convertible debentures of subsidiaries** | **4,458.15** | **957.40** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | | Transactions | |
|---|---|---|---|
| | | **Year ended March 31, 2022** | **Year ended March 31, 2021** |
| **10)** | **Non-current investments-Investments in preference shares of subsidiary** | | |
| | Welspun DI Pipes Limited | 1,650.00 | 150.00 |
| | Welspun Metallics Limited | 1,380.00 | 740.00 |
| | **Total Investments in preference shares of subsidiary** | **3,030.00** | **890.00** |
| **11)** | **Non-current investments-Investments in equity instruments of other related party** | | |
| | Welassure Private Limited | - | 1.16 |
| | Welspun Global Services Limited | - | 0.02 |
| | Welspun DI Pipes Limited | 200.00 | - |
| | Others | 0.11 | - |
| | **Total Investments in equity instruments of other related party** | **200.11** | **1.18** |
| **12)** | **Joint Bond given to Customs** | | |
| | Welspun Metallics Limited | 2,832.60 | - |
| | Welspun DI Pipes Limited | 4,676.40 | - |
| | **Total Joint Bond given to Customs** | **7,509.00** | **-** |
| **13)** | **Conversion of compulsory convertible debentures to Equity investments** | | |
| | Welspun Metallics Limited | 861.83 | - |
| | Others | 95.57 | - |
| | **Total Conversion of compulsory convertible debentures to Equity investments** | **957.40** | **-** |
| **13)** | **Conversion of optionally convertible debentures to Equity investments** | | |
| | Anjar TMT Steel Private Limited | 200.00 | - |
| | **Total Conversion of optionally convertible debentures to Equity investments** | **200.00** | **-** |
| **14)** | **Conversion of compulsory convertible debentures to Preference share** | | |
| | Anjar TMT Steel Private Limited | 248.15 | - |
| | **Total Conversion of compulsory convertible debentures to Preference share** | **248.15** | **-** |
| **15)** | **Investments in preference shares converted to Equity share warrant** | | |
| | Welspun Specialty Solutions Limited | - | 243.00 |
| | **Total Investments in preference shares converted to Equity share warrant** | **-** | **243.00** |
| **16)** | **Equity share warrant converted to equity share** | | |
| | Welspun Specialty Solutions Limited | - | 324.00 |
| | **Total Equity share warrant converted to equity share** | **-** | **324.00** |
| **17)** | **Debenture issued** | | |
| | MGN Agro Properties Private Limited | 480.00 | 95.00 |
| | **Total Debenture issued** | **480.00** | **95.00** |
| **18)** | **Debentures redeemed** | | |
| | MGN Agro Properties Private Limited | 480.00 | 185.00 |
| | **Total Debenture issued** | **480.00** | **185.00** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | | Transactions | |
|---|---|---|---|
| | | **Year ended March 31, 2022** | **Year ended March 31, 2021** |
| **19)** | **Reimbursement of expenses (paid)/ recovered** | | |
| | Welspun Tubular LLC | 9.93 | 8.24 |
| | Welspun Tradings Limited | 0.85 | 1.20 |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | - | 10.57 |
| | Welspun Wasco Coatings Private Limited | 11.64 | 13.83 |
| | Welspun Captive Power Generation Limited | 0.99 | 0.58 |
| | Welspun India Limited | (5.41) | (4.32) |
| | Welpsun Metallics Limited | 61.12 | 37.22 |
| | Welspun Floorings Limited | 0.05 | 12.04 |
| | Welspun Steel Resources Private Limited | 676.48 | - |
| | Others | 6.22 | 3.21 |
| | **Total reimbursement of expenses (paid)/ recovered** | **761.87** | **82.57** |
| **20)** | **Loans and deposit given** | | |
| | Welspun Metallics Limited | 3,465.58 | 640.00 |
| | Welspun DI Pipes Limited | 1,430.00 | 120.00 |
| | Welspun Specialty Solutions Limited | 976.34 | - |
| | Others | 0.03 | - |
| | **Total loans and deposit given** | **5,871.95** | **760.00** |
| **21)** | **Loans and deposit received back** | | |
| | Welspun Realty Private Limited | 22.62 | 19.18 |
| | Welspun Metallics Limited | 974.80 | 640.00 |
| | Welspun DI Pipes Limited | 1,490.00 | 60.00 |
| | Welspun Specialty Solutions Limited | 90.00 | - |
| | **Total loans and deposit received back** | **2,577.42** | **719.18** |
| **22)** | **Loans and deposit taken** | | |
| | MGN Agro Properties Private Limited | 900.00 | - |
| | **Total loans and deposit taken** | **900.00** | **-** |
| **23)** | **Loans and deposit repaid** | | |
| | MGN Agro Properties Private Limited | 900.00 | - |
| | **Total loans and deposit repaid** | **900.00** | **-** |
| **24)** | **Addition of corporate guarantee** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | - | 5,119.99 |
| | Welspun DI Pipes Limited | 9,500.00 | 3,240.00 |
| | Welspun Metallics Limited | 7,750.00 | 3,240.00 |
| | Welspun Wasco Coatings Private Limited | - | 86.70 |
| | Welspun Specialty Solutions Limited | 1,450.00 | - |
| | Anjar TMT Steel Private Limited | 1,500.00 | - |
| | **Total addition of corporate guarantee** | **20,200.00** | **11,686.69** |
| **25)** | **Release of corporate guarantee** | | |
| | Welspun Tradings Limited | - | 5,993.14 |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | 19,017.61 | 192.73 |
| | Welspun Wasco Coatings Private Limited | - | 54.25 |
| | Welspun Pipes Inc. | 7,434.00 | - |
| | Welspun Metallics Limited | 5,240.00 | - |
| | Welspun DI Pipes Limited | 5,240.00 | - |
| | Welspun Specialty Solutions Limited | 248.05 | - |
| | **Total release of corporate guarantee** | **37,179.66** | **6,240.12** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | | Transactions | |
|---|---|---|---|
| | | **Year ended March 31, 2022** | **Year ended March 31, 2021** |
| **26)** | **Key management personnel compensation #** | | |
| | Mr. Vipul Mathur | | |
| | Short-term employee benefit | 58.75 | 55.00 |
| | Mr. Percy Birdy | | |
| | Short-term employee benefit | 17.86 | 16.05 |
| | Mr. Pradeep Joshi | | |
| | Short-term employee benefit | 5.55 | 4.99 |
| | **Total key management personnel compensation** | **82.16** | **76.04** |
| **27)** | **Commission expense** | | |
| | Mr. Balkrishan Goenka | 30.67 | 52.92 |
| | **Total commission expense** | **30.67** | **52.92** |
| **28)** | **Directors' sitting fees** | | |
| | Mr. K.H.Viswanathan | 3.84 | 1.99 |
| | Mr. Rajkumar Jain | - | 1.50 |
| | Mr. Atul Desai | 0.06 | - |
| | Ms. Revathy Ashok | 1.63 | 1.11 |
| | Mr. Desh Raj Dogra | 2.14 | 1.92 |
| | Ms. Amita Misra | 1.76 | 1.26 |
| | **Total directors' sitting fees** | **9.43** | **7.78** |

*Note : Amount is inclusive of applicable taxes*

*# With respect to post-employment benefits, as these liabilities for defined benefit plans are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included.*

**f) Disclosure of significant closing balances:**

| | | **As at March 31, 2022** | **As at March 31, 2021** |
|---|---|---|---|
| **1)** | **Trade and other receivables** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | 7.34 | 50.44 |
| | Welspun Pipes Inc. | - | 84.08 |
| | Welspun DI Pipes Limited | 43.90 | 72.04 |
| | Welspun India Limited | 75.55 | 35.51 |
| | Welspun Metallics Limited | 152.28 | 9.64 |
| | Welspun Specialty Solutions Limited | 455.05 | 0.24 |
| | Others | 34.14 | 41.34 |
| | **Total trade and other receivables** | **768.26** | **293.29** |
| **2)** | **Trade payables** | | |
| | Welspun Captive Power Generation Limited | 351.64 | 374.57 |
| | Welspun India Limited | - | 1.72 |
| | Welspun Specialty Solutions Limited | 77.00 | - |
| | Others | 37.11 | 3.21 |
| | **Total trade payables** | **465.75** | **379.50** |
| **3)** | **Trade Advance (other current liabilities)** | | |
| | Welspun Tubular LLC | - | 1.21 |
| | Welspun Tradings Limited | 1,716.91 | 254.75 |
| | Others | 1.64 | - |
| | **Total trade advance** | **1,718.55** | **255.96** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **4)** | **Advance to suppliers (other current assets)** | | |
| | Welspun Specialty Solutions Limited | - | 548.31 |
| | Others | 0.01 | - |
| | **Total trade advance** | **0.01** | **548.31** |
| **5)** | **Loans, deposits and capital advance given (Loans, other assets and other financial assets)** | | |
| | Welspun Wasco Coatings Private Limited | 247.01 | 247.01 |
| | Welspun Realty Private Limited | 90.91 | 101.43 |
| | Welspun Anjar SEZ Limited | - | 28.40 |
| | Welspun DI Pipes Limited | - | 60.00 |
| | Welspun Metallics Limited | 2,490.78 | - |
| | Welspun Specialty Solutions Limited | 886.34 | - |
| | Others | 2.92 | 2.93 |
| | **Total loans, deposits and capital advance given (Loans, other assets and other financial assets)** | **3,717.96** | **439.77** |
| **6)** | **Provision for doubtful loans** | | |
| | Welspun Wasco Coatings Private Limited | 247.01 | 247.01 |
| | **Total provision for doubtful loans** | **247.01** | **247.01** |
| **7)** | **Provision for impairment in equity investment** | | |
| | Welspun Wasco Coatings Private Limited | 254.65 | 254.65 |
| | **Total provision for impairment in equity investment** | **254.65** | **254.65** |
| **8)** | **Corporate guarantees given (to the extent of outstanding loan amount/ acceptances/ export obligation to custom authority) refer note 46 (ii)** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | - | 2,518.90 |
| | Welspun Pipes Inc. | - | 1,827.75 |
| | Welspun Metallics Limited | 4,344.25 | 81.46 |
| | Welspun DI Pipes Limited | 1,965.14 | 23.39 |
| | Anjar TMT Steel Private Limited | 720.00 | - |
| | Welspun Specialty Solutions Limited | 381.60 | 840.70 |
| | **Total corporate guarantees given** | **7,410.99** | **5,292.20** |
| **9)** | **Joint Bond given to Customs** | | |
| | Welspun Metallics Limited | 2,832.60 | - |
| | Welspun DI Pipes Limited | 4,676.40 | - |
| | **Total Joint Bond given to Customer** | **7,509.00** | **-** |
| **10)** | **Shares liened** | | |
| | Welspun Specialty Solutions Limited | 3,073.29 | - |
| | **Total Shares liened** | **3,073.29** | **-** |
| **11)** | **Employee dues payable (other current liabilities)** | | |
| | Mr. Vipul Mathur | 11.75 | 14.75 |
| | Mr. Percy Birdy | 3.57 | 5.09 |
| | Mr. Pradeep Joshi | 0.83 | 1.35 |
| | **Total Employee dues payable** | **16.15** | **21.19** |
| **12)** | **Commission payable** | | |
| | Mr. Balkrishan Goenka | 27.47 | 52.92 |
| | **Total Commission payable** | **27.47** | **52.92** |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **13)** | **Equity investments in subsidiaries and joint venture** | | |
| | Welspun Mauritius Holdings Limited (Investments in equity instruments of subsidiaries) | 4.70 | 4.70 |
| | Welspun Mauritius Holdings Limited (Investment in equity component of preference shares) | 293.75 | 293.75 |
| | Welspun Tradings Limited (Investments in equity instruments of subsidiaries) | 50.22 | 50.22 |
| | Welspun Wasco Coatings Private Limited (Investments in equity instruments of joint ventures) (Before provision for impairment in equity investment) | 254.65 | 254.65 |
| | Welspun Pipes Inc.(Investments in equity instruments of subsidiaries) | 0.44 | 0.44 |
| | Welspun DI Pipes Limited (Investments in equity instruments of subsidiaries) | 295.68 | 0.11 |
| | Welspun Metallics Limited (Investments in equity instruments of subsidiaries) | 861.94 | 0.11 |
| | Welspun Specialty Solutions Limited (Investments in equity instruments of subsidiaries) | 2,836.50 | 2,836.50 |
| | Anjar TMT Steel Private Limited | 200.10 | - |
| | Others | 0.01 | - |
| | **Total equity investments** | **4,798.01** | **3,440.49** |
| **14)** | **Investment in compulsory convertible debentures/optionally convertible debentures of subsidiaries** | | |
| | Welspun DI Pipes Limited | - | 95.57 |
| | Welspun Metallics Limited | - | 861.83 |
| | Welspun Mahatva Plastic Products And Building Materials Private Limited (OCD's) | 4,010.00 | - |
| | **Total Investment in compulsory convertible debentures of subsidiaries** | **4,010.00** | **957.40** |
| **15)** | **Non-current investments** | | |
| | Welspun Captive Power Generation Limited (Investments in equity shares) | 765.79 | 798.44 |
| | Welassure Private Limited | 1.16 | 1.16 |
| | Welspun Global Services Limited | 0.02 | 0.02 |
| | **Total non-current investments** | **766.97** | **799.62** |
| **16)** | **Non-current investments-Investments in preference shares of subsidiary** | | |
| | Welspun DI Pipes Limited | 1,800.00 | 150.00 |
| | Welspun Metallics Limited | 2,120.00 | 740.00 |
| | Anjar TMT Steel Private Limited | 248.15 | - |
| | **Total Investments in preference shares of subsidiaries** | **4,168.15** | **890.00** |
| **17)** | **Deposits received (other financial liabilities)** | | |
| | Welspun Enterprises Limited | 0.66 | 0.66 |
| | Others | - | 0.02 |
| | **Total other Financial Liabilities** | **0.66** | **0.68** |

**(g) Terms and conditions**

All transactions were made on normal commercial terms and conditions and at market rates.

All outstanding balances are unsecured and are payable in cash.

The above notes covers figures for both continuing and discontinued operations.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 43. MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2016

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

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 14.56 | 74.30 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 0.08 | - |
| | **14.64** | **74.30** |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | 73.83 | 1,220.37 |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act | 0.53 | 0.75 |
| Interest accrued and remaining unpaid at the end of each accounting year | 0.61 | 1.65 |
| Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act | 0.61 | 1.65 |
| Total outstanding dues of micro and small enterprises | 15.17 | 75.95 |

## 44. CAPITAL MANAGEMENT

**(I) Risk management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the following gearing ratio:

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Net debt (total borrowings (including current maturities) and lease liabilities net of cash and cash equivalents, other bank balances and current investments)* | - | - |
| Total equity | 30,544.06 | 27,065.83 |
| **Net debt equity ratio** | **-** | **-** |

**The Company has a surplus position of ₹ 4,430.39 (March 31, 2021: 7,031.26) and hence the net debt as at March 31, 2022 and March 31, 2021 is shown as ₹ Nil.*

**Loan covenants**

The Company has complied with all the loan covenants applicable, mainly fixed assets coverage ratio, net debt to earnings before interest tax depreciation and amortisation ratio and total liability to tangible net worth ratio attached to the borrowings.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**(II) Dividend**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Equity Share** | | |
| Final dividend for the year ended March 31, 2021 of ₹ 5.00 (March 31, 2020 - ₹ 0.50) per fully paid shares | 1,304.75 | 130.44 |
| **Dividend not recognised at the end of the reporting period** | | |
| Directors have recommended the payment of a final dividend of ₹ 5 per fully paid equity share (March 31, 2021 - ₹ 5.00). This proposed dividend is subject to the approval of shareholders in the ensuring annual general meeting. | 1,304.75 | 1,304.75 |

## 45. CONTINGENT LIABILITIES

**The Company has contingent liabilities as at the year end in respect of:**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Claims against the Company not acknowledged as debts | 236.27 | 247.32 |
| Disputed direct taxes | 205.11 | 201.30 |
| Disputed indirect taxes: | | |
| Central Sales Tax | 5.31 | 5.31 |
| Service Tax | 186.07 | 156.54 |
| Sales tax/ Value Added Tax | 1,436.70 | 1,436.70 |
| Duty of Excise | 489.74 | 518.50 |
| Duty of Customs | 6.86 | 6.86 |
| Goods and Service tax | 2.57 | 1.19 |

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of above pending resolution of the respective proceedings.

The Company does not expect any re-imbursements in respect of the above contingent liabilities.

## 46. CAPITAL AND OTHER COMMITMENTS

**i) Capital commitments**

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account (net of advances): | | |
| Property, plant and equipment (net of capital advances ₹ 135.70 (March 31, 2021: ₹11.09)) | 4.81 | 80.55 |

**ii) Other commitments**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Corporate guarantees given by the company for loans of subsidiaries and joint ventures. Loan/ liabilities outstanding against these guarantees aggregate to ₹ 7,410.99 (March 31, 2021: ₹ 5,292.20) (refer note 42) | 16,960.30 | 33,582.02 |
| Outstanding letters of credit | 5,344.01 | 3,655.78 |

**iii) The Company has committed to provide continued need based financial support to its subsidiaries, associates and joint venturers.**

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 47. OPERATING LEASE

**As a lessor**

The Company has entered into operating leases for land and premises. These lease arrangements are both cancellable and non-cancellable in nature and range for a period between three years to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

**Rental income with respect to all operating leases**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Rental income recognised in the statement of profit and loss during the year | 38.53 | 42.31 |

## 48. SEGMENT INFORMATION

The Company is primarily engaged in the business of manufacture and distribution of steel products. In accordance with Ind AS 108 "Operating Segments", the Company has presented segment information on the basis of its consolidated financial statements,hence not shown under standalone financial statements.

## 49. EQUITY SETTLED SHARE BASED PAYMENTS (ESOP) (REFER NOTE 31 AND 16(B)(IV))

Senior level management employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). In respect of options granted during the current year under the Welspun Employee Stock Options Scheme (WELSOP), the cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black Scholes Merton formula which is in accordance with Indian Accounting Standard 102 (Ind AS 102).

The cost of equity settled transaction is recognised, together with a corresponding increase in Equity settled share based payments reserves in other equity, over the period in which the service conditions are fulfilled. This expense is included under the head "Employee benefits expense" as employee share-based expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Expense for the period from grant date to reporting date recognised is ₹ 5.60 (March 31, 2021: ₹ 17.30).

**Natue and characteristics of ESOP plans existed during year as tabulated below**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Grant Date | August 16, 2018 | August 16, 2018 |
| Vesting requirement | 3 years vesting (30%, 35%, 35%) | 3 years vesting (30%, 35%, 35%) |
| Maximum term of options | 3 years from vesting date | 3 years from vesting date |
| Method of settlement | Equity settled | Equity settled |
| Exercise Price | ₹ 100.00 | ₹ 100.00 |
| Share Price on Grant Date | ₹ 126.10 | ₹ 126.10 |
| Accounting method | Fair value method | Fair value method |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**Options movement during year as tabulated below (in numbers):**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Opening balance | 2,085,000 | 2,335,000 |
| Granted during the year | - | - |
| Exercised during the year | - | 65,000* |
| Forfeited during the year | 150,000 | 185,000 |
| Closing balance | 1,935,000 | 2,085,000 |
| Exercisable at the end of the year | 1,935,000 | 1,350,000 |

No options expired during the periods covered in the above table

** Company has received the share application money for these shares against which shares allotment is pending. Accordingly, the receipt is shown as "share application money pending allotment" under 'other equity' in March 2021. The same has been alloted in the current year.*

**Weighted-average exercise prices of options as tabulated below (in rupees)**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Opening balance | ₹ 100.00 | ₹ 100.00 |
| Granted during the year | - | - |
| Exercised during the year | ₹ 100.00 | ₹ 100.00 |
| Forfeited during the year | ₹ 100.00 | ₹ 100.00 |
| Expired during the year | - | - |
| Closing balance | ₹ 100.00 | ₹ 100.00 |
| Exercisable at the end of the year | ₹ 100.00 | ₹ 100.00 |

**Stock options outstanding at the end of period as tabulated below**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Exercise Price | | |
| WELSOP Plan | ₹ 100.00 | ₹ 100.00 |
| Weighted average remaining contractual life (Years) | | |
| WELSOP Plan | 2.43 | 2.43 |

Black Scholes method is used for fair valuation of ESOP.

The measure of volatility used in ESOP pricing model is the annualized standard deviation of the continuously compounded rates of return. Expected volatility for fair valuation is considered based on average of previous 6 years annualized volatility.

**Fair value and underlying assumptions for stock options granted as tabulated below**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Grant date | August 16, 2018 | August 16, 2018 |
| Option price model | Black Scholes Method | Black Scholes Method |
| Exercise price | ₹ 100 | ₹ 100 |
| Share price on grant date | ₹ 126.10 | ₹ 126.10 |
| Expected volatility | 50% | 50% |
| Expected number of years to exercise shares | Immediately after vesting | Immediately after vesting |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Risk-free rate of return | 7.49% to 7.85% | 7.49% to 7.85% |
| Dividend Yield | 0.55% | 0.55% |
| Fair value of ESOP at grant date (vesting year 1), shares 705,000 | ₹ 41.53 | ₹ 41.53 |
| Fair value of ESOP at grant date (vesting year 2), shares 822,500 | ₹ 52.34 | ₹ 52.34 |
| Fair value of ESOP at grant date (vesting year 3), shares 822,500 | ₹ 60.66 | ₹ 60.66 |
| Weighted average fair value of ESOP at grant date | ₹ 52.01 | ₹ 52.01 |
| Attrition rate per annum | NIL | NIL |
| Expected shares to vest ultimately | 1935000 | 2165000 |

## 50. DISCONTINUED OPERATIONS

**i) Description**

On March 31, 2021, the Company had concluded sale of its Plates & Coils Mills Division (PCMD) division for ₹ 8,485 plus closing adjustments towards net working capital pursuant to the Business Transfer Agreement dated March 31, 2019 and amended on March 31, 2021 (collectively known as “BTA”).

The disposal group (i.e. PCMD) was reported as discontinued operations in the financial statements for the year ended March 31, 2020 and the assets and liabilities directly associated with disposal group were presented as held for sale as at March 31, 2020.

As of September 30, 2021, the Company has received the total consideration of ₹ 8,091.98 and there is no further consideration receivable.

**ii) Financial performance and cash flow information**

The financial performances and cashflow information presented for the year ended March 31, 2022 and March 31, 2021 respectively

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Total Income (refer note iii below) | - | 3,114.88 |
| Total expenses | - | 3,219.14 |
| **Loss before tax** | **-** | **(104.26)** |
| Income tax expense | - | (33.26) |
| **Loss after tax** | **-** | **(71.00)** |
| **Loss from discontinued operations** | **-** | **(71.00)** |
| Net cash flow used in operating activities | - | (1,130.14) |
| Net cash used in investing activities | - | (79.59) |
| Net cash flow from financing activities | - | 1,209.46 |

**iii)** It includes net income of ₹ Nil (March 31, 2021: 51.90) which represents the loss on sale of disposal groups of ₹ 3,321.18 recognised in year March 31, 2021 and is netted off with the reversal of loss on sale of disposal groups recognised in year March 31, 2019 of ₹ 3,373.08.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**iv) The carrying amount of assets and Liabilities of PCMD as at the date of sale i.e. March 31, 2021 were as follows:**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Carrying amount of property, plant and equipment | - | 8,485.00 |
| Inventories | - | 745.05 |
| Trade receivables | - | 44.87 |
| Other current assets | - | 49.38 |
| **Total assets** | **-** | **9,324.30** |
| **Liabilities directly associated with disposal groups** | | |
| Trade payables (including buyer's credit of ₹ 1,209.46) | - | 1,229.37 |
| Other current liabilities | - | 2.95 |
| **Total Liabilities** | **-** | **1,232.32** |
| **Net assets** | **-** | **8,091.98** |
| **Net Sales consideration** | **-** | **8,091.98** |

**51.** The Hon'ble National Company Law Tribunal, Ahmedabad Bench by an order dated March 16, 2022, has sanctioned the Scheme of Arrangement (the "Scheme") filed by WCL and Welspun Steel Limited for transfer and vesting of Demerged Undertaking of the Demerged Company i.e. Welspun Steel Limited (WSL) into the Resulting Company i.e. Welspun Corp Limited with effect from April 1, 2021, being the appointed date as per the Scheme. The certified true copy of the said Order has been received and filed with the Ministry of Company Affairs on March 16, 2022. The effect of amalgamation as per "pooling of interest method", at carrying value adjusted for alignment for accounting policies of the Company. has been considered in the books retrospectively and the figures for the comparative year ended March 31, 2021, have been restated as if the merger had occurred from the beginning of the comparative period in the financial statements, i.e. April 1, 2020, as per the requirements of Indian Accounting Standard (IND AS) 103 and in accordance with the accounting treatment specified in the Scheme. Accordingly, the figures for the year ended March 31, 2021 and March 31, 2022 include the results of the Company and its Demerged undertaking. The amalgamation has resulted in recognition of Capital Reserve of ₹ 1,349.02 million as at April 1, 2020. The previous year's figures in the standalone financial statement have been accordingly restated from April 1, 2020.

In terms of the Scheme, the Company has issued 81 Cumulative Redeemable Preference shares (CRPS) of face value of INR 10/- each of the Company for every 100 Equity Shares of face value of INR 10/- each held in Welspun Steel Limited by shareholders as on the record date stated therein, which were pending for allotment as at March 31, 2022 which will be redeemed at the expiry of 18 months from date of issue i.e. March 16, 2022. Further, consequent to the above arrangement, Welspun Speciality Solution Limited and Anjar TMT Steel Private Limited have become subsidiaries of the Company.

i The assets and liabilities recognised as a result of this amalgamation, are as follows:

| **Particulars** | **As at April 01, 2020** | **Note No.** |
|---|---|---|
| **ASSETS** | | |
| **Non Current Assets** | | |
| Property, plant and equipment | 2,509.53 | 3(a) |
| Capital work in progress | 10.25 | 3(a) |
| Investment Property | 76.22 | 4 |
| Intangible assets | 0.29 | 5 |
| Financial assets: | | |
| Investments | 75.26 | 7(a) |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| Particulars | As at April 01, 2020 | Note No. |
|---|---|---|
| Equity investments in subsidiaries, associates and joint venture | 2,593.50 | 6 |
| Other financial assets | 1.50 | 8(a) |
| Other non-current assets | 24.73 | 10(a) |
| **Total non- current assets** | **5,291.28** | |
| **Current assets** | | |
| Inventories | 749.69 | 11 |
| Financial assets: | | |
| Trade receivables | 223.32 | 12 |
| Cash and cash equivalents | 1.56 | 13 |
| Bank balance other than above | 166.07 | 14 |
| Other financial assets | 17.59 | 9(b) |
| Other current assets | 286.43 | 10(b) |
| **Total Current Assets** | **1,444.66** | |
| **LIABILITIES** | | |
| Non-current Liabilities | | |
| Financial liabilities: | | |
| Other financial liabilities | 23.64 | 18(a) |
| Provisions | 1.84 | 19(a) |
| Deferred tax liabilities | 274.92 | 20 |
| **Total non-current liabilities** | **300.40** | |
| **Current liabilities** | | |
| Financial liabilities: | | |
| Borrowings | 74.84 | 17(b) |
| Trade payables: | | |
| a) total outstanding dues of micro enterprises and small enterprises | 0.77 | 23 |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 1,235.28 | 23 |
| Other financial liabilities | 3.78 | 18(b) |
| Other current liabilities | 137.92 | 22 |
| Provisions | 6.64 | 19(b) |
| **Total current liabilities** | **1,459.23** | |
| **Net assets taken over** | **4,976.31** | |
| **Consideration:** | | |
| 6% Cumulative Redeemable Preference share (refer note 2 below) | 3,515.12 | |
| Payment in cash and cash equivalent (refer note 3 below) | 112.17 | |
| Capital Reserve (recognised under reserves and surplus) | 1,349.02 | |

Note 1- As defined in the Scheme, "Demerged Undertaking" means undertaking, business, activities and operations pertaining to steel, specialty steel and thermo mechanical treatment bars manufacturing business carried on by WSL directly or indirectly through its subsidiaries (which includes Welspun Specialty Solutions Limited, Anjar TMT Steel Private Limited).

The above figures are as per Management signed unaudited accounts.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

Note 2- The amount of consideration payable on account of merger has been classified as a financial liability under the head "Other financial liabilities" as at March 31, 2021. Further, as at March 31, 2022, the amount to the extent CRPS issued (pending allotment) i.e. ₹ 3,515.12 is disclosed under "Borrowings". Subsequent to the year end, CRPS of ₹ 3,515.12 have been allotted.

Note 3 - It has been disclosed under the head "other financial liabilities" in March 31, 2022 and March 31, 2021. Subsequent to the year end, the liability of ₹112.17 has been paid in cash.

ii Before merger, the Company and demerged undertaking held 19.7% (5,833,500 shares) and 3% (872,193 shares) in Welspun Captive Power Generation Limited (WCPGL), respectively. Pursuant to merger, the shareholding of the Company in WCPGL became 22.7% (6,705,693 shares).

Due to this change, Company obtained significant influence over WCPGL in March 2022 and is treated as associate of WCL as at March 31, 2022.

Accordingly, investments in WCPGL has been disclosed under "Investments in equity instruments of subsidiaries, associate and joint venture" (refer note 6) as at March 31, 2022.

iii The Board of Directors at their meeting dated May 27, 2022 have recommended to pay dividend of ₹ 8.67 at the stipulated rate of 6% on the CRPS for the financial year ended March 31, 2022, the payment of which is subject to approval of the shareholders in the upcoming Annual General Meeting.

iv With respect to the accounting treatment of such CRPS, presentation and measurement has been made in accordance with Ind AS 32 'Financial Instruments: Presentation' and Ind AS 109 'Financial Instruments' which requires the presentation of these CRPS as a financial liability in its entirety, given that as per the terms of the instrument, they are redeemable, at face value, at the option of the holder. The relevant disclosures required under Ind AS 107 'Financial Instruments: Disclosures' and under Ind AS 1 'Presentation of financial statements' for these CRPS have been made in the standalone financial statements. Accordingly, in view of the reasons set out in the aforesaid note, CRPS have not been presented as preference share capital in the standalone financial statements, in accordance with the Companies Act, 2013.

v "Assessment of impairment of carrying value of investments and recoverability of loans given to subsidiary. Welspun Specialty Solutions Limited ("WSSL" or "subsidiary") is engaged in manufacturing of pipes in India. The Company has investment in equity shares of ₹ 2,836.50 of subsidiary carried at cost, as at March 31, 2022. The Company has also granted loans to the subsidiary with a carrying value of ₹ 886.34 carried at cost as at March 31, 2022. Considering the financial position and losses of the subsidiary, the Company has assessed the impairment of the carrying value of the investment in the subsidiary based on the market approach model (the "model"). The Company has also assessed the impairment of the carrying value of the loans based on the expected credit loss model ("ECL") resulting in no impairment for the year.

**52.** Management has made an assessment of the impact of COVID 19 in preparation for these standalone financial statements. Management has considered all relevant external and internal factors in the measurement of assets and liabilities including recoverability of carrying values of its assets, its liquidity position and ability to repay debts. No adjustment to key estimates and judgements that impact the financial statements have been identified. However, the impact assessment of COVID 19 will be a continuing process given the uncertainties associated with its nature and duration and no significant impact is envisaged on the operations.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 53. DISCLOSURES PURSUANT TO THE REGULATION 34(3) READ WITH PARA A OF SCHEDULE V TO SEBI LISTING REGULATIONS, 2015 (REFER NOTE 42)

| | | | Maximum amount outstanding during the year | |
|---|---|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| **Loans to joint venture and subsidiaries:** | | | | |
| Welspun Wasco Coatings Private Limited (joint venture) (before provision for impairment) | 247.01 | 247.01 | 247.01 | 247.01 |
| Welspun DI Pipes Limited (subsidiary) | - | 60.00 | 1,210.00 | 120.00 |
| Welspun Metallics Limited (subsidiary) | 2,490.78 | - | 2,490.78 | 640.00 |
| Welspun Specialty Solutions Limited (subsidiary) | 886.34 | - | 976.34 | - |

## 54. DISCLOSURE PURSUANT TO SECTION 186 OF THE COMPANIES ACT, 2013 FOR LOANS AND GUARANTEES (TO THE EXTENT OF LOAN) GIVEN (REFER NOTE 42):

| Nature of the transaction (loans and guarantees given) | Purpose for which the loans and guarantees is given | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **i) Loans given and outstanding as at year end (refer note 8(a)):** | | | |
| Welspun Wasco Coatings Private Limited (before impairment) (refer note below)" | Working capital and project funding of joint venture | 247.01 | 247.01 |
| Welspun Specialty Solutions Limited | Working capital and project funding of subsidiary | 886.34 | - |
| Welspun Metallics Limited | Project funding of subsidiary | 2,490.78 | - |
| Welspun DI Pipes Limited | Project funding of subsidiary | - | 60.00 |
| | | **3,624.13** | **307.01** |
| **ii) Guarantees (to the extent of outstanding loan/ acceptances/ export obligation to custom authority) refer note 46 (ii):** | | | |
| East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | Corporate guarantee given for joint venture's debt | - | 2,518.90 |
| Welspun Pipes Inc. | Corporate guarantee given for subsidiary's debt | - | 1,827.75 |
| Welspun Metallics Limited | Corporate guarantee given for subsidiary's acceptances/Letter of Credit | 4,344.25 | 81.46 |
| Welspun DI Pipes Limited | Corporate guarantee given for subsidiary's acceptances/Letter of Credit | 1,965.14 | 23.39 |
| Anjar TMT Steel Private Limited | Corporate guarantee given for subsidiary's debt | 720.00 | - |
| Welspun Specialty Solutions Limited | Corporate guarantee given for subsidiary's debt | 381.60 | 840.70 |
| | | **7,410.99** | **5,292.20** |

*Note: During the year, the company has approved the extention of due date of loan outstanding with WWCPL of ₹ 35.40 from August 31, 2021 to February 28, 2023.*

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 55. KEY FINANCIAL RATIO WITH EXPLANATIONS

| Sr. no | Ratio | Numerator | Denominator | Year ended March 31, 2022 | Year ended March 31, 2021 | Variance in % | Reason for variance |
|---|---|---|---|---|---|---|---|
| 1 | Current ratio (times) | Current assets | Current liabilities | 1.59 | 2.33 | -32% | Decrease in the ratio is mainly on account of increase in borrowings in the current year. |
| 2 | Debt-equity ratio (times) | Total debt | Equity | 0.43 | 0.20 | 119% | Increase in the ratio is mainly on account of increase in borrowings in the current year. |
| 3 | Debt service coverage ratio (times) | Earnings available for debt service | Debt service | 6.32 | 2.20 | 187% | Increase in the ratio is mainly on account of :<br>a) lower dividend income from subsidiary resulting in decrease in profit in the current year and<br>b) Higher loan repayments in the previous year. |
| 4 | Return on equity (%) | Profit for the year | Average shareholders equity | 16.86% | 46.58% | -64% | Decrease in the ratio is mainly on account of lower dividend income from subsidiary resulting in decrease in profit in the current year. |
| 5 | Inventory turnover ratio (times) | Cost of goods sold | Average inventory | 6.11 | 3.34 | 83% | Increase in the ratio is mainly on account of decrease in average inventory in the current year. |
| 6 | Trade receivables turnover ratio (times) | Revenue from operations | Trade receivables | 6.60 | 8.72 | -24% | Variation is not material (below 25%) |
| 7 | Trade payable turnover ratio (times) | Purchases of stock-in-trade | Trade payables | 4.59 | 5.65 | -19% | Variation is not material (below 25%) |
| 8 | Net capital turnover ratio (times) | Revenue from operations | Working capital | 3.69 | 2.69 | 37% | Increase in ratio is mainly on account of increase in borrowings in the current year. |
| 9 | Net Profit ratio (%) | Profit for the year | Revenue from operations | 9.19% | 19.26% | -52% | Decrease in ratio is mainly on account of decrease in the profit in the current year. |
| 10 | Return on capital employed (%) | Earnings before interest and tax | Capital employed | 16.46% | 41.70% | -61% | Decrease in ratio is mainly on account of lower dividend income from subsidiary resulting in decrease in profit in the current year. |
| 11 | Return on investment (%) | Earnings before interest and tax | Total assets | 10.37% | 26.15% | -60% | Decrease in ratio is mainly on account of lower dividend income from subsidiary resulting in decrease in profit in the current year. |

**Notes:**

1 Total debt = Non-current borrowings and Current borrowings

2 Earning for debt service = Profit for the year + Non-cash operating expenses like depreciation and other amortisations + Interest expenses

3 Debt service = Interest and principal repayments including lease payments

4 Cost of Goods Sold = Cost of material consumed + Purchases of stock-in-trade + Changes in inventories of finished goods, stock-in-trade and work-in progress

5 Working capital =Current assets (-) Current liabilities

6 Capital employed = Tangible net worth + Total debt + Deferred tax liability

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

## 56. ADDITIONAL REGULATORY REQUIREMENTS UNDER SCHEDULE III

**(i) Details of Benami Property held**

No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**(ii) Borrowing secured against current assets**

The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks and financial institutions are in agreement with the books of accounts.

**(iii) Wilful defaulter**

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

**(iv) Relationship with struck off companies**

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

**(v) Compliance with number of layers of companies**

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

**(vi) Compliance with approved scheme(s) of arrangements**

The Company has compliance with an accounting impact on approved scheme of arrangements on current or previous financial year (refer note 51).

**(vii) Utilisation of borrowed funds and share premium**

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) other than note 1 and 2 below, with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

**Note 1 :**

The Company has given trade advance out of its internal accruals of an amount aggregating to ₹ 499.51 to Mohan Fabtex Limited having CIN U17126DL2006PLC152697( MFL – an unrelated party) during the month of October 2021, for supplies of Hot Rolled coils to be made in accordance to the PO terms in the ordinary course of business. Welspun Specialty Solutions Limited, which has become a subsidiary of the Company from the appointed date of April 1, 2021 vide the NCLT Order, had borrowed ICDs on multiple dates to meet it's working capital requirements from MFL.There are no non-compliances with the applicable laws and regulations.

**Note 2 :**

The Company has invested in Optionally convertible debenture amounting to ₹ 4,010.00 million in Mahatva Plastic Products and Building Materials Private Limited (Mahatva), a subsidiary company and Mahatva has further invested the amount of ₹ 3,869.37 million in Sintex BAPL Limited as at March 31, 2022.

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

**Note 3**

The Company has given loan, out of its own funds, an amount aggregating to ₹ 1,490 to Welspun DI Pipes Limited during the year. Further, Welspun DI Pipes Limited (WDI) has given this loan to Welspun Metallic Limited (WML) to meet it's capex requirements, since both WDI and WML are wholly owned subsidiaries, there are no non-compliances with the applicable laws and regulations.

**(viii) Undisclosed income**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**(ix) Details of crypto currency or virtual currency**

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(x) Valuation of PP&E, intangible asset and investment property**

The company has not revalued its property, plant and equipment (including Right-of-Use assets) or intangible assets or both during the current or previous year.

**(xi) Title deeds of immovable properties not held in name of the company**

The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3(a) on property, plant and equipment, 3(b) on right of use assets and Note 4 on investment property to the financial statements, are held in the name of the Company, except for the following

| Description of property | Gross carrying value (in ₹ million) | Period held |
|---|---|---|
| Freehold Land | 341.81 | 12 - 17 years |
| Right of use assets | 4.13 | 1 - 2 years |
| Investment properties | 76.22 | 17 years |

Note - Title deeds are held in the name of the demerged undertaking i.e. Welspun Steel Limited which has been merged with the Company in the current year (Refer notes 51). The Company is under process to change the name of these title deeds.

**(xii) Registration of Charges or satisfaction with Registrar of Companies (ROC)**

The company does not have any charge or satisfaction not registered with the ROC beyond the statutory period.

**(xiii) Utilisation of borrowings availed from banks and financial institutions**

The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were was taken.

**57.** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The draft rules for the Code on Social Security, 2020 have been released by the Ministry of Labour and Employment on November 13, 2020. The Company is in the process of assessing the additional impact on Provident Fund contributions and on Gratuity liability contributions and will complete their evaluation and give appropriate impact in the standalone financial statements in the period in which the rules that are notified become effective.

## 58. EARNINGS/ (LOSS) PER SHARE

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Nominal value of an equity share | 5.00 | 5.00 |
| Profit after tax attributable to the equity holders of the Company from continuing operations | 4,857.23 | 10,251.42 |
| Loss after tax attributable to the equity holders of the Company from discontinuing operations | - | (71.00) |

# Notes

**Notes annexed to and forming part of the standalone balance sheet as at March 31, 2022 and the standalone statement of profit and loss for the year ended March 31, 2022**

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Profit after tax attributable to the equity holders of the Company | 4,857.23 | 10,180.42 |
| **Basic earnings/ (loss) per share:** | | |
| Weighted average number of equity shares used as denominator for calculating basic EPS | 260,949,395 | 260,884,395 |
| Basic earnings per share ( ₹) from continuing operations | 18.61 | 39.29 |
| Basic loss per share ( ₹) from discontinuing operations | - | (0.27) |
| Basic earnings per share ( ₹) from total continuing and discontinuing operations | 18.61 | 39.02 |
| **Diluted earnings/ (loss) per share:** | | |
| Weighted average number of equity shares used as denominator for calculating diluted EPS | 261,608,832 | 261,585,729 |
| Diluted earnings per share ( ₹) from continuing operations | 18.57 | 39.19 |
| Diluted loss per share ( ₹) from discontinuing operations | - | (0.27) |
| Diluted earnings per share ( ₹) from total continuing and discontinuing operations | 18.57 | 38.92 |
| **Reconciliation of weighted average number of shares outstanding** | | |
| Weighted Average number of equity shares used as denominator for calculating basic EPS | 260,949,395 | 260,884,395 |
| Total weighted average potential equity shares | 659,437 | 701,334 |
| Weighted average number of equity shares used as denominator for calculating diluted EPS | 261,608,832 | 261,585,729 |

## 59. DIVIDEND INCOME FROM WMHL:

During the current year ended March 31, 2022, Welspun Mauritius holdings Limited (WMHL) has given a dividend to WCL amounting to $ 40.49 Million ( ₹ 3,076.62)

## 60. CORE INVESTMENT COMPANIES (CIC)

Management has assessed that there are three CIC in the Group (‘Companies in the Group’ is as defined in Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016, as amended)

## 61. SUBSEQUENT EVENTS

In the month of April 2022, the Company acquired 100% of the issued share capital of Big Shot Infra Facilities Private Limited from an unrelated party at a consideration of ₹ 0.03 with an intention to make it a special purpose vehicle for organic/inorganic growth of the business under the object of the company.

**62.** The figures for the previous year have been regrouped wherever necessary.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N / N500016

**Neeraj Sharma**
Partner
Membership No.108391

Place: Mumbai
Date: May 27, 2022

**For and on behalf of Board**

**B.K.Goenka**
Chairman
DIN No.00270175

**Vipul Mathur**
Managing Director
and Chief Executive Officer
DIN - 07990476

**Percy Birdy**
Chief Financial Officer

**Pradeep Joshi**
Company Secretary
FCS-4959

Place: Mumbai
Date: May 27, 2022

# Independent Auditors' Report

To the Members of Welspun Corp Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### OPINION

1. We have audited the accompanying consolidated financial statements of Welspun Corp Limited (hereinafter referred to as the ''Holding Company" or "Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as the "Group"), its associate companies and its joint ventures (refer note 51 to the attached consolidated financial statements), which comprise the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as the "consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") (refer Emphasis of Matter paragraph 5 below) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate companies and its joint venture as at March 31, 2022 and of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

### BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group, its associate companies and joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 17, 18 and 19 of the other matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

### EMPHASIS OF MATTERS

4. We draw your attention to Note 56 to the consolidated financial statements, regarding the approval of the Scheme of Arrangement between Welspun Steel Limited (the "Demerged Company" or "WSL") and the Company and their respective shareholders for transfer of the Demerged Undertaking (the 'Scheme') received from the National Company Law Tribunal vide its Order dated March 16, 2022, from appointed date of April 1, 2021. However, the accounting treatment pursuant to the Scheme has been given effect to from the date required under Ind AS 103 - Business Combinations, which is the beginning of the preceding period from April 1, 2020. Accordingly, the figures for the year ended March 31, 2021 have been restated to give effect to the aforesaid merger.

5. We draw your attention to note 56 to the consolidated financial statements, regarding the accounting treatment and presentation of Cumulative Redeemable Preference shares ("CRPS"), issued on March 16, 2022 pursuant to the Scheme (Refer paragraph 4 above) as a financial liability in its entirety in accordance with the requirements of Ind AS 32 'Financial Instruments: Presentation' and Ind AS 109 'Financial Instruments'. Such accounting treatment and presentation, however, is not in accordance with the provisions of section 2(64) and section 43 of the Act.

   Our opinion is not modified in respect of these matters.

## KEY AUDIT MATTERS

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Appropriateness of revenue recognition** | |
| (Refer note 1.4 and 27 to the consolidated financial statements)<br><br>The Group recognises revenue in accordance with Ind AS 115 "Revenue from Contracts with Customers".<br><br>Revenue from the sale of goods is recognised at a point in time when the control has been transferred, which generally coincides with terms as agreed with the customers.<br><br>The above was considered to be a key audit matter since revenue is significant to the consolidated financial statements, and is required to be recognised in accordance with the terms of the customer contracts, which involve management judgements as described above. | We performed the following procedures:<br><br>• Understanding, testing and evaluating the design and the operating effectiveness of controls relating to revenue recognition under Ind AS 115;<br><br>• Tested the reconciliation of the amounts as per the sales register to the general ledger;<br><br>• Reading of contracts to identify significant terms of the contracts;<br><br>• Evaluating the contract terms to assess the timing of transfer of control to the customer and to determine whether revenue is recognised appropriately;<br><br>• Testing whether the revenue recognition (including procedures related to cut off) is in line with the terms of customer contracts, the transfer of control;<br><br>• Testing of journal entries for unusual/ irregular revenue transactions; and<br><br>• Evaluating adequacy of the presentation and disclosures.<br><br>Based on the above stated procedures, no significant exceptions were noted by us in revenue recognition including those relating to presentation and disclosures as required by applicable accounting standard. |
| **Assessment of Impairment of carrying value of Goodwill resulting from investment in subsidiary** | |
| (Refer note 58 to the consolidated financial statements)<br><br>The Group has Goodwill resulting from investment in equity shares of Welspun Specialty Solutions Limited ('WSSL' or 'subsidiary') of ₹ 3,431.24 million as at March 31, 2022. These amounts are significant to the financial statements.<br><br>Consequent to the deteriorating net worth and continued losses of the subsidiary, the Group has assessed the impairment of Goodwill based on the market approach model (the "model").<br><br>We considered this as a key audit matter due to significant management judgement involved in the above impairment models. | Our procedures included, amongst others, the following:<br><br>• Understanding and evaluating the design and testing the operating effectiveness of the Group's controls over impairment assessment of carrying value of Goodwill;<br><br>• In respect of assessment of carrying value of Goodwill,<br><br>(a) Reviewing the market prices available on independent website;<br><br>(b) Reviewing the information considered in the model by examining supporting documentation;<br><br>(c) Assessing the work of the Management's external valuation expert including their independence and objectivity; and |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| | (d) Testing the mathematical accuracy of the model; and<br>(e) Reading the latest financial information available including quarterly results and audit report issued by the auditors of the subsidiary.<br>Based on the above procedures performed, we found the Management's conclusion with respect to recoverability of this amounts to be reasonable and appropriate. |

The following Key Audit Matters were included in the audit report dated May 23, 2022, containing an unmodified audit opinion on the financial statements of Welspun Specialty Solutions Limited, a subsidiary of the Holding Company issued by an independent firm of chartered accountants reproduced by us as under:

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Appropriateness Revenue Recognition** | |
| The Company recognises revenue in accordance with Ind AS 115 "Revenue from Contracts with Customers".<br>Revenue from the sale of goods is recognized at a point in time when the control has been transferred, which generally coincides with terms as agreed with the customers.<br>The above was considered to be a key audit matter since revenue is significant to the standalone financial is required to be recognised in accordance with the terms of the customer contracts, which involve management judgements as described above. | We performed the following procedures:<br>• Understanding, testing and evaluating the design and the operating effectiveness of controls relating to revenue recognition under Ind AS<br>• Tested the reconciliation of the amounts as per the sales register to the general ledger.<br>• Reading of contracts to identify significant terms of the contracts<br>• Evaluating the contract terms to assess the timing of transfer of control to the customer and to determine whether revenue is recognized appropriately<br>• Testing whether the revenue recognition(including procedures related to cut oft) is in line with the terms of customer contracts, the transfer of<br>• Testing of journal entries for revenue transactions; and<br>• Evaluating adequacy of the presentation and disclosures.<br>Based on the above stated procedures, no significant exceptions were noted by us in revenue recognition including those relating to presentation and disclosures as required by applicable accounting standard. |

The following Key Audit Matter were included in the Memorandum of Work Performed issued by other auditor whose audit report dated May 26, 2022, containing an unmodified audit opinion on the financial statements of East Pipes Integrated Company, an associate of the Company issued by the other auditors reproduced by us as under:

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Change in estimated useful lives of plant and machinery** | |
| At 31 March 2022, the Company had property, plant and equipment with a carrying value of Saudi Riyals 262.3 million including 'Plant and machinery' with a carrying value of Saudi Riyals 227.8 million.<br>The Company's management reviews the useful lives of its property, plant and equipment, on an annual basis, as required by the International Accounting Standard 16 'Property, plant and equipment' as endorsed in the Kingdom of Saudi Arabia. | • Obtained and understood the methodology adopted by management to assess the useful lives of the 'Plant and machinery';<br>• Assessed whether the extended useful lives represent the best estimate in that respect and whether, based on such analysis and technical condition of the 'Plant and machinery', extension of their useful life is justified;<br>• Involved our in-house technical experts to assess the methodology adopted by management for consistency with best practices followed internationally; |

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| Based on the review carried out for the year ended 31 March 2022, management revised the range of estimated useful lives of the 'Plant and machinery' category from 2 - 20 years to 2 - 36 years. This change resulted in the depreciation expense for the year ended 31 March 2022 to be lower by Saudi Riyals 15.6 million as compared to what it would have been using the previous useful lives. The change in useful lives was applied prospectively from 1 April 2021.<br><br>We considered this as a key audit matter as the assessment of the review of the useful lives requires significant judgements around multiple factors including technical conditions of the 'Plant and machinery' and changes in its future anticipated usage from its historical usage.<br><br>Refer to Note 51 to the consolidated financial statements for the disclosure of significant accounting estimates and the disclosure of matters related to change in useful lives. | • Considering our knowledge of the business and practice in wider manufacturing industry evaluated whether the revised useful lives are consistent with those commonly used in the industry and that the anticipated usage of plant and machinery justify the revised useful lives;<br><br>• Tested changes of the revised useful lives of such assets in the fixed asset register and recomputed the related depreciation; and<br><br>• Assessed the adequacy and appropriateness of the related disclosures in the financial statements. |

## OTHER INFORMATION

7. The Holding Company's Board of Directors is responsible for the other information. The other information for Holding Company comprises the information included in Management Discussion and Analysis, Directors' Report, Corporate Governance Report, Business Responsibility Report and Other Information including Annexures thereto, included in Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (refer paragraph 17, 18 and 19 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

8. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associate companies and joint venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate companies and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate companies and joint venture are responsible for assessing the ability of the Group and of its associate companies and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group, its associate companies and joint venture or to cease operations, or has no realistic alternative but to do so.

10. The respective Board of Directors of the companies included in the Group and of its associate companies and joint venture are responsible for overseeing the financial reporting process of the Group and of its associate companies and joint venture.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate companies and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associate companies and joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, its associate companies and joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTER

16. We did not audit the comparative figures for year ended March 31, 2021, which have been restated to include the consolidated financial information of the Demerged undertaking (referred to in Note 56 of the consolidated financial statements) which reflects total assets of ₹ 11,811.80 millions as at March 31, 2021, net assets of ₹ 7,089.50 millions March 31, 2021, total revenue of ₹ 7,352.60 million, total net profit after tax of ₹ 1,166.30 millions and total comprehensive income of ₹ 1,164.30 million for the year ended March 31, 2021 and cash flows (net) of ₹ (0.1) million for the year ended March 31, 2021. The said consolidated financial information of the Demerged undertaking have been provided to us by the Management, and our opinion on the consolidated financial statements of the Holding Company to the extent they relate to these Demerged Undertaking is based solely on such unaudited consolidated financial information furnished to us. We have audited the adjustments made by the Management, including adjustments required for consistency of accounting policies, arising on account of scheme of arrangement to arrive at the restated comparative figures for year ended March 31, 2021.

17. The consolidated financial statements include the Group's share of total comprehensive income (comprising of loss and other comprehensive income) of ₹ (62.02) million for the year ended March 31, 2022 as considered in the consolidated financial statements, in respect of 1 associate (joint venture till February 14, 2022) located outside India whose financial information have not been audited by us. These financial information has been audited by other auditor whose report has been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this associate and our report in terms of sub-section (3) of Section 143 of the Act including report on other information insofar as it relates to the aforesaid associate, is based solely on the reports of the other auditors.

18. We did not audit the financial statements of 1 subsidiary located in India, whose financial statements reflect total assets of ₹ 3,724.50 millions and net assets of ₹ 75.20 millions as at March 31, 2022, total revenue of ₹ 1,632.90 millions, total comprehensive income (comprising of loss and other comprehensive income) of ₹ (313.00) millions and net cash flows amounting to ₹ 47.10 millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

19. The financial statements of 1 subsidiary located outside India, included in the consolidated financial statements, which constitute total assets of ₹ 3,037.35 millions and net assets of ₹ 105.33 millions as at March 31, 2022, total revenue of ₹ Nil, total comprehensive income (comprising of loss and other comprehensive income) of ₹ 3,173.80 millions and net cash inflows amounting to ₹ 1,226.12 millions for the year then ended, have been prepared in accordance with accounting principles generally accepted in its respective country and have been audited by other auditors under generally accepted auditing standards applicable in its respective country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from the accounting principles generally accepted in its respective country, to the

accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India, including other information, is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done, the reports of the other auditors and the financial information of demerged business for the previous year certified by the Management.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

20. As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that we as the auditors of below components of the Holding Company have given the following comments in their CARO 2020 report dated below on the standalone financial statements of components as reproduced below:17.

1) Welspun Metallics Limited, a subsidiary (CARO 2020 report dated May 20, 2022)

| Paragraph No. | Comment in the respective CARO report reproduced below |
|---|---|
| xvii | The Company has incurred cash losses of ₹ 96.53 million in the financial year and of ₹ 7.90 million in the immediately preceding financial period from July 31, 2020 (date of incorporation) to March 31, 2021. |

2) Welspun DI Pipes Limited, a subsidiary (CARO 2020 report dated May 20, 2022)

| Paragraph No. | Comment in the respective CARO report reproduced below |
|---|---|
| ix (d) | According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that the Company has used funds raised on short-term basis aggregating ₹ 63.01 million for long-term purposes. |
| xvii | The Company has incurred cash losses of ₹ 39.78 million in the financial year and of ₹ 5.53 million in the immediately preceding financial year. |

3) Anjar TMT Steel Private Limited, a subsidiary (CARO 2020 report dated May 20, 2022)

| Paragraph No. | Comment in the respective CARO report reproduced below |
|---|---|
| ix (c) | In our opinion, and according to the information and explanations given to us, the term loans (i.e. including optionally convertible debentures and compulsorily convertible debenture, both issued on right basis) have been applied for the purposes for which they were obtained, except for the following case: |

| Nature of the fund raised | Name of the lender | Amount diverted (₹ million) | Purpose for which amount was sanctioned | Purpose for which amount was utilised | Remarks |
|---|---|---|---|---|---|
| Optionally Convertible Debentures | Welspun Steel Limited | 22.00 | Capitalisation | Repayment of Short-term loan i.e., Non-convertible debentures issued on private placement basis | None |

| Paragraph No. | Comment in the respective CARO report reproduced below |
|---|---|
| | Further, an amount of ₹ 38.65 million is pending for utilization as at March 31, 2022 and is included under 'Cash and cash equivalents' and 'Bank deposits with more than 12 months maturity' in the financial statements. |
| ix (d) | According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that the Company has used funds raised on short-term basis (i.e. Non-convertible debentures issued on private placement basis) aggregating ₹ 22 million for long-term purposes. |

| Paragraph No. | Comment in the respective CARO report reproduced below |
|---|---|
| xvii | The Company has incurred cash losses of ₹ 5.54 million in the current financial period April 23, 2021 to March 31, 2022. Further the company is incorporated in the current financial period April 23, 2021 to March 31, 2022, accordingly the question of us commenting on the cash losses incurred in preceding financial year does not arise. |

4) Mahatva Plastic Product And Building Material Private Limited, a subsidiary (CARO 2020 report dated May 20, 2022

| Paragraph No. | Comment in the respective CARO report reproduced below |
|---|---|
| xvii | The Company has incurred cash losses of ₹ 0.32 million in the current financial period August 13, 2021 to March 31, 2022. Further the company is incorporated in the current financial period August 13, 2021 to March 31, 2022, accordingly the question of us commenting on the cash losses incurred in preceding financial year does not arise. |

5) Welspun wasco coating private limited, an associate (CARO 2020 report dated May 20, 2022)

| Paragraph No. | Comment in the respective CARO report reproduced below |
|---|---|
| Xvii | The company has incurred cash losses of ₹ 22.82 million in the financial year & had not incurred cash losses in the immediately preceding financial year. |

6) Welspun Specialty Solutions Limited, a subsidiary (CARO 2020 report dated May 23, 2022)

| Paragraph No. | Comment in the respective CARO report reproduced below |
|---|---|
| xvii | Based on the examination of records, the Company has incurred cash losses in the financial year and in the immediately preceding financial year. |

21. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors. (refer emphasis of matter paragraph 5 above)

(c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company subsequent to March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate company and joint venture which are companies incorporated in India, none of the directors of the group companies, its associate company and joint venture which are companies incorporated in India is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and its associate companies and joint ventures and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, its associate companies and joint ventures– refer note 45 to the consolidated financial statements.

ii. The Group, its associate companies and joint ventures were not required to recognise a provision as at March 31, 2022, under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Group, its associate companies and joint ventures did not have any long-term derivative contracts as at March 31, 2022..

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiaries, associate and joint venture, which are companies incorporated in India, during the year ended March 31, 2022.

iv. (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, other than as disclosed in the note 67 (vii) to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, other than as disclosed in the note 67(vii) to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

v. The dividend declared and paid during the year by the Holding Company is in compliance with Section 123 of the Act. The subsidiary companies, associate company and joint venture, has not declared any dividend during the year.

22. The Group, its associate companies and joint venture have paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Neeraj Sharma**
Partner
Membership No. 108391
UDIN: 22108391AJSIBM7617

Place: Mumbai
Date: May 27, 2022

# Annexure A to Independent auditors' report

**Referred to in paragraph 21(f) of the Independent auditors' report of even date to the members of Welspun Corp Limited on the consolidated financial statements for the year ended March 31, 2022**

## REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to financial statements of Welspun Corp Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, its joint venture and associate, which are companies incorporated in India, as of that date.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The respective Board of Directors of the Holding Company, its subsidiary companies, its joint venture and associate, which are companies incorporated in India, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

## MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures

that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

## OPINION

8. In our opinion, the Holding Company, its subsidiary companies, its joint venture and associate, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## OTHER MATTER

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company and one associate, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Neeraj Sharma**
Partner
Membership No. 108391
UDIN: 22108391AJSIBM7617

Place: Mumbai
Date: May 27, 2022

# Consolidated Balance Sheet

as at March 31, 2022

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

| | Notes | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3(a) | 19,395.38 | 20,812.93 |
| Capital work-in-progress | 3(a) | 12,603.68 | 1,472.28 |
| Right-of-use asset | 3(b) | 1,288.65 | 1,502.35 |
| Investment property | 4 | 156.42 | 149.55 |
| Goodwill on consolidation | 5 | 3,431.24 | 3,431.24 |
| Intangible assets | 5 | 60.68 | 94.34 |
| Intangible assets under development | 5 | 9.02 | - |
| Financial assets | | | |
| Investments | 7(a) | 3,870.61 | 806.72 |
| Investments accounted for using the equity method | 6 | 4,264.79 | 4,808.67 |
| Loans | 8(a) | - | - |
| Other financial assets | 9(a) | 884.10 | 237.74 |
| Deferred tax assets (net) | 10 | 0.34 | 0.64 |
| Other non-current assets | 11(a) | 2,561.76 | 880.29 |
| **Total non-current assets** | | **48,526.67** | **34,196.75** |
| **Current assets** | | | |
| Inventories | 12 | 10,194.55 | 12,129.90 |
| Financial assets | | | |
| Investments | 7(b) | 14,931.81 | 11,510.67 |
| Trade receivables | 13 | 8,125.55 | 6,688.04 |
| Cash and cash equivalents | 14 | 6,402.14 | 1,698.00 |
| Bank balances other than cash and cash equivalents | 15 | 612.72 | 890.92 |
| Loans | 8(b) | 2.98 | 12.68 |
| Other financial assets | 9(b) | 1,158.91 | 8,664.74 |
| Current tax assets (net) | 16 | 22.05 | 4.43 |
| Other current assets | 11(b) | 1,695.95 | 1,121.29 |
| Assets held for sale | 17 | 15.32 | - |
| **Total current assets** | | **43,161.98** | **42,720.67** |
| **Total Assets** | | **91,688.65** | **76,917.42** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 18(a) | 1,304.75 | 1,304.43 |
| **Other equity** | | | |
| Reserves and surplus | 18(b) | 41,151.95 | 38,085.51 |
| Other reserves | 18(c) | 1,826.41 | 1,431.09 |
| Share application money pending allotment | 18(d) | - | 6.50 |
| Equity attributable to owners of welspun corp limited | | 44,283.11 | 40,827.53 |
| Non- Controlling interests | | 992.28 | 1267.62 |
| **Total equity** | | **45,275.39** | **42,095.15** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 19(a) | 14,294.20 | 5,899.52 |
| Lease liabilities | 3(b) | 188.96 | 405.73 |
| Other financial liabilities | 20(a) | 224.68 | 3,696.70 |
| Provisions | 21(a) | 558.46 | 728.40 |
| Deferred tax liabilities (net) | 22 | 1,384.05 | 1,505.31 |
| Government grants | 23 | 703.56 | 908.32 |
| Other non-current liabilities | 24(a) | - | 20.10 |
| **Total non-current liabilities** | | **17,353.91** | **13,164.08** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 19(b) | 5,920.18 | 3,727.88 |
| Lease liabilities | 3(b) | 165.83 | 176.89 |
| Trade payables | | | |
| - total outstanding dues of micro and small enterprises | 25 | 30.91 | 75.21 |
| - total outstanding dues of creditors other than micro & small enterprises | 25 | 9,809.25 | 7,093.83 |
| Other financial liabilities | 20(b) | 3,104.56 | 1,525.47 |
| Provisions | 21(b) | 316.20 | 323.10 |
| Government grants | 23 | 204.76 | 204.76 |
| Current tax liabilities (net) | 26 | 5,893.82 | 5,071.84 |
| Other current liabilities | 24(b) | 3,613.84 | 3,459.21 |
| **Total current liabilities** | | **29,059.35** | **21,658.19** |
| **Total liabilities** | | **46,413.26** | **34,822.27** |
| **Total equity and liabilities** | | **91,688.65** | **76,917.42** |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

This is the consolidated balance sheet referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N / N500016

**Neeraj Sharma**
Partner
Membership No.108391

Place: Mumbai
Date: May 27, 2022

**For and on behalf of Board**

**B.K.Goenka**
Chairman
DIN No.00270175

**Vipul Mathur**
Managing Director
and Chief Executive Officer
DIN - 07990476

**Percy Birdy**
Chief Financial Officer

**Pradeep Joshi**
Company Secretary
FCS-4959

Place: Mumbai
Date: May 27, 2022

# Consolidated Statement of Profit and Loss

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

| | Notes | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue from operations | 27 | 65,051.11 | 71,525.63 |
| Other income | 28 | 5,512.21 | 3,568.28 |
| **Total income** | | **70,563.32** | **75,093.91** |
| **Expenses** | | | |
| Cost of materials consumed | 29 | 41,674.94 | 36,920.15 |
| Purchases of stock-in-trade | 30 | 1,376.04 | 5,519.58 |
| Changes in inventories of work-in-progress and finished goods | 31 | 4,529.53 | 5,154.87 |
| Employee benefit expense | 32 | 3,834.81 | 4,544.57 |
| Depreciation and amortisation expense | 33 | 2,547.54 | 2,464.69 |
| Other expenses | 34 | 8,918.94 | 11,435.64 |
| Finance costs | 35 | 1,018.85 | 849.48 |
| **Total expenses** | | **63,900.65** | **66,888.98** |
| **Profit before share of gain/ (loss) of joint ventures accounted for using the equity method and tax** | | **6,662.67** | **8,204.93** |
| Share of gain of joint ventures accounted for using the equity method (net) | 51(c) | (57.20) | 1,349.20 |
| **Profit before befor exceptional items and tax from continuing operations** | | 6,605.47 | **9,554.13** |
| Profit / (Loss) from exceptional items | 63 | - | 1,376.14 |
| **Profit before tax from continuing operations** | | **6,605.47** | **10,930.27** |
| **Income tax expense** | 36 | | |
| Current tax | | 2,297.10 | 3,938.77 |
| Deferred tax | | (133.18) | (1,385.36) |
| **Total income tax expense** | | **2,163.92** | **2,553.41** |
| **Profit from continuing operations** | | **4,441.55** | **8,376.86** |
| **Discontinued operations** | | | |
| Loss before tax from discontinued operation | 54 | - | (143.64) |
| Tax credit from discontinued operations | 36 | - | (33.26) |
| **Loss from discontinued operation** | | **-** | **(110.38)** |
| **Profit for the year (A)** | | **4,441.55** | **8,266.48** |
| **Other comprehensive income** | | | |
| **Items that may be reclassified to profit or loss** | | | |
| Gains/ (loss) on cash flow hedges (net) | | (153.62) | 42.44 |
| Income tax relating to this item | | 33.35 | (17.89) |
| Exchange differences on translation of foreign operations (including non-controlling interests) | | 512.49 | (339.10) |
| | | **392.22** | **(314.55)** |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of post employment benefit obligations | | 24.41 | 19.52 |
| Income tax relating to this item | | (6.50) | (5.81) |
| Share of other comprehensive income of joint ventures accounted for using the equity method | | (4.82) | (10.06) |
| | | **13.09** | **3.65** |
| **Other comprehensive income for the year, net of tax (B)** | | **405.31** | **(310.90)** |
| **Total comprehensive income for the year (A+B)** | | **4,846.86** | **7,955.58** |
| **Profit/ (loss) is attributable to:** | | | |
| Owners of Welspun Corp Limited | | 4,388.00 | 7,675.83 |
| Non-controlling interests | | 53.55 | 590.65 |
| | | **4,441.55** | **8,266.48** |
| **Other comprehensive income is attributable to:** | | | |
| Owners of Welspun Corp Limited | | 392.28 | (301.23) |
| Non-controlling interests | | 13.03 | (9.67) |
| | | **405.31** | **(310.90)** |
| **Total comprehensive income is attributable to:** | | | |
| Owners of Welspun Corp Limited | | 4,780.28 | 7,374.60 |
| Non-controlling interests | | 66.58 | 580.98 |
| | | **4,846.86** | **7,955.58** |
| **Earnings per equity share for (loss)/ profit from continuing operation attributable to owners of Welspun Corp Limited:** | 61 | | |
| Basic earnings per share (in Rupees) | | 16.82 | 29.84 |
| Diluted earnings per share (in Rupees) | | 16.77 | 29.76 |
| **Loss per equity share for (loss) from discontinued operation attributable to owners of Welspun Corp Limited:** | 61 | | |
| Basic loss per share (in Rupees) | | - | (0.42) |
| Diluted loss per share (in Rupees) | | - | (0.42) |
| **Earnings per equity share for (loss)/ profit from continuing and discontinued operation attributable to owners of Welspun Corp Limited:** | 61 | | |
| Basic earnings per share (in Rupees) | | 16.82 | 29.42 |
| Diluted earnings per share (in Rupees) | | 16.77 | 29.34 |

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

This is the consolidated statement of profit and loss referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N / N500016

**Neeraj Sharma**
Partner
Membership No.108391

Place: Mumbai
Date: May 27, 2022

**For and on behalf of Board**

**B.K.Goenka**
Chairman
DIN No.00270175

**Vipul Mathur**
Managing Director
and Chief Executive Officer
DIN - 07990476

**Percy Birdy**
Chief Financial Officer

**Pradeep Joshi**
Company Secretary
FCS-4959

Place: Mumbai
Date: May 27, 2022

# Consolidated Statement of Cash Flows

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

| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **A)** | **Cash flow from operating activities** | | |
| | **Profit/ (loss) before tax** | | |
| | Continuing operations | 6,605.47 | 10,930.28 |
| | Discontinued operations | - | (143.64) |
| | **Profit before tax** | **6,605.47** | **10,786.64** |
| | **Adjustments for:** | | |
| | Depreciation and amortisation expense | 2,547.54 | 2,464.69 |
| | Employee share-based expense | 6.10 | 21.39 |
| | Gain on sale/ redemption of | | |
| | Current investments | (57.74) | (494.68) |
| | Non-current investment | (3,590.15) | (1.60) |
| | (Gain)/ loss on sale / discarding of property, plant and equipment (net) | 70.02 | (552.57) |
| | Loss/ (Gain) on sale of disposal groups classified as held for sale | - | 32.44 |
| | Reversal of Impairment loss on disposal group | - | (51.90) |
| | Share of gain of joint ventures accounted for using the equity method (net) | 57.20 | (1,349.20) |
| | Fair valuation (gain)/ loss on investment (net) | 150.46 | (1,464.81) |
| | Allowance for doubtful debts (net) | (99.23) | 121.75 |
| | Bad debts expense | - | 244.63 |
| | Write back of Preference Share Liability (Exceptional Item) | - | (1,272.60) |
| | Provision for obsolescence of inventory | - | (2.40) |
| | Provision for gratuity and compensated abscenses | - | 4.80 |
| | Provision for litigation, disputes and other matters (net) | 5.80 | (3.48) |
| | Provision for doubtful advances written back | - | (55.90) |
| | Liabilities/ provisions no longer required written back | (36.13) | (113.45) |
| | Dividend income | (0.95) | - |
| | Interest income and commission income | (1,570.25) | (603.92) |
| | Interest expenses | 795.68 | 571.64 |
| | Unrealised net exchange differences | 67.17 | (131.67) |
| | **Operating profit before changes in operating assets and liabilities** | **4,950.99** | **8,149.80** |
| | **Changes in operating assets and liabilities (bracket figures represents increase in asset and decrease in liabilities)** | | |
| | Movement in other non-current financial assets | (640.14) | (0.15) |
| | Movement in other non-current assets | (1,460.65) | 0.09 |
| | Movement in inventories | 1,935.35 | 12,350.56 |
| | Movement in trade receivables | (1,384.79) | 6,094.51 |
| | Movement in other current financial assets | (633.41) | (33.25) |
| | Movement in other current assets | (566.54) | 408.92 |
| | Movement in other non-current financial liabilities | 43.11 | (23.55) |
| | Movement in trade payables | 2,700.25 | (9,582.68) |
| | Movement in other non-current liabilities | (20.10) | 20.10 |
| | Movement in other current financial liabilities | (1,008.87) | 508.60 |
| | Movement in other current liabilities | 154.63 | (8,208.65) |
| | Movement in provisions | (166.93) | (10.62) |
| | Movement in government grants | (204.76) | (319.54) |
| | **Total changes in operating assets and liabilities** | **(1,252.85)** | **1,204.34** |
| | **Cash flow from operations** | **3,698.14** | **9,354.14** |
| | Income taxes paid (net of refund received) | (1,512.99) | (1,609.29) |
| | **Net cash from operating activities (A)** | **2,185.15** | **7,744.85** |

# Consolidated Statement of Cash Flows

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

| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **B)** | **Cash flow used in investing activities** | | |
| | Payments for property, plant and equipment, investment property and intangible assets (including Capital work-in-progress and Intangible assets under development) | (9,791.32) | (3,193.48) |
| | Proceeds from property, plant and equipment and investment property | 37.62 | 631.39 |
| | Proceeds from disposal of assets of disposal group | 8,059.54 | - |
| | Proceeds from sales/ redemption of long term investments | 4,999.62 | 208.47 |
| | Purchase of long term investments | (3,869.37) | (235.19) |
| | Purchase of current investments | (162,780.89) | (105,127.25) |
| | Proceeds from sales/ redemption of current investments | 159,399.99 | 98,523.45 |
| | Proceeds from maturity of fixed deposit (net) | 274.07 | 61.77 |
| | Interest and commission received | 1,569.20 | 375.99 |
| | Dividend received | 0.95 | - |
| | Loan repaid by others (net) | 0.29 | 110.69 |
| | Loan given to joint venture | 9.41 | (12.34) |
| | Repayment of loans by joint venture | - | 204.30 |
| | **Net cash used in investing activities (B)** | **(2,090.89)** | **(8,452.20)** |
| **C)** | **Cash flow from/ (used in) financing activities** | | |
| | Proceeds from Share application money pending allotment | (0.50) | 6.50 |
| | Payment of dividends to non-controlling interests | (345.00) | - |
| | Proceeds from long term borrowings | 9,975.63 | 4,044.68 |
| | Repayment of long term borrowings | (6,812.87) | (4,634.97) |
| | Proceeds from short term borrowings | 20,393.02 | 4,742.90 |
| | Repayment of short term borrowings | (16,488.62) | (5,255.03) |
| | Interest paid | (735.45) | (532.07) |
| | Dividend paid | (1,302.65) | (129.00) |
| | Principal elements of lease payments | (156.61) | (224.18) |
| | **Net cash from/ (used in) financing activities (C)** | **4,526.95** | **(1,981.17)** |
| | **Net decrease in cash and cash equivalents (A+B+C)** | **4,621.21** | **(2,688.52)** |
| | Cash and cash equivalents at the beginning of the financial year | 1,698.00 | 4,411.10 |
| | (Loss)/ gain on exchange rate changes on cash and cash equivalents | 82.92 | (24.58) |
| | **Cash and cash equivalents at the end of year** | **6,402.13** | **1,698.00** |

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

This is the consolidated statement of cash flow referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N / N500016

**Neeraj Sharma**
Partner
Membership No.108391

Place: Mumbai
Date: May 27, 2022

**For and on behalf of Board**

**B.K.Goenka**
Chairman
DIN No.00270175

**Vipul Mathur**
Managing Director
and Chief Executive Officer
DIN - 07990476

**Percy Birdy**
Chief Financial Officer

**Pradeep Joshi**
Company Secretary
FCS-4959

Place: Mumbai
Date: May 27, 2022

# Consolidated Statement of Changes in Equity

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

## A. EQUITY SHARE CAPITAL

| Particulars | Notes | Amount |
|---|---|---|
| **Balance as at April 01, 2020** | | 1,304.43 |
| Changes in equity share capital during the year | 18(a) | - |
| **Balance as at March 31, 2021** | | 1,304.43 |
| Changes in equity share capital during the year | 18(a) | 0.32 |
| **Balance as at March 31, 2022** | | 1,304.75 |

## B. OTHER EQUITY [REFER NOTE 18(B) AND (C)]

| | Attributable to owners of welspun corp limited | | | | | | | | | | | Non-controlling interests | Share application money pending allotment | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves and surplus | | | | | | | | Other reserves | | Total other equity | | | |
| | Capital reserve | Securities premium | Debenture redemption reserve | General reserve | Equity settled share based payments | Capital redemption reserve | Equity component of borrowings | Retained earnings | Cash flow hedging reserve | Foreign currency translation reserve | | | | |
| **Balance as at April 01, 2020** | **154.71** | **7,183.71** | **505.84** | **621.73** | **106.72** | **21.78** | **-** | **20,531.19** | **(81.37)** | **1,788.79** | **30,833.10** | **141.18** | **-** | **30,974.28** |
| Addition pursuant to business combination (refer note 56) | 1,349.02 | 2,869.13 | - | - | - | - | - | (2,885.78) | - | - | 1,332.37 | 545.46 | - | 1,877.83 |
| Loss for the year | - | - | - | - | - | - | - | 7,675.83 | - | - | 7,675.83 | 590.65 | - | 8,266.48 |
| Other comprehensive income | - | - | - | - | - | - | - | 6.30 | 25.07 | (332.60) | (301.23) | (9.67) | - | (310.90) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **7,682.13** | **25.07** | **(332.60)** | **7,374.60** | **580.98** | **-** | **7,955.58** |
| Movement in general reserve | - | - | - | 370.84 | - | - | - | - | - | - | 370.84 | - | - | 370.84 |
| Movement in debenture redemption reserve | - | - | (370.84) | - | - | - | - | - | - | - | (370.84) | - | - | (370.84) |
| Hedging loss transferred to inventory | - | - | - | - | - | - | - | - | 31.20 | - | 31.20 | - | - | 31.20 |
| Transactions with owners in their capacity as owners: | | | | | | | | | | | | | | - |
| Share application money pending allotment | - | - | - | - | - | - | - | - | - | - | - | - | 6.50 | 6.50 |
| Employee share-based expenses | - | - | - | - | 21.43 | - | - | - | - | - | 21.43 | - | - | 21.43 |
| Employee share-based options lapsed | - | - | - | 1.87 | (5.59) | - | - | - | - | - | (3.72) | - | - | (3.72) |
| Options exercised | - | 2.75 | - | - | - | - | - | - | - | - | 2.75 | - | - | 2.75 |
| Equity Component of Borrowing | - | - | - | - | - | - | 55.31 | - | - | - | 55.31 | - | - | 55.31 |
| Dividends paid | - | - | - | - | - | - | - | (130.44) | - | - | (130.44) | - | - | (130.44) |
| **Balance as at March 31, 2021** | **1,503.73** | **10,055.59** | **135.00** | **994.44** | **122.56** | **21.78** | **55.31** | **25,197.10** | **(25.10)** | **1,456.19** | **39,516.60** | **1,267.62** | **6.50** | **40,790.72** |
| Profit for the year | - | - | - | - | - | - | | 4,388.00 | - | - | 4,388.00 | 53.55 | - | 4,441.55 |
| Other comprehensive income | - | - | - | - | - | - | - | 9.70 | (120.27) | 498.96 | 392.28 | 13.03 | - | 405.31 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | | **-** | **-** | **-** | **4,397.70** | **(120.27)** | **498.96** | **4,776.39** | **66.58** | **-** | **4,846.86** |

# Consolidated Statement of Changes in Equity

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

| | Attributable to owners of welspun corp limited | | | | | | | | | | | Non-controlling interests | Share application money pending allotment | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves and surplus | | | | | | | | Other reserves | | Total other equity | | | |
| | Capital reserve | Securities premium | Debenture redemption reserve | General reserve | Equity settled share based payments | Capital redemption reserve | Equity component of borrowings | Retained earnings | Cash flow hedging reserve | Foreign currency translation reserve | | | | |
| Movement in general reserve | - | - | - | 45.00 | - | - | - | - | - | - | 45.00 | - | - | 45.00 |
| Movement in debenture redemption reserve | - | - | (45.00) | - | - | - | - | - | - | - | (45.00) | - | - | (45.00) |
| Movement in Equity component of borrowings | - | | | 55.31 | | | (55.31) | - | - | - | - | - | - | |
| Hedging loss transferred to inventory | - | - | - | - | - | - | - | - | 16.63 | - | 16.63 | - | - | 16.63 |
| **Transactions with owners in their capacity as owners:** | | | | | | | | | | | | | | |
| Share application money pending allotment | - | - | - | - | - | - | - | - | - | - | - | - | (6.50) | (6.50) |
| Share issue expenses during the period | - | - | - | - | - | - | - | (34.82) | - | - | (34.82) | | | (34.82) |
| Employee share-based expenses | - | - | - | - | 6.10 | - | - | - | - | - | 6.10 | - | - | 6.10 |
| Employee share-based options lapsed | - | - | - | 7.80 | (7.80) | - | - | - | - | - | - | - | - | - |
| Options exercised | - | 22.28 | - | - | (20.07) | - | - | - | - | - | 2.21 | - | - | 2.21 |
| Dividends paid | - | - | - | - | - | - | - | (1,304.75) | - | - | (1,304.75) | (341.92) | - | (1,646.67) |
| **Balance as at March 31, 2022** | **1,503.73** | **10,077.87** | **90.00** | **1,102.55** | **100.79** | **21.78** | **-** | **28,256.89** | **(128.74)** | **1,955.15** | **42,978.36** | **992.28** | **-** | **43,974.53** |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

This is the consolidated statement of changes in equity referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N / N500016

**Neeraj Sharma**
Partner
Membership No.108391

Place: Mumbai
Date: May 27, 2022

**For and on behalf of Board**

**B.K.Goenka**
Chairman
DIN No.00270175

**Vipul Mathur**
Managing Director
and Chief Executive Officer
DIN - 07990476

**Percy Birdy**
Chief Financial Officer

**Pradeep Joshi**
Company Secretary
FCS-4959

Place: Mumbai
Date: May 27, 2022

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## GENERAL INFORMATION

Welspun Corp Limited (hereinafter referred to as "WCL" or the "Company") and its subsidiaries (hereinafter 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.

The Company is a public limited company which is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) and is incorporated and domiciled in India. The address of its registered office is "Welspun City", Village Versamedi, Tal. Anjar, Dist Kutch, Gujarat - 370110, India.

These consolidated financial statements were approved for issue by the Board of Directors on May 27, 2022.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The Consolidated Financial Statements ("consolidated financial statements" of the "financial statements") relate to the Group and its interest in joint ventures.

### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

**a) Compliance with Ind AS**

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

**b) Historical cost convention**

The financial statements have been prepared on the accrual and going concern basis. The financial statements have been prepared on a historical cost basis, except for the following items:

| Items | Measurement basis |
|---|---|
| Certain financial assets and liabilities (including derivatives instruments) | Fair Value |
| Assets or disposal groups classified as held for sale | Fair value less cost to sell |
| Share based payments | Fair Value |
| Net defined benefit (asset)/ liability | Fair Value of plan assets less present value of defined benefit obligations |

**c) Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle (i.e. 12 months) and other criteria set out in Schedule III (Division II) to the Act.

**d) Recent Accounting Pronouncements**

**i. New and amended standards adopted by the Group**

The Group, it's joint ventures and associates has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April 2021:

- Extension of COVID-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**ii. New amendments issued but not effective**

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

Below is a summary of such amendments:

| Title | Key requirements |
|---|---|
| Ind AS 16, Property, Plant and Equipment | Proceeds before intended use of property, plant and equipment The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly) |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| Title | Key requirements |
|---|---|
| Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets | Onerous Contracts – Cost of fulfilling a contract The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts |
| Ind AS 103, Business combinations | References to the conceptual framework The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities. |
| Ind AS 109, Financial Instruments | Fees included in the 10% test for derecognition of financial liabilities The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. |
| Ind AS 101, First time adoption | Subsidiary as a first-time adopter Simplifies the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. |

iii. **Reclassification consequent to amendment to Schedule III**

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from 1 April 2021. Consequent to above, the group has changed the classification/presentation of (i) current maturities of long-term borrowings (ii) security deposits, in the current year. The current maturities of long-term borrowings (including interest accrued) has now been included in the "Current borrowings" line item. Previously, current maturities of long-term borrowings and interest accrued were included in 'other financial liabilities' line item. Further, security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets' line item. Previously, these deposits were included in 'loans' line item. The group has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. Refer note no 56 of consolidated financial statements.

## 1.2 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

a) **Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. In assessing control, potential voting rights that currently are exercisable are taken into account. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Company.

For list of subsidiaries consolidated, refer table below:

| Name of the Subsidiaries | Country of Incorporation | Extent of Holding | |
|---|---|---|---|
| | | As at March 31, 2022 | As at March 31, 2021 |
| **Direct Subsidiaries** | | | |
| Welspun Pipes Inc. | USA | 100% | 100% |
| Welspun Tradings Limited | India | 100% | 100% |
| Welspun Mauritius Holdings Limited | Mauritius | 89.98% | 89.98% |
| Welspun DI Pipes Limited | India | 100% | 100% |
| Welspun Metallics Limited | India | 100% | 100% |
| Mahatva Plastic Products and Building Materials Private Limited (w.e.f. November 26, 2021) | India | 100% | - |
| Anjar TMT Steel Private Limited (Refer note 56) | India | 100% | - |
| Welspun Specialty Solutions Limited (Refer note 56) | India | 50.03% | 50.03% |
| **Indirect Subsidiaries** | | | |
| **Held through Welspun Pipes Inc.** | | | |
| Welspun Tubular LLC | USA | 100% | 100% |
| Welspun Global Trade LLC | USA | 100% | 100% |

**b) Joint arrangements**

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has three joint ventures.

For list of Joint ventures consolidated, refer table below:

| Name of the Joint ventures | Country of Incorporation | Extent of Holding | |
|---|---|---|---|
| | | As at March 31, 2022 | As at March 31, 2021 |
| Welspun Wasco Coatings Private Limited | India | 51% | 51% |
| East Pipes Integrated Company for Industry, Kingdom of Saudi Arabia (formerly known as Welspun Middle East Pipes Company) (Joint venture till February 13, 2022) | Kingdom of Saudi Arabia | - | 50.01% |

For list of Associates consolidated, refer table below:

| Name of the Associates | Country of Incorporation | Extent of Holding | |
|---|---|---|---|
| | | As at March 31, 2022 | As at March 31, 2021 |
| East Pipes Integrated Company for Industry (EPIC) (Formerly known as Welspun Middle East Pipes LLC) (Associate company w.e.f. February 14, 2022) | India | 35.01% | - |
| Welspun Captive Power Generation Limited (Associate, w.e.f March 15, 2022) (Refer note 56) | India | 22.70% | - |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**Joint ventures**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The financial statements of the joint venture are prepared for the same reporting period as the Group.

Interests in joint ventures are accounted for using the equity method (refer below), after initially being recognised at cost in the consolidated balance sheet.

**c) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amounts of equity accounted investments are tested for impairment.

**d) Change in Ownership Interest**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control, and any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

## 1.3 FOREIGN CURRENCY TRANSLATIONS

**a) Functional and presentation currency**

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

**b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

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

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

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

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example: translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

The Group has elected to apply the exemption from the transition date i.e. April 01, 2015 in respect of accounting policy followed for long term foreign currency monetary items. Accordingly, long term foreign currency monetary items in the financial statements have been accounted in accordance with the policy adopted under previous GAAP as given below:

- Foreign exchange differences on account of depreciable assets are adjusted in the cost of depreciable assets and depreciated over the balance life of the assets.
- In other cases, foreign exchange differences are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term assets/ liabilities.

**c) Group companies**

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at exchange rates prevailing at the dates of transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of transactions; and
- All resulting exchange differences are recognised in other comprehensive income under head Foreign currency translation reserve (FCTR).

## 1.4 REVENUE RECOGNITION

**a) Sale of goods**

The Group derives revenue principally from sale of pipes.

The Group recognises revenue when it satisfies a performance obligation in accordance with the provisions of contract with the customer. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, risk of obsolescence and loss pass to the customer and the Group has the present right to payment, all of which occurs at a point in time upon shipment or delivery of the product. The Group considers freight activities as costs to fulfil the promise to transfer the related products and the customer payments for freight costs are recorded as a component of revenue.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

In certain customer contracts, freight services are treated as a distinct separate performance obligation and the Group recognises revenue

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

for such services when the performance obligation is completed.

The Group considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the Group expects to be entitled to in exchange for transferring of promised goods and services to the customer after deducting incentive programs, included but not limited to discounts, volume rebates, etc.

Revenue is recognized at a determined transaction price when identified performance obligations are satisfied. The bill and hold contracts are entered at the request of the customer. Revenue from bill and hold contracts is recognised at the agreed transaction price (determined price). The price for bill and hold contracts is determined at the time of entering into the

transaction and the performance obligation is satisfied when goods have been appropriated towards the sale transaction (the control of asset is transferred to the customer).

Revenue excludes any taxes and duties collected on behalf of the government.

**b) Sale of services**

The Group also provides freight services to its customers.

Revenue from providing freight services is recognised in the accounting period in which the services are rendered.

The related freight costs incurred are included in freight expenses when the Group is acting as principal in the freight arrangement.

Freight services may be considered a separate performance obligation if control of the goods transfers to the customer before goods reach to the agreed place of shipment, but the entity has promised to ship the goods (or arrange for the goods to be shipped). In contrast, if control of a good does not transfer to the customer before goods reach to the agreed place of shipment, freight service is not a promised service to the customer. This is because freight service is a fulfillment activity as the costs are incurred as part of transferring the goods to the customer.

The Group does not have any contracts where in the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

## 1.5 CONTRACT ASSETS AND CONTRACT LIABILITIES

When the Group performs a service or transfers a good in advance of receiving consideration, it recognises a contract asset or receivable.

A contract asset is a Group's right to consideration in exchange for goods or services that the Group has transferred to a customer. If the Group transfers control of goods or services to a customer before the customer pays consideration, the Group records a contract asset when the nature of the Group's right to consideration for its performance is other than passage of time. A contract asset will be classified as a receivable when the Group's right to consideration is unconditional (that is, when payment is due only on the passage of time).The Group shall assess a contract asset for impairment in accordance with Ind AS 109. Impairment of a contract asset is measured, presented and disclosed on similar basis as other financial asset in nature of trade receivable within the scope of Ind AS 109. The Group discloses contract assets under "Other Assets".

The Group recognises a contract liability if the customer's payment of consideration precedes the Group's performance. A contract liability is recognised if the Group receives consideration (or if it has the unconditional right to receive consideration) in advance of performance. The Group discloses contract liabilities under "Other Liabilities".

## 1.6 SEGMENT REPORTING

The board of directors of the Company assess the financial performance and position of the Group, and makes strategic decisions. The chief operating decision makers are board of directors of the Company. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (refer note 48).

## 1.7 GOVERNMENT GRANTS

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

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

Export incentives and subsidies are recognized when there is reasonable assurance that the Group will comply with the conditions and the incentive will be received.

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

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

Government grants relating to the purchase of property, plant and equipment are included in liabilities as "Government grants" and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within "Other operating revenue". In case of disposal of such property, plant and equipment, related government grants included in the liabilities are written back and charged to the statement of profit and loss.

## 1.8 INCOME TAX, DEFERRED TAX AND DIVIDEND DISTRIBUTION TAX

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

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

### a) Current income tax

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

Current tax assets and tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### b) Deferred tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax assets is realized or deferred tax liability is settled.

Deferred tax are recognised for all deductible temporary difference and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items reconised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**c) Dividend distribution tax**

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

## 1.9 LEASES

**a) As a lessee**

The Group leases various leasehold lands, buildings, vehicles, Plant & machinery and office and other equipments. Rental contracts are typically made for fixed periods of one to ninety-nine years but may have extension options as described in note 3(b). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Based on the notification released by MCA, Ind AS 116 has been made applicable w.e.f April 01, 2019. From April 01, 2019, leases are recognized as a right-of-use assets and a corresponding lease liability at the date at which the leased assets is available for the use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments, as applicable:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the Group under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following, wherever applicable:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term (including extension considering reasonable certainty), on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets and short term lease assets comprises of dumpsite land, laptops and other office equipments.

**b) As a lessor**

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct cost incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

## 1.10 PROPERTY, PLANT AND EQUIPMENT

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Cost of Capital Work-in-Progress ('CWIP') comprises amount paid towards acquisition of property, plant and equipment outstanding as of each balance sheet date and construction expenditures, other expenditures necessary for the purpose of preparing the CWIP for it intended use and borrowing cost incurred before the qualifying asset is ready for intended use. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

**Depreciation methods, estimated useful lives and residual value**

Freehold land is not depreciated. Leasehold improvements are amortised over the shorter of estimated useful life or the related lease term. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

| Assets | Estimated Useful Lives (in years) |
|---|---|
| **Buildings** | |
| Building and improvements | Ranging between 15 to 39 years |
| Residential and other buildings | 60 |
| Road, fencing, etc. | Ranging between 3 to 15 years |
| **Office and other equipments** | |
| Office equipment | Ranging between 3 to 10 years |
| Computer | 3 years except Networking equipment's which are depreciated over useful life of 5 years |
| Vehicles | Ranging between 5 to 10 years |
| Furniture and fixtures | Ranging between 5 to 10 years |

These estimated useful lives are in accordance with those prescribed under Schedule II to the Companies Act, 2013 except in respect of plant and machinery wherein the estimated useful lives are different than those under Schedule II to the Companies Act, 2013 based on a technical evaluation done by the Management.

Plant and machinery is depreciated on straight line method over the useful life ranging between 2 years to 40 years which is different than the life prescribed under Schedule II to the Companies Act, 2013 in order to reflect the actual usage of the assets. The estimated useful lives of plant and machinery has been determined based on internal technical advice which considers the nature of the asset, the usage of the asset, expected physical

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

wear and tear, the operating conditions of the asset, anticipated technological changes, etc.

The residual values are not more than 5% of the original cost of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income or other expenses, as applicable.

## 1.11 INVESTMENT PROPERTIES

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as Investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties (except freehold land) are depreciated using the straight-line method over their estimated useful lives over a period of thirty years. These estimated useful lives are in accordance with those prescribed under Schedule II to the Companies Act, 2013.

## 1.12 INTANGIBLE ASSETS

**a) Goodwill on consolidation:**

Goodwill on acquisitions of subsidiaries is shown separately. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arise. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

**b) Other intangible assets**

Other intangible assets with finite useful lives acquired by the Group are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

**c) Amortisation methods and periods**

Other intangible assets comprise of computer software which is amortised on a straight-line basis over its expected useful life over a period of three to five years which is based on a technical evaluation done by the Management.

Intangible Asset under Development comprises amount paid towards acquisition/ development of Intangible Assets outstanding as of each balance sheet date and acquisition expenditures, other expenditures necessary for the purpose of preparing the Intangible Asset for it intended use. Intangible Assets under Development is not amortised until such time as the relevant asset is completed and ready for its intended use.

## 1.13 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

such as deferred tax assets, assets arising from employee benefits, financial assets, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal groups) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal groups), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal groups) is recognised at the date of de-recognition.

Non-current assets (including those that are part of disposal groups) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to liabilities of disposal groups classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of disposal groups classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or are of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

## 1.14 IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 1.15 INVENTORIES

**Raw materials, stores and spares, work in progress, traded goods and finished goods**

Raw materials, stores and spares, work in progress, traded goods and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases on moving weighted average basis. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory moving weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 1.16 INVESTMENT IN JOINT VENTURES

Investment in joint ventures is carried at cost in the separate financial statements.

## 1.17 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a) Financial assets**

**(I) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those measured at amortised cost.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

For investments in debt instruments, this will depend on the business model in which the investment is held.

For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

**(II) Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**(i) Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income or other expenses (as applicable) in the period in which it arises. Interest income from these financial assets is included in other income.

**(ii) Equity instruments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**(III) Impairment of financial assets**

The Group assesses on a forward looking basis the expected credit losses associated with its

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(IV) Derecognition of financial assets**

A financial asset is derecognised only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**(V) Income recognition**

**(i) Interest income**

Interest income from a financial assets is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on time basis by reference to principal outstanding and the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**(ii) Dividend income**

Dividend income is recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

**(iii) Export benefits**

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

**(VI) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

**(VII) Trade receivables**

Trade Receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

**b) Financial liabilities**

**(I) Measurement**

Financial liabilities are initially recognised at fair value, reduced by transaction (in case of financial

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss. Liabilities from finance lease agreements are measured at the lower of fair value of the leased asset or present value of minimum lease payments.

**(II) Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**(III) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit or loss as other income or other expenses (as applicable).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**(IV) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are recognised initially at, their fair value, and subsequently measured at amortised cost using effective interest rate method.

Trade payables includes acceptances arrangements where operational suppliers of goods are paid by Banks while Group continues to recognise the liability till settlement with the Banks.

**a) Financial guarantee contracts**

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and amount initially recognized less cumulative amortization, where appropriate. The fair value of guarantee is determined as at the present value of difference in net cash flows between the contractual payments under the debt instrument and the payment that would be required without the guarantee, or the estimated amount that

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

would be payable to a third party for assuming the obligation. Where guarantee in relation to loan or other payables of group companies are provided for no consideration, the fair values are accounted for as contributions and recognized as part of the cost of investment.

**b) Derivatives and hedging activities**

In order to hedge its exposure to foreign exchange and interest rate, the Group enters into forward and interest rate swap contracts and other derivative financial instruments. The Group does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Group designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions and variable interest rate risk associated with borrowings (cash flow hedges).

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

**(I) Cash flow hedges that qualify for hedge accounting**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income or other expenses (as applicable).

When forward contracts are used to hedge forecast transactions, the Group generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss within other income or other expenses (as applicable). If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

**(II) Derivatives that are not designated as hedges**

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income or other expenses (as applicable).

**c) Embedded derivatives**

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

d) **Embedded foreign currency derivatives**

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

- the functional currency of any substantial party to that contract;
- the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world; and
- a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency)

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss. The Group currently does not have any such derivatives which are not closely related.

## 1.18 BORROWING COSTS

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

## 1.19 EMPLOYEE BENEFITS

a) **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b) **Other long-term employee benefit obligations**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

c) **Post-employment obligations**

The Group operates the following post-employment schemes:

- defined benefit plans such as gratuity; and
- defined contribution plans such as provident fund and superannuation fund.

(I) **Defined Benefit Plans**

**Gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to profit and loss in the subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**(II) Defined contribution plans**

**(i) Provident Fund, Employee State Insurance Corporation (ESIC), Pension Fund and other Social Security Funds**

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

**(ii) Superannuation Fund**

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

**d) Bonus Plan**

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**e) Equity-settled share-based payments (ESOP)**

Equity-settled share-based payments to employees are measured at the fair value of the options at the grant date.

The fair value of option at the grant date is expensed over the vesting period with a corresponding increase in equity as "Equity settled share based payments". In case of forfeiture of unvested option, portion of amount already expensed is reversed. In a situation where the vested option forfeited or expires unexercised, the related balance standing to the credit of the "Equity settled share based payments" are transferred to the "Retained Earnings".

When the options are exercised, the Company issues new equity shares of the Company of ₹ 5 each fully paid-up. The proceeds received and the related balance standing to credit of the Equity settled share based payments, are credited to share capital (nominal value) and Securities Premium.

## 1.20 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

**a) Provisions**

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

by the restructuring and not associated with the ongoing activities of the Group.

**b) Contingent liabilities**

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

**c) Contingent assets**

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

## 1.21 CONTRIBUTED EQUITY

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 1.22 DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 1.23 EARNINGS PER SHARE

**a) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group; and
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

**b) Diluted earnings per share**

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 1.24 ROUNDING OF AMOUNTS

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest Rupees millions (upto two decimals), unless otherwise stated as per the requirement of Schedule III (Division II).

### 1.25 Business Combinations

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

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of the:

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

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

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

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

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

## NOTE 2: CRITICAL ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

**Critical estimates and judgments**

**i) Estimation of Provisions and Contingent Liabilities**

The Group exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision (Refer Note 40 and Note 45).

**ii) Estimation of useful life of Property, Plant and Equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology (Refer Note 1.10).

**iii) Estimation of Provision for Inventory**

The Group writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

**iv) Estimation of Defined Benefit Obligation**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds of maturity approximating the terms of the related plan liability (Refer Note 39).

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**v) Estimated fair value of Financial Instruments**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Management uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Refer Note 42)

**vi) Impairment of carrying of Goodwill arising from Investment in subsidiary**

Determining whether the impairment of carrying value of Goodwill requires an estimate of the value in use.

In considering the value in use, the board of directors of Investee Company have selected the appropriate method for the determination of value-in-use. example market approach model, discounted cash flow model etc. Accordingly, Company anticipates the market rates from independent website, assesses the work of the external valuation expert for valuation of the Investee Company in case of market approach model.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 3(A) PROPERTY, PLANT AND EQUIPMENT (PPE)

| Carrying amounts | Freehold land | Land Improvements | Buildings | Plant and machinery | Office and other equipments | Vehicles | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2021** | | | | | | | | |
| **Gross carrying amount** | | | | | | | | |
| **Balance as at April 01, 2020** | **950.36** | **1,559.26** | **8,023.38** | **16,694.33** | **763.06** | **40.96** | **98.07** | **28,129.42** |
| Addition pursuant to business combination (refer note 56) | 379.54 | - | 2,544.83 | 7,188.89 | 47.07 | 9.18 | 20.99 | 10,190.50 |
| Additions | 474.55 | 287.94 | 504.32 | 1,169.04 | 35.69 | 1.90 | 34.16 | 2,507.60 |
| Exchange differences on translation of foreign operations | (12.22) | (52.65) | (146.70) | (272.23) | (32.71) | (0.56) | (0.31) | (517.38) |
| Disposals | 0.52 | - | 19.37 | 104.12 | 6.55 | - | 0.62 | 131.18 |
| Reclassification as investment property (refer note 4) | 0.26 | - | - | - | - | - | - | 0.26 |
| **Gross carrying amount as at March 31, 2021** | **1,791.45** | **1,794.55** | **10,906.46** | **24,675.91** | **806.56** | **51.48** | **152.29** | **40,178.70** |
| **Year ended March 31, 2022** | | | | | | | | |
| **Gross carrying amount** | | | | | | | | |
| Additions (refer note 57) | 311.32 | 15.79 | 28.27 | 396.59 | 31.47 | 5.70 | 15.95 | 805.09 |
| Exchange differences on translation of foreign operations | 12.83 | 65.84 | 148.80 | 312.24 | 22.32 | 0.59 | 0.34 | 562.96 |
| Disposals | 15.32 | - | 50.40 | 268.42 | 7.66 | 5.19 | - | 346.99 |
| Reclassification as investment property (refer note 4) | | | 10.37 | | | | | 10.37 |
| **Gross carrying amount as at March 31, 2022** | **2,100.28** | **1,876.18** | **11,022.76** | **25,116.32** | **852.69** | **52.58** | **168.58** | **41,189.39** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 3(a). PROPERTY, PLANT AND EQUIPMENT

| Accumulated depreciation | Freehold land | Land Improvements | Buildings | Plant and machinery | Office and other equipments | Vehicles | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2021** | | | | | | | | |
| **Balance as at April 01, 2020** | | **685.58** | **1,257.28** | **10,457.88** | **439.52** | **23.32** | **55.80** | **12,919.38** |
| Addition pursuant to business combination (refer note 56) | | - | 904.65 | 3,601.76 | 33.06 | 4.46 | 17.34 | 4,561.27 |
| Depreciation charge during the year | - | 143.89 | 338.56 | 1,721.66 | 39.75 | 5.28 | 9.74 | 2,258.88 |
| Disposals | - | - | 7.20 | 84.89 | 4.75 | - | 0.17 | 97.01 |
| Reclassification as investment property (refer note 4) | - | | 2.31 | | | | | 2.31 |
| Exchange differences on translation of foreign operations | | (25.28) | (22.35) | (212.52) | (13.61) | (0.38) | (0.30) | (274.44) |
| **Accumulated depreciation as at March 31, 2021** | **-** | **804.19** | **2,468.63** | **15,483.89** | **493.97** | **32.68** | **82.41** | **19,365.77** |
| **Year ended March 31, 2022** | | | | | | | | |
| Depreciation charge during the year | - | 159.90 | 353.33 | 1,773.50 | 39.07 | 4.96 | 10.73 | 2,341.49 |
| Disposals | - | - | 9.31 | 218.63 | 6.81 | 4.24 | - | 238.99 |
| Reclassification as investment property (refer note 4) | - | | 3.50 | | | | | 3.50 |
| Exchange differences on translation of foreign operations | - | 32.31 | 28.09 | 254.60 | 13.43 | 0.48 | 0.33 | 329.24 |
| **Accumulated depreciation as at March 31, 2022** | **-** | **996.40** | **2,837.24** | **17,293.36** | **539.66** | **33.88** | **93.47** | **21,794.01** |
| **Net carrying amount of property, plant and equipment** | | | | | | | | |
| As at March 31, 2021 | 1,791.45 | 990.36 | 8,437.83 | 9,192.02 | 312.59 | 18.80 | 69.88 | 20,812.93 |
| **As at March 31, 2022** | **2,100.28** | **879.78** | **8,185.52** | **7,822.96** | **313.03** | **18.70** | **75.11** | **19,395.38** |
| **Capital work-in-progress** | | | | | | | | |
| **Opening balance as at April 01, 2020** | **816.94** | | | | | | | |
| Addition pursuant to business combination (refer note 51) | 130.25 | | | | | | | |
| Additions (refer note 57) | 2,356.96 | | | | | | | |
| Capitalisation | 1,831.87 | | | | | | | |
| **Closing balance as at March 31, 2021** | **1,472.28** | | | | | | | |
| **Opening balance as at April 01, 2021** | **1,472.28** | | | | | | | |
| Additions (refer note 57) | 11,579.66 | | | | | | | |
| Capitalisation | 448.26 | | | | | | | |
| **Closing balance as at March 31, 2022** | **12,603.68** | | | | | | | |

Capital work-in-progress mainly comprises of plant and machinery.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**Capital work-in-progress ageing :**

For the year ending on March 31, 2022

| Capital work-in-progress | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Project in progress | 11,390.88 | 1,212.80 | - | - | 12,603.68 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **11,390.88** | **1,212.80** | **-** | **-** | **12,603.68** |

For the year ending on March 31, 2021

| Capital work-in-progress | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Project in progress | 1,430.18 | 42.10 | - | - | 1,472.28 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **1,430.18** | **42.10** | **-** | **-** | **1,472.28** |

**Notes:**

(i) For property, plant and equipment pledged as security (refer note 19).

(ii) Contractual obligations: Refer note 46 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Project execution plans are monitored on a quarterly basis to determine whether the progress is as per the plans.

(iv) The completion schedule for the above capital work-in-porgress is not overdue or has not exceeded its cost compared to its original plan.

## 3(B). RIGHT-OF-USE ASSETS

**(i) Amount recognised in balance sheet**

The Balance sheet shows the following amounts relating to leases:

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Right-of-use assets** | | |
| Leasehold land | 839.90 | 899.05 |
| Buildings | 159.08 | 222.43 |
| Vehicle | 29.95 | 62.46 |
| Office and other equipments | 259.72 | 303.28 |
| Others | - | 15.13 |
| **Total Right-of-use assets** | **1,288.65** | **1,502.35** |
| **Lease Liabilities** | | |
| Current | 165.83 | 176.89 |
| Non-Current | 188.96 | 405.73 |
| **Total Lease Liabilities** | **354.79** | **582.62** |

Net addition to the right-of-use assets during the year ₹ Nil (March 31, 2021 ₹ 93.70)

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

"The group leases various leasehold lands, buildings, plant and machinery, vehicles, and office and other equipments. Rental contracts are typically made for fixed periods of one to ninety-nine years, but may have extension options or purchase option as described in below:

Extension options for one to three years and termination options are included in a number of leasehold lands, buildings, plant and machinery, vehicles, and office and other equipments across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable by the Group and the respective lessor. The lessee may also have purchase option after the lease term.

**(ii) Amount recognised in the statement of profit and loss**

The statement of profit or loss shows the following amounts relating to leases:

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Depreciation charge of Right-of-use assets** | | |
| Leasehold land | 13.43 | 9.81 |
| Plant and machinery | - | 4.60 |
| Buildings | 62.00 | 64.79 |
| Vehicle | 30.21 | 30.71 |
| Office & other equipments | 45.88 | 40.62 |
| Others | 15.13 | 15.51 |
| **Total** | **166.65** | **166.04** |
| **Interest and other expense** | | |
| Interest expense on leases (included in finance cost) | 31.52 | 37.15 |
| Expense relating to short-term leases (included in other expenses) | 27.50 | 81.48 |
| Expense relating to lease of low value assets that are not shown above as short-term leases (included in other expenses) | - | 13.30 |
| **Total** | **59.02** | **131.93** |

The total cash outflow for the leases for the year ended March 31, 2022 is ₹ 156.61 (March 31, 2021 ₹ 224.18)

## 4. INVESTMENT PROPERTY

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Investment property - land | 103.67 | 104.89 |
| Investment property - building | 52.75 | 44.66 |
| **Total investment property** | **156.42** | **149.55** |

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Gross carrying amount** | | |
| Opening balance | 163.87 | 87.39 |
| Addition pursuant to business combination (refer note 56) | - | 76.22 |
| Transferred from property, plant and equipment (refer note 3(a)) | 10.37 | 0.26 |
| **Closing balance** | **174.24** | **163.87** |
| **Accumulated Depreciation** | | |
| Opening balance | 14.32 | 12.01 |
| Transferred from property, plant and equipment (refer note 3(a)) | 3.50 | 2.31 |
| **Closing balance** | **17.82** | **14.32** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**(i) Amount recognised in statement of profit and loss under the head "Other income"**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Rental Income | 16.83 | 26.02 |
| | **16.83** | **26.02** |

There are no direct operating expenses (including repairs and maintenance) on investment properties recognised in statement of profit and loss.

**(ii) Fair Value**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Investment property - land | 288.62 | 296.43 |
| Investment property - building | 176.95 | 167.67 |
| | **465.57** | **464.10** |

**Estimation of fair value**

The Group has obtained independent valuation of its freehold land located at Anjar and flat located at Mumbai and office located in Delhi based on current prices in an active market for properties of similar nature. The fair values of investment property have been determined by an independent valuer. The main inputs used are the rental growth rates and a study of the micro market in discussion with industry experts. Resulting fair value estimate for investment property are included in level 3.

## 5. INTANGIBLE ASSETS

| Carrying amounts | Intangible assets (Software) |
|---|---|
| **Year ended March 31, 2021** | |
| **Gross carrying amount** | |
| Balance as at April 01, 2020 | 209.30 |
| Addition pursuant to business combination (refer note 56) | 38.47 |
| Additions | 15.44 |
| **Gross carrying amount as at March 31, 2021** | **263.21** |
| **Year ended March 31, 2022** | |
| Gross carrying amount | |
| Additions | 5.74 |
| **Gross carrying amount as at March 31, 2022** | **268.95** |

| Accumulated amortisation | Intangible assets (Software) |
|---|---|
| **Year ended March 31, 2021** | |
| **Balance as at April 01, 2020** | **120.41** |
| Addition pursuant to business combination (refer note 56) | 8.69 |
| Amortisation charge during the year | 39.77 |
| **Accumulated amortisation as at March 31, 2021** | **168.87** |
| **Year ended March 31, 2022** | |
| Amortisation charge during the year | 39.40 |
| **Accumulated amortisation as at March 31, 2022** | **208.27** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| Accumulated amortisation | Intangible assets (Software) |
|---|---|
| **Net carrying amount of Intangible assets** | |
| As at March 31, 2021 | 94.34 |
| **As at March 31, 2022** | **60.68** |
| | |
| **Intangible assets under development (IAUD)** | |
| Opening balance as at April 01, 2020 | 8.13 |
| Additions | 3.00 |
| Capitalisation | 11.13 |
| **Closing balance as at March 31, 2021** | **-** |
| | |
| Opening balance as at April 01, 2021 | - |
| Additions | 9.02 |
| Capitalisation | - |
| **Closing balance as at March 31, 2022** | **9.02** |

**Intangible assets under development ageing:**

Ageing for intangible assets under development as at March 31, 2022 is as follows:

| Intangible assets under development ageing | Amount in IAUD for a period of | | | Total |
|---|---|---|---|---|
| | Less than 1 year | 2-3 years | More than 3 years | |
| Project in progress | 9.02 | - | - | 9.02 |
| Projects temporarily suspended | - | - | - | - |
| **Total** | **9.02** | **-** | **-** | **9.02** |

**Notes**

Contractual obligations:

Refer note 46 for disclosure of contractual commitments for the acquisition of  intangible assets.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (REFER NOTE 51(C))

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Investments in equity instruments of associates and joint ventures (fully paid up) (refer note 50 and 52)** | | |
| **Measured at amortised costs** | | |
| **Quoted** | | |
| East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) (refer note 51) | 3,492.27 | 4,808.67 |
| 7,351,471 (March 31, 2021 : 10,502,100) equity shares of SAR 10 each | | |
| **Unquoted** | | |
| Welspun Wasco Coatings Private Limited | | |
| 25,465,014 (March 31, 2021: 25,465,014) equity shares of ₹ 10 each | - | - |
| Welspun Captive Power Generation Limited (refer note 56) | 772.52 | - |
| 6,705,693 (March 31, 2021: Nil ) equity shares of ₹ 10 each | | |
| **Total investments accounted for using the equity method** | **4,264.79** | **4,808.67** |
| Aggregate amount of quoted investments and market value thereof | 11,574.62 | - |
| Aggregate amount of quoted investments | 3,492.27 | - |
| Aggregate amount of unquoted investments | 772.52 | 4,808.67 |

## 7. INVESTMENTS

**7(a) Non-current investments**

**Unquoted (refer note 50)**

**Investment carried at fair value through profit and loss (fully paid up)**

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **I.** | **Investment in Non convertible debentures** | | |
| | Sintex BAPL Limited (refer note below) | | |
| | 91,495 (March 31, 2021: Nil) Debentures of ₹ 100,000 each | 3,869.37 | - |
| | **Total investment in Non convertible debentures** | **3,869.37** | **-** |
| **II.** | **Investment in equity instruments of other entities** | | |
| | Welspun Captive Power Generation Limited (refer note 56) | | |
| | Nil (March 31, 2021: 6,705,693) equity shares of ₹ 10 each | - | 805.48 |
| | Welassure Private Limited | | |
| | 1,900 (March 31, 2021: 1,900) equity shares of ₹ 10 each | 1.16 | 1.16 |
| | Welspun Global Services Limited | | |
| | 1,900 (March 31, 2021: 1,900) equity shares of ₹ 10 each | 0.02 | 0.02 |
| | **Total investment in equity instruments of other entities** | **1.18** | **806.66** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Investment carried at fair value through profit or loss (fully paid up)** | | |
| **In government securities at amortised cost:** | | |
| National Saving Certificates | 0.06 | 0.06 |
| **Total investment in other entity** | **0.06** | **0.06** |
| **Total non-current investments** | **3,870.61** | **806.72** |
| Aggregate amount of unquoted investments | 3,870.55 | 806.66 |

**Note:**

Pursuant to the approval of transaction by board of directors held during the year, the Company on March 31, 2022, has acquired 91,495 of non convertible debentures of Sintex BAPL Limited for purchase consideration of ₹ 3,869.37. This transaction is with unrelated party and the transaction is with Fair value supported by third party valuation report.

Subsequent to the year end the Company has acquired following securities : Non-convertible debentures of Sintex BAPL Limited having a face value of ₹ 100,000 each (the "NCDs") for a purchase price of ₹ 162.60.

**7(b) Current investments**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Bonds | 13,248.30 | 8,841.14 |
| Government securities | 504.25 | 1,009.72 |
| Mutual funds | 1,179.26 | 1,659.81 |
| **Total current investments** | **14,931.81** | **11,510.67** |

**Unquoted**

**Investment carried at fair value through profit and loss**

**I. Investments in bonds**

| | Face Value in Rupees | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 10.25% ECL Finance Limited Perpetual | 1000000 | 48 | 24.00 | 50 | 25.00 |
| 8.45% Jorabat Shillong Expressway Limited 31/01/2030 | 100000 | 2,191 | - | 2,191 | - |
| 8.45% Jorabat Shillong Expressway Limited 28/02/2020 | 100000 | 1,444 | - | 1,444 | - |
| 8.45% Jorabat Shillong Expressway Limited 01/03/2023 | 100000 | 1,118 | - | 1,118 | - |
| 5.36% Hindustan Petroleum Corporation Limited (Series iii) 11/04/2025 | 1000000 | 50 | 49.33 | 50 | 50.00 |
| 5.40% Indian Oil Corporation Limited (Series xviii) 11/04/2025 | 1000000 | - | - | 50 | 50.00 |
| 7.49% Power Grid Corporation of India Limited 25/10/2024 | 600000 | - | - | 581 | 190.65 |
| 6.28% Power Grid Corporation Of India Limited Bonds (Series lxviii) 11/04/2031 | 1000000 | 50 | 47.94 | 50 | 50.00 |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | Face Value in Rupees | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 6.79% Bharat Sanchhar Nigam Limited 23/09/2030 | 4000000 | - | - | 341 | 341.85 |
| 6.79% Bharat Sanchhar Nigam Limited 23/09/2030 | 1000000 | 50 | 48.79 | - | - |
| 6.29% NTPC Limited Bonds (Series 71) 11/04/2031 | 1000000 | 250 | 239.06 | 200 | 200.10 |
| 6.75% Housing And Urban Development Corporation Limited Bonds (Series D) 29/05/2030 | 1000000 | 50 | 49.40 | 50 | 50.31 |
| 7.10% ICICI Bank Limited Bonds (Series Dfe20T2) 17/02/2030 | 1000000 | - | - | 250 | 258.50 |
| 7.50% NHPC Limited Bonds (SERIES Y - STRPP 1) 07/10/2025 | 200000 | 1,000 | 211.31 | 1,000 | 215.72 |
| 6.11% Bharat Petroleum Corporation Limited 06/07/2025 | 2000000 | - | - | 250 | 248.75 |
| 6.65% FCI Govt. Fully Serviced Bonds (Series ix) 23/10/2030 | 2000000 | - | - | 329 | 329.00 |
| 6.65% FCI Govt. Fully Serviced Bonds (Series ix) 23/10/2030 | 1000000 | 700 | 684.25 | - | - |
| 8.15% Bank Of Baroda P. 13/06/2026 | 1000000 | - | - | 100 | 99.50 |
| 8.50% Canara Bank Perpetual Bonds (Series iii) | 1000000 | - | - | 350 | 348.25 |
| 6.41% IRFC Limited (Series 152) 11/04/2031 | 1000000 | 150 | 144.64 | 200 | 198.30 |
| 8.44% Indian Bank Ltd Perpetual 08/12/2025 | 1000000 | 391 | 395.61 | 55 | 54.84 |
| 4.50% Oil and Natural Gas Corporation Limited (Series iv) 09/02/2024 | 1000000 | - | - | 309 | 309.00 |
| 6.49% National Bank For Agriculture And Rural Development Govt. Fully Serviced Bonds (Series Pmay-G Pd3) 30/12/2030 | 1000000 | - | - | 10 | 9.98 |
| 6.45% Rec Limited Govt. Fully Serviced Bonds 07/01/2031 | 2000000 | - | - | 379 | 378.62 |
| 6.80% State Bank Of India (Series I) 21/08/2035 | 2000000 | - | - | 353 | 352.82 |
| 6.05% NLC India Limited (Series I) 12/02/2026 | 1000000 | - | - | 250 | 249.50 |
| 7.00% Power Finance Corporation Limited (Series iv) 22/01/2031 | 1000 | 247,000 | 251.25 | 146,000 | 146.93 |
| 6.50% National Highways Authority of India (Series-iv- Etf-ii) 11/04/2031 | 1000000 | 250 | 242.18 | 250 | 251.13 |
| 6.86% NHPC Limited (Series Ac - STRPP 5) 12/02/2031 | 100000 | - | - | 100 | 10.00 |
| 6.86% NHPC Limited (Series Ac - STRPP 6) 12/02/2032 | 100000 | - | - | 100 | 10.00 |
| 6.86% NHPC Limited (Series Ac - STRPP 7) 11/02/2033 | 100000 | - | - | 100 | 10.00 |
| 6.86% NHPC Limited (Series Ac - STRPP 8) 10/02/2034 | 100000 | - | - | 100 | 10.00 |
| 6.86% NHPC Limited (Series Ac - STRPP 9) 12/02/2035 | 100000 | - | - | 100 | 10.00 |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | Face Value in Rupees | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 6.86% NHPC Limited (Series Ac - STRPP 10) 12/02/2036 | 100000 | - | - | 100 | 10.00 |
| 8.75% Axis Bank Limited Sr-28 Ncd Perpetual Fvrs10Lac | 1000000 | - | - | 100 | 101.32 |
| 8.25% Bank Of Baroda Sr Xii Bd Perpetual Fvrs10Lac | 1000000 | 20 | 20.19 | 8 | 7.94 |
| 8.70% Bank Of Baroda Series X NCD Perpatual Fvrs10Lac | 1000000 | - | - | 250 | 251.15 |
| 5.62% Export Import Bank Of India Sr W 01 Bd 20Ju25 Fvrvs10Lac | 1000000 | - | - | 250 | 249.43 |
| 7.22% Export Import Bank Of India Sr-U-04 Bd 03Ag27 Fvrs10Lac | 1000000 | - | - | 50 | 51.92 |
| 7.03% Hindustan Petroleum Corporation Limited 2030 | 1000000 | 250 | 252.73 | 250 | 256.07 |
| "8.37% Housing and Urban Development Corporation Limited 2029" | 1000000 | - | - | 250 | 275.40 |
| 5.59% Housing and Urban Development Corporation Limited 2025 | 1000000 | 250 | 248.70 | - | - |
| 7.55% Indian Railway Finance Corporation Limited 2030 | 1000000 | 150 | 155.41 | 150 | 158.52 |
| 5.60% Indian Oil Corporation Limited 2026 | 1000000 | - | - | 50 | 49.37 |
| 5.50% Indian Oil Corporation Limited 2025 | 1000000 | 150 | 147.81 | 300 | 296.64 |
| 6.40% Oil and Natural Gas Corporation Limited 2031 | 1000000 | - | - | 100 | 100.00 |
| 7.05% National Housing Bank 2024 | 1000000 | - | - | 350 | 367.99 |
| 6.43% National Thermal Power Corporation Limited 2031 | 1000000 | 100 | 96.59 | 200 | 198.90 |
| 5.45% National Thermal Power Corporation Limited 2025 | 1000000 | - | - | 50 | 49.33 |
| 6.85% National Bank for Agriculture and Rural Development 2031 | 1000000 | - | - | 200 | 201.50 |
| 6.85% National Bank for Agriculture and Rural Development 2032 | 1000000 | 50 | 49.52 | - | - |
| 7.69% National Bank for Agriculture and Rural Development 2024 | 1000000 | - | - | 50 | 53.23 |
| 6.85% Power Grid Corporation of India Limited 2025 | 1000000 | - | - | 200 | 208.84 |
| 7.75% Power Finance Corporation Limited 2030 | 1000000 | - | - | 50 | 52.49 |
| 7.25% Punjab National Bank 2030 | 1000000 | - | - | 400 | 395.11 |
| 6.80% Nuclear Power Corporation of India Limited 2031 | 1000000 | - | - | 150 | 150.68 |
| 5.24% Small Industries Development Bank of India 2024 | 1000000 | 50 | 50.00 | 400 | 401.78 |
| 5.57% Small Industries Development Bank of India 2025 | 1000000 | 250 | 250.00 | - | - |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | Face Value in Rupees | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 5.59% Small Industries Development Bank of India 2025 | 1000000 | 250 | 250.00 | - | - |
| 5.70% Small Industries Development Bank of India 2025 | 1000000 | 250 | 250.00 | - | - |
| 8.64% Union Bank of India 2026 | 10000000 | 8 | 80.41 | 25 | 250.00 |
| 8.85% HDFC 2022 | 1000000 | - | - | 239 | 244.78 |
| 5.63% National Bank for Agriculture and Rural Development 2025 | 1000000 | 750 | 749.63 | - | - |
| 6.44% National Bank for Agriculture and Rural Development 2030 | 1000000 | 150 | 145.85 | - | - |
| 5.85% Rural Electrification Corporation Limited 2025 | 1000000 | 50 | 49.73 | - | - |
| 6.92% Rural Electrification Corporation Limited 2032 | 1000000 | 186 | 184.87 | - | - |
| 6.09% Hindustan Petroleum Corporation Limited 2027 | 1000000 | 50 | 49.76 | - | - |
| 6.14% Indian Oil Corporation Limited 2027 | 1000000 | 250 | 249.00 | - | - |
| 6.45% ICICI 2028 | 1000000 | 205 | 201.89 | - | - |
| 6.69% National Thermal Power Corporation Limited 2031 | 1000000 | 500 | 490.75 | - | - |
| 6.92% Indian Railway Finance Corporation Limited 2031 | 1000000 | 100 | 99.66 | - | - |
| 6.92% Power Finance Corporation Limited 2032 | 1000000 | 250 | 248.46 | - | - |
| 7.10% Punjab National Bank 2031 | 10000000 | 25 | 250.25 | - | - |
| 7.14% Bank Of India 2031 | 10000000 | 28 | 280.00 | - | - |
| 7.09% Food Corporation of India Govt. 2031 | 1000000 | 40 | 39.81 | - | - |
| 7.17% Power Finance Corporation Limited 2025 | 1000000 | 24 | 24.81 | - | - |
| 7.17% India Infrastructure Finance Company Limited 2032 | 1000000 | 370 | 370.00 | - | - |
| 7.32% India Grid Trust 2031 | 1000000 | 99 | 99.00 | - | - |
| 7.40% Rural Electrification Corporation Limited 2024 | 1000000 | 10 | 10.38 | - | - |
| 7.48% Mangalore Refinery and Petrochemicals Limited 2032 | 1000000 | 471 | 481.61 | - | - |
| 7.49% National Highways Authority of India 2029 | 1000000 | 150 | 154.66 | - | - |
| 7.55% State Bank of India 2026 | 10000000 | 70 | 694.75 | - | - |
| 7.72% State Bank of India 2026 | 10000000 | 13 | 129.84 | - | - |
| 7.73% State Bank of India 2025 | 1000000 | 50 | 50.00 | - | - |
| 7.74% State Bank of India 2025 | 1000000 | 73 | 73.13 | - | - |
| 7.79% Power Finance Corporation Limited 2030 | 1000000 | 410 | 429.72 | - | - |
| 8.00% Bank of Baroda 2027 | 10000000 | 40 | 404.00 | - | - |
| 8.05% Canara Bank 2026 | 10000000 | 20 | 200.00 | - | - |
| 8.07% Canara Bank 2027 | 10000000 | 25 | 249.60 | - | - |
| 8.50% Canara Bank 2025 | 1000000 | 168 | 169.97 | - | - |
| 7.60% Food Corporation of India 2030 | 1000000 | 50 | 51.42 | - | - |
| 8.40% Punjab National Bank 2026 | 10000000 | 35 | 349.02 | - | - |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | Face Value in Rupees | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 8.50% Punjab National Bank 2027 | 10000000 | 34 | 344.25 | - | - |
| 9.35% Punjab National Bank 2024 | 1000000 | 39 | 39.24 | - | - |
| 8.40% Union Bank of India 2026 | 10000000 | 44 | 444.40 | - | - |
| 7.62% Export Import Bank Of India 2026 | 1000000 | 25 | 26.32 | - | - |
| 5.20% Export Import Bank Of India 2025 | 1000000 | 150 | 150.00 | - | - |
| 5.40% Export Import Bank Of India 2025 | 1000000 | 150 | 150.00 | - | - |
| 4.45% Citigroup Inc 09/29/2027 | 7579 | 25,000 | 195.75 | - | - |
| 2.25% Export-Import Bank of India 01/13/2031 | 7579 | 32,000 | 207.87 | - | - |
| 2.50% Golub Cap Bdc Inc Make Whole 08/24/2026 | 7579 | 30,000 | 209.17 | - | - |
| 1.80% State Bank of India (london) MTN REG 07/13/2026 | 7579 | 5,000 | 35.08 | - | - |
| 3.95% Synchrony Financial Note Call Make Whole 12/01/2027 | 7579 | 30,000 | 225.53 | - | - |
| **Total Investments in bonds** | | **383,624** | **13,248.30** | **160,882** | **8,841.14** |

**Unquoted**

**Investment carried at fair value through profit and loss**

**II. Investments in government securities**

| | Face Value in Rupees | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 6.90% Gujarat SDL 2030 | 100 | - | - | 2,490,000 | 250.39 |
| 7.29% Gujarat SDL 2032 | 100 | 5,000,000 | 504.25 | - | - |
| 5.85% Government of India 2030 | 100 | - | - | 2,500,000 | 244.45 |
| 7.17% Government of India 2028 | 100 | - | - | 2,500,000 | 261.50 |
| 7.02% Maharashtra 2029 | 100 | - | - | 2,500,000 | 253.38 |
| **Total Investments in bonds** | | **5,000,000** | **504.25** | **9,990,000** | **1,009.72** |

**Unquoted**

**Investment carried at fair value through profit and loss**

**III. Investments in mutual funds**

| | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Units | Amount | Units | Amount |
| SBI Liquid Fund Direct Plan - Growth | - | - | 17,920 | 57.73 |
| ABSL Liquid Fund Direct Plan - Growth | 175,445 | 60.20 | 156,901 | 52.02 |
| ABSL Money Manager Fund Direct Growth | - | - | 870,518 | 249.99 |
| ABSL Overnight - Direct Growth plan | - | - | 179,712 | 200.01 |
| HDFC Money Market Fund - - Direct Growth plan | - | - | 55,890 | 250.05 |
| Kotak Money Market Fund - - Direct Growth plan | - | - | 71,757 | 249.98 |
| Kotak Liquid - Direct Growth plan | - | - | 36,068 | 150.01 |
| SBI Savings Fund - Direct Growth plan | - | - | 7,310,474 | 249.98 |
| Union Liquid Fund - Direct Growth plan | - | - | 100,923 | 200.04 |
| Nippon India Overnight Fund - Direct Growth plan | 258,263 | 893.94 | - | - |
| SBI Overnight Fund -Direct Growth Plan | 1,752,904 | 200.04 | - | - |
| ICICI Prudential Overnight Fund - Dir - Growth | 218,842 | 25.08 | - | - |
| **Total investments in mutual funds** | **2,405,454** | **1,179.26** | **8,800,163** | **1,659.81** |
| Aggregate amount of unquoted investments | | 14,931.81 | | 11,510.67 |
| | | **14,931.81** | | **11,510.67** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 8. LOANS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **8(a) Non-current** | | |
| **Unsecured, considered doubtful** | | |
| Loans to joint ventures (refer note 50 and 51) | 247.01 | 247.01 |
| Less: Allowance for doubtful loans | (247.01) | (247.01) |
| **Total non-current loans** | **-** | **-** |
| **8(b) Current** | | |
| **Unsecured, considered good** | | |
| Loans to related party (refer note 50) | - | 9.41 |
| Loans to employees | 2.98 | 3.27 |
| **Total current loans** | **2.98** | **12.68** |
| **Total loans** | **2.98** | **12.68** |

## 9. OTHER FINANCIAL ASSETS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **9(a) Non-current** | | |
| **Secured, considered Good** | | |
| Security deposits | | |
| Other* | 38.65 | 49.72 |
| **Unsecured, considered good** | | |
| Security deposits | | |
| Related parties (refer note 50) | 83.92 | 93.92 |
| Other parties | 748.12 | 86.91 |
| Margin money deposits (refer note 15(b)) | 13.41 | 7.19 |
| **Total non-current other financial assets** | **884.10** | **237.74** |
| **9(b) Current** | | |
| **Secured** | | |
| Security deposits | | |
| Other* | 11.07 | 10.28 |
| | 11.07 | 10.28 |
| **Unsecured, considered good** | | |
| Security deposits | | |
| Related parties (refer note 50) | 9.92 | 15.52 |
| Other parties | 729.88 | 97.04 |
| | **739.80** | **112.56** |
| Interest accrued on | | |
| Loans to related parties (refer note 50) | - | 21.18 |
| Current investments | 274.54 | 235.50 |
| | **293.93** | **256.68** |
| Other receivables from | | |
| Related parties (refer note 50) | 74.89 | 65.56 |
| Receivable on sale of discontinued operations (refer note 54) | - | 8,059.54 |
| Other parties | 2.34 | 44.60 |
| | **77.23** | **8,169.70** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Derivatives designated as hedges** | | |
| Forward contracts | 29.51 | 3.46 |
| **Derivatives not designated as hedges** | | |
| Forward contracts | 7.37 | 12.06 |
| | **36.88** | **15.52** |
| Unapplied advance with asset management company for purchase of mutual funds units | - | 100.00 |
| **Total current other financial assets** | **1,158.91** | **8,664.74** |
| **Total other financial assets** | **2,043.01** | **8,902.48** |

## 10. DEFERRED TAX ASSETS (NET) (REFER NOTE 38)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **The balance comprises temporary differences attributable to:** | | |
| **Deferred tax asset** | | |
| Employee benefits obligations | 0.22 | 0.20 |
| Allowance for doubtful debts and advances | 0.01 | 0.22 |
| Property, plant and equipment | 0.18 | 0.18 |
| Lease liability (net of right-of-use asset) | - | 0.08 |
| Others | - | 8.94 |
| | **0.41** | **9.62** |
| **Set-off of deferred tax liabilities pursuant to set-off provisions** | | |
| **Deferred tax liabilities** | | |
| Fair valuation on investment | 0.07 | 0.06 |
| Others | **-** | **8.92** |
| | 0.07 | 8.98 |
| **Total deferred tax assets (net)** | **0.34** | **0.64** |

## 11. OTHER ASSETS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **11(a) Non-current** | | |
| Capital advances | 839.55 | 618.73 |
| Less: Allowance for doubtful capital advances | (0.90) | (0.90) |
| | **838.65** | **617.83** |
| Balance with statutory authorities | 1,870.40 | 488.17 |
| Less: Allowance for doubtful balance with statutory authorities | (295.39) | (340.85) |
| | **1,575.01** | **147.32** |
| Advance to suppliers | 28.12 | 8.92 |
| Less: Allowance for doubtful balance with vendors | (26.87) | (8.92) |
| | **1.25** | **-** |
| Prepaid expenses | 39.51 | 7.80 |
| Others* | 107.34 | 107.34 |
| **Total other non-current assets** | **2,561.76** | **880.29** |

**Represents amount recoverable from employees towards employees' contribution for provident fund (refer note 40)*

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **11(b) Current** | | |
| Balance with statutory authorities | 459.09 | 346.75 |
| Advance to suppliers | | |
| Unsecured, considered good | | |
| Related parties (refer note 50) | 0.62 | - |
| Others | 891.97 | 170.14 |
| Less: Allowance for doubtful balance with vendors | (18.95) | (19.44) |
| | **873.64** | **150.70** |
| Prepaid expenses | 249.79 | 280.66 |
| Advance to employees | 2.74 | 2.20 |
| Government grant receivable (refer note 62) | - | 197.99 |
| Export benefit receivable | 88.85 | 128.01 |
| Others | 21.84 | 14.98 |
| **Total other current assets** | **1,695.95** | **1,121.29** |
| **Total other assets** | **4,257.71** | **2,001.58** |

**Secured by residuary charge on current assets of related party*

## 12. INVENTORIES (REFER NOTE 19(B))

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Raw materials | 3,710.67 | 2,004.14 |
| Goods-in-transit for raw materials | 730.50 | 50.23 |
| Work-in-progress | 686.79 | 333.35 |
| Finished goods | 3,370.46 | 8,163.97 |
| Stores and spares | 1,696.13 | 1,578.21 |
| **Total inventories** | **10,194.55** | **12,129.90** |

## 13. TRADE RECEIVABLES (REFER NOTE 19(B))

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Trade receivables from related parties (refer note 50) | 27.21 | 56.52 |
| Trade receivables from others | 8,396.34 | 7,028.75 |
| Less: Allowance for doubtful debts (net) | (298.00) | (397.23) |
| **Total receivables** | **8,125.55** | **6,688.04** |
| **Break-up of security details** | | |
| Unsecured, considered good | 8,125.55 | 6,688.04 |
| Unsecured, considered doubtful | 298.00 | 397.23 |
| **Total** | **8,423.55** | **7,085.27** |
| Less: Allowance for doubtful debts (net) | (298.00) | (397.23) |
| **Total trade receivables** | **8,125.55** | **6,688.04** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**Ageing for trade receivables as at March 31, 2022 is as follows:**

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date of receipt | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed trade receivables** | | | | | | | | |
| (i) considered good | 626.11 | 2,813.98 | 4,004.03 | 681.43 | - | - | - | **8,125.55** |
| (ii) considered doubtful | - | - | 250.20 | 3.30 | - | - | - | **253.50** |
| **Disputed trade receivables** | | | | | | | | **-** |
| (i) considered doubtful | - | - | - | - | - | - | 44.50 | **44.50** |
| **Total** | **626.11** | **2,813.98** | **4,254.23** | **684.73** | **-** | **-** | **44.50** | **8,423.55** |

**Ageing for trade receivables as at March 31, 2021 is as follows:**

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date of receipt | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed trade receivables** | | | | | | | | |
| (i) considered good | 381.15 | 3,202.89 | 2,818.11 | 285.89 | - | - | - | **6,688.04** |
| (ii) considered doubtful | - | - | 349.74 | 2.99 | - | - | - | **352.73** |
| **Disputed trade receivables** | | | | | | | | **-** |
| (i) considered doubtful | - | - | - | - | - | - | 44.50 | **44.50** |
| **Total** | **381.15** | **3,202.89** | **3,167.85** | **288.88** | **-** | **-** | **44.50** | **7,085.27** |

**Note:**

The Group's trade receivable do not carry a significant financing element. Accordingly the Group has adopted a simplified approach for measurement of expected credit loss.

## 14. CASH AND CASH EQUIVALENTS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Cash on hand | 1.29 | 1.34 |
| Balances with banks | | |
| In current accounts | 5,112.54 | 1,696.66 |
| Deposits with maturity of less than three months | 1,288.31 | - |
| **Total cash and cash equivalents** | **6,402.14** | **1,698.00** |

## 15. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Deposits with original maturity of more than three months but less than twelve months | - | 15.07 |
| Unclaimed dividend (refer note (a) below) | 8.51 | 6.41 |
| Margin money deposits (refer note (b) below) | 604.21 | 869.44 |
| **Total bank balances other than cash and cash equivalents** | **612.72** | **890.92** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

(i) There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end. This amount represents restricted cash.

(ii) Fixed deposits of ₹ 179.61 (March 31, 2021: ₹ 289.68) represent earmarked balances with banks (refer note 9(a)).

## 16. CURRENT TAX ASSETS (NET)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Opening balance of current tax liability transferred (refer note 26) | 0.56 | 3.55 |
| Less: Current tax payable for the year | - | (8.48) |
| Add: Taxes paid net of refunds (including tax deducted at source) | 21.49 | 9.37 |
| **Closing balance** | **22.05** | **4.43** |

## 17. ASSETS AS HELD FOR SALE

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Assets held for sale* | 15.32 | - |
| **Total assets held for sale** | **15.32** | **-** |

** It represents land held for sale*

## 18. EQUITY SHARE CAPITAL AND OTHER EQUITY

### 18(a) Share capital

| | Equity shares | | | Preference shares | | |
|---|---|---|---|---|---|---|
| | Number of Shares | Par value | Amount | Number of Shares | Par value | Amount |
| **Authorised share capital** | | | | | | |
| As at April 01, 2020 | 304,100,000 | 5 | 1,520.50 | 98,000,000 | 10 | 980.00 |
| Increase/ (decrease) during the year | - | - | - | - | | - |
| **As at March 31, 2021** | **304,100,000** | **5** | **1,520.50** | **98,000,000** | **10** | **980.00** |
| Increase/ (decrease) during the year | - | - | - | 302,000,000 | 10 | 3,020.00 |
| **As at March 31, 2022** | **304,100,000** | **5** | **1,520.50** | **400,000,000** | **10** | **4000.00** |

| | | Number of shares | Amount |
|---|---|---|---|
| **i)** | **Movement in equity shares capital** | | |
| | **Issued, subscribed and paid up capital** | | |
| | As at April 01, 2020 | 260,884,395 | 1,304.43 |
| | Increase/ (decrease) during the year | - | - |
| | **As at March 31, 2021** | **260,884,395** | **1,304.43** |
| | Increase/ (decrease) during the year | - | - |
| | Share issued on exercise on employee stock options (refer note 60) | 65,000 | 0.32 |
| | **As at March 31, 2022** | **260,949,395** | **1,304.75** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**ii) Terms and rights attached to shares**

**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. The dividend when proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting except in case of interim dividend.

In the event of liquidation 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.

**Preference shares**

Preference shares does not carry any voting rights in the company, except as provided in the Companies Act, 2013. Preference share will have priority over equity shares in the payment of dividend and repayment of capital.

Increase in authorized preference share capital is pursuant to the Scheme (refer note 56).

**iii) Details of shareholders holding more than 5% shares in the Company**

| As at March 31, 2022 | No. of shares | % holding |
|---|---|---|
| **Equity shares held by** | | |
| Balkrishan Goenka, Trustee of Welspun Group Master Trust | 117,063,807 | 44.86% |

| As at March 31, 2021 | No. of shares | % holding |
|---|---|---|
| **Equity shares held by** | | |
| Balkrishan Goenka, Trustee of Welspun Group Master Trust | 117,063,807 | 44.87% |

**Details of Shareholding of Promoters**

| Name of the promoter | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Number of shares | % of total number of shares | Percentage of change during the year | Number of shares | % of total number of shares | Percentage of change during the year |
| Rajesh R. Mandawewala | 200 | 0.00% | - | 200 | 0.00% | - |
| Balkrishan Gopiram Goenka | 140 | 0.00% | - | 140 | 0.00% | - |
| Dipali B. Goenka | 2 | 0.00% | - | 2 | 0.00% | - |
| Aryabhat Vyapar Private Limited | 6,915,000 | 2.65% | - | 6,915,000 | 2.65% | - |
| Welspun Investments and Commercials Limited | 6,523,000 | 2.50% | - | 6,523,000 | 2.50% | - |
| Balkrishan Goenka, trustee of Welspun Group Master Trust | 117,063,807 | 44.86% | -0.01% | 117,063,807 | 44.87% | 2.53% |
| B. K. Goenka Family Trust (Balkrishan Goenka) | 5 | 0.00% | - | 5 | 0.00% | - |
| **Total** | **130,502,154** | **50.01%** | | **130,502,154** | **50.02%** | |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**Other Equity**

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **18(b) Reserves and surplus** | | | |
| (i) | Capital reserve | 1,503.73 | 1,503.73 |
| ii) | Securities premium | 10,077.87 | 10,055.59 |
| (iii) | Debenture redemption reserve | 90.00 | 135.00 |
| (iv) | General reserve | 1,102.55 | 994.44 |
| (v) | Equity settled share based payments | 100.79 | 122.56 |
| (vi) | Capital redemption reserve | 21.78 | 21.78 |
| (vii) | Retained earnings | 28,255.23 | 25,197.10 |
| (viii) | Equity Component of Borrowings | - | 55.31 |
| | **Total reserves and surplus** | **41,151.95** | **38,085.51** |

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **(i)** | **Capital reserve** | | |
| | Opening balance | 1,503.73 | 154.71 |
| | Addition pursuant to business combination (refer note 56) | - | 1,349.02 |
| | **Closing balance** | **1,503.73** | **1,503.73** |
| **(ii)** | **Securities premium** | | |
| | Opening balance | 10,055.59 | 7,183.71 |
| | Addition pursuant to business combination (refer note 56) | - | 2,869.13 |
| | Share issued on exercise on employee stock options (refer note 60) | 22.28 | 2.75 |
| | **Closing balance** | **10,077.87** | **10,055.59** |
| **(iii)** | **Debenture redemption reserve** | | |
| | Opening balance | 135.00 | 505.84 |
| | Transfer to general reserve | (45.00) | (370.84) |
| | **Closing balance** | **90.00** | **135.00** |
| **(iv)** | **General reserve** | | |
| | Opening balance | 994.44 | 621.73 |
| | Transfer from debenture redemption reserve | 45.00 | 370.84 |
| | Transfer from Equity Component of Borrowings | 55.31 | - |
| | Transfer from equity settled share based payments | 7.80 | 1.87 |
| | **Closing balance** | **1,102.55** | **994.44** |
| **(v)** | **Equity settled share based payments (refer note 60)** | | |
| | Opening balance | 122.56 | 106.72 |
| | Employee share-based expense | 6.10 | 21.43 |
| | Employee share-based options lapsed | (7.80) | (5.59) |
| | Transferred to securities premium/ share capital on exercise of stock options | (20.07) | - |
| | **Closing balance** | **100.79** | **122.56** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **(vi)** | **Capital redemption reserve** | | |
| | Opening balance | 21.78 | 21.78 |
| | **Closing balance** | **21.78** | **21.78** |
| **(vii)** | **Retained earnings** | | |
| | Opening balance | 25,197.10 | 20,531.19 |
| | Addition pursuant to business combination (refer note 56) | - | (2,885.78) |
| | Profit for the year | 4,388.00 | 7,675.83 |
| | Items of other comprehensive income recognised directly in retained earnings | | |
| | Remeasurements of post employment benefit obligations, net of tax (refer note 39) | 14.04 | 15.35 |
| | Share of OCI of joint ventures [excluding share of NCI ₹ (0.48) (March 31, 2021: ₹ (1.01))] | (4.34) | (9.05) |
| | Share issue expenses during the year | (34.82) | - |
| | Dividend on equity shares | (1,304.75) | (130.44) |
| | Dividend distribution tax | - | - |
| | Transfer to debenture redemption reserve | - | - |
| | Transfer from equity settled share based payments | - | - |
| | Transfer to general reserve | - | - |
| | **Closing balance** | **28,255.23** | **25,197.10** |
| **(viii)** | **Equity Component of Borrowings** | | |
| | Opening balance | 55.31 | - |
| | Equity Component of Borrowing | - | 55.31 |
| | Transfer to general reserve | (55.31) | - |
| | **Closing balance** | **-** | **55.31** |

| **Other reserves** | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **18(c)** | **Other reserves** | | |
| | (i) Cash flow hedging reserve | (128.74) | (25.10) |
| | (ii) Foreign currency translation reserve | 1,955.15 | 1,456.19 |
| | **Total other reserves** | **1,826.41** | **1,431.09** |
| **(i)** | **Cash flow hedging reserve** | | |
| | Opening balance | (25.10) | (81.37) |
| | Amount recognised in cash flow hedging reserve during the year (net) | (309.96) | 56.32 |
| | Gain/ (loss) transferred to statement of profit and loss (net) | 156.34 | (13.36) |
| | Hedging loss transferred to inventory | 16.63 | 31.20 |
| | Income tax on amount recognised in cash flow hedging reserve | 33.35 | (17.89) |
| | **Closing balance** | **(128.74)** | **(25.10)** |
| **(ii)** | **Foreign currency translation reserve** | | |
| | Opening balance | 1,456.19 | 1,788.79 |
| | Movement during the year (net) [excluding share of NCI ₹ 13.51 (March 31, 2021: ₹ (8.66)] (refer note 51) | 498.96 | (332.60) |
| | **Closing balance** | **1,955.15** | **1,456.19** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **18(d) Share application money pending allotment** | | |
| Share application money pending allotment (refer note 60) | 6.50 | 6.50 |
| Share allotment during the year | (6.50) | - |
| Total share application money pending allotment | **-** | **6.50** |

**Nature and purpose of other equity**

(i) Capital reserve

Capital reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iii) Debenture redemption reserve

The Companies Act, 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures.

(iv) General reserve

General Reserve represents appropriation of profit by the Company. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

(v) Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulating gain or loss arising on changes in the fair value of the designated portion of hedging instruments that are recognised and accumulated under the heading of cash flow reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss or included as a basis adjustment to the non-financial hedged item.

(vi) Equity settled share based payments (refer note 60)

Share options outstanding account is used to recognise the grant date fair value of options issued to employees under "WELSOP" Employee stock option plan.

(vii) Capital redemption reserve

Capital Redemption Reserve is created equal to the nominal value of the shares purchased pursuant to Buy Back of its own fully paid up equity shares.

(viii) Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

(ix) Equity Component of Borrowings

It was created upon fair valuation of the loan from shareholder viz. Welspun Steel Limited (WSL - Non steel business) on 31.3.2021. The said loan has been repaid in the current year and hence, the fair value has been amortised in the general reserves.

(x) Retained Earnings

Retained earnings comprises of prior years as well as current year's undistributed earnings after taxes.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 19. BORROWINGS

**19(a) Non-current borrowings (refer note 19(b) (iv))**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Secured** | | |
| **Measured at amortised cost** | | |
| Redeemable non-convertible debentures [refer note (i) below] | 3,987.86 | 4,343.47 |
| Term loan from a bank [refer note (ii)] | 4,890.17 | 609.82 |
| **Unsecured** | | |
| **Measured at amortised cost** | | |
| Redeemable non-convertible debentures [refer note (i) below] | 400.00 | - |
| 6% Cumulative Redeemable Preference share [refer note (iii)] | 3,515.12 | - |
| 12% Non-Cumulative Redeemable Preference Shares of ₹10/- each fully paid up [refer note (iv)] | 509.04 | 509.04 |
| Loans from related parties [refer note (v)] | 492.50 | 437.19 |
| Inter Corporate Deposit [refer note (v)] | 499.51 | - |
| **Total non-current borrowings** | **14,294.20** | **5,899.52** |

**(i) Redeemable non-convertible debentures**

The debentures are secured by first charge ranking pari passu by way of mortgage of certain movable and immovable property, plant and equipment of the Company.

| No. of debentures | Face value (₹) | Redemption date(last instalment) | Rate of interest per annum | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|---|---|
| **Secured** | | | | | |
| 360 (March 31, 2021: 630)@ | 1,000,000 | November 2022 | 11.00% | 360* | 630* |
| 1,000 (March 31, 2021: 1,000) | 1,000,000 | February 2024 | 6.50% | 1000# | 1000# |
| 1,000 (March 31, 2021: 1,000) | 1,000,000 | February 2024 | 6.50% | 1000# | 1000# |
| 2,000 (March 31, 2021: 2,000) | 1,000,000 | February 2026 | 7.25% | 2000# | 2000# |
| **Total**** | | | | **4,360** | **4,630** |
| **Unsecured** | | | | | |
| 200 (March 31, 2021: Nil) | 1,000,000 | July 2036 | 7.90% | 200 | - |
| 200 (March 31, 2021: Nil) | 1,000,000 | July 2036 | 7.90% | 200 | - |
| **Total**** | | | | **400** | **-** |

** it includes Amount of ₹ 360 (March 31, 2021: ₹ 630) which is transferred to current maturities of long term borrowings.*

*** the above is excluding effective interest rate resulting in decrease in borrowing by ₹ 12.14 (March 31, 2021: ₹ 16.53).*

*# Security charge for these debentures have been created during the year ended March 31, 2022.*

*@ with respect to this debenture the charge over the assets of discontinuing business was released vide the debenture trustee's no objection dated March 26, 2021.*

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**(ii) Term loan from Banks**

(a) Term loan from Banks of ₹ Nil (March 31, 2021: ₹ 1,827.75) secured against property, plant and equipment of the Welspun Pipes Inc. and its subsidiaries. The Loan carry interest @ three-month LIBOR + 325 basis point.

(b) Term loan from financial institution of ₹ 18.33 (March 31, 2021: ₹ 29.49) secured against equipment for which loan was obtained. The loan carry interest @ 4.59% per annum. The loan is repayable in equal monthly installment till September 01, 2023. The loan of ₹ 12.81 (March 31, 2021: 11.81) is transferred to current maturity of long-term borrowings.

(c) Term loan from financial institution of ₹ 3.67 (March 31, 2021: ₹ 6.12) secured against equipment for which loan was obtained. The loan carry interest @ 2.75% per annum. The loan is repayable in equal monthly installment till July 29, 2023. The loan of ₹ 2.74 (March 31, 2021: ₹ 2.57) is transferred to current maturity of long-term borrowings.

(d) Vehicle term loan from Bank of ₹ 0.39 (March 31, 2021: ₹ 1.02) secured against vehicle for the Welspun Pipes Inc. and its subsidiaries. The loan carry interest @ 4.50% per annum. The loan is repayable in equal monthly instalment till September 25, 2022. The loan of ₹ 0.39 (March 31, 2021: ₹ 0.72) is transferred to current maturities of long-term borrowings.

(e) Rupee Term Loan of ₹ 373.9 (Previous year ₹ 400 ) is secured by way of:

i. First Pari Passu charge on Property, Plant and Equipment of the Welspun Specialty Solutions Limited (WSSL) both present and future.

ii. Second Pari Passu charge on all current assets of the WSSL both present and future.

iii. Pledge of WSSL equity shares 15,88,26,392 (Previous year 15,88,26,392 shares) held by Company

iv. Pledge of Fixed Deposit of ₹ 400

v) The Loan carry interest at bank base rate/ MCLR / MIBOR plus margin. Loans are repayable in remaining 14 quarterly instalments starting from April 2022 and ending on September 2025.

(f) Rupee Term Loan of ₹ Nil (Previous year ₹ 247.9) is secured by way of Equitable mortgage charge on all the immoveable and moveable properties of the WSSL both present and future and Second Charge on all current assets on the WSSL.

(g) Rupee Term Loan from Bank of ₹ 702.83 (Previous year ₹ Nil ) is Secured by first charge ranking pari passu on hypothecation of entire plant & machinery of Anjar TMT Steel Private Limited and registered mortgage on leasehold right on land. The term loan is repayable in quarterly installments starting from January 31, 2023 and maturing on January 31, 2029. Interest rate on term loan is 7.95% p.a. (1 % above 6 month State Bank of India MCLR rate)

(h) Rupee Term Loan from Bank of ₹ 1,109.89 (Previous year ₹ Nil ) is Secured by first charge ranking pari passu on hypothecation on all movable and immovable property, plant and machinery, intangible assets, insurance policies of the Welspun DI Pipes Limited both present and future. The capital loan from UBI led consortium of Banks are payable in 10 years door to door. The rate of interest of the consortium lenders are linked to respective bank's MCLR plus spread, such that, applicable rate of interest is linked to 8.30% p.a.

(i) Rupee Term Loan from Bank of ₹ 2,781.53 (Previous year ₹Nil ) is Secured by first charge ranking pari passu on hypothecation on all movable and immovable property, plant and machinery, intangible assets, insurance policies of the Welspun Metallics Limited both present and future. The capital loan from UBI led consortium of Banks are payable in 10 years door to door. The rate of interest of the consortium lenders are linked to respective bank's MCLR plus spread, such that, applicable rate of interest is linked to 8.30% p.a.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**(iii) 6% Cumulative Redeemable Preference share**

6% Cumulative Redeemable Preference share will be redeemed at the expiry of 18 months from date of issue i.e. March 16,2022, refer note 56.

**(iv) 12% Non-Cumulative Redeemable Preference Shares**

a) Details of Preference Shareholders

i. Reconciliation of the Number of Shares

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| **Preference Shares : Face value of ₹ 10 each** | **No of shares** | **(₹ In Million)** | **No of shares** | **(₹ In Million)** |
| As at beginning of the year | 50,904,271 | 509.00 | 96,204,271 | 962.10 |
| Shares issued during the year | - | - | - | - |
| Buyback/forfeiture/reduction shares | - | - | 45,300,000 | 453.00 |
| Outstanding at the end of the year | 50,904,271 | 509.00 | 50,904,271 | 509.00 |

ii. Details of Preference Shareholders holding more than 5% shares

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | **No of shares** | **% Held** | **No of shares** | **% Held** |
| Right Growth Trading Private Limited | 50,904,271 | 100% | 50,904,271 | 100% |

iii. Rights, Preference and Restriction attached to Preference Shares:

a. The Non-Cumulative Redeemable Preference Shares carry dividend of 12% per annum;

During the year March 31, 2021, the terms of Cumulative Redeemable Preference Shares 5,09,04,271 have been varied and therefore post variation the said securities stood modified to 12% Non-Cumulative Redeemable Preference Shares redeemable at par with the tenure being extended for further period 10 years i.e. till February 19, 2033 or earlier. The said preference shares are redeemable on February 19, 2033 or any date before that based on the availability of the cash flow.

**(v)** Inter Corporate Deposits and Loan from Related Party is repayable within a period of 2 – 3 years. The Interest rate varies between 6.00% to 12.00%

**(vi)** The borrowing (including current borrowings and current maturities of long-term borrowings) does not Interest accrued but not due on borrowings of ₹ 80.97 (March 31, 2021: ₹ 46.25) and Interest accrued and due on borrowings of ₹ 11.57 (March 31, 2021: ₹ 20.88) which is separately classified under other financial liabilities - current.

**19(b) Current borrowings (refer note (iii) below)**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Secured** | | |
| **Measured at amortised cost** | | |
| Working capital loan from banks (refer note (i)) | 9.15 | 1,043.96 |
| Supplier Finance Facility (refer note (i)) | 30.45 | 11.44 |
| Buyers' Credit from banks (refer note (ii) below) | 87.03 | - |
| Short Term Loan from Banks (refer note (ii) below) | 479.38 | - |
| Current maturities of long-term borrowings (refer note 19(a)) | 464.17 | 2,172.48 |
| **Unsecured** | | |
| **Measured at amortised cost** | | |
| Working capital loan from banks | 3,150.00 | - |
| Commercial papers (refer note (iii) below) | 1,700.00 | 500.00 |
| **Total current borrowings** | **5,920.18** | **3,727.88** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**Nature of security for current borrowings**

(i) Working capital loan from banks and supplier finance facility

Working Capital facilities including Cash credit from banks ₹ 1.49 ( March 31, 2021 : ₹ 198.14 ) Secured by first charge ranking pari passu on hypothecation of raw materials, finished goods, work-in-progress, goods-in-transit, stores and spares and trade receivables of the Company and second charge on all movable and immovable property, plant and equipment of the Company both present and future.

Welspun Pipes Inc. and its subsidiaries has working capital Loan from Bank of ₹ Nil (March 31, 2021: ₹ 1.47) secured by hypothecation of inventories and trade receivables. The loan is repayable on demand and carries an interest rate of six month LIBOR plus 375 points per annum.

Welspun Pipes Inc. and its subsidiaries has working capital loan from Bank of ₹ Nil (March 31, 2021: 731.10) secured by first and exclusive charge over stocks and other current assets and related raw material for specific sales project for which loan was obtained. The loan carry interest @ base rate on the first day of interest period plus 1.75% per annum. The loan is repayable in six months from initial drawdown date. Welspun Pipes Inc. and its subsidiaries has repaid total amount payable for this loan during the current year.

Working capital loans ₹ 7.66 ( March 31, 2021 : ₹ 113.30 ) and Supplier Finance Facility ₹ 30.45 (March 31, 2021 : ₹ 11.44) of Welspun Specialty Solutions Limited from Banks are secured by way of first charge against Current Assets and second charge against Property, Plant and Equipment's of the Company. v) Pledge of 15,88,26,392 shares (Previous year 15,88,26,392 shares) of Welspun Specialty Solutions Ltd held by Welspun Corp Ltd

(ii) Buyers' Credit from banks and Short Term Loan from Banks

(a) Buyers' Credit from banks and Short Term Loan from Banks of ₹ 63.01 (Previous year ₹ Nil ) is Secured by first charge ranking pari passu on hypothecation on all movable and immovable property, plant and machinery, intangible assets, insurance policies of the Welspun DI Pipes Limited and both present and future. The capital loan from UBI led consortium of Banks are payable in 10 years door to door. The rate of interest of the consortium lenders are linked to respective bank's MCLR plus spread, such that, applicable rate of interest is linked to 8.30% p.a.

(b) Buyers' Credit from banks and Short Term Loan from Banks of ₹ 503.40 (Previous year ₹ Nil ) is Secured by first charge ranking pari passu on hypothecation on all movable and immovable property, plant and machinery, intangible assets, insurance policies of the Welspun Metallics Limited and both present and future. The capital loan from UBI led consortium of Banks are payable in 10 years door to door. The rate of interest of the consortium lenders are linked to respective bank's MCLR plus spread, such that, applicable rate of interest is linked to 8.30% p.a.

(iii) The Holding Company has commercial papers carry an interest of 4.45%-4.75% (March 31, 2021: 4.25%) and are repayable on April 18, 2022 - ₹ 200, May 31, 2022 - ₹1,000 and June 10, 2022 - ₹ 500 (March 31, 2021: June 22, 2021 - ₹ 500)

(iv) Net debt reconciliation

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Cash and cash equivalents | 6,402.14 | 1,698.00 |
| Current investments | 14,931.81 | 11,510.67 |
| Non-current borrowings* | (14,850.91) | (8,139.13) |
| Current borrowings | (5,456.01) | (1,555.40) |
| Lease liabilities (current and non-current) | (354.79) | (582.62) |
| | **672.24** | **2,931.52** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | Financial assets | | Financial liabilities | | | Total |
|---|---|---|---|---|---|---|
| | Cash and cash equivalents [A] | Current investments [B] | Non-current borrowings* [C] | Current borrowings [D] | Lease liabilities [E] | [F] = [A]+[B]-[C]-[D]-[E] |
| **Net debts as at April 01, 2020** | **4,408.43** | **4,495.04** | **(7,258.69)** | **(2,692.73)** | **(656.02)** | **(1,703.97)** |
| Addition pursuant to business combination (refer note 51) | 2.87 | - | (2,804.27) | (304.80) | (1.51) | (3,107.71) |
| **Interest accrued as at April 01, 2020** | | | **(151.15)** | | | **(151.15)** |
| Cash flow (net) | (2,713.30) | 7,053.89 | 590.29 | 1,446.86 | 224.18 | 6,601.92 |
| Acquisition - leases | - | - | - | - | (125.47) | (125.47) |
| Foreign exchange adjustments (net) | - | - | 48.74 | - | 9.14 | 57.88 |
| Interest expenses | - | - | (370.43) | (119.21) | (37.11) | (526.75) |
| Interest paid | - | - | 405.71 | 119.21 | - | 524.92 |
| Other non cash adjustments | | | | | | |
| Fair value adjustment | - | 44.97 | - | (4.73) | - | 40.24 |
| Unapplied advance with asset management company for purchase of mutual funds units | - | (83.23) | - | - | - | (83.23) |
| Write back of Preference Share Liability | | | 1,272.61 | | | 1,272.61 |
| Others | - | - | 128.06 | - | 4.17 | 132.23 |
| **Net debts as at March 31, 2021** | **1,698.00** | **11,510.67** | **(8,072.00)** | **(1,555.40)** | **(582.62)** | **2,998.65** |
| **Interest accrued as at March 31, 2021** | | | **(67.13)** | | | **(67.13)** |
| Cash flow (net) | 4,704.14 | 3,380.90 | (3,162.76) | (3,904.40) | 156.61 | 1,174.49 |
| Foreign exchange adjustments (net) | - | - | (0.30) | - | 4.71 | 4.41 |
| Interest expenses | - | - | (407.11) | (347.05) | (31.52) | (785.68) |
| Interest paid | - | - | 380.28 | 355.17 | - | 735.45 |
| Prepaid interest | | | | (8.12) | | (8.12) |
| Other non cash adjustments | | | | | | |
| Fair value adjustment | - | (59.76) | - | - | - | (59.76) |
| Preference share issued on account of merger (refer note 56) | | | (3,515.12) | - | - | (3,515.12) |
| Unapplied advance with asset management company for purchase of mutual funds units | - | 100.00 | - | - | - | 100.00 |
| Others | - | - | (6.77) | 3.790 | 98.03 | 95.05 |
| **Net debts as at March 31, 2022** | **6,402.14** | **14,931.81** | **(14,758.37)** | **(5,456.01)** | **(354.79)** | **764.78** |
| **Interest accrued as at March 31, 2022** | | | **(92.54)** | | | **(92.54)** |

** Includes interest accrued and current maturities of long-term borrowings*

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 20 OTHER FINANCIAL LIABILITIES

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **20(a) Non-current** | | |
| Deposits received | | |
| Related parties (refer note 50) | 0.66 | 0.68 |
| Others | 1.47 | 1.71 |
| Liability to be settled on account of merger (refer note 56) | 112.17 | 3,627.29 |
| Interest accrued on loan | 110.38 | 67.02 |
| **Total other non-current financial liabilities** | **224.68** | **3,696.70** |

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **20(b) Current** | | |
| Interest accrued but not due on borrowings | 92.54 | 67.13 |
| Interest accrued but not due on acceptances and others | 13.62 | 3.32 |
| Unclaimed dividend (refer note 15) | 8.51 | 6.41 |
| Trade deposits | 20.43 | 16.06 |
| Deposits received | 0.66 | 0.65 |
| Capital creditors | | |
| Related parties (refer note 50) | - | 6.29 |
| Others | 2,757.90 | 465.18 |
| Liability towards claims | 4.33 | 608.26 |
| Derivatives not designated as hedges | | |
| Forward contracts | 13.36 | 7.33 |
| Derivatives designated as hedges | | |
| Forward contracts | 191.84 | 37.01 |
| Other payables to related parties (refer note 50) | - | 57.83 |
| Other payables (majorly consists of advance towards disposal group held for sale) | 1.37 | 250.00 |
| **Total other current financial liabilities** | **3,104.56** | **1,525.47** |
| **Total other financial liabilities** | **3,329.24** | **5,222.17** |

## 21. PROVISIONS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **21(a) Non-current** | | |
| **Employee benefit obligations** | | |
| Gratuity (refer note 39) | 54.06 | 227.30 |
| Leave obligations (refer note 39) | 4.81 | - |
| **Other provisions** | | |
| Provision for litigation/ disputes (refer note 40 and 41) | 499.59 | 501.10 |
| **Total non-current provisions** | **558.46** | **728.40** |
| **21(b) Current** | | |
| **Employee benefit obligations** | | |
| Gratuity (refer note 39) | 52.49 | 51.69 |
| Leave obligations (refer note 39) | 79.57 | 94.58 |
| **Other provisions** | | |
| Provision for claims | 182.58 | 172.08 |
| Provision for litigation/ disputes (refer note 40 and 41) | 1.56 | 4.75 |
| **Total current provisions** | **316.20** | **323.10** |
| **Total provisions** | **874.66** | **1,051.50** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 22. DEFERRED TAX LIABILITIES (NET) (REFER NOTE 38)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **The balance comprises temporary differences attributable to** | | |
| **Deferred tax liabilities** | | |
| Property, plant and equipment | 2,145.92 | 2,378.39 |
| Fair valuation of investments | 55.69 | 83.31 |
| Undistributed profit of subsidiary and joint venture | 196.16 | 193.71 |
| Others | - | (6.76) |
| | **2,397.77** | **2,648.65** |
| **Set-off of deferred tax assets pursuant to set-off provisions** | | |
| **Deferred tax assets** | | |
| Employee benefit obligations | 41.56 | 93.92 |
| Allowance for doubtful debts and advances | 384.03 | 383.51 |
| Government grants | 228.61 | 280.14 |
| Cash flow hedging reserve | 41.80 | 8.44 |
| Lease liability (net of right-of-use-asset) | 11.89 | 5.97 |
| State tax deduction | 23.53 | 24.22 |
| Product compensation and claims | - | 42.19 |
| Inventory write down | 49.92 | 80.19 |
| Unabsorbed depreciation | 227.70 | 218.64 |
| Others | 4.68 | 6.12 |
| | **1,013.72** | **1,143.34** |
| **Total deferred tax liabilities (net)** | **1,384.05** | **1,505.31** |

## 23. GOVERNMENT GRANTS

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **VAT income (refer note below)** | | |
| Opening balance | 1,113.08 | 1,317.84 |
| Less: Recognised in the statement of profit and loss (refer note 27) | 204.76 | 204.76 |
| **Total government grants** | **908.32** | **1,113.08** |
| Non Current | 703.56 | 908.32 |
| Current | 204.76 | 204.76 |
| **Total government grants** | **908.32** | **1,113.08** |

*Note : The Company was entitled to VAT Incentive, on its investment in the eligible property plant and equipment, on fulfilment of the conditions stated in the scheme.*

## 24. OTHER LIABILITIES

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **24(a) Non-current** | | |
| Statutory dues (refer note below) | - | 20.10 |
| Total other non-current liabilities | **-** | **20.10** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

In Welspun Pipes Inc. and its subsidiaries, employers are permitted to defer the employer share of social security taxes otherwise owed on dates beginning March 27, 2020 and ending on December 31, 2020. Half of the total deferred payments are due on December 31, 2021 and the remaining half of the payments are payable on December 31, 2022. The total amount of liability deferred as at March 31, 2021 is ₹ 20.10 (March 31, 2020: ₹ 40.20), out of which ₹ Nil (March 31, 2021: ₹ 20.10) is disclosed within 'statutory dues including provident fund and tax deducted at source' under other current liabilities.

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **24(b) Current** | | |
| Trade advances | | |
| Related parties (refer note 50) | 1.67 | - |
| Others | 3,244.48 | 2,673.93 |
| Statutory dues payables (refer note 24(a)) | 191.41 | 582.36 |
| Employee dues payable | 157.56 | 202.92 |
| Other payables (refer note 54) | 18.72 | - |
| **Total other current liabilities** | **3,613.84** | **3,459.21** |
| **Total other liabilities** | **3,613.84** | **3,479.31** |

## 25. TRADE PAYABLES

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current** | | |
| Trade payables dues of micro and small enterprises | 30.91 | 75.21 |
| Trade payables for acceptances | 6,134.43 | 2,406.23 |
| Trade payables to related parties (refer note 50) | 475.41 | 509.63 |
| Trade payables others | 3,199.41 | 4,177.97 |
| | **9,809.25** | **7,093.83** |
| **Total trade payables** | **9,840.16** | **7,169.04** |

**Ageing for trade payable as at March 31, 2022 is as follows:**

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed Trade Payables** | | | | | | | |
| (i) Micro enterprise and small enterprises | - | 30.79 | 0.12 | - | - | - | **30.91** |
| (ii) Others | 992.60 | 3,103.41 | 5,401.46 | 311.78 | - | - | **9,809.25** |
| **Total** | **992.60** | **3,134.20** | **5,401.58** | **311.78** | **-** | **-** | **9,840.16** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**Ageing for trade receivables as at March 31, 2021 is as follows:**

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed Trade Payables** | | | | | | | |
| (i) Micro enterprise and small enterprises | - | 67.31 | 7.66 | 0.24 | | | **75.21** |
| (ii) Others | 1,201.53 | 3,961.02 | 1,898.37 | 32.90 | - | - | **7,093.82** |
| **Total** | **1,201.53** | **4,028.33** | **1,906.03** | **33.14** | **-** | **-** | **7,169.03** |

## 26. CURRENT TAX LIABILITIES (NET)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Opening balance | 5,069.10 | 2,763.47 |
| Addition pursuant to business combination (refer note 56) | - | 3.55 |
| Add: Current tax payable for the year (refer note 36) | 2,297.10 | 3,938.77 |
| Add : Interest on Income tax | 10.00 | 5.00 |
| Add: Exchange difference | 8.56 | (34.09) |
| Less: Taxes paid net of refunds (including tax deducted at source) | (1,512.99) | (1,609.29) |
| | **5,871.77** | **5,067.41** |
| Shown under Current tax assets (refer note 16) | 22.05 | 4.43 |
| Closing balance | 5,893.82 | 5,071.84 |
| | **5,893.82** | **5,071.84** |

## 27. REVENUE FROM OPERATIONS

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **(a) Sale of products and services** | | |
| Finished goods | 61,508.30 | 62,079.12 |
| Traded goods | 1,517.55 | 5,685.33 |
| Sale of services | 265.96 | 128.24 |
| **Total sale of products and services** | **63,291.81** | **67,892.69** |

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **(b) Other operating income** | | |
| Government grants | | |
| VAT income | 204.76 | 204.76 |
| Export benefits | 190.39 | 586.52 |
| Payroll incentive income (refer note 62) | 5.66 | 139.21 |
| Employee retention credit (refer note below) | 72.72 | 126.52 |
| Scrap sale | 617.91 | 875.28 |
| Insurance claim received | 0.08 | 273.00 |
| Provision/ liability no longer required written back | 36.13 | 479.62 |
| Others (mainly comprises of recovery of claims from cutomers) | 631.65 | 948.03 |
| **Total other operating income** | **1,759.30** | **3,632.94** |
| **Total revenue from operations** | **65,051.11** | **71,525.63** |

The Group is primarily engaged in the business of manufacture and distribution of steel products and revenue from such products is derived from transfer at a point in time which is shown under sale of products as above.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Reconciliation of revenue recognised with contract price:** | | |
| **Contract price** | **65,242.49** | **71,657.63** |
| Adjustments for: | | |
| Discount | (37.08) | (63.31) |
| Liquidated damages and quality claims | (154.30) | (68.69) |
| **Total revenue from operations** | **65,051.11** | **71,525.63** |

In case of Welspun Pipes Inc. and its subsidiaries, on March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) as a relief package intended to assist many aspects of following the Covid-19 Pandemic:

The employee retention credit is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employers pays to employees after March 12, 2020, and before January 01, 2021. The credit increased to 70% of qualified wages paid starting January 01, 2021. Out of the total income of ₹ 74.00 (March 31, 2021: ₹ 126.52) recognised by the Welspun Pipes Inc. and its subsidiaries during the year, an amount of ₹ Nil (March 31, 2021: ₹ 81.01) is receivable as at March 31, 2022.

## 28. OTHER INCOME

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Interest income (refer note 42)** | | |
| Loan to related party | 26.56 | 83.61 |
| Current investments | 1,047.61 | 282.29 |
| Fixed deposits | 42.69 | 39.28 |
| Income tax refund | 148.09 | 133.92 |
| Others (mainly comprises of interest earned on sale/discarding of tangible assets and from customer) | 382.40 | 113.69 |
| **Dividend income on** | | |
| Non-current investments | 0.95 | - |
| Current investments | 1.72 | - |
| **Net gain on sale/ redemption of** | | |
| Non-current investments (refer note 53) | 3,590.15 | 1.60 |
| Current investments | 57.74 | 494.68 |
| **Other non-operating income** | | |
| Rental income (refer note 49) | 36.54 | 42.31 |
| Net exchange differences | 5.03 | 254.27 |
| Commission income (refer note 50) | 70.99 | 80.29 |
| Fair value gain on investment (net) | - | 329.03 |
| Profit on sale/ discarding of tangible assets (net) | - | 562.37 |
| Gain on previously held interest (refer note 57) | - | 1,141.40 |
| Miscellaneous income (mainly comprises of insurance claim received, etc) | 101.74 | 9.54 |
| **Total other income** | **5,512.21** | **3,568.28** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 29. COST OF MATERIALS CONSUMED

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Raw materials at the beginning of the year | 2,054.37 | 8,441.69 |
| Add: Added on acquisition of Subsidiary | - | 24.01 |
| Add: Purchases | 44,053.46 | 30,602.31 |
| Less: Raw materials at the end of the year | 4,441.17 | 2,054.37 |
| Net exchange differences on translation of foreign operations | 8.28 | (93.49) |
| **Total cost of materials consumed** | **41,674.94** | **36,920.15** |

## 30. PURCHASES OF STOCK-IN-TRADE

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Purchase of stock-in-trade | 1,376.04 | 5,519.58 |
| **Total purchase of stock-in-trade** | **1,376.04** | **5,519.58** |

## 31. CHANGES IN INVENTORIES OF WORK-IN PROGRESS AND FINISHED GOODS

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Opening Balance** | | |
| Work-in-progress | 333.35 | 332.94 |
| Finished goods | 8,163.97 | 13,454.00 |
| **Total opening balance** | **8,497.32** | **13,786.94** |
| **Closing Balance** | | |
| Work-in-progress | 686.79 | 333.35 |
| Finished goods | 3,370.46 | 8,163.97 |
| **Total closing balance** | **4,057.25** | **8,497.32** |
| Net exchange differences on translation of foreign operations | **89.46** | **(134.75)** |
| **Total changes in inventories of work-in progress and finished goods** | **4,529.53** | **5,154.87** |

## 32. EMPLOYEE BENEFIT EXPENSE

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Salaries, wages and bonus | 3,546.48 | 4,229.81 |
| Contribution to provident and other funds (refer note below) | 146.56 | 166.23 |
| Employee share-based payment expenses (refer note 60) | 6.10 | 21.43 |
| Gratuity expense (refer note 39) | 44.67 | 49.83 |
| Staff welfare expenses | 91.00 | 77.27 |
| **Total employee benefit expense** | **3,834.81** | **4,544.57** |

**Note:**
**Defined contribution plans**

i. Employers' contribution to Provident Fund and Employee's Pension Scheme, 1995

ii. Employees' State Insurance Act, 1948

iii. Superannuation fund

iv. Contribution to 401 (k) retirement savings plan

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| During the year, the Group has recognised the following amounts in the statement of profit and loss | | |
| Employer's contribution to Provident Fund | 96.50 | 106.07 |
| Employer's contribution to Employees State Insurance | 0.86 | 0.72 |
| Employer's contribution to Employees Pension Scheme | 11.94 | 11.03 |
| Employer's contribution to Superannuation Fund | 4.59 | 5.05 |
| Contribution to 401 (k) retirement savings plan | 32.67 | 43.36 |
| **Total expenses recognised in the statement of profit and loss** | **146.56** | **166.23** |

## 33. DEPRECIATION AND AMORTISATION EXPENSE

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Depreciation of property, plant and equipment and investment property (refer note 3(a) and 4) | 2,341.49 | 2,258.88 |
| Amortisation of intangible assets (refer note 5) | 39.40 | 39.77 |
| Depreciation of right-of-use assets (refer note 3(b)) | 166.65 | 166.04 |
| **Total depreciation and amortisation expense** | **2,547.54** | **2,464.69** |

## 32. OTHER EXPENSES

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Consumption of stores and spares | 1,327.31 | 1,505.96 |
| Labour charges | 218.41 | 234.47 |
| Coating and other job charges | 122.36 | 200.25 |
| Power, fuel and water charges | 1,623.93 | 1,978.09 |
| Freight, material handling and transportation | 3,360.57 | 5,171.69 |
| Rental charges (refer note 3(b)) | 27.50 | 94.78 |
| Rates and taxes | 96.31 | 115.68 |
| Repairs and maintenance | | |
| Plant and machinery | 96.34 | 127.48 |
| Buildings | 57.52 | 65.98 |
| Others | 213.87 | 282.77 |
| Travelling and conveyance expenses | 109.95 | 84.07 |
| Communication expenses | 29.27 | 29.01 |
| Legal and professional fees | 772.49 | 376.36 |
| Insurance | 180.77 | 167.54 |
| Directors' sitting fees | 10.62 | 9.95 |
| Printing and stationery | 8.36 | 8.47 |
| Security charges | 44.80 | 38.37 |
| Membership and subscription | 31.61 | 36.84 |
| Vehicle expenses | 12.01 | 9.10 |
| Payment to auditors | 28.13 | 24.79 |
| Sales promotion expenses | 46.40 | 30.46 |
| Commission on sales to agents | 47.47 | 95.75 |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| Allowance for doubtful debts (net) | | (96.83) | 312.49 |
| Bad debts expense | 2.40 | | 91.88 |
| Less: Allowance for doubtful debts | (2.40) | - | (91.88) |
| Loss on sale of disposal groups classified as held for sale (refer note 54) | | - | 32.44 |
| Loss on sale/ discarding of tangible assets (net) | | 70.02 | - |
| Expenditure towards corporate social responsibility (refer notes (ii) below and 50) | | 63.09 | 42.41 |
| Fair valuation loss on investments (net) | | 150.46 | - |
| Fair value losses on derivatives not designated as hedges (net) | | 0.05 | 27.46 |
| Donation (refer note (i) below) | | - | 75.51 |
| Miscellaneous expenses | | 266.15 | 257.47 |
| **Total other expenses** | | **8,918.94** | **11,435.64** |

(i) It includes donation in electoral bonds to the political party ₹ Nil (March 31, 2021: ₹ 70).

| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| ii) | **Corporate social responsibility expenditure** | | |
| | Contribution to Welspun Foundation for Health & Knowledge | 63.09 | 41.86 |
| | Contribution to others | - | 0.55 |
| | **Total corporate social responsibility expenditure** | **63.09** | **42.41** |
| | Amount required to be spent as per Section 135 of the Companies Act, 2013 | 63.09 | 42.41 |
| | **Amount spent during the year on:** | | |
| | Construction/ acquisition of an asset | - | - |
| | On purposes other than construction/ acquisition of an asset | 63.09 | 42.41 |
| | Amount of expenditure incurred | 63.09 | 40.39 |
| | Amount of shortfall for the year | - | 0.04 |
| | Amount of cumulative shortfall at the end of the year | - | - |

Company has incurred ₹ 63.09 during the year towards donation to Welspun Foundation for Health and Knowledge.

The excess amount of ₹ 0.04 pertains to previous year which is charged to statement of Profit and loss.

The shortfall of previous year amount of ₹ 0.04 is paid on November 26, 2021

Details of ongoing CSR projects under Section 135(6) of the Act

| Balance as at 1 April 2021 | | Amount required to be spent during the year | Amount spent during the year | | Balance as at 31 March 2022 | |
|---|---|---|---|---|---|---|
| With the Co. | In separate CSR unspent account | | From the company's bank account | From separate CSR unspent account | With the Company | In separate CSR unspent account |
| 0.04 | - | | 0.04 | - | - | - |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 35. FINANCE COSTS

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Interest on financial liabilities not at fair value through profit and loss** | | |
| Term borrowings | 47.42 | 123.89 |
| Redeemable non-convertible debentures | 359.69 | 246.54 |
| Current borrowings | 330.36 | 119.21 |
| Others | 16.69 | 1.84 |
| Interest on acceptances and charges on letter of credit | 144.95 | 167.61 |
| Interest on income tax (refer note 26) | 10.00 | 5.00 |
| Interest and finance charges on lease liability (refer note 3(b)) | 31.52 | 37.15 |
| Others finance cost | 78.22 | 148.24 |
| **Total finance cost** | **1,018.85** | **849.48** |

## 36. INCOME TAX EXPENSE

| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **(i)** | **Income tax expenses** | | |
| | **Current tax** | | |
| | Current tax on profits for the year | 2,289.87 | 4,081.39 |
| | Adjustments for current tax of prior years | 7.23 | (142.62) |
| | **Total current tax** | **2,297.10** | **3,938.77** |
| | Continuing operations | 2,297.10 | 3,938.77 |
| | **Deferred tax (refer note 38)** | | |
| | Decrease in deferred tax assets | 221.37 | 141.77 |
| | Increase/ (decrease) in deferred tax liabilities | (354.55) | (1,560.39) |
| | **Total deferred tax charge/ (benefit)** | **(133.18)** | **(1,418.62)** |
| | Continuing operations | (133.18) | (1,385.36) |
| | Discontinued operations | - | (33.26) |
| | **Total income tax expense** | **2,163.92** | **2,520.15** |

## 37. RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT MULTIPLIED BY INDIA'S TAX RATE

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Profit before tax from continuing operations | 6,605.47 | 10,930.27 |
| Loss before tax from discontinued operation | - | (143.64) |
| **Profit for the year** | **6,605.47** | **10,786.63** |
| Tax rate | 25.168% | 34.944% |
| **Tax at normal rate** | **1,662.46** | **3,769.28** |
| Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income | | |
| Expense on which no deferred tax was required to be recognised | 218.54 | (266.58) |
| Items on which deferred tax was not recognised in the earlier years | - | (441.61) |
| Eligible donation allowed under section 80G of Income Tax Act, 1961 | - | 6.70 |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Items subject to differential tax rate | - | (182.93) |
| Adjustments for current tax of prior years | 7.23 | (142.62) |
| Change in tax rate (basis adjustment) | (13.39) | - |
| State Tax Deductions | (15.43) | 6.92 |
| Tax on distributed earning relating to subsidiaries and joint ventures | 362.99 | 419.40 |
| Tax on undistributed earning relating to subsidiaries and joint ventures | (4.58) | (33.70) |
| Employment tax credits | - | (13.41) |
| Differences in subsidiary tax rates | - | (202.23) |
| Differences in overseas tax rates | (24.84) | (387.43) |
| Others | (29.06) | (11.64) |
| **Total income tax expense** | **2,163.92** | **2,520.15** |

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Unused tax losses and unabsorbed depreciation on which no deferred tax asset is recognized in Balance Sheet** | | |
| Unused Tax losses | 1,751.90 | 1,726.50 |
| Unabsorbed Tax depreciation | 4,149.80 | 3,940.20 |
| Total | **5,901.70** | **5,666.70** |

(i) Unabsorbed depreciation does not have any expiry period under the Income Tax Act 1961.

(ii) The Tax benefits for the losses would expire if not utilized starting from financial year 22-23 to 29-30.

(iii) No Deferred Tax Asset is recognized in absence of reasonable certainty that taxable income will be generated by the WSSL to offset the losses.

(iv) There are certain income-tax related legal proceedings which are pending against the Group. Potential liabilities, if any have been adequately provided for, and the Group does not currently estimate any probable material incremental tax liabilities in respect of these matters.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 38. MOVEMENT IN DEFERRED TAX LIABILITIES AND DEFERRED TAX ASSETS (REFER NOTES 10 AND 22)

| | Deferred tax liabilities | | | | | | Deferred tax assets | | | | | | | | | | | | | Net Deferred tax liabilities |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Property, plant and equipment | Fair value of investments | Effective rate of interest on borrowings | Undistributed profit of subsidiary and joint venture | Others | Total Deferred tax liabilities | Employee benefits obligations | Allowance for doubtful debts and advances | Unabsorbed business losses | Unabsorbed Depreciation | Fair value of investments | Government grants | Cash flow hedging reserve | Lease Liability (Net of Right-of-Use Asset) | State tax deduction | Product compensation and claims | Inventory write down | Others | Total Deferred tax assets | |
| **As at April 01, 2020** | **2,874.22** | **0.80** | **6.52** | **802.38** | **3.50** | **3,687.42** | **79.72** | **368.25** | **-** | **-** | **19.92** | **351.71** | **26.34** | **3.54** | **26.79** | **43.67** | **103.14** | **1.60** | **1,024.68** | **2,662.74** |
| Addition pursuant to business combination (refer note 56) | 557.82 | 10.59 | - | - | 0.06 | 568.47 | 1.67 | 41.50 | 52.84 | 196.91 | - | - | - | 0.65 | - | - | - | - | 293.57 | 274.90 |
| Recognised in the statement of profit and loss | (1,015.61) | 71.98 | (6.52) | (608.67) | (1.57) | (1,560.39) | 18.54 | (26.02) | (52.84) | 21.73 | (19.92) | (71.57) | (0.01) | 1.86 | (2.57) | (1.48) | (22.95) | 13.46 | (141.77) | (1,418.62) |
| other comprehensive income | - | - | - | - | - | - | (5.81) | - | - | - | - | - | (17.89) | - | - | - | - | - | (23.70) | 23.70 |
| Exchange difference on translation of foreign operations | (38.22) | - | - | - | 0.17 | (38.05) | - | - | - | - | - | - | - | - | - | - | - | - | - | (38.05) |
| **As at March 31, 2021** | **2,378.21** | **83.37** | **-** | **193.71** | **2.16** | **2,657.45** | **94.12** | **383.73** | **-** | **218.64** | **-** | **280.14** | **8.44** | **6.05** | **24.22** | **42.19** | **80.19** | **15.06** | **1,152.78** | **1,504.67** |
| Recognised in the statement of profit and loss | (265.49) | (83.30) | - | 2.45 | (8.21) | (354.55) | (45.84) | 0.31 | - | 9.06 | (55.69) | (51.53) | 0.01 | 5.84 | (0.69) | (42.19) | (30.27) | (10.38) | (221.37) | (133.18) |
| other comprehensive income | - | - | - | - | - | - | (6.50) | - | - | - | - | - | 33.35 | - | - | - | - | - | 26.85 | (26.85) |
| Exchange difference on translation of foreign operations | 33.02 | - | - | - | 6.05 | 39.07 | - | - | - | - | - | - | - | - | - | - | - | - | - | 39.07 |
| **As at March 31, 2022** | **2,145.74** | **0.07** | **-** | **196.16** | **-** | **2,341.97** | **41.78** | **384.04** | **-** | **227.70** | **(55.69)** | **228.61** | **41.80** | **11.89** | **23.53** | **-** | **49.92** | **4.68** | **958.26** | **1,383.71** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 39. EMPLOYEE BENEFIT OBLIGATIONS

**(i) Leave obligations**

The leave obligations cover the Group's liability for earned leave.

**(ii) Post-employment obligations - gratuity**

The Company and its subsidiary incorporated in India have a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen day wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The gratuity plan is a funded plan and the Company and its subsidiary incorporated in India makes contributions to recognised funds in India.

This defined benefit plans expose the Company and its subsidiary incorporated in India to actuarial risks, such as interest rate risk and market (investment) risk.

**(iii) Balance sheet amounts - gratuity**

The amounts recognised in the balance sheet and the movements in the net defined benefit obligations over the year are as follows:

| | Present value of obligations | Fair value of plan assets | Net amount |
|---|---|---|---|
| **April 01, 2020** | **338.01** | **(78.66)** | **259.35** |
| Addition pursuant to business combination (refer note 51) | 16.49 | (16.70) | (0.21) |
| Current service cost | 31.01 | 0.09 | 31.10 |
| Interest expense/ (income) | 24.39 | (5.42) | 18.97 |
| **Total amount recognised in profit or loss*** | **55.40** | **(5.33)** | **50.07** |
| **Remeasurements** | | | |
| Return on plan assets excluding amount included in interest income | - | (1.38) | (1.38) |
| Experience gain | (25.44) | (0.01) | (25.45) |
| Loss from change in financial assumptions | 3.71 | - | 3.71 |
| Loss from change in demographics assumptions | 3.60 | - | 3.60 |
| **Total amount recognised in other comprehensive income** | **(18.13)** | **(1.39)** | **(19.52)** |
| Benefit payments | (60.09) | 49.39 | (10.70) |
| Adjustment due to transfer out | (13.30) | 13.30 | - |
| **March 31, 2021** | **318.38** | **(39.39)** | **278.99** |
| April 01, 2021 | 318.38 | (39.39) | 278.99 |
| Current service cost | 26.25 | (0.17) | 26.08 |
| Interest expense/ (income) | 22.20 | (3.61) | 18.59 |
| **Total amount recognised in profit or loss** | **48.45** | **(3.78)** | **44.67** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | Present value of obligations | Fair value of plan assets | Net amount |
|---|---|---|---|
| **Remeasurements** | | | |
| Return on plan assets excluding amount included in interest income | - | 1.93 | 1.93 |
| Experience losses/ (gains) | (17.25) | 0.13 | (17.12) |
| Gain from change in financial assumptions | (9.22) | - | (9.22) |
| **Total amount recognised in other comprehensive income** | **(26.47)** | **2.06** | **(24.41)** |
| **Benefit payments** | (61.52) | 60.35 | (1.17) |
| Contribution Employers | - | (188.60) | (188.60) |
| Adjustment due to transfer out | (2.94) | - | (2.94) |
| **March 31, 2022** | **275.91** | **(169.36)** | **106.55** |

The net liability disclosed above relating to funded and unfunded plans are as follows

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Present value of funded obligations | 248.11 | 307.68 |
| Fair value of plan assets | (169.36) | (39.39) |
| Deficit of funded plan | 78.75 | 268.29 |
| Unfunded plan | 27.80 | 10.70 |
| **Deficit of grauity plan** | **106.55** | **278.99** |
| **Non-current provision (refer note 21(a))** | **54.06** | **227.30** |
| **Current provision (refer note 21(b))** | **52.49** | **51.69** |

**(iv) Significant actuarial assumptions are as follows:**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Discount rate | 6.80% - 7.38% | 6.87% - 6.92% |
| Salary growth rate | 4.00% - 6.00% | 4.00% - 6.00% |

**(v) Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is

| Assumptions | Impact on defined benefit obligation | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Change in assumption (%) | | Increase in assumption (₹) | | | Decrease in assumption (₹) | | |
| | As at March 31, 2022 | As at March 31, 2021 | | As at March 31, 2022 | As at March 31, 2021 | | As at March 31, 2022 | As at March 31, 2021 |
| Discount rate | 1.00% | 1.00% | Decrease by | 26.10 | 27.94 | Increase by | 23.88 | 31.36 |
| Salary growth rate | 1.00% | 1.00% | Increase by | 26.77 | 31.60 | Decrease by | 23.92 | 28.21 |

**(vi) Risk exposure**

Through its defined benefit plans, the Company and its subsidiary incorporated in India are exposed to a number of risks, the most significant of which is asset volatility. The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. The plan assets are invested by the Company and its subsidiary incorporated in India in Kotak Group Gratuity Fund wholly with Kotak Life Insurance and India First Employee Benefit Plan wholly with India First Life Insurance Company Ltd. The plan assets have been providing consistent and competitive returns over the years. The Company and its subsidiary incorporated in India intend to maintain this investment in the continuing years.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**(vii) Defined benefit liability and employer contributions**

Expected contribution to post-employment benefit plans for the year ending March 31, 2023 is ₹ 50.19 (March 31, 2022: ₹ 51.34).

The weighted average duration of the defined benefit obligation is 10 years (March 31, 2021 - 10 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

| | Less than a year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **March 31, 2022** | | | | | |
| Defined benefit obligations- Gratuity | 20.99 | 21.56 | 99.65 | 137.09 | 279.29 |
| **March 31, 2021** | | | | | |
| Defined benefit obligations- Gratuity | 23.11 | 26.12 | 197.09 | 154.10 | 400.42 |

**Gratuity expenses includes ₹ Nil (March 31, 2021 ₹ 0.24) for discontinued operation.*

## 40. MOVEMENTS IN PROVISION FOR LITIGATION/ DISPUTES AND CLAIMS (REFER NOTE 21 (A) AND (B))

**Movements in each class of provisions during the financial year ended March 31, 2022 are set out below:**

| | As at March 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | GST | Excise Duty | Service Tax | Value Added Tax | Provident Fund (Refer note 41) | Others | Total |
| Opening balance as at April 01, 2021 | - | 120.00 | 97.94 | 61.07 | 218.98 | 179.94 | 677.93 |
| Provided during the year | - | - | - | - | - | 10.50 | 10.50 |
| Provision reversed | - | - | - | - | - | (4.70) | (4.70) |
| **Closing balance as at March 31, 2022** | **-** | **120.00** | **97.94** | **61.07** | **218.98** | **185.74** | **683.73** |

**Movements in each class of provisions during the financial year ended March 31, 2021 are set out below:**

| | As at March 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | GST | Excise Duty | Service Tax | Value Added Tax | Provident Fund (Refer note 38) | Others | Total |
| Opening balance as at April 01, 2020 | 0.47 | 120.00 | 97.94 | 61.07 | 231.13 | 206.38 | 716.99 |
| Addition pursuant to business combination (refer note 56) | - | - | - | - | 1.84 | - | 1.84 |
| Provided during the year | - | - | - | - | - | 8.54 | 8.54 |
| Provision reversed during the year | (0.47) | - | - | - | (13.99) | (34.98) | (49.44) |
| **Closing balance as at March 31, 2021** | **-** | **120.00** | **97.94** | **61.07** | **218.98** | **179.94** | **677.93** |

Note: There are uncertainties regarding the timing and amount of the provisions. Changes in underlying facts and circumstances for each provision could result in differences in the amounts provided for and the actual cash outflow.

**41.** Pursuant to the Supreme Court Judgment in the case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952, and subsequent dismissal of the review petition filed against the Judgment, the Company and Weslpun Tradings Limited, subsidiary of the Company had assesses the impact and on conservative basis made provision (presented under Non-current) of ₹ 218.98 (March 31, 2021: ₹ 218.98).

The Company and Welspun Tradings Limited have changed its salary structure in the month of June 2020 w.e.f. April 01, 2020, to comply with above judgment.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 42. FAIR VALUE MEASUREMENTS

**Financial instruments by category**

| | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | FVPL | Amortised cost | FVPL | Amortised cost |
| **Financial assets** | | | | |
| **Investments** | | | | |
| Equity instruments | 3,870.55 | - | 806.66 | - |
| Bonds | 13,248.30 | - | 8,841.14 | - |
| Government securities | 504.25 | - | 1,009.72 | - |
| Mutual funds | 1,179.26 | - | 1,659.81 | - |
| Others | 0.06 | - | 0.06 | - |
| **Loans** | - | 2.98 | - | 12.68 |
| Trade receivables | - | 8,125.55 | - | 6,688.04 |
| Cash and cash equivalents | - | 6,402.14 | - | 1,698.00 |
| Bank balances other than cash and cash equivalents | - | 612.72 | - | 890.92 |
| **Other financial assets** | | | | |
| Margin money deposits | - | 13.41 | - | 7.19 |
| Security deposits | - | 1,621.56 | - | 353.39 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | 7.37 | - | 12.06 | - |
| Others | - | 371.16 | - | 8,526.38 |
| **Total financial assets** | **18,809.79** | **17,149.52** | **12,329.45** | **18,176.60** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term borrowing) | - | 20,306.92 | - | 9,694.53 |
| Trade payables | - | 9,840.16 | - | 7,169.04 |
| **Other financial liabilities** | | | | |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | 13.36 | - | 7.33 | - |
| Others | - | 3,031.50 | - | 5,110.70 |
| **Total financial liabilities** | **13.36** | **33,178.58** | **7.33** | **21,974.27** |

*Note: Derivatives designated as hedges are fair valued through Other Comprehensive Income and hence not included as a part of the above table.*

**(i) Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**Financial assets measured at fair value - recurring fair value measurements as at March 31, 2022**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial Investments at FVPL** | | | | |
| Equity instruments | - | - | 3,870.55 | 3,870.55 |
| Bonds | - | 13,248.30 | - | 13,248.30 |
| Government securities | - | 504.25 | - | 504.25 |
| Mutual fund | - | 1,179.26 | - | 1,179.26 |
| Others | - | - | 0.06 | 0.06 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 7.37 | - | 7.37 |
| **Total financial assets** | **-** | **14,939.18** | **3,870.61** | **18,809.79** |
| **Financial liabilities** | | | | |
| **Derivatives designated not as hedges** | | | | |
| Forward contracts | - | 13.36 | - | 13.36 |
| **Total financial liabilities** | **-** | **13.36** | **-** | **13.36** |

**Assets and liabilities which are measured at amortised cost for which fair value are disclosed as at March 31, 2022**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Loans** | | | | |
| Security deposits | - | - | 1,621.56 | 1,621.56 |
| Loans to employees | - | - | 2.98 | 2.98 |
| **Other financial assets** | | | | |
| Term deposits with maturity more than 12 months | - | - | 13.41 | 13.41 |
| Others | - | - | 371.16 | 371.16 |
| **Total financial assets** | **-** | **-** | **2,009.11** | **2,009.11** |
| Financial liabilities | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | - | - | 20,306.92 | 20,306.92 |
| **Other financial liabilities** | | | | |
| Others | - | - | 3,031.50 | 3,031.50 |
| **Total financial liabilities** | **-** | **-** | **23,338.42** | **23,338.42** |

**Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2021**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial Investments at FVPL** | | | | |
| Equity instruments | - | - | 806.66 | 806.66 |
| Preference Shares | - | - | - | - |
| Bonds | - | 8,841.14 | - | 8,841.14 |
| Mutual Fund | - | 1,659.81 | - | 1,659.81 |
| Government securities | - | 1,009.72 | - | 1,009.72 |
| Others | | - | 0.06 | 0.06 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 12.06 | - | 12.06 |
| **Total financial assets** | **-** | **11,522.73** | **806.72** | **12,329.45** |
| **Financial liabilities** | | | | |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 7.33 | - | 7.33 |
| **Total financial liabilities** | **-** | **7.33** | **-** | **7.33** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**Assets and liabilities which are measured at amortised cost for which fair value are disclosed as at March 31, 2021**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Loans** | | | | |
| Loans to joint venture | - | - | - | - |
| Security deposits | - | - | 353.39 | 353.39 |
| Loans to employees | - | - | 12.68 | 12.68 |
| **Other financial assets** | | | | |
| Term deposits with maturity more than 12 months | - | - | 7.19 | 7.19 |
| Others | - | - | 8,526.38 | 8,526.38 |
| **Total financial assets** | **-** | **-** | **8,899.64** | **8,899.64** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | - | - | 9,694.53 | 9,694.53 |
| **Other financial liabilities** | | | | |
| Others | - | - | 5,110.70 | 5,110.70 |
| **Total financial liabilities** | **-** | **-** | **14,805.23** | **14,805.23** |

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Level 1: This hierarchy includes financial instruments measured using quoted prices. There is no item under this category as at March 31, 2022 and as at March 31, 2021.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The Group has derivatives which are not designated as hedges, bonds, government securities and mutual funds for which all significant inputs required to fair value an instrument falls under level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the fair value of forward contracts is determined using forward exchange rates prevailing with Authorised Dealers dealing in foreign exchange.
- the use of Net Assets Value ('NAV') for valuation of mutual fund investment. NAV represents the price at which the issuer will issue further units and will redeem such units of mutual fund to and from the investors.
- the fair value of unquoted bonds and government securities are derived based on the indicative quotes of price and yields prevailing in the market or latest available prices.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**(iii) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the year ended March 31, 2022 and March 31, 2021:

| | Unlisted equity shares | Unlisted preference shares | Total |
|---|---|---|---|
| **As at April 01, 2020** | **414.88** | **190.06** | **604.94** |
| Addition pursuant to business combination (refer note 51) | 66.20 | 9.00 | 75.20 |
| | **481.08** | **199.06** | **680.14** |
| Acquisition (refer note 50) | 8.02 | - | 8.02 |
| Disposal (refer note 50) | (6.62) | (204.28) | (210.90) |
| Gain/ (loss) recognised in profit or loss | 324.18 | 5.22 | 329.40 |
| **As at March 31, 2021** | **806.66** | **-** | **806.66** |
| Reclassified to amortised cost | (805.48) | - | (805.48) |
| **As at March 31, 2022** | **1.18** | **-** | **1.18** |
| *Includes unrealised gain/ (loss) recognised in profit or loss related to assets held at the end of the reporting period | - | - | - |
| **Year ended March 31, 2022** | **-** | **-** | **-** |
| Year ended March 31, 2021 | 324.40 | - | 324.40 |

**(iv) Valuation inputs and relationships to fair value**

| | Fair value | | Significant unobservable inputs* | Probability weighted average | | Sensitivity |
|---|---|---|---|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 | | As at March 31, 2022 | As at March 31, 2021 | |
| Unlisted equity shares | 1.18 | 806.66 | Risk adjusted discount rate | - | 14.50% | The estimated fair value would increase/ (decrease) if -Discount rate were lower/ (higher) |

**(v) Valuation processes:**

The fair value of unlisted equity instruments and unlisted preference shares are determined using discounted cash flow analysis by independent valuer.

**(vi) Fair value of Financial assets and liabilities measured at amortised cost**

| | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial Assets** | | | | |
| Loans | 2.98 | 2.98 | 12.68 | 12.68 |
| **Other financial assets** | | | | |
| Term deposits with maturity more than 12 months | 13.41 | 13.41 | 7.19 | 7.19 |
| Others | 1,992.72 | 1,992.72 | 8,879.77 | 8,879.77 |
| **Total** | **2,009.11** | **2,009.11** | **8,899.64** | **8,899.64** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | 20,306.92 | 20,306.92 | 9,694.53 | 9,694.53 |
| **Other financial liabilities** | | | | |
| Others | 3,031.50 | 3,031.50 | 5,110.70 | 5,110.70 |
| **Total** | **23,338.42** | **23,338.42** | **14,805.23** | **14,805.23** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

a) The carrying amount of trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, loans, other financial assets, borrowings, trade payables and other financial liabilities are considered to be the same as their value, due to their short-term nature.

b) The fair values and carrying value of loans, other financial assets, borrowings and other financial liabilities (other than those covered in above note (a)) are materially the same.

**(vii) Classification of interest income by instrument category**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Interest income at amortised cost:** | | |
| Loans to related party | 26.56 | 83.61 |
| Fixed deposits | 42.69 | 39.28 |
| Interest on customers and others | 382.40 | 113.69 |
| **Interest income at FVTPL:** | | |
| Current investments | 1,047.61 | 282.29 |
| **Other interest income** | | |
| Income tax refund | 148.09 | 133.92 |

## 43. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit risk | Trade receivables and other financial assets | "Ageing analysis " | Diversification of bank deposits, credit limits and letters of credit |
| Liquidity risk | Borrowings and other financial liabilities | Borrowings maturity and cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk – foreign currency risk | Recognised financial assets and liabilities not denominated in Rupees | Sensitivity analysis | Forward foreign exchange contracts |
| Market risk – security prices risk | Investments in bonds and mutual funds | Sensitivity analysis | Portfolio diversification |

The Group's risk management is carried out by treasury department under policies approved by the board of directors. Treasury department identifies, evaluates and hedges financial risks. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. There is no change in objectives, policies and process for managing the risk and methods used to measure the risk as compared to previous year.

**(I) Credit risk**

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with bank, foreign exchange transactions and other financial instruments.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

**a) Trade receivables**

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain.

Past exposure suggest a low/ minimum credit risk or allowances of debtors. Exposures of trade receivable (net of allowance) broken into ageing bucket is given in note 13.

**b) Other financial assets**

The Group maintains exposure in cash and cash equivalents, term deposits with banks, derivative financial instruments, bonds and investments in mutual funds. The Group has diversified portfolio of investment with various number of counterparties which have good credit ratings, good reputation and hence the risk is reduced. Individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Group.

**(II) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities (comprising the undrawn borrowing facilities below), by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**a) Financing arrangements**

The Group had access to the following undrawn borrowing facilities for working capital at the end of the reporting period

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Floating rate** | | |
| Expiring within one year | 8,789.43 | 11,595.20 |
| Expiring beyond one year | 4,994.16 | - |
| **Total** | **13,783.59** | **11,595.20** |

**b Maturities of financial liabilities**

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

All non-derivative financial liabilities, and

Derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not material.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**As at March 31, 2022**

| Contractual maturities of financial liabilities | < 1 Year | 1 - 3 years | 3 - 5 years | > 5 years | Total | Carrying value |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | 6,223.15 | 10,270.14 | 4,808.78 | 3,612.09 | 24,914.16 | 20,306.92 |
| Lease liabilities | 183.47 | 151.01 | 6.30 | 176.50 | 517.28 | 354.79 |
| Trade payables | 9,840.16 | - | - | - | 9,840.16 | 9,840.16 |
| Other financial liabilities | 3,031.50 | - | - | - | 3,031.50 | 3,031.50 |
| **Total non-derivative liabilities** | **19,278.28** | **10,421.15** | **4,815.08** | **3,788.59** | **38,303.10** | **33,533.37** |
| **Derivatives** | | | | | | |
| Forward contracts | 205.20 | - | - | - | 205.20 | 205.20 |
| **Total derivative liabilities** | **205.20** | **-** | **-** | **-** | **205.20** | **205.20** |

**As at March 31, 2021**

| Contractual maturities of financial liabilities | < 1 Year | 1 - 3 years | 3 - 5 years | > 5 years | Total | Carrying value |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | 4,176.92 | 3,762.58 | 2,589.84 | 509.00 | 11,038.34 | 9,694.53 |
| Lease liabilities | 209.34 | 278.40 | 80.92 | 387.28 | 955.94 | 582.62 |
| Trade payables | 7,169.04 | - | - | - | 7,169.04 | 7,169.04 |
| Other financial liabilities | 1,481.02 | 3,629.68 | - | - | 5,110.70 | 5,110.70 |
| **Total non-derivative liabilities** | **13,036.32** | **7,670.66** | **2,670.76** | **896.28** | **24,274.02** | **22,556.89** |
| **Derivatives** | | | | | | |
| Forward contracts | 44.34 | - | - | - | 44.34 | 44.34 |
| **Total derivative liabilities** | **44.34** | **-** | **-** | **-** | **44.34** | **44.34** |

**III) Market risk - foreign currency risk**

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of foreign currency forward contracts is governed by the Group's strategy approved by the board of directors, which provide principles on the use of such forward contracts consistent with the Group's risk management policy and procedures.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**a) Foreign currency risk exposure**

The Group's exposure to foreign currency risk (excluding inter-company eliminations) at the end of the reporting period expressed in equivalent in INR Rupees is as follows:

| | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | USD | EUR | Other | USD | EUR | Other |
| **Financial Assets** | | | | | | |
| Trade receivables | 1,334.52 | 29.76 | | 1,634.49 | 14.81 | - |
| Other financial assets | 6.95 | - | | 139.34 | - | - |
| **Derivatives not designated as hedges** | - | - | | | | |
| Forward contracts (Sell foreign currency) | (1,041.26) | (343.12) | | (3,209.67) | (17.51) | - |
| **Derivatives designated as hedges** | - | - | | | | |
| Forward contracts (Sell foreign currency) | (3,692.50) | (419.04) | | (1,196.53) | (55.62) | - |
| **Net exposure to foreign currency risk (assets)** | **(3,392.29)** | **(732.40)** | **-** | **(2,632.37)** | **(58.32)** | **-** |
| **Financial liabilities** | | | | | | |
| Borrowing | 52.88 | 37.90 | 5.03 | | | |
| Trade payables | 5,490.87 | 22.92 | 158.88 | 956.41 | 7.96 | 110.89 |
| Other financial liabilities | 1,834.06 | 4.55 | 16.17 | 92.51 | - | - |
| Less: Foreign Currency | | | | - | | |
| **Derivatives not designated as hedges** | | | | | | |
| Forward contracts (Buy foreign currency) | (3,051.06) | (90.51) | (101.22) | (823.69) | (2.98) | (112.18) |
| **Derivatives designated as hedges** | | | | | | |
| Forward contracts (Buy foreign currency) | (2,473.59) | (3,709.47) | (85.53) | (461.45) | (587.46) | - |
| **Net exposure to foreign currency risk (liabilities)** | **1,853.16** | **(3,734.61)** | **(6.66)** | **(236.22)** | **(582.48)** | **(1.29)** |
| **Total Net exposure to foreign currency risk** | **(4,026.54)** | **(288.23)** | **(78.86)** | **(1,661.07)** | **(7.68)** | **1.29** |
| **Net Derivatives designated as hedges** | **(1,218.91)** | **3,290.44** | **85.53** | **(735.08)** | **531.84** | **-** |

**b) Foreign currency sensitivity**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

| | Net impact on profit before tax | | Net impact on other reserve | |
|---|---|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| **USD sensitivity** | | | | |
| INR/USD - Increase by 1% (March 31, 2021 - 1%)* | (40.27) | (16.61) | (12.19) | (7.35) |
| INR/USD - Decrease by 1% (March 31, 2021 - 1%)* | 40.27 | 16.61 | 12.19 | 7.35 |
| **EURO sensitivity** | | | | |
| INR/EURO - Increase by 1% (March 31, 2021 - 1%)* | (2.88) | (0.08) | 32.90 | 5.32 |
| INR/EURO - Decrease by 1% (March 31, 2021 - 1%)* | 2.88 | 0.08 | (32.90) | (5.32) |
| **Other sensitivity** | | | | |
| INR/Other - Increase by 1% (March 31, 2021 - 1%)* | (0.79) | 0.01 | 0.86 | - |
| INR/Other - Decrease by 1% (March 31, 2021 - 1%)* | 0.79 | (0.01) | (0.86) | - |

** Holding all other variables constant*

*Note:- All figures in note 42 (III) (a) and (b) covers both continuing and discontinued operations.*

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**(IV) Interest rate risk**

The Group had borrowed funds at both fixed and floating interest rates. The Group's interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. During March 31, 2022 and March 31, 2021, the Group's borrowings at variable rate were denominated in USD.

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**a) Interest rate risk exposure**

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

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Fixed rate borrowings | 16,058.08 | 6,838.80 |
| Floating rate borrowings | 4,156.30 | 2,788.60 |
| **Total borrowings** | **20,214.38** | **9,627.40** |

As at the end of the reporting period, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Floating rate borrowings | 4,156.30 | 2,788.60 |
| Net exposure to cash flow interest rate risk | 4,156.30 | 2,788.60 |

**b) Sensitivity**

Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/ decrease in the fair value of the cash flow hedges related to borrowings.

| | Net impact on profit before tax | | Net impact on other reserve | |
|---|---|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| Increase by 10 basis points (March 31, 2021 - 10 basis points)* | 4.16 | 2.79 | - | - |
| Decrease by 10 basis points (March 31, 2021 - 10 basis points)* | (4.16) | (2.79) | - | - |

** Holding all other variables constant*

**(V) Investment risk**

**a) Exposure**

The Group is mainly exposed to the price risk due to its investment in mutual funds and bonds. The price risk arises due to uncertainties about the future market values of these investments.

In order to manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio in accordance with the limits set by the risk management policies.

**b) Sensitivity**

The table below summarises the impact of increases/decreases of 1% increase in price of bonds, government securities and mutual funds.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| Particulars | Impact on profit before tax | |
|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 |
| Increase in rate 1% (March 31, 2021 - 1% ) | 149.32 | 115.11 |
| Decrease in rate 1% (March 31, 2021 - 1% ) | (149.32) | (115.11) |

**(VI) Impact of hedging activities**

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward contracts.

**a) Disclosure of effects of hedge accounting on financial position:**

**As at March 31, 2022**

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Hedge ratio |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities | | |
| **Cash flow hedge** | | | | | | |
| **Foreign exchange risk** | | | | | | |
| Forward contract | 5,495.92 | 9,511.37 | 29.51 | 191.84 | Apr 22 - Nov 22 | 1:1 |

**As at March 31, 2021**

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Hedge ratio |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities | | |
| **Cash flow hedge** | | | | | | |
| **Foreign exchange risk** | | | | | | |
| Forward contract | 1,818.57 | 2,000.82 | 3.46 | 37.01 | Apr 21 - Sep 21 | 1:1 |

**As at March 31, 2022**

| Type of hedge | Change in the Value of hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash Flow Hedge** | | | | |
| Foreign Exchange Risk | (309.96) | - | 156.34 | Revenue |

**As at March 31, 2021**

| Type of hedge | Change in the Value of hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash Flow Hedge** | | | | |
| Foreign Exchange Risk | 56.32 | - | (13.36) | Revenue |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

The Group uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of forward contracts is governed by the Group's strategy approved by the board of directors, which provide principles on the use of such forward contracts consistent with the Group's risk management policy.

The Group's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness. Ineffectiveness is recognised on a cash flow hedge and net investment hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of foreign currency forecast sale and purchase transactions, hedges of interest rate risk and hedges of net investment, as applicable, this may arise if:

(i) The critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or

(ii) Differences arise between the credit risk inherent within the hedged item and the hedging instrument. There were no ineffectiveness recognised in the statement of profit and loss during March 31, 2021 and March 31, 2020.

**b) Movements in cash flow hedging reserve**

| **Risk category** | **Foreign currency risk** | **Interest rate risk** | **Total** |
|---|---|---|---|
| **Derivative instruments** | **Forward contracts** | **Interest rate swap** | |
| **Cash flow hedging reserve** | | | |
| **As at April 01, 2020** | (81.37) | - | (81.37) |
| Changes in fair value of forward contracts | 56.32 | - | 56.32 |
| Loss transferred to statement of profit and loss | (13.36) | - | (13.36) |
| Hedging loss transferred to inventory | 31.20 | - | 31.20 |
| Income tax on amount recognised in hedging reserve | (17.89) | - | (17.89) |
| **As at March 31, 2021** | **(25.10)** | **-** | **(25.10)** |
| Changes in fair value of forward contracts | (309.96) | - | (309.96) |
| Gain transferred to statement of profit and loss | 156.34 | - | 156.34 |
| Hedging loss transferred to inventory | 16.63 | - | 16.63 |
| Income tax on amount recognised in hedging reserve | 33.35 | - | 33.35 |
| **As at March 31, 2022** | **(128.74)** | **-** | **(128.74)** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 44. CAPITAL MANAGEMENT

### (I) Risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the following gearing ratio:

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Net debt (total borrowings (including current maturities) and lease liabilities net of cash and cash equivalents, other bank balances and current investments)* | - | - |
| Total equity (including non-controlling interests) | 45,275.39 | 42,095.15 |
| **Net debt equity ratio** | **-** | **-** |

**The Group has a surplus position of ₹ 1,377.50 (March 31, 2021: 3,889.57) and hence the net debt as at March 31, 2022 and March 31, 2021 are shown as ₹ Nil.*

**Loan covenants**

The Group has complied with all the loan covenants applicable, mainly fixed assets coverage ratio, debt equity ratio, net debt to earnings before interest tax depreciation and amortisation ratio and total liability to tangible net worth ratio attached to the borrowings.

### (II) Dividend

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Equity Share** | | |
| Final dividend for the year ended March 31, 2021 of ₹ 5 (March 31, 2020 - ₹ 0.50) per fully paid shares | 1,304.75 | 130.44 |
| **Dividend not recognised at the end of the reporting period** | | |
| Directors have recommended the payment of a final dividend of ₹ 5 per fully paid equity share (March 31, 2021 - ₹ 5). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. | 1,304.75 | 1,304.75 |

## 45. CONTINGENT LIABILITIES

**The Group has contingent liabilities as at the year end in respect of:**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Claims against the Group not acknowledged as debts | 291.17 | 296.62 |
| Disputed direct taxes | 225.82 | 222.01 |
| **Disputed indirect taxes:** | | |
| Central Sales Tax | 5.31 | 5.31 |
| Service Tax | 186.36 | 156.83 |
| Sales tax/ Value Added Tax | 1,438.70 | 1,438.70 |
| Duty of Excise | 489.74 | 518.51 |
| Duty of Customs | 6.86 | 6.86 |
| Goods and service tax | 4.06 | 1.19 |

Refer note 51(c) for Group's share of contingent liabilities of its joint ventures and associates.

It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of above pending resolution of the respective proceeding.

The Group does not expect any reimbursements in respect of the above contingent liabilities.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 46. CAPITAL AND OTHER COMMITMENTS

**i) Capital commitments**

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account (net of advances) | | |
| Property, plant and equipment (net of capital advances ₹ 938.20 (March 31, 2021: ₹ 458.03)) | 4,833.83 | 4,249.64 |

**ii) Other commitments**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Corporate guarantees given by the group for loans to joint ventures and others. Loan/ liability outstanding against these guarantees aggregate to ₹ 5221.46 (March 31, 2021: ₹ 2,518.90) (refer note 50) | 16,960.30 | 18,869.37 |
| Outstanding letters of credit | 6,874.14 | 5,232.41 |
| Bank guarantee | 38.80 | 37.80 |
| Bills discounted | 63.10 | 13.40 |

**47.** The Holding Company has committed to provide continued need based financial support to its subsidiaries and joint ventures.

## 48. SEGMENT REPORTING

(i) Description of segments and principle activities

The Group's chief operating decision maker consists of the board of directors of the Company who examines the Group's performance only from the product perspective and has accordingly, identified only one reportable segment which is manufacturing and sale of steel products.

(ii) The chief operating decision maker primarily uses a measure of profit before tax as included in the internal management report to assess the performance of the operating segment which is measured consistently with profit or loss in the financial statements.

(iii) Revenue from major external customers is as follows:

| For the year ended | Number of customers | Amount | % to revenue from operations |
|---|---|---|---|
| March 31, 2022 | 1 | 6,697.77 | 10.30% |
| March 31, 2021 | 1 | 12,717.35 | 17.78% |

(iv) The Group is domiciled in India. The amount of its revenue recognised from sale of pipes at a point in time and other operating income from external customers broken down by location of the customers is shown in the table below:

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

(v) The Group's chief operating decision maker consists of the board of directors of the Company who examines the Group's performance only from the product perspective and has accordingly, identified only one reportable segment which is manufacture and distribution of steel products.

| Revenue From Operation | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Outside India | 26,662.92 | 30,969.69 |
| Within India | 38,388.19 | 40,555.94 |
| **Total** | **65,051.11** | **71,525.63** |

(vi) The total of non-current assets other than financial instruments, investments accounted for using equity method and deferred tax assets, broken down by location of the assets, is shown below:

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Outside India | 6,572.08 | 7,342.26 |
| Within India | 32,934.75 | 21,000.72 |
| **Total non-current assets** | **39,506.83** | **28,342.98** |

## 49. OPERATING LEASE

**As a lessor**

The Company has entered into operating leases for land and premises. These lease arrangements are both cancellable and non-cancellable in nature and range for a period between three years to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

**Rental income with respect to all operating leases**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Rental income recognised in the statement of profit and loss during the year | 36.54 | 42.31 |

## 50. RELATED PARTY TRANSACTIONS

**a) Entities having significant influence**

| Name | Type | Effective proportion of ownership interest (%) As at March 31, 2022 | Effective proportion of ownership interest (%) As at March 31, 2021 |
|---|---|---|---|
| Balkrishan Goenka, trustee of Welspun Group Master Trust | Shareholder (refer note 18(a) (iii)) | 44.86% | 44.87% |

**b) List of related parties:**

| Relationship | Effective proportion of ownership interest (%) As at March 31, 2022 | Effective proportion of ownership interest (%) As at March 31, 2021 |
|---|---|---|
| **Joint venture** | | |
| Welspun Wasco Coatings Private Limited | 51.00% | 51.00% |
| **Joint ventures of Welspun Mauritius Holdings Limited** | | |
| East Pipes Integrated Company for Industry (EPIC) (Formerly known as Welspun Middle East Pipes LLC) (Joint venture till February 13, 2022) | - | 50.01% |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| Relationship | Effective proportion of ownership interest (%) | |
|---|---|---|
| | As at March 31, 2022 | As at March 31, 2021 |
| **Associate company** | | |
| East Pipes Integrated Company for Industry (EPIC) (Formerly known as Welspun Middle East Pipes LLC) (Associate company w.e.f. February 14, 2022) | 35.01% | - |
| Welspun Captive Power Generation Limited (Associate company w.e.f. March 16, 2022) | 23% | - |

Interest in subsidiaries are set out in note 51

c) **Key management personnel**

| Name | Nature of relationship |
|---|---|
| Mr. Balkrishan Goenka | Chairman, Non-Executive Director |
| Mr. Rajesh Mandawewala | Non Independent, Non-Executive Director |
| Mr. Vipul Mathur | Managing Director and Chief Executive Officer |
| Mrs. Dipali Goenka | Non Independent , Non Executive Director (w.e.f. October 29, 2020) |
| Mr. K.H.Viswanathan | Independent, Non-Executive Director |
| Mr. Rajkumar Jain | Independent, Non-Executive Director (till October 31, 2020) |
| Ms. Revathy Ashok | Independent, Non-Executive Director |
| Mr. Desh Raj Dogra | Independent, Non-Executive Director |
| Ms. Amita Misra | Independent, Non-Executive Director |
| Mr. Percy Birdy | Chief Financial Officer |
| Mr. Pradeep Joshi | Company Secretary |

d) **List of Other entities over which key management personnel or relatives of such personnel exercise significant influence or control and entities which are members of same Group with whom transaction have taken place during the year**

| |
|---|
| Welspun India Limited |
| Welspun Foundation for Health and Knowledge |
| Welspun Realty Private Limited |
| Welspun Global Brands Limited |
| Welspun Captive Power Generation Limited |
| Welspun Enterprises Limited |
| Welspun Anjar SEZ Limited |
| Welspun Multiventures LLP |
| Welspun Floorings Limited |
| MGN Agro Properties Private Limited |
| Welassure Private Limited |
| Welspun Global Services Limited |
| Nauyaan Shipyard Private Limited |
| DBG Estates Private Limited |
| Welspun USA Inc |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

e) **Disclosure in respect of significant transactions with related parties during the year:**

| | | Transactions | |
|---|---|---|---|
| | | **Year ended March 31, 2022** | **Year ended March 31, 2021** |
| **1)** | **Sale of goods and services** | | |
| | Welspun India Limited | 331.39 | 430.53 |
| | Welspun Captive Power Generation Limited | 74.38 | 51.78 |
| | DBG Estates Private Limited | 50.12 | - |
| | Others | 0.78 | 0.34 |
| | **Total sale of goods and services** | **456.67** | **482.65** |
| **2)** | **Other income** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | 71.29 | 122.99 |
| | Welspun Middle East Pipes Coating Company LLC | - | 11.77 |
| | Welspun Wasco Coatings Private Limited | 37.05 | 37.29 |
| | Others | 26.20 | 26.19 |
| | **Total other income** | **134.54** | **198.24** |
| **3)** | **Purchase of property, plant and equipment and investment property** | | |
| | Welspun India Limited | - | 19.68 |
| | Welspun Captive Power Generation Limited | - | 1.00 |
| | Welspun Anjar SEZ Limited | 216.52 | 219.86 |
| | Others | 0.32 | - |
| | **Total of purchase of property, plant and equipment and investment property** | **216.84** | **240.54** |
| **4)** | **Purchase of goods and expenses incurred** | | |
| | Welspun Captive Power Generation Limited | 824.73 | 1,039.62 |
| | Welspun Realty Private Limited | 57.89 | 45.16 |
| | Welspun Wasco Coatings Private Limited | 243.35 | 227.61 |
| | Welspun India Limited | 100.23 | 65.24 |
| | Welassure Private Limited | 74.59 | 51.75 |
| | Welspun Anjar Sez Limited | 3.47 | 1.57 |
| | Others | 132.98 | 27.66 |
| | **Total purchase of goods and expenses incurred** | **1,437.24** | **1,458.61** |
| **5)** | **Sale of property, plant and equipment** | | |
| | Welspun Floorings Limited | 0.50 | - |
| | Welspun India Limited | - | 113.24 |
| | Welspun Captive Power Generation Limited | - | 95.82 |
| | Welassure Private Limited | - | 0.01 |
| | **Total sale of property, plant and equipment** | **0.50** | **209.07** |
| **6)** | **Redemption of non-current investment** | | |
| | Welspun Captive Power Generation Limited | - | 204.28 |
| | **Total redemption of non-current investment** | **-** | **204.28** |
| **7)** | **Corporate social responsibility expenses** | | |
| | Welspun Foundation for Health and Knowledge | 60.85 | 39.22 |
| | **Total corporate social responsibility expenses** | **60.85** | **39.22** |
| **8)** | **Reimbursement of expenses (paid)/ recovered** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | 188.61 | 69.26 |
| | Welspun Wasco Coating Private Limited | 11.64 | 13.83 |
| | Welspun Captive Power Generation Limited | 0.99 | 0.58 |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | | Transactions | |
|---|---|---|---|
| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
| | Welspun India Limited | (14.42) | (9.39) |
| | Welspun Floorings Limited | 0.05 | 12.04 |
| | Welspun Steel Resources Private Limited | 676.48 | - |
| | Others | 3.49 | (0.48) |
| | **Total reimbursement of expenses (paid) / recovered** | **866.84** | **85.84** |
| **9)** | **Loans, advances and deposits given** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | - | 12.34 |
| | **Total loans, advances and deposits given** | **-** | **12.34** |
| **10)** | **Loans and deposit received back** | | |
| | Welspun Realty Private Limited | 22.62 | 19.18 |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | - | 204.30 |
| | **Total refund of security deposit given** | **22.62** | **223.48** |
| **11)** | **Addition of corporate guarantee** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | - | 5,119.99 |
| | Welspun Wasco Coatings Private Limited | - | 86.70 |
| | **Total addition of corporate guarantee** | **-** | **5,206.69** |
| **12)** | **Release of corporate guarantee** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | 19,017.61 | 192.73 |
| | Welspun Wasco Coatings Private Limited | - | 54.25 |
| | **Total release of corporate guarantee** | **19,017.61** | **246.98** |
| **13)** | **Non-current investments-Investments in equity instruments of other related party** | | |
| | Welassure Private Limited | - | 1.16 |
| | Welspun Global Services Limited | - | 0.02 |
| | Welspun Captive Power Generation Limited | - | 6.62 |
| | **Total Investments in equity instruments of other related party** | **-** | **7.80** |
| **14)** | **Debentures redeemed** | | |
| | Mgn Agro Properties Private Limited | 510.00 | 185.00 |
| | **Total debentures redeemed** | **510.00** | **185.00** |
| **15)** | **Loans and deposit taken** | | |
| | Mgn Agro Properties Private Limited | 900.00 | - |
| | Welspun Steel Limited (Non Steel Business) | - | 150.00 |
| | **Total loans and deposit taken** | **900.00** | **150.00** |
| **16)** | **Investments in preference shares converted to equity share warrant** | | |
| | Mgn Agro Properties Private Limited | - | 280.00 |
| | **Total investments in preference shares converted to equity share warrant** | **-** | **280.00** |
| **17)** | **Debenture issued** | | |
| | Mgn Agro Properties Private Limited | 510.00 | 95.00 |
| | **Total debenture issued** | **510.00** | **95.00** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | | Transactions | |
|---|---|---|---|
| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
| **18)** | **Purchase of compulsory convertible debentures of subsidiaries from** | | |
| | Rank Marketing LLP (9,500,000 debentures of Welspun Metallics Limited) | - | 95.57 |
| | Rank Marketing LLP (85,000,000 debentures of Welspun DI Pipes Limited) | - | 861.83 |
| | **Total purchase of compulsory convertible debentures of subsidiaries from** | **-** | **957.40** |
| **19)** | **Conversion of loan into equity shares** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | - | 1,351.85 |
| | **Total conversion of loan into equity shares** | **-** | **1,351.85** |
| **20)** | **Preference share converted in to loan** | | |
| | Welspun Steel Limited (Non Steel Business) | - | 150.00 |
| | **Total preference share redemption amount converted to loan** | **-** | **150.00** |
| **21)** | **Loans, advances and deposits repaid** | | |
| | Mgn Agro Properties Private Limited | 900.01 | - |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | 9.59 | - |
| | Welspun Steel Limited (Non Steel Business) | - | 5.80 |
| | Others | 0.02 | - |
| | **Total loans, advances and deposits repaid** | **909.62** | **5.80** |
| **22)** | **Security deposits given** | | |
| | Welspun India Limited | 0.01 | - |
| | Welspun Enterprises Limited | 0.10 | - |
| | **Total security deposits given** | **0.11** | **-** |
| **23)** | **Key management personnel compensation** | | |
| | Mr. Vipul Mathur | | |
| | Short-term employee benefit | 60.01 | 55.00 |
| | Mr. Percy Birdy | | |
| | Short-term employee benefit | 18.46 | 16.05 |
| | Mr. Pradeep Joshi | | |
| | Short-term employee benefit | 5.74 | 4.99 |
| | **Total key management personnel compensation** | **84.21** | **76.04** |
| **24)** | **Commission expense** | | |
| | Mr. Balkrishan Goenka | 30.67 | 52.92 |
| | **Total commission expense** | **30.67** | **52.92** |
| **25)** | **Directors' sitting fees** | | |
| | Mr. K.H.Viswanathan | 3.84 | 2.29 |
| | Mr. Rajkumar Jain | 0.09 | 1.90 |
| | Mr. Atul Desai | 0.30 | 0.20 |
| | Ms. Revathy Ashok | 1.78 | 1.37 |
| | Mr. Desh Raj Dogra | 2.43 | 2.52 |
| | Ms. Amita Misra | 1.92 | 1.34 |
| | **Total directors' sitting fees** | **10.37** | **9.62** |

*Note : Amount is inclusive of applicable taxes*

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**f) Disclosure of significant closing balances with related parties:**

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **1)** | **Trade and other receivables** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | 7.34 | 71.62 |
| | Welspun Wasco Coatings Private Limited | 0.01 | 0.06 |
| | Welspun India Limited | 75.55 | 35.51 |
| | Welspun Captive Power Generation Limited | 14.31 | 14.83 |
| | Others | 4.89 | 21.23 |
| | **Total trade and other receivables** | **102.10** | **143.25** |
| **2)** | **Trade payables** | | |
| | Welspun Captive Power Generation Limited | 353.69 | 375.38 |
| | Welspun India Limited | 11.44 | 5.99 |
| | Welspun Steel Limited (Non- Steel Business) | 95.80 | 67.00 |
| | Others | 14.48 | 61.26 |
| | **Total trade payables** | **475.41** | **509.63** |
| **3)** | **Advance to suppliers (other current assets)** | | |
| | Welassure Private Limited | 0.61 | - |
| | Others | 0.01 | - |
| | **Total advance to suppliers** | **0.62** | **-** |
| **4)** | **Trade advance** | | |
| | DBG Estates Private Limited | 1.64 | - |
| | Others | 0.03 | - |
| | **Total trade advance** | **1.67** | **-** |
| **5)** | **Loans and deposits given (loans and other assets)** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | - | 9.41 |
| | Welspun Wasco Coatings Private Limited (before allowance for doubtful loans) | 247.01 | 247.01 |
| | Welspun Realty Private Limited | 90.91 | 101.43 |
| | Others | 3.04 | 31.33 |
| | **Total loans, advances and deposits given** | **340.96** | **389.18** |
| **6)** | **Provision for doubtful loans** | | |
| | Welspun Wasco Coatings Private Limited | 247.01 | 247.01 |
| | **Total provision for doubtful loans** | **247.01** | **247.01** |
| **7)** | **Corporate guarantees given (to the extent of outstanding loan amount/ export obligation to custom authority) refer note 46 (ii)** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | - | 2,518.90 |
| | **Total corporate guarantees given** | **-** | **2,518.90** |
| **8)** | **Employee dues payable (other current liabilities)** | | |
| | Mr. Vipul Mathur | 11.75 | 14.75 |
| | Mr. Percy Birdy | 3.57 | 5.09 |
| | Mr. Pradeep Joshi | 0.83 | 1.35 |
| | **Total other current liabilities** | **16.15** | **21.19** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **9)** | **Commission payable** | | |
| | Mr. Balkrishan Goenka | 27.47 | 52.92 |
| | **Total commission payable** | **27.47** | **52.92** |
| **11)** | **Non-current investments** | | |
| | Welspun Captive Power Generation Limited (Investments in equity shares) | 772.52 | 805.48 |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | 3,492.27 | 4,808.67 |
| | Others | 1.18 | 1.18 |
| | **Total non-current investments** | **4,265.97** | **5,615.33** |
| **12)** | **Deposit received and capital creditors (other financial liabilities)** | | |
| | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | - | 57.83 |
| | Welspun India Limited | - | 0.02 |
| | Welspun Enterprises Limited | 0.66 | 0.66 |
| | **Total other financial liabilities** | **0.66** | **58.51** |
| **13)** | **Non current Borrowings** | | |
| | Welspun Steel Limited (Non- Steel Business) | 492.50 | 437.19 |
| | **Total non current Borrowings** | **492.50** | **437.19** |
| **14)** | **Equity Component of borrowing** | | |
| | Welspun Steel Limited (Non- Steel Business) | - | 55.30 |
| | **Total equity component of borrowing** | **-** | **55.30** |

**(g) Terms and conditions**

All transactions were made on normal commercial terms and conditions and at market rates.

All outstanding balances are unsecured and are payable in cash.

The above notes covers figure for both continuing and discontinued operations.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 51. INTERESTS IN OTHER ENTITIES

**(a) Subsidiaries**

The Group's subsidiaries as at March 31, 2022 are set out below. Unless otherwise stated, they have share capital consisting of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

| Name of entity | Place of business/ country of incorporation | Ownership interest held by the group | | Ownership interest held by non-controlling interests | | Principal activities |
|---|---|---|---|---|---|---|
| | | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | |
| | | % | % | % | % | |
| Welspun Pipes Inc. group | USA | 100.00 | 100.00 | - | - | Manufacturing of steel pipes |
| Welspun Tradings Limited | India | 100.00 | 100.00 | - | - | Trading in steel pipes |
| Welspun DI Pipes Limited (w.e.f. February 03, 2021) | India | 100.00 | 100.00 | - | - | Manufacturing of ductile iron pipes |
| Welspun Metallics Limited (w.e.f. February 03, 2021) | India | 100.00 | 100.00 | - | - | Manufacturing of pig iron |
| Mahatva Plastic Products and Building Materials Private Limited (w.e.f. November 26, 2021) | India | 100.00 | - | - | - | Manufacturing of plastic products |
| Anjar TMT Steel Private Limited (refer note 56) | India | 100.00 | - | | | Manufacturing of basic precious and non-ferrous metals |
| Welspun Specialty Solutions Limited (refer note 56) | India | 50.03 | 50.03 | 49.97 | 49.97 | Manufacturing of steel- alloy and specialty steel & Stainless & Alloy Pipes & Tubes |
| Welspun Mauritius Holdings Limited | Mauritius | 89.98 | 89.98 | 10.02 | 10.02 | Investment Holding Company |

**(b) Non-controlling interests (NCI)**

Set out below is summarised financial information for each subsidiary presented in their IndAS financial statement after alignment to Group's accounting policies that have non-controlling interests. The amounts disclosed for each subsidiary are before inter-company eliminations.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| Summarised balance sheet | Welspun Mauritius Holdings Limited | | Welspun Specialty Solutions Limited | |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Current Assets | 1,312.48 | 92.04 | 1,522.50 | 695.80 |
| Current liabilities | 821.19 | 364.81 | 847.20 | 440.90 |
| **Net current assets** | **491.29** | **(272.77)** | **675.30** | **254.90** |
| Non-current Assets | 3,492.27 | 4,808.67 | 3,798.28 | 3,939.00 |
| Non-current Liabilities | 2,306.99 | 2,021.46 | 2,823.96 | 2,161.30 |
| **Net non-current assets** | **1,185.28** | **2,787.21** | **974.32** | **1,777.70** |
| **Net assets** | **1,676.57** | **2,514.44** | **1,649.62** | **2,032.60** |
| **Accumulated NCI** | **167.96** | **251.91** | **824.32** | **1,015.71** |

| Summarised statement of profit and loss | Welspun Mauritius Holdings Limited | | Welspun Specialty Solutions Limited | |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Revenue from operation | 3,590.45 | 56.30 | 1,632.94 | 934.40 |
| Profit/ (loss) for the year | 2,442.63 | 1,180.29 | (382.53) | 945.38 |
| **Total Profit/ (loss) for the year** | **2,442.63** | **1,180.29** | **(382.53)** | **945.38** |
| Profit/ (loss) allocated to NCI (including deferred tax on share of profit) | 244.70 | 118.24 | (191.15) | 472.41 |
| Dividends paid to NCI | 345.00 | - | - | - |

| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
|---|---|---|---|---|
| **Profit allocated to NCI** | **244.70** | **118.24** | **(191.15)** | **472.41** |
| Other comprehensive income | 130.13 | (74.97) | - | (4.34) |
| Other comprehensive income allocated to NCI | 13.03 | (7.51) | - | (2.16) |

| Summarised cash flows | Welspun Mauritius Holdings Limited | | Welspun Specialty Solutions Limited | |
|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Cash flows used in operating activities | (232.68) | (9.39) | (878.40) | 428.30 |
| Cash flows from investing activities | 5,082.65 | - | (39.70) | (86.10) |
| Cash flows from financing activities | (3,602.42) | 20.23 | 965.20 | (340.01) |
| **Net increase in cash and cash equivalents** | 1,247.54 | 10.84 | 47.10 | 2.19 |

**(c) Interest in joint ventures**

Set out below are the joint ventures/Associates of the group as at March 31, 2022. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| Name of entity | Place of business | % of ownership interest | Relationship | Accounting method | Carrying amount | |
|---|---|---|---|---|---|---|
| | | | | | March 31, 2022 | March 31, 2021 |
| Welspun Wasco Coatings Private Limited (WWCPL) (refer note 1 below) | India | 51.00% | Joint Venture | Equity | - | - |
| East Pipes Integrated Company for Industry (EPIC) (Formerly known as Welspun Middle East Pipes LLC) (Associate company w.e.f. February 14, 2022) (refer note 2 to 6 below) | Kingdom of Saudi Arabia | 35.01% | Associate | Equity | 3,492.27 | 4,808.67 |
| Welspun Captive Power Generation Limited (WCGPL) (Refer note 56) | India | 23% | Associate | Equity | 772.52 | - |
| **Total equity accounted investments** | | | | | **4,264.79** | **4,808.67** |

**Note 1:**

The Company had granted loans to WWCPL with a carrying value of ₹ 247.01 carried at amortised cost, as at March 31, 2022.

Consequent to the negative net worth and continued losses of WWCPL, the Company's Management had assessed the recoverability of loans granted to WWCPL based on expected credit loss model ("ECL") and had recorded the impairment loss of ₹ 247.01 in the financial year ended March 31, 2020. Significant assumptions used in the model are discount rate and terminal growth rate. There is no changes in the impairment loss as at March 31, 2022.

**Note 2:**

During the current year FY 2021-22 the Company announced the successful listing of its Joint Venture company in Kingdom of Saudi Arabia ("KSA"), East Pipes Integrated Company for Industry (EPIC) on the Saudi Exchanges Main Market ("Tadawul") at the final offer price of SAR 80 per share. Post the IPO the Company owns 35.01% (from earlier 50.01%) through its step-down subsidiary in Mauritius and will continue to be the largest shareholder in EPIC. Welspun Mauritius Holdings Limited(WMHL) received gross proceeds of SAR 252 million (₹ 5,000) and has shown the gain of ₹ 3,590 under other income. Consequently, EPIC is now classified as an associate for the Company.

During the year WMHL has declared dividend amounting to ₹ 3,419, out of which share of Non-controlling interest is ₹ 341.92."

**Note 3:**

The following note which is referenced for Key Audit Matter (KAM) of one of the associate i.e. East Pipes Integrated Company (EPIC) has been reproduced as below:

**Property, plant and equipment:**

Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of property, plant and equipment for computing depreciation. This estimate is determined after considering the technical condition of the plant and machinery and its future anticipated usage and physical wear and tear. Residual value and useful lives are reviewed annually and future depreciation charges are adjusted where the useful lives differ from previous estimates. At 31 March 2022, if the useful lives varied by 10% against the current useful lives with all other variables held constant, the impact on loss for the year would have been Saudi Riyals 3.4 million (₹ 20.21 ).

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

During the year ended 31 March 2022, the Company's in-house technical team, in assistance with management's external third-party expert, concluded on the results of a detailed exercise to re-assess the useful lives of plant and machinery, considering multiple factors including historical and future anticipated usage of similar assets, technological changes and other recent changes in the market conditions. As a result of such exercise, the Company's management revised the useful life range of its plant and machinery from 2 - 20 years to 2 - 36 years with effect from 1 April 2021. The revision in estimated useful life range is considered to be a change in accounting estimate and, accordingly, the effect of this change has been adopted prospectively. As a result of this change, the depreciation charge, cost of revenue, loss for the year and total comprehensive loss for the year ended 31 March 2022 decreased by Saudi Riyals 15.6 million compared to what it would have been using the previous useful life range.

Depreciation is calculated on straight-line basis over the following estimated useful lives of the assets:

| | Number of years |
|---|---|
| • Buildings and leasehold improvements | 10-20 |
| • Plant and machinery | 2-36 |
| • Furniture, fixtures and office equipment | 2-5 |
| • Vehicles | 3-5 |

Note-The Company in this note refers to EPIC.

**Note 4: Merger:**

The Shareholders of WMEPC signed an agreement on May 14, 2020 to merge its operations and all its assets, rights, liabilities and obligations with another WMEP, and which is effective from July 21, 2020. As both WMEPC and WMEP are under common control and have the same shareholders holding identical shareholding, there is no consideration and the carrying values of assets and liabilities of WMEPC have been transferred to WMEP on the effective date of merger. Based on the terms of this agreement the shareholding pattern remains identical in WMEP, post merger. This event does not have any material impact on the last year's consolidated financial statements.

Accordingly, before merger, the investment in WMEP was disclosed under "investments accounted for using the equity method" and investment in WMEPC was disclosed as "share of loss of joint venture"under "other current financial liabilities" in the consolidated financial statement. Post merger the same has been netted off and disclosed as investment in WMEP under "Investments accounted for using the equity method" as at March 31, 2021.

**Note 5:**

The shareholders of East Pipe Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) in their meeting held on December 28, 2020, has passed a resolution to amend the Articles of Association of the Company related to the capital as follows:

The capital of the company was determined at SAR 210 million, divided into nominal 21,000,000 ordinary in-kind shares in equal value of SAR 10 each.

Share of the Holding Company in this joint venture is 50.01% and accordingly the Investments in equity instruments of joint venture has increased to 10,502,100 shares.

**Note 6:**

WMEP changed its legal name from "Welspun Middle East Pipes Company" to "East Pipes Integrated Company for Industry" on January 24, 2021.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**(i) Summarised financial information for joint ventures/associates**

The tables below provide summarised financial information of all joint ventures/Associates in the Group. The information disclosed reflects the amounts presented in their IndAS financial statements after alignment to Group's accounting policies of the relevant joint ventures and not Welspun Corp Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

| Summarised balance sheet | Welspun Wasco Coatings Private Limited | | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | | Welspun Middle East Pipes Coatings Company LLC |
|---|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | July 20, 2020 |
| Current assets | | | | | |
| Cash and cash equivalents and other bank balances | 112.33 | 63.13 | 1,493.25 | 1,023.12 | 0.52 |
| Other assets | 39.48 | 130.64 | 10,946.29 | 9,011.21 | 2,306.69 |
| **Total current assets** | **151.81** | **193.77** | **12,439.53** | **10,034.33** | **2,307.21** |
| **Total non-current assets** | **79.58** | **415.31** | **5,668.18** | **5,931.94** | **-** |
| Current liabilities | | | | | |
| Financial liabilities (excluding trade payables) | 70.12 | 345.15 | 5,658.60 | 2,696.87 | 640.33 |
| Other liabilities | 7.52 | 17.47 | 1,336.38 | 2,273.13 | 2,459.59 |
| **Total current liabilities** | **77.64** | **362.62** | **6,994.97** | **4,970.00** | **3,099.92** |
| Non-current liabilities | | | | | |
| Financial liabilities (excluding trade payables) | 536.13 | 257.51 | 259.38 | 423.24 | - |
| Other liabilities | 24.45 | 74.72 | 444.72 | 480.31 | - |
| **Total non-current liabilities** | **560.58** | **332.23** | **704.10** | **903.55** | **-** |
| **Net assets/ (liabilities)** | **(406.83)** | **(85.77)** | **10,408.64** | **10,092.72** | **(792.71)** |
| **Transfer to East Pipe Integrated Company for Industry on account of merger (refer note 4 under (c) above)** | | | | | **792.71** |
| **Contingent liabilities** | **-** | **-** | **-** | **89.69** | **-** |

| Reconciliation to carrying amounts | Welspun Wasco Coatings Private Limited | | East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) | | Welspun Middle East Pipes Coatings Company LLC |
|---|---|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | July 20, 2020 |
| Opening net assets/ (liabilities) | (85.77) | (126.21) | 10,092.72 | 5,580.99 | (903.49) |
| Investment during the year | - | - | - | 2,611.88 | - |
| Merger adjustment | - | - | | (792.71) | 792.71 |
| Profit/ (loss) for the year | (322.20) | 40.35 | (64.46) | 2,934.41 | 91.52 |
| Other comprehensive income | 1.14 | 0.09 | 12.28 | (10.09) | (10.04) |
| Dividends paid | - | - | - | - | - |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | | | | | |
|---|---|---|---|---|---|
| Exchange differences (net) | - | - | 369.41 | (231.76) | 29.30 |
| **Closing net assets** | **(406.83)** | **(85.77)** | **10,409.95** | **10,092.72** | **-** |
| Group's share in % | 51.00% | 51.00% | 35.01% | 50.01% | 50.01% |
| Group's share | (207.48) | (43.74) | 3,644.52 | 5,047.37 | - |
| Share of tax not applicable to the group as per applicable laws | - | - | (152.25) | (238.70) | - |
| Share of loss not recognised owing to no legal or constructive obligation | 207.48 | 43.74 | - | - | - |
| **Carrying amount** | **-** | **-** | **3,492.27** | **4,808.67** | **-** |
| **Share of contingent liabilities of the joint ventures** | **-** | **-** | **-** | **25.35** | **-** |

| **Excerpts of statement of profit and loss** | **Welspun Wasco Coatings Private Limited** | | **East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company)** | | **Welspun Middle East Pipes Coatings Company LLC** |
|---|---|---|---|---|---|
| | **March 31, 2022** | **March 31, 2021** | **March 31, 2022** | **March 31, 2021** | **July 20, 2020** |
| Revenue including other operating income | 271.71 | 234.02 | 11,867.70 | 18,619.75 | 788.49 |
| Interest income | 3.20 | 2.42 | 5.46 | 0.19 | - |
| Depreciation and amortisation | 349.86 | 34.12 | 479.33 | 764.61 | 49.23 |
| Interest expense | 45.39 | 45.33 | 335.40 | 689.21 | 12.41 |
| Income tax expense | - | 1.68 | 27.85 | 542.32 | 9.70 |
| Profit/ (loss) from continuing operations | (322.20) | 40.35 | (64.46) | 2,934.41 | 91.52 |
| Profit from discontinued operations | - | - | - | - | - |
| **Profit/ (loss) for the year** | (322.20) | 40.35 | (64.46) | 2,934.41 | 91.52 |
| Other comprehensive income | 1.14 | 0.09 | 12.28 | (10.09) | (10.04) |
| **Total comprehensive income** | (321.06) | 40.44 | (52.18) | 2,924.32 | 81.48 |
| Dividends received | - | - | - | - | - |

| | **March 31, 2022** | **March 31, 2021** |
|---|---|---|
| Share of gain from joint ventures (including exchange differences & income tax) | (57.20) | 1,349.20 |
| Share of other comprehensive income from joint ventures | (4.82) | (10.06) |
| **Total share of gain of joint ventures (net)** | **(62.02)** | **1,339.14** |

(ii) Basis legal or constructive obligation, the Group's share of losses has not been recognised for Welspun Wasco Coatings Private Limited.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 52. ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

| Name of the entity in the group | Net assets (total assets minus total liabilities) | | Share in profit or (loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets (%) | Amount | As % of consolidated profit or (loss) (%) | Amount | As % of consolidated other comprehensive income (%) | Amount | As % of consolidated total comprehensive income (%) | Amount |
| **Parent** | | | | | | | | |
| **Welspun Corp Limited** | | | | | | | | |
| March 31, 2022 | 67.46 | 30,544.06 | 109.36 | 4,857.23 | (22.21) | (90.01) | 98.36 | 4,767.22 |
| March 31, 2021 | 64.30 | 27,065.83 | 123.15 | 10,180.42 | (12.52) | 38.92 | 128.45 | 10,219.34 |
| **Subsidiaries (group's share)** | | | | | | | | |
| **Indian** | | | | | | | | |
| **Welspun Tradings Limited** | | | | | | | | |
| March 31, 2022 | 2.02 | 916.38 | 0.88 | 39.04 | - | - | 0.81 | 39.04 |
| March 31, 2021 | 2.08 | 877.34 | 0.21 | 17.11 | (1.26) | 3.93 | 0.26 | 21.04 |
| **Welspun DI Pipes Limited** | | | | | | | | |
| March 31, 2022 | 4.47 | 2,024.57 | (0.97) | (43.08) | (0.63) | (2.57) | (0.94) | (45.65) |
| March 31, 2021 | 0.56 | 237.03 | (0.07) | (5.58) | - | - | (0.07) | (5.58) |
| **Welspun Metallics Limited** | | | | | | | | |
| March 31, 2022 | 6.25 | 2,828.11 | (2.40) | (106.71) | (1.12) | (4.54) | (2.30) | (111.25) |
| March 31, 2021 | 3.74 | 1,575.14 | (0.17) | (13.74) | - | - | (0.17) | (13.74) |
| **Anjar TMT Steel Private Limited** | | | | | | | | |
| March 31, 2022 | 0.97 | 437.57 | (0.15) | (6.78) | - | - | (0.14) | (6.78) |
| March 31, 2021 | - | - | - | - | - | - | - | - |
| **Welspun Specialty Solutions Limited** | | | | | | | | |
| March 31, 2022 | 0.08 | 37.62 | (3.47) | (153.99) | (0.64) | (2.61) | (3.23) | (156.59) |
| March 31, 2021 | 0.46 | 193.97 | 5.65 | 466.73 | 1.06 | (3.30) | 5.83 | 463.43 |
| **Mahatva Plastic Products And Building Materials Private Limited** | | | | | | | | |
| March 31, 2022 | 8.86 | 4,009.68 | (0.01) | (0.33) | - | - | (0.01) | (0.33) |
| March 31, 2021 | - | - | - | - | - | - | - | - |
| **Foreign** | | | | | | | | |
| **Welspun Pipes Inc.** | | | | | | | | |
| March 31, 2022 | 24.09 | 10,905.19 | 18.96 | 842.06 | - | - | 17.37 | 842.06 |
| March 31, 2021 | 23.03 | 9,692.74 | 8.27 | 683.49 | - | - | 8.59 | 683.49 |
| **Welspun Mauritius Holdings Limited** | | | | | | | | |
| March 31, 2022 | 0.21 | 94.78 | 64.30 | 2,855.85 | - | - | 58.92 | 2,855.85 |
| March 31, 2021 | 0.59 | 248.75 | (1.20) | (98.89) | - | - | (1.24) | (98.89) |
| **Non-controlling interests in all subsidiaries** | | | | | | | | |
| March 31, 2022 | 2.19 | 992.28 | 1.21 | 53.55 | 3.21 | 13.03 | 1.37 | 66.58 |
| March 31, 2021 | 3.01 | 1,267.62 | 7.15 | 590.65 | 3.11 | (9.67) | 7.30 | 580.98 |
| **Joint ventures (Investment as per equity method)** | | | | | | | | |
| **Welspun Wasco Coatings Private Limited** | | | | | | | | |
| March 31, 2022 | - | - | - | - | - | - | - | - |
| March 31, 2021 | - | - | - | - | - | - | - | - |
| **Foreign** | | | | | | | | |
| **East Pipes Integrated Company for Industry (formerly known as Welspun Middle East Pipes Company) (Investment through Welspun Mauritius Holdings Limited)** | | | | | | | | |
| March 31, 2022 | 6.94 | 3,142.41 | (1.16) | (51.47) | (1.07) | (4.34) | (1.15) | (55.81) |
| March 31, 2021 | 10.28 | 4,326.94 | 14.23 | 1,176.20 | 1.46 | (4.54) | 14.73 | 1,171.66 |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| Name of the entity in the group | Net assets (total assets minus total liabilities) | | Share in profit or (loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets (%) | Amount | As % of consolidated profit or (loss) (%) | Amount | As % of consolidated other comprehensive income (%) | Amount | As % of consolidated total comprehensive income (%) | Amount |
| **Welspun Middle East Pipes Coating Company LLC (Investment through Welspun Mauritius Holdings Limited)** | | | | | | | | |
| March 31, 2022 | - | - | - | - | - | - | - | - |
| March 31, 2021 | - | - | 0.46 | 37.84 | 1.45 | (4.52) | 0.42 | 33.32 |
| **Welspun Captive Power Generation Limited (Associate)** | | | | | | | | |
| March 31, 2022 | 1.71 | 772.52 | - | - | - | - | - | - |
| March 31, 2021 | - | - | - | - | - | - | - | - |
| **Inter-company eliminations and consolidation adjustments** | | | | | | | | |
| March 31, 2022 | (25.25) | (11,429.78) | (86.54) | (3,843.82) | 122.46 | 496.35 | (69.06) | (3,347.47) |
| March 31, 2021 | (8.05) | (3,390.21) | (57.68) | (4,767.75) | 106.70 | (331.72) | (64.10) | (5,099.47) |
| **Total** | | | | | | | | |
| **March 31, 2022** | **100.00** | **45,275.39** | **100.00** | **4,441.55** | **100.00** | **405.31** | **100.00** | **4,846.86** |
| **March 31, 2021** | **100.00** | **42,095.15** | **100.00** | **8,266.48** | **100.00** | **(310.90)** | **100.00** | **7,955.58** |

**53.** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Group and its joint ventures towards Provident Fund and Gratuity. The draft rules for the Code on Social Security, 2020 have been released by the Ministry of Labour and Employment on November 13, 2020. The Group and its joint ventures are in the process of assessing the additional impact on Provident Fund contributions and on Gratuity liability contributions and will complete their evaluation and give appropriate impact in the financial results in the period in which the rules that are notified become effective.

## 54. DISCONTINUED OPERATIONS

**i) Description**

On March 31, 2021, the Company had concluded sale of its Plates & Coils Mills Division (PCMD) division for ₹ 8,485 plus closing adjustments towards net working capital pursuant to the Business Transfer Agreement dated March 31, 2019 and amended on March 31, 2021 (collectively known as ”BTA”).

The disposal group (i.e. PCMD) was reported as discontinued operations in the financial statements for the year ended March 31, 2020 and the assets and liabilities directly associated with disposal group were presented as held for sale as at March 31, 2020.

The Company has received the total consideration of ₹ 8,091.98 and there is no further consideration receivable.

**ii) Financial performance and cash flow information**

The financial performances and cashflow information presented for the year ended March 31, 2022, and March 31, 2021 respectively

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Total Income (refer note iii below) | - | 3,075.50 |
| Total expenses | - | 3,219.14 |
| **Loss before tax** | **-** | **(143.64)** |
| Income tax expense | - | (33.26) |
| **Loss after tax** | **-** | **(110.38)** |
| **Loss from discontinued operations** | **-** | **(110.38)** |
| Net cash flow used in operating activities | - | (1,130.14) |
| Net cash used in investing activities | - | (79.59) |
| Net cash flow from financing activities | - | 1,209.46 |

iii) It includes net income of ₹ Nil (March 31, 2021: 51.90) which represents the loss on sale of disposal groups of ₹ 3,321.18 recognised in year March 31, 2021 and is netted off with the reversal of loss on sale of disposal groups recognised in year March 31, 2019 of ₹ 3,373.08.

**iv) Details of disposal groups classified as held for sale and liabilities directly associated with disposal groups classified as held for sale.**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Carrying amount of property, plant and equipment | - | 8,485.00 |
| Inventories | - | 745.05 |
| Trade receivables | - | 44.87 |
| Other current assets | - | 49.38 |
| **Total assets** | **-** | **9,324.30** |
| **Liabilities directly associated with disposal groups** | | |
| Trade payables (including buyer's credit of ₹ 1,209.46) | - | 1,229.37 |
| Other current liabilities | - | 2.95 |
| **Total Liabilities** | **-** | **1,232.32** |
| **Net assets** | **-** | **8,091.98** |
| **Net Sales consideration** | | **8,091.98** |

**55.** Group's management has made an assessment of the impact of COVID 19 in preparation for these consolidated financial results. Group's management has considered all relevant external and internal factors in the measurement of assets and liabilities including recoverability of carrying values of its assets, its liquidity position and ability to repay debts. No adjustment to key estimates and judgements that impact the consolidated financial results have been identified. However, the impact assessment of COVID 19 will be a continuing process given the uncertainties associated with its nature and duration and no significant impact is envisaged on the operations.

**56.** The Hon'ble National Company Law Tribunal, Ahmedabad Bench by an order dated March 16, 2022, has sanctioned the Scheme of Arrangement (the "Scheme") filed by WCL and Welspun Steel Limited for transfer and vesting of Demerged Undertaking of the Demerged Company i.e. Welspun Steel Limited (WSL) into the Resulting Company i.e. Welspun Corp Limited with effect from April 1, 2021, being the appointed date as per the Scheme. The certified true copy of the said Order has been received and filed with the Ministry of Company Affairs on March 16, 2022. The effect of amalgamation as per "pooling of interest method" at carrying value adjusted for alignment for accounting policies of the Company, has been considered in the books retrospectively and the figures for the corresponding year ended March 31, 2021, have been restated as if the merger had occurred from the beginning of the comparative period in the financial statements, i.e.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

April 1, 2020, as per the requirements of Indian Accounting Standard (IND AS) 103 and in accordance with the accounting treatment specified in the Scheme. Accordingly, the figures for the year ended March 31, 2021, and March 31, 2022, include the results of the Company and its Demerged undertaking. The amalgamation has resulted in recognition of Capital Reserve of INR 1,349.02 as at April 1, 2020. The previous year's figures in the Consolidated financial statement have been accordingly restated from April 1, 2020.

Note- As defined in the Scheme, "Demerged Undertaking" means undertaking, business, activities and operations pertaining to steel, specialty steel and thermo mechanical treatment bars manufacturing business carried on by WSL directly or indirectly through its subsidiaries (which includes Welspun Specialty Solutions Limited, Anjar TMT Steel Private Limited).

i In terms of the Scheme, the Company has issued 81 Cumulative Redeemable Preference shares (CRPS) of face value of INR 10/- each of the Company for every 100 Equity Shares of face value of INR 10/- each held in Welspun Steel Limited by shareholders as on the record date stated therein, which were pending for allotment as at March 31, 2022. Further, consequent to the above arrangement, Welspun Speciality Solution Limited and Anjar TMT Steel Private Limited have become subsidiaries of the Company.

The amount of consideration payable on account of merger has been classified as a financial liability under the head "Other financial liabilities" as at March 31, 2021. Further, as at March 31, 2022, the amount to the extent of CRPS being issued (pending allotment) is disclosed under "Borrowings". Subsequent to the year end, CRPS of ₹ 3,515.12 have been allotted and the liability of ₹ 112.17 has been paid in Cash.

ii Before merger, the Group and its joint venture and demerged undertaking held 20% (5,921,580 of shares) and 3% (872,193 of shares) in Welspun Captive Power Generation Limited (WCPGL), respectively. Pursuant to merger, the shareholding of the Group and its joint venture in WCPGL became 23% (6,793,773 of shares).

Due to this change, the Holding company has assessed that Group and its joint venture has significant influence over WCPGL in March 2022.

Accordingly, investments in WCPGL has been disclosed under "Investments in equity instruments of associates and joint ventures" (refer note 6) in the financial year ended March 31, 2022.

iii The Board of Directors at their meeting dated May 27, 2022 have recommended to pay dividend of ₹ 8.67 at the stipulated rate of 6% on the CRPS for the financial year ended March 31, 2022, the payment of which is subject to approval of the shareholders in the upcoming Annual General Meeting.

iv With respect to the accounting treatment of such CRPS, presentation and measurement has been made in accordance with Ind AS 32 'Financial Instruments: Presentation' and Ind AS 109 'Financial Instruments' which requires the presentation of these CRPS as a financial liability in its entirety, given that as per the terms of the instrument, they are redeemable, at face value, at the option of the holder. The relevant disclosures required under Ind AS 107 'Financial Instruments: Disclosures' and under Ind AS 1 'Presentation of financial statements' for these CRPS have been made in the consolidated financial statements. Accordingly, in view of the reasons set out in the aforesaid note, CRPS have not been presented as preference share capital in the consolidated financial statements, in accordance with the Companies Act, 2013.

## 57. REVALUATION OF NET ASSETS & PREVIOUS HELD INVESTMENT FOR CALCULATION OF GOODWILL

The demerged undertaking had acquired shares in Welspun Specialty Solutions Limited (WSSL) on various stages. In May 2020, demerged undertaking acquired 2,16,00,000 shares of WSSL resulting it becoming a subsidiary by holding 50.09% (erstwhile associate).

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

On becoming a subsidiary, the net assets of WSSL and previously held equity interest by demerged undertaking in WSSL needs to be fair valued as per Ind AS 103 for the purpose of calculation of Goodwill.

On the date of acquisition, Goodwill was calculated at INR 4,402.5 millions, by considering the provisional amount of value of net assets of WSSL.

During the financial year ended March 31, 2022 i.e. within one year from the date of acquisition, Management has fair valued the net assets of WSSL based on valuation report by independent valuer and adjusted the provisional amount as referred above by INR 1,765.12 million . The impact of same same has been given retrospectively.

To give effect to the scheme (refer note 56) from April 1, 2020, in the previous year ended March 31, 2021, the value of previously held investment by demerged undertaking in WSSL, which was earlier measured at cost at INR 2,512.5 , was fair valued and gain on previously held interest of INR 1,141.40 has been recognised under other income, in order to align this accounting treatment with the Welspun Corp Limited's accounting policy.

Based on the above, the Goodwill has been re-measured to INR 3,431.24 as at March 31, 2021 and March 31, 2022, refer note 56.

## 58. ASSESSMENT OF IMPAIRMENT OF GOODWILL RESULTING FROM INVESTMENT IN SUBSIDIARY.

Welspun Specialty Solutions Limited ("WSSL" or "subsidiary") is engaged in manufacturing of pipes in India.

The Company has Goodwill resulting from investment in equity shares of ₹ 3,431.24 as at March 31, 2022.

Considering the financial position and losses of the subsidiary, the Company has assessed the impairment of Goodwill based on the market approach model (the "model"). Based on the procedures performed, management has assessed the carrying value of Goodwill, resulting into no impairment for the year.

## 59. SUMMARY OF ACQUISITION

a) On November 26, 2021, the Holding Company acquired 100% of the issued share capital of Welspun Mahatva Plastic Products and Building Materials Private Limited (Mahatva), a proposed manufacturer of plastic products. This acquisition will enable the group to enter into the plastic products market. Holding Company paid consideration of ₹ 0.01 to the shareholders of Mahatva.

   Mahatva has not started its commercial operations and does not have business as at the date of acquisition of shares by Holding Company. Also, accordingly, this acquisition of shares by the Holding Company does not fall under business combination and hence acccounted as asset acquistion.

b) On February 03, 2021, the Holding Company acquired 100% of the issued share capital of Welspun DI Pipes Limited (WDI), a manufacturer of ductile iron pipes and Welspun Metallics Limited (WML), a manufacturer of pig iron. These acquisitions will enable the group to enter into the ductile pipes market. Also on February 01, 2021 the parent company acquired 100% of the issued 0% compulsorily Convertible debentures from the then debenture holder of WDI and WML.

WML and WDI has not started its commercial operations and does not have business as at the date of acquisition of shares and net assets by Holding Company. Also, accordingly, these acquisition of shares and net assets of WML and WDI by the Holding Company does not fall under business combination and hence acccounted as asset acquistion.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

Details of the purchase consideration and the net assets acquired are as follows:

| Purchase consideration | Welspun DI Pipes Limited | Welspun Metallics Limited | Total |
|---|---|---|---|
| Cash paid (paid to shareholders) | 0.11 | 0.11 | 0.22 |
| Cash paid for purchase of 0% compulsorily Convertible debentures (paid to debenture holder) | 95.57 | 861.83 | 957.40 |
| **Total purchase consideration** | **95.68** | **861.94** | **957.62** |

The assets and liabilities as at February 02, 2021, recognised as a result of the acquisition are as follows:

| Particulars | Welspun DI Pipes Limited | Welspun Metallics Limited | Total |
|---|---|---|---|
| Land | - | 419.93 | 419.93 |
| Property, plant and equipment - other than land | - | 1.95 | 1.95 |
| Capital work-in-progress | 30.67 | 351.40 | 382.07 |
| Right of use assets | 86.40 | - | 86.40 |
| Investment | - | 6.62 | 6.62 |
| Loans | - | 0.02 | 0.02 |
| Cash and cash equivalents | 62.34 | 2.31 | 64.65 |
| Other assets | 28.18 | 190.35 | 218.53 |
| Lease Liabilities | (86.88) | - | (86.88) |
| Other liabilities | (25.03) | (110.64) | (135.67) |
| **Net identifiable assets acquired** | **95.68** | **861.94** | **957.62** |

Purchase consideration-Cash outflow

| Particulars | March 31, 2021 |
|---|---|
| Outflow of cash to acquire subsidiaries, net of cash acquired | |
| Total purchase consideration | 957.62 |
| Less: Balances acquired | |
| Cash and cash equivalents | (64.65) |
| **Net outflow of cash – investing activities** | **892.97** |

## 60. EQUITY SETTLED SHARE BASED PAYMENTS (ESOP) (REFER NOTE 18(b)(V) AND 32)

Senior level management employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). In respect of options granted during the current year under the Welspun Employee Stock Options Scheme (WELSOP), the cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black Scholes Merton formula which is in accordance with Indian Accounting Standard 102 (Ind AS 102).

The cost of equity settled transaction is recognised, together with a corresponding increase in Equity settled share based payments reserves in other equity, over the period in which the service conditions are fulfilled. This expense is included under the head “Employee benefits expense” as employee share-based expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest.

Expense arising from share based payment in the current year is ₹ 6.10 (March 31, 2021: ₹ 21.43).

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**Nature and characteristics of ESOP plans existed during year as tabulated below:**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Grant Date | August 16,2018 | August 16,2018 |
| Vesting requirement | 3 years vesting (30%, 35%, 35%) | 3 years vesting (30%, 35%, 35%) |
| Maximum term of options | 3 years from vesting Date | 3 years from vesting Date |
| Method of settlement | Equity settled | Equity settled |
| Exercise Price | ₹ 100.00 | ₹ 100.00 |
| Share Price on Grant Date | ₹ 126.10 | ₹ 126.10 |
| Accounting method | Fair Value method | Fair Value method |

**Options movement during year as tabulated below:**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Opening balance | 2,085,000 | 2,335,000 |
| Granted during the year | - | - |
| Exercised during the year | - | 65,000* |
| Forfeited during the year | 150,000 | 185,000 |
| Closing balance | 1,935,000 | 2,085,000 |
| Exercisable at the end of the year | 1,935,000 | 1,350,000 |

No options expired during the periods covered in the above table

** * Company has received the share application money for these shares against which shares allotment is pending. Accordingly, the receipt is shown as "share application money pending allotment" under 'other equity' in March 2021. The same has been alloted in current year.*

**Weighted-average exercise prices of options as tabulated below (in rupees)**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Opening balance | ₹ 100.00 | ₹ 100.00 |
| Granted during the year | - | - |
| Exercised during the year | ₹ 100.00 | ₹ 100.00 |
| Forfeited during the year | ₹ 100.00 | - |
| Expired during the year | - | - |
| Closing balance | ₹ 100.00 | ₹ 100.00 |
| Exercisable at the end of the year | ₹ 100.00 | ₹ 100.00 |

**Stock options outstanding at the end of period as tabulated below**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Exercise Price | | |
| WELSOP Plan | ₹ 100.00 | ₹ 100.00 |
| Weighted average remaining contractual life (Years) | | |
| WELSOP Plan | 2.43 | 2.43 |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

Black Scholes method is used for fair valuation of ESOP.

The measure of volatility used in ESOP pricing model is the annualized standard deviation of the continuously compounded rates of return. Expected volatility for fair valuation is considered based on average of previous 6 years (January 2013 to August 2018) annualized volatility.

**Fair value and underlying assumptions for stock options granted as tabulated below**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Grant date | August 16, 2018 | August 16, 2018 |
| Option price model | Black Scholes Method | Black Scholes Method |
| Exercise price | ₹ 100.00 | ₹ 100.00 |
| Share price on grant date | ₹ 126.10 | ₹ 126.10 |
| Expected volatility | 50% | 50% |
| Expected number of years to exercise shares | Immediately after vesting | Immediately after vesting |
| Risk-free rate of return | 7.49% to 7.85% | 7.49% to 7.85% |
| Dividend Yield | 0.55% | 0.55% |
| Fair value of ESOP at grant date (vesting year 1), shares 705,000 | ₹ 41.53 | ₹ 41.53 |
| Fair value of ESOP at grant date (vesting year 2), shares 822,500 | ₹ 52.34 | ₹ 52.34 |
| Fair value of ESOP at grant date (vesting year 3), shares 822,500 | ₹ 60.66 | ₹ 60.66 |
| Weighted average fair value of ESOP at grant date | ₹ 52.01 | ₹ 52.01 |
| Attrition rate per annum | NIL | NIL |
| Expected shares to vest ultimately | 1,935,000 | 2,165,000 |

**Employee Stock Option Plan of Welspun Specialty Solutions Limited**

During the year ended March 31, 2019, the Company had instituted an RMG Alloy Steel Limited Employee Stock Option (Senior Management Personnel) Scheme, 2018 as approved by the shareholders dated May 15, 2018 for grant of stock option to senior managerial personnel of the Company.

Subject to terms and condition of the scheme, options are classified into three categories.

| Particulars | Option A | Option B | Option C |
|---|---|---|---|
| No. of Options | 623,700 | 623,700 | 534,600 |
| Method of accounting | Fair Value | Fair Value | Fair Value |
| Vesting plan | 1 Year | 2 Years | 3 Years |
| Grant date | 01st June 2018 | 01st June 2018 | 01st June 2018 |
| Vesting date | 01st June 2019 | 01st June 2020 | 01st June 2021 |
| Exercise/Expiry date | 01st June 2022 | 01st June 2023 | 01st June 2024 |
| Grant/Exercise price | Nil | Nil | Nil |
| Method of settlement | Equity – settled | Equity – settled | Equity – settled |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

Movement of options granted

| | In Units | |
|---|---|---|
| **Particulars** | **As at March 31, 2022** | **As at March 31, 2021** |
| Opening balance | 667,850 | 813,800 |
| Granted during the year | - | - |
| Exercised during the year | 667,850 | 145,950 |
| Forfeited/Lapse during the year | - | - |
| Closing balance | - | 667,850 |
| Vested | - | 375,600 |

During the year ended March 31, 2022, the Company has recognised share option expenses in Statement of Profit & Loss of ₹ 5 Lacs (Previous year ₹ 41 Lacs). During the year, Two employee availed the Employee Stock Option (Senior Management Personnel) Plan 2018 and were issued 6,67,850 Equity Shares at ₹ 25.5 each (including premium of ₹ 19.5 each), amounting to ₹ 170 Lacs and were subscribed and fully paid up.

The model inputs for fair value of option granted as on the grant date:

| **Particulars** | **Option A** | **Option B** | **Option C** |
|---|---|---|---|
| Exercise price* | 0.001 | 0.001 | 0.001 |
| Dividend yield | 0% | 0% | 0% |
| Risk free interest rate - Annual | 7.84% | 7.84% | 8.02% |
| Expected volatility - Annual | 56.85% | 56.85% | 56.85% |
| Fair value per option | 25.5 | 25.5 | 25.5 |
| Model used | Black Scholes | Black Scholes | Black Scholes |

* *Welspun Specialty Solutions Ltd (Erstwhile RMG Alloy Steel Limited has granted Stock options at nil cost to the employees of company and thereby Exercise Price is Nil. But for computation purpose under Black Scholes Valuation, we have assumed the Exercise Price as 0.001.*

## 61. EARNINGS/ (LOSS) PER SHARE

| | **Year ended March 31, 2022** | **Year ended March 31, 2021** |
|---|---|---|
| Nominal value of an equity share | 5.00 | 5.00 |
| Profit after tax attributable to the equity holders of the Company from continuing operations | 4,388.00 | 7,786.21 |
| Loss after tax attributable to the equity holders of the Company from discontinuing operations | - | (110.38) |
| Profit after tax attributable to the equity holders of the Company | 4,388.00 | 7,675.83 |
| **Basic earnings/ (loss) per share:** | | |
| Weighted average number of equity shares used as denominator for calculating basic EPS | 260,949,395 | 260,884,395 |
| Basic earnings per share (₹) from continuing operations | 16.82 | 29.84 |
| Basic loss per share (₹) from discontinuing operations | - | (0.42) |
| Basic earnings per share (₹) from total continuing and discontinuing operations | 16.82 | 29.42 |
| **Diluted earnings/ (loss) per share:** | | |
| Weighted average number of equity shares used as denominator for calculating diluted EPS | 261,608,832 | 261,585,729 |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Diluted earnings per share (₹) from continuing operations | 16.77 | 29.76 |
| Diluted loss per share (₹) from discontinuing operations | - | (0.42) |
| Diluted earnings per share (₹) from total continuing and discontinuing operations | 16.77 | 29.34 |
| **Reconciliation of weighted average number of shares outstanding** | | |
| Weighted average number of equity shares used as denominator for calculating basic EPS | 260,949,395 | 260,884,395 |
| Total weighted average potential equity shares | 659,437 | 701,334 |
| Weighted average number of equity shares used as denominator for calculating diluted EPS | 261,608,832 | 261,585,729 |

## 62. GOVERNMENT GRANT RECEIVABLE (REFER NOTE 11)

Payroll Incentive: Welspun Pipes Inc. and its subsidiaries currently has a financial incentive agreement in place with the Arkansas Economic Development Commission ("AEDC"). The agreement is a ten year agreement dated January 5, 2012 which was initiated in conjunction with Welspun Pipes Inc. and its subsidiaries expansion and building of their small diameter pipe manufacturing plant. The AEDC provides Welspun Pipes Inc. and its subsidiaries with a cash incentive based on the amount of new full-time permanent employees.

In 2013, Welspun Pipes Inc. and its subsidiaries received a USD 4,500,000 (₹ 329.00) grant from the City of Little Rock (the "City") to help fund the acquisition of new equipment used in the HFIW plant. The ultimate purpose of the grant is to create employment opportunities for Arkansas residents. Under the terms of the grant, Welspun Pipes Inc.and its subsidiaries will be tested by the City through December 31, 2016 to determine if the job creation required by the grant has taken place. If Welspun Pipes Inc.and its subsidiaries fails to meet the grant's employment thresholds at any testing date, they will be required to repay the City USD 22,500 (₹ 1.64) for each unfilled position on that date., with the repayment not to exceed the original USD 4,500,000 (₹ 329.00) grant received. As of March 31, 2021 and March 31, 2020, Welspun Pipes Inc.and its subsidiaries has met the grant's employment thresholds and the funds have been received.

During the year 2020-21: AEDC amended limit of create rebate from USD 3,500,000 (₹ 255.89) to USD 5,500,000 (₹ 402.11), accordingly Welspun Pipes Inc.and its subsidiaries had applied cash incentives for Calendar year 2019, 2020 and 2021.The amount of USD 583,020 (₹ 44.19) (March 31, 2020: USD 1,600,000 - ₹ 116.98) listed under "Government grant receivable" on the consolidated balance sheet represents Welspun Pipes Inc.and its subsidiaries accrual for AEDC incentive benefits till financial year ended March 31, 2022.

During the year Welspun Pipes Inc. and its subsidiaries has recognised payroll incentive income of USD 75,925 (March 31, 2021: USD 1,875,872).

## 63. EXCEPTIONAL ITEMS - INCOME / (EXPENSES)

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Share Premium on Preference share written Off[1] | - | 1,272.60 |
| Refund of Electricity duty Reimbursement[2] | - | 90.90 |
| Interest on Refund of Value Added Tax[3] | - | 12.64 |
| **Total** | | **1,376.14** |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

1. During the year ended as on March 31, 2021, the terms of 5,09,04,271 12% Cumulative Redeemable (redeemable at a premium of ₹ 25/-per share) Preference Shares of ₹ 10- each have been varied and therefore, post variation the said securities stood modified as 12% Non-Cumulative Redeemable Preference Shares redeemable at par with the rest of the terms remaining unchanged. The said variation shall be effective from the issuance of the said securities. Thereby the redemption amount stands reduced from ₹ 1,781.6 to ₹ 509.0. WSSL has accounted for the reduced liability by crediting to the Statement of Profit and Loss amounting to ₹ 1,272.6 as an Exceptional Item.

2. During the year ended as on March 31, 2021, WSSL has received ₹ 90.9 vide Department Order Number 1692081 dated January 16, 2021 from Government of Gujarat towards reimbursement of power subsidy for previous years and accordingly the same has been considered as an exceptional item.

3. During the year ended as on March 31, 2021, WSSL has received final appeal order of ₹ 57.5 (including interest of ₹ 12.6 ) related to Value Added Tax Assessment for FY 2014-15 vide order Number 0182693 dated March 23, 2021. During the quarter ended December 31, 2020, the WSSL had written off the said recoverable of ₹ 352 Lacs, which was reinstated during the quarter ended March 31, 2021. The WSSL has received net refund of ₹ 35.8 after adjustment of 6th final instalment of Sales Tax deferment loan of ₹ 10.4, interest on deferment of loan of ₹ 1.5 and refund already received earlier of ₹ 9.7. Accordingly, the interest amount of ₹ 12.6 received on the said Order has been considered as an exceptional item.

## 64. SUBSEQUENT EVENTS

In the month of April 2022, the Company acquired 100% of the issued share capital of Big Shot Infra Facilities Private Limited from an unrelated party at a consideration of ₹0.03 with an intention to make it a special purpose vehicle for organic/inorganic growth of the business under the object of the Company.

## 65. IMPACT ON CURRENT TAX DUE TO INTRODUCTION OF FRANCHISE TAX IN TEXAS

In case of Welspun Pipes Inc.and its subsidiaries, franchise tax in Texas was amended retrospectively to include receipts-based economic nexus rule on December 20, 2019 and mandatorily applies to each federal income tax accounting periods ending in 2019 or later. For Texas franchise tax, Welspun Pipes Inc.and its subsidiaries has entered into a Voluntary disclosure agreement with Comptroller of Public Accounts, State of Texas on February 05, 2021, for filing of amended Texas tax returns for 4 years starting from FY 2015-16 to 2018-19. Due date of filing of amended returns of these 4 years and original return for year FY 2019-20 is May 2021. Based on the franchise law in Texas the amount of tax paid by Welspun Pipes Inc.and its subsidiaries in Arkansas can be claimed as refund by paying tax in Texas. For Arkansas Tax, Welspun Pipes Inc.and its subsidiaries has filed Preceding 3 years amended returns from FY 2017-18 to FY 2019-20 based on law of limitation in Arkansas State. Texas Franchise tax is calculated on gross margin at 0.75%, whereas Arkansas tax is calculated on net income at a higher income tax rate i.e. 6.5%. Hence, there is a net refund position of ₹ 149.28 as at March 31, 2021.

## 66. FOREIGN CURRENCY TRANSLATION RESERVE

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Exchange differences on translation of foreign operations | 512.49 | (339.10) |
| **Attributable to:** | | |
| Owners of Welspun Corp Limited | 498.96 | (332.60) |
| Non-controlling interests | 13.53 | (6.50) |

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

## 67. ADDITIONAL REGULATORY REQUIREMENTS UNDER SCHEDULE III

**(i) Details of Benami Property held**

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**(ii) Borrowing secured against current assets**

The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks and financial institutions are in agreement with the books of accounts.

**(iii) Wilful defaulter**

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

**(iv) Relationship with struck off companies**

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

**(v) Compliance with number of layers of companies**

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

**(vi) Compliance with approved scheme(s) of arrangements**

The Company has compliance with an accounting impact on approved scheme of arrangements on current or previous financial year, refer note 56.

**(vii) Utilisation of borrowed funds and share premium**

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) other than note 1 below, with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

**Note 1 :**

The Company has given trade advance out of its internal accruals of an amount aggregating to ₹ 499.51 to Mohan Fabtex Limited having CIN U17126DL2006PLC152697 ( MFL – an unrelated party) during the month of October 2021, for supplies of Hot Rolled coils to be made in accordance to the PO terms in the ordinary course of business. Welspun Specialty Solutions Limited, which has become a subsidiary of the Company from the appointed date of April 1, 2021 vide the NCLT Order, had borrowed ICDs on multiple dates to meet it's working capital requirements from MFL.There are no non-compliances with the applicable laws and regulations.

**Note 2:**

Mahatva plastic products and building materials private limited (Mahatva), a subsidiary company, has obtained the optionally convertible debenture amounting to ₹ 4,010.00 million from the holding company and Mahatva has invested the amount of ₹ 3,869.37 million in sintex BAPL limited (also refer note 7(a) during the year).

**Note 3:**

The Company has given loan, out of its own funds, an amount aggregating to ₹ 1,490 to Welspun DI Pipes Limited during the year. Further, Welspun DI Pipes Limited (WDI) has given this loan to Welspun Metallic Limited (WML) to meet it's capex requirements, since both WDI and WML are wholly owned subsidiaries, there are no non-compliances with the applicable laws and regulations.

**(viii) Undisclosed income**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

# Notes

**Notes annexed to and forming part of the consolidated balance sheet as at March 31, 2022 and the consolidated statement of profit and loss for the year ended March 31, 2022**

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

**(ix) Details of crypto currency or virtual currency**

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(x) Valuation of PP&E, intangible asset and investment property**

The Company has not revalued its property, plant and equipment (including Right-of-Use assets) or intangible assets or both during the current or previous year.

**(xi) Title deeds of immovable properties not held in name of the company**

The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3(a) on property, plant and equipment, 3(b) on right of use assets and Note 4 on investment property to the financial statements, are held in the name of the Company, except for the following:

| Description of property | Gross carrying value | Period held |
|---|---|---|
| Freehold Land | 341.81 | 12 - 17 years |
| Right of use assets | 4.13 | 1 - 2 years |
| Investment properties | 76.22 | 17 years |

Note - Title deeds are held in the name of the demerged undertaking i.e. Welspun Steel Limited which has been merged with the Company in the current year (Refer notes 51). The Company is under process to change the name of these title deeds.

**(xii) Registration of Charges or satisfaction with Registrar of Companies (ROC)**

The company does not have any charge or satisfaction not registered with the ROC beyond the statutory period.

**(xiii) Utilisation of borrowings availed from banks and financial institutions**

The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were was taken.

Note: The Company in the above notes refers to the holding company, subsidiaries, joint venture and associate which are companies incorporated in India.

## 68. CORE INVESTMENT COMPANIES (CIC)

Management has assessed that there are three CIC in the Group ('Companies in the Group' is as defined in Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016, as amended).

**69.** The figures for the previous year have been regrouped wherever necessary.

**As per our attached report of even date.**

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No: 012754N / N500016

**Neeraj Sharma**
Partner
Membership No.108391

Place: Mumbai
Date: May 27, 2022

**For and on behalf of Board**

**B.K.Goenka**
Chairman
DIN No.00270175

**Vipul Mathur**
Managing Director
and Chief Executive Officer
DIN - 07990476

**Percy Birdy**
Chief Financial Officer

**Pradeep Joshi**
Company Secretary
FCS-4959

Place: Mumbai
Date: May 27, 2022

WELSPUN CORP
Pipes and Plates

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