

WELSPUN TRADINGS LIMITED

DIRECTORS' REPORT

To,
The Members,
Welspun Tradings Limited
Anjar.

Your Directors have pleasure in presenting their 11th Annual Report and audited statement of accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

Particulars	(Amount in Rupees)	
	For the Financial Year ended on 31.03.2012	For the Financial Year ended on 31.03.2011
Income	5,467,885,856	17,640,732,876
Expenses	5,427,700,529	17,496,446,312
Profit (Loss) Before Tax	40,185,327	144,286,564
Provision For Tax Current Tax	12,601,402	45,095,796
Profit (Loss) After Tax	27,583,925	99,190,767
Tax Paid For Earlier Years	0	4,012
Profit Loss For The Year Carried to Balance Sheet	27,583,925	99,186,755

DIVIDEND

Your Directors do not recommend any dividend for the year ended 31st March, 2012.

DIRECTORS

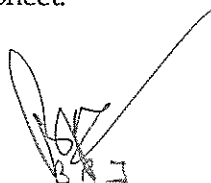
In accordance with the provisions of the Companies Act, 1956 and Articles of Association, Mr. Brijgopal Jaju, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

RESERVES

The Company does not intend to transfer any amount of the profit to the General Reserves of the Company.

PUBLIC DEPOSITS

The Company has not accepted any public deposits within the meaning of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 and Reserve Bank of India Rules, if any. Hence, no amount on account of principal or interest on public deposit was outstanding on the date of the Balance Sheet.



WELSPUN TRADINGS LIMITED

AUDITORS

M/s. Sureka Associates, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

The notes on account referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

COMPANY SECRETARY

As per the provisions of Section 383A of the Companies Act, 1956, the Company is required to appoint a full time Company Secretary. The Company is making efforts to recruit a suitable person as Company Secretary. Meanwhile, the Company has voluntarily obtained a Secretarial Compliance Certificate under the aforesaid Section of the Act from a Company Secretary in full time practice to ensure compliance with the provisions of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company is a not a manufacturing unit, the particulars relating to Conservation of Energy, Research and Development and Technology Absorption are not applicable.

Total foreign exchange used and earned:

Used : Rs. 204,481,504
Earned : Rs. 4,093,491,695

PARTICULARS OF EMPLOYEES

No employee of the Company comes under the purview of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 1988. Hence, no annexure is set out in the report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that they had:

- followed in the preparation of annual accounts, the applicable accounting standards and given proper explanation relating to material departures, if any;
- 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;



Handwritten signature of a director, with the initials 'ARM' written below it.



Handwritten signature of a director, with the initials 'ARM' written below it.

WELSPUN TRADINGS LIMITED

- c. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to safeguard the assets of the company and to prevent and detect fraud and other irregularities; and
- d. prepared the accounts on a going concern basis.


ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the valuable support and assistance received by your Company from Banks, Government and their departments.

Mumbai
14th May, 2012



Brijgopal Jaju
Director



Abhishek Mandawewala
Director

WELSPUN TRADINGS LIMITED

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DIRECTORS

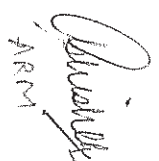
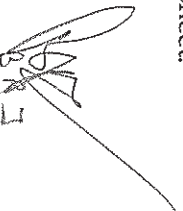
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WEISPUN TRADINGS LIMITED

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Mumbai
14th May, 2012


Brigopal Jaju
Director


Abhishek Mandawewala
Director


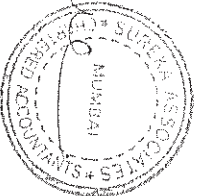
AUDITORS REPORT TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of M/s WELSPUN TRADINGS LIMITED and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto as at 31st March, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, a statement on the matters specified in paragraph 4 and 5 of the said order is annexed.
4. Further to our comments in the statement referred to in paragraph 3 above:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of the books.
 - c) The Balance Sheet, the Profit and Loss account and the Cash flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit & Loss account and the Cash flow statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3c) of the Companies Act, 1956
 - e) On the basis of the written representations received from the Directors of the company as at 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as a director of the company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :



- i. In case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012
- ii. In the case of the Profit and Loss account, of the profit for the year ended on the date; and
- iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date

For and on behalf of
SUREKA ASSOCIATES
Chartered Accountants

Suresh Sureka
Partner
F.R.N:110640W
Membership Number: FCA 34132

Place : Mumbai
Date : 14 May, 2012

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (3) of our report of even date to the members of WELSPUN TRADINGS LIMITED on the accounts for the year ended 31st March, 2012

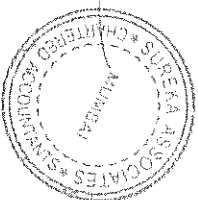
1. (a) The Company has no Fixed Assets. Hence, Sub-clauses (b) and (c) are not applicable.
2. (a) The inventories have been physically verified by the management during the year except stock lying with third parties in respect of whom confirmation have been obtained. The frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of the business.
(c) On the basis of our examination of the records and in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
3. (a) The Company has not granted any loans, secured or unsecured, to any company, firm or other parties covered in the register maintained under section 301 of the Act. As such, the requirements regarding the quantum of amount of loan, rate of interest, repayment of principal and interest and overdue amounts are not applicable.
(b) The Company has not taken any secured / unsecured loans from any company, firm or other parties covered in the register maintained under Section 301 of the Act. As such, the requirements regarding the quantum of amount of loan, rate of interest, repayment of principal and interest are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with size of the company and the nature of its business with regard to purchase of inventory and sale of goods and services. During the course of our audit, no major weaknesses were noticed in the internal control system in respect above areas.
5. According to the information and explanation given to us, there is no contract or arrangement the particulars of which are required to be entered into the register in pursuance of section 301 of the Act.
6. The Company has not accepted any deposit from the Public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the company.
9. (a) According to the records of the Company, the Company has been regular in depositing undisputed statutory dues with the appropriate authorities.



- (b) Based on our audit procedures and according to the information and explanations given to us, there are no undisputed arrears of statutory dues which has remained outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
 11. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
 12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The Company is not a Chit Fund, Nidhi or Mutual Benefit fund/ Society and therefore the requirements pertaining to such class of Company are not applicable.
 14. The Company is not dealing or trading in shares, securities, debentures and other investments.
 15. In our opinion, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
 16. The Company has not taken any term loans during the year.
 17. On the basis of review of utilization of funds which is based on an overall examination of the Balance Sheet of the Company and related information as made available to us, we report that so short term funds have been used for long term investments.
 18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
 19. The Company has not issued any debentures.
 20. The Company has not made any public issues during the year and therefore, the question of disclosing the end use of money does not arise.
 21. Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
SUREKA ASSOCIATES
Chartered Accountants

Suresh Sureka
Partner
F.R.N.:110640W/
Membership Number: FCA 34132



Place : Mumbai
Date : 14 May, 2012

Welspun Tradings Limited
Balance Sheet as at 31st March 2012

(Rs.)

Particulars	Note No.	As at March 31st, 2012	As at March 31st, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	50,134,020	50,134,020
(b) Reserves and Surplus	3	249,982,622	222,398,697
2 Current liabilities			
(a) Trade Payables	4	1,664,101,773	719,559,466
(b) Other current liabilities	5	2,436,238,930	420,984,147
(c) Short-term provisions	6	57,873,203	45,271,801
TOTAL		4,458,330,547	1,458,348,130
II. ASSETS			
1 Non-current assets			
(a) Long-term loans and advances	7	85,000	85,000
2 Current assets			
(a) Inventories	8	2,033,710,655	28,911,257
(b) Trade receivables	9	1,560,780,372	195,423,988
(c) Cash and cash balances	10	3,811,448	54,099,726
(d) Short-term loans and advances	11	859,943,072	1,179,828,160
TOTAL		4,458,330,547	1,458,348,130
Notes Forming Part of Financial Statements	1-19		

As per our Report of even date
For SUREKA ASSOCIATES
Firm Registration No 110640W
Chartered Accountants

SURESH SUREKA

Partner

Membership No 34132

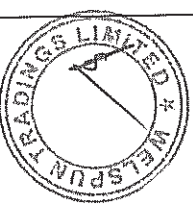
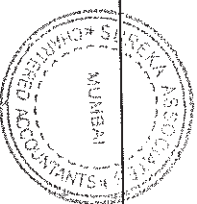
Place: Mumbai,

Date: 14th MAY, 2012

FOR AND ON BEHALF OF THE BOARD

DIRECTOR

DIRECTOR

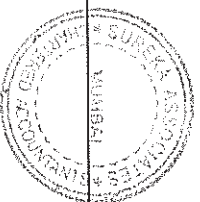


Welspun Tradings Limited
Statement of Profit and loss for the year ended 31st March, 2012

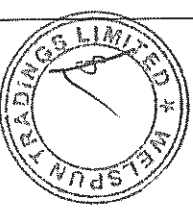
Particulars	Note No.	Year ended 31st	Year ended 31st
		March, 2012	March, 2011
I. Revenue from Operations	12	5,459,076,355	17,602,837,558
II. Other Income	13	8,809,501	37,895,318
III. Total Revenue		5,467,885,856	17,640,732,876
IV. Expenses:			
Purchase of Goods	14	7,152,420,407	12,497,173,528
(Increase) / Decrease in Inventories of Finished Goods	15	(2,004,799,398)	3,552,584,771
Finance cost	16	1,779,430	1,927,026
Other Expenses	17	278,300,088	1,444,760,987
Total expenses		5,427,700,529	17,496,446,312
V. Profit (Loss) before tax		40,185,327	144,286,564
VI. Tax expense:			
(1) Current Tax - Provision		12,601,402	45,095,796
(2) Deferred tax		-	4,012
Excess Tax Provision For Earlier Year Written Off/Back			
VII. Profit (Loss) for the period from continuing operations		27,583,925	99,186,756
VIII. Profit/(loss) from discontinuing operations		-	-
IX. Tax expense of discontinuing operations		-	-
X. Profit/(loss) from Discontinuing operations (after tax)		-	-
XI. Profit (Loss) for the period		27,583,925	99,186,756
XII. Earnings per equity share:	18	5.50	19.78
Basic and Diluted			
Notes Forming Part of Financial Statements	1-19		

As per our Report of even date
For SUREKA ASSOCIATES
Firm Registration No 110640W
Chartered Accountants

SURESH SUREKA
Partner
Membership No 34132
Place :Mumbai,
Date: 14th May, 2012



FOR AND ON BEHALF OF THE BOARD
 DIRECTOR
 DIRECTOR



WELSPUN TRADINGS LIMITED
CASH FLOW STATEMENT
ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31.03.2012

Particulars	31.03.2012 (RS.)	31.03.2011 (RS.)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and exceptional items	40,185,327	144,286,564
Adjustments for:		
Unrealised exchange difference-net	-	(29,802,656)
Dividend income	(2,319,953)	(8,527,412)
Interest expenses	4,710,118	27,440,880
Excess Tax Provision Written back	-	(4,012)
Operating Profit before working capital changes	42,575,492	133,393,365
Miscellaneous expenditure	-	4,321
Trade and other receivables	(1,045,471,296)	1,092,580,335
Inventories	(2,004,799,398)	3,552,584,772
Trade and other paybles	2,972,398,492	(9,493,426,687)
Cash generated from operations	(77,872,203)	(4,848,257,259)
Taxes paid (net)	(35,296,711)	(4,714,863,894)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(12,501,402)	(45,095,796)
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	(47,898,113)	(4,759,959,690)
NET CASH USED IN INVESTING ACTIVITY	2,319,953	8,527,412
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid (Net)	(4,710,118)	(27,440,880)
NET CASH FROM FINANCING ACTIVITY	(4,710,118)	(27,440,880)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALANTS	(50,288,277)	(4,778,873,159)
Cash and cash equivalent Opening balance	54,099,727	4,832,972,886
Cash and cash equivalent Closing balance	3,811,450	54,099,727

Notes:

1. The cash flow has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash flow statements issued by the Institute of Chartered Accountants of India.

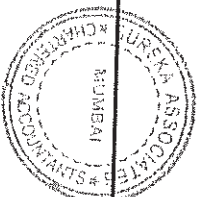
**FOR SUREKA ASSOCIATES
 CHARTERED ACCOUNTANTS**

[Signature]
 (SURESH SUREKA)
 PARTNER

Membership No. FCA 34132

Place : Mumbai

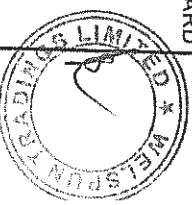
Date : 14 th May 2012



FOR AND ON BEHALF OF THE BOARD

[Signature]
 DIRECTOR

[Signature]
 DIRECTOR



Note 2 Share Capital

Share Capital		(Rs.)	
Particulars	As at 31 March 2012	As at 31 March 2011	
Authorised			
5,050,000 (Previous Year 5,050,000) Equity Shares of Rs. 10 each	50,500,000		50,500,000
Issued,Subscribed and Paid up			
5,013,402 (Previous Year 5,013,402)Equity Shares of Rs. 10 each	50,134,020		50,134,020
Total	50,134,020		50,134,020

(b) Reconciliation of number of shares outstanding as at 1st April 2011 and 31st March 2012.

Particulars	Equity Shares	
	Number	(Amount in Rs)
Shares outstanding as at the 1st April, 2011	5,013,402	50,134,020
Shares outstanding as at 31st March, 2012	5,013,402	50,134,020

(c) Details of Shareholders holding more than 5% shares

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Welspun Corp Limited (Holding Company)	5,013,402	100	5,013,402	100
TOTAL	5,013,402	100	5,013,402	100

(d) The company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share.

(e) 3402 Equity share of 10 Each have been issued for consideration other than cash to give effect to Scheme of Demerger Dated 14th September 2009.

Note 3 Reserves And Surplus

Particulars	(Rs.)	
	As at 31 March 2012	As at 31 March 2011
Surplus		
Profit & Loss Account		
Balance as per last Balance Sheet	222,398,697	123,211,941
Add: Net Profit/(Net Loss) For the current period	27,583,925	89,186,756
	249,982,622	222,398,697
Total	249,982,622	222,398,697

Note 4 Trade Payables

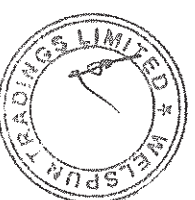
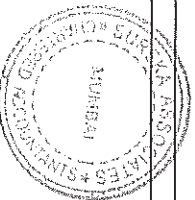
Particulars	(Rs.)	
	As at 31 March 2012	As at 31 March 2011
Sundry Creditors	1,664,101,773	719,559,466
Total	1,664,101,773	719,559,466

Note 5 Other Current Liabilities

Particulars	(Rs.)	
	As at 31 March 2012	As at 31 March 2011
TDS Payable	258,969	119,313
Income received in advance	4,249,609	-
Advances from customers	2,431,730,352	420,864,834
Total	2,436,238,930	420,984,147

Note 6 Short-term Provisions

Particulars	(Rs.)	
	As at 31 March 2012	As at 31 March 2011
Provision for taxation	57,873,203	45,271,801
Total	57,873,203	45,271,801



Particulars	As at 31 March 2012	As at 31 March 2011
Other loans and advances (Unsecured, considered good) Loans and Advances to Others	85,000	85,000
Total	85,000	85,000

Note 8 Inventories

(Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
Stock in trade	2,033,710,655	28,911,257
Total	2,033,710,655	28,911,257

Note 9 Trade Receivables

(Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
Sundry Debtors (Unsecured, Considered Good) Less than six months	1,560,780,372	195,423,988
Total	1,560,780,372	195,423,988

Note 10 Cash and Cash Equivalents

(Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
Cash and cash equivalents		
(a) Balance with Banks : - In Current Accounts - Bank deposits with less than 12 months Maturity	3,656,958 142,568	11,722,211 42,354,634
(b) Cash on hand	11,922	22,881
Total	3,811,448	54,099,726

Note 11 Short Term Loans and Advances

(Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
Balances with Government Authorities	661,676,002	108,241,371
Loans and advances to related parties (Unsecured, considered good)	-	1,067,907,773
Other loans and advances (Unsecured, considered good) Loans and Advances to Others	198,267,070	3,679,016
Total	859,943,072	1,179,828,160

Note 12 Revenue from Operations

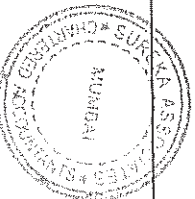
(Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
Export Sales	4,412,684,054	14,603,741,694
Local Sales	1,046,392,301	2,999,095,924
Total	5,459,076,355	17,602,837,568

Note 13 Other Income

(Rs.)

Particulars	As at 31 March 2012	As at 31 March 2011
Interest received	6,489,548	29,367,906
Dividend received	2,319,953	8,527,412
Total	8,809,501	37,895,318



Particulars	As at 31 March 2012	As at 31 March 2011
Pipes and bends	2,069,623,436	8,622,425,191
Plates	2,367,239,514	2,784,069,477
CST Pipes	-	558,542
Excise Duty -Pipes	13,127,707	11,408,673
Excise Duty -Plates	185,756,193	230,184,675
Job Work-Pipes	206,591,411	123,833,434
HR Colls	2,187,508,928	479,025,884
TMT Bars	122,568,914	239,419,255
VAT Plates (ITC Reversal)	5,305	6,248,397
Total	7,152,420,407	12,497,173,528

Note 15 (Increase) / Decrease in Inventories of stock in trade

Particulars	As at 31 March 2012	As at 31 March 2011
Opening Stock	28,911,258	3,581,496,029
Less: Closing Stock	2,033,710,655	28,911,258
Total	(2,004,799,398)	3,552,584,771

Note 16 Finance Costs

Particulars	As at 31 March 2012	As at 31 March 2011
Bank Charges	1,779,430	754,278
Interest on others	-	1,172,748
Total	1,779,430	1,927,026

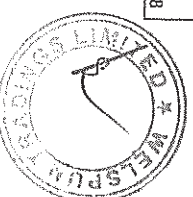
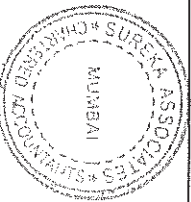
Note 17 Other Expenses

Particulars	As at 31 March 2012	As at 31 March 2011
Audit Fees (Including Tax Audit)	561,800	270,235
Appeal Fees	8,228	8,592
Coating & Double Jointing Chgs.	-	281,847,403
Commission on Sales	4,357,551	157,644,296
Custom Duty	-	13,974,426
Exchange Difference Forex-Net	36,934,132	(46,533,441)
Forward Contract Gain/Loss	-	(1,444,897)
Freight, Material handling and Transport expense	247,813,207	942,346,741
Interest on Income Tax	692,028	-
Insurance Premium	-	15,561
Legal and Professional fees	1,331,117	5,842,030
Membership Fees	54,635	34,090
Office expenses	272,050	36,892
Rent, Rates & Taxes	358,263	49,073,761
Sundry Balance Written Off/Written (Back)-Net	(15,032,294)	38,798,709
Survey Fees	949,372	2,846,589
Total	278,300,088	1,444,760,987

Note 18 Basic and Diluted Earning Per Share

For the purpose of calculation of Basic and Diluted Earning Per Share the following amounts are considered :

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Basic Earnings Per Share		
Net Profit after tax	27,583,925 (A)	99,186,756
Weighted average number of equity shares (Nos.)	5,013,402 (B)	5,013,402
Basic Earnings Per Share of face value of Rs. 10/- each	(A) / (B) 5.50	19.78
Diluted Earnings Per Share		
Amount available for calculation of Diluted EPS	27,583,925 (A)	99,186,756
Weighted average number of equity shares (Nos.)	5,013,402	5,013,402
Number of Shares used for calculating Diluted EPS	5,013,402 (B)	5,013,402
Diluted Earnings Per Share of face value of Rs. 10/- each	(A) / (B) 5.50	19.78



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

- 1. Accounting Convention**

The financial statements are prepared under the historical cost convention, on going concern basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India. All expenses and income to the extent ascertainable with reasonable certainty are accounted for on accrual basis
- 2. Use of Estimates**

The presentation of financial statements in conformity with the generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities on the date of the financial statements and reported amount of revenue and expenses for that year. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively
- 3. Investments**

Long term Investment are stated at cost after deducting provision, if any for permanent diminution in the values. Current Investments are stated at lower of cost and market/fair value.
- 4. Inventories**

Inventories are valued at lower of cost and net realizable value.
- 5. Revenue Recognition**
 - a) Revenue from sales is recognized when significant risks and rewards of ownership are transferred to customer, which is generally on dispatch. Export Sales are accounted for on the basis of date of Bill of Lading/Airway bill.
 - b) Dividend is accounted for when dividend is received.
- 6. Taxes on Income**

Accounting for Taxes on income: Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax assets on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- 7. Foreign Currency Transactions:**

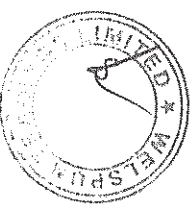
Foreign Currency transactions are recognized at the rate of exchange on the date of transaction. Foreign Currency assets and liabilities at the year end to the extent not covered by forward contracts are realigned at the year end exchange rates and any difference on realignment is recognized in the profit and loss account, except in cases where they relate to fixed assets.
- 8. Operating Lease**

Lease payments under operating leases are recognized as an expense on accrual basis in accordance with the respective lease agreements.
- 9. Provisions, Contingent Liabilities and Contingent Assets**

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities, if material, are disclosed in the financial accounts. Contingent assets are not recognized or disclosed in the financial statements.

II. NOTES TO ACCOUNTS

1. In the opinion of the Management, the current assets, loans & advances have a value on realization in the ordinary course of business, at least equal to the amount at which they



are stated. Provision for all the known liabilities is adequate and not in excess of the amount reasonably necessary.

2. (i) **Current Tax:-** Current tax is provided based on the tax rates and laws applicable in the previous year.

(ii) **Deferred Tax:-** In accordance with the Accounting Standard 22 "Accounting for taxes on income issued by ICAI, deferred tax assets and liabilities should be recognised for timing difference in accordance with the said standard. However, considering the requirement of the Accounting Standard regarding certainty / virtual certainty, the same is not provided for as an asset (Net). However the same will be reviewed at a subsequent Balance Sheet date and will be accounted for in the year of certainty/ virtual certainty in accordance with the aforesaid Accounting Standard.

3. **Auditors' Remuneration includes**

Particulars	31st March 2012	31st March 2011
Audit fees (including Tax Audit fees)	561,800	270,235
Total	561,800	270,235

4. **Related party disclosures**

As per Accounting Standard 18, the disclosure of transactions with related parties as defined in the Accounting Standard are given below:

Directors /Key Management Personnel:

Name of the Related Party	Nature of Relationship
Abhishhek Mandawwala	Director
Brigoppal Jaju	Director
L.T. Hotwani	Director

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

Welspun Corp Ltd (**Holding Company**), Welspun Global Trade LLC, Welspun Tubular LLC, Welspun Pipes Inc., Welspun Steel Ltd, Welspun Developers and Infrastructure Pvt. Ltd. Welspun Fintrade Limited.

Disclosure in respect of transaction which are more than 10% of the Total Transaction of the same type with related party during the Year.

- Purchase of Goods from Welspun Corp Ltd Rs. 702,98,51,493 (Rs 1225,77,54,274)
- Purchase of Goods Includes from Welspun Steel Ltd. Rs 12,25,68,914 (Rs 23,94,19,255)
- Sales of Goods includes to Welspun Corp Ltd. Rs 6,52,587 (Rs 247,61,60,748)

Disclosures of closing Balance as at 31st March, 2012

- Sundry Creditors includes - Welspun Corp Ltd. 155,58,18,024 (Nil), Welspun Global Trade LLC Rs 1,95,25,818 (Rs 1,71,15,555), Welspun Tubular LLC Rs 2,73,154 (Rs 2,39,436), Welspun Steel Ltd. Rs 69,60,053 (Rs 1,96,23,276), Advances recoverable in cash or in kind or for value to be received from Welspun Corp Limited Rs Nil (Rs 106,79,07,774).

5. The company is engaged in the trading activity of steel products which in the opinion of the management is considered the only business segment in the context of Accounting Standard 17 on "Segment Reporting"



(a)	FOB Value of export Expenditure in Foreign Currency	4,093,491,695		13,038,105,091
(b)	Freight and Insurance expenses(XXX)	202,536,799		803,625,742
	Other Expenses (XXX)	1,944,705		453,539,833
(c)	Other Information	Nil		Nil

(XXX) Expenses - Incurred In – Foreign Currency				
		For the year ended	For the year	
		31.03.2012	ended 31.03.2011	
Nature of expenses		202,536,799	664,689,502	
Freight, Forwarding and Clearing Charges			138,936,240	
Trucking Rail Freight Charges		-		
Total freight forwarding exp.		202,536,799	803,625,742	
Coating & Double Joining Charges			281,847,403	
Commission on exports			157,644,296	
Custom Duty			13,974,426	
Other Financial Expenses in foreign currency			73,708	
Total other expenses		1,944,705	453,539,833	

8 Operating Lease

The Company leases office, residential facilities, equipment etc. under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of lease is generally for eleven months.

Particulars	31 st March 2012	31 st March 2011
Lease Rental charges for the year	36,000	36,000
Future lease rental obligations payable (under non-cancelable leases)		
Not Later than one year	27,000	30,000
Later than one year but not later than five years	0	0
Later than five years	0	0
Total	63,000	66,000

9. As per the information available with the company, no amount at the end of the year is due to any Micro, Small and Medium undertaking.

10. Previous year's figures have been regrouped, rearranged, wherever necessary to conform to the current year's presentation.

FOR SUREKA ASSOCIATES FOR AND ON BEHALF OF THE BOARD
Chartered Accountants

SURESH SUREKA

(Partner)

Place: Mumbai

Date: 14 MAY 2012

DIRECTOR

DIRECTOR

