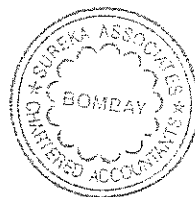


**SUREKA ASSOCIATES**  
CHARTERED ACCOUNTANTS

45 C, MANDHANA MANOR, MOGAL LANE,  
MATUNGA ROAD (W), MUMBAI 400 016.  
TEL.: 2430 6150, 2432 7608 FAX: 2432 7608  
EMAIL: surekas@vsnl.com

**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 31<sup>st</sup> March, 2011. 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 31<sup>st</sup> March, 2011 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 :



: 2 :

- i. In case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011
- 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 : 27<sup>th</sup> April, 2011

**SUREKA ASSOCIATES**  
CHARTERED ACCOUNTANTS

45 C, MANDHANA MANOR, MOGAL LANE,  
MATUNGA ROAD (W), MUMBAI 400 016.  
TEL.: 2430 6150, 2432 7608 FAX: 2432 7608  
EMAIL: surekas@vsnl.com

**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 31<sup>st</sup> March, 2011**

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 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 31<sup>st</sup> March, 2011 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 : 27th April, 2011

**WELSPIN TRADINGS LIMITED**

**BALANCE SHEET AS AT 31ST MARCH, 2011**

PARTICULARS	SCHEDULE	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
SHARE CAPITAL	1	50,134,020	50,134,020
RESERVE & SURPLUS	2	222,390,697	153,014,598
<b>TOTAL</b>		<b>272,532,717</b>	<b>203,148,618</b>
<b>APPLICATION OF FUNDS</b>			
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
INVENTORIES		28,911,257	3,581,496,029
SUNDRY DEBTORS	3	195,423,988	1,488,780,520
CASH & BANK BALANCES	4	54,099,726	4,832,972,886
LOANS & ADVANCES	5	1,179,913,160	979,136,962
		1,458,348,130	10,882,386,397
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
CURRENT LIABILITIES	6	1,140,543,612	10,642,091,075
PROVISIONS		45,271,801	37,151,025
<b>NET CURRENT ASSETS</b>		<b>272,532,716</b>	<b>203,144,297</b>
<b>MISCELLANEOUS EXPENSES</b>			
(To the extent not written off or adjusted)			
PRILIMINARY EXPENSES		-	4,321
<b>TOTAL</b>		<b>272,532,716</b>	<b>203,148,618</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

Schedules referred to above form an integral part of the Accounts  
As per our report attached of even date

13

For SUREKA ASSOCIATES

Chartered Accountants

SURESH SUREKA

Partner

Membership No. FCA 34132

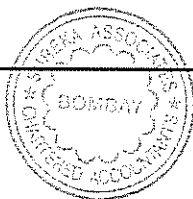
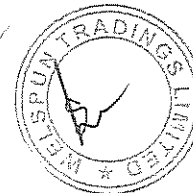
Place : Mumbai

Date : 27 APR 2011

FOR AND ON BEHALF OF THE BOARD

DIRECTOR

DIRECTOR



**WELSPUN TRADINGS LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

PARTICULARS	SCHEDULE	YEAR ENDED 31.03.2011 RS.	YEAR ENDED 31.03.2010 RS.
<b>INCOME</b>			
SALES	7	17,650,815,896	21,776,201,092
OTHER INCOME	8	8,527,412	15,384,212
INCREASE/(DECREASED) IN STOCK	9	(3,552,584,771)	3,011,486,814
<b>TOTAL</b>		<b>14,106,758,536</b>	<b>24,803,072,118</b>
<b>EXPENSES</b>			
PURCHASE OF GOODS	10	12,497,173,528	20,567,195,887
SALES AND ADMINISTRATIVE EXPENSES	11	1,492,739,324	4,076,218,669
FINANCE EXPENSES	12	(27,440,880)	38,094,710
<b>TOTAL</b>		<b>13,962,471,972</b>	<b>24,681,509,267</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>144,286,564</b>	<b>121,562,851</b>
PROVISION FOR TAX - CURRENT TAX		45,095,796	36,975,020
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>99,190,767</b>	<b>84,587,830</b>
EXCESS TAX PROVISION FOR EARLIER YEAR WRITTEN OFF/BACK		4,012	(1,001,842)
<b>PROFIT/(LOSS) FOR THE YEAR CARRIED TO BALANCE SHEET</b>		<b>99,186,755</b>	<b>85,589,672</b>
<b>EARNINGS PER SHARE (FV-RS. 10 EACH) REFER NOTE- BASIC &amp; DILUTED</b>		<b>19.78</b>	<b>215.92</b>
<b>WEIGHTED AVERAGE NO OF SHARES USED IN COMPUTING</b>		<b>5,013,402</b>	<b>5,013,402</b>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS  
 Schedule: referred to above form an integral part of the Financial Statements  
 As per our report attached of even date

13

For SUREKA ASSOCIATES

Chartered Accountants

SURESH SUREKA

Partner

Membership No. FCA 34132

Place : Mumbai

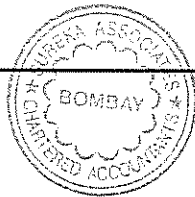
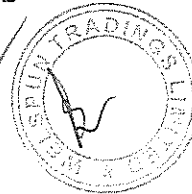
Date :

27 APR 2011

FOR AND ON BEHALF OF THE BOARD

DIRECTOR

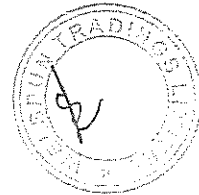
DIRECTOR



# WELSPUN TRADINGS LIMITED

## SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	AS AT 31.03.2011 RS.	AS AT 31.03.2010 RS.
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORIZED</b>		
5,050,000 (5,050,000) Equity Shares of Rs.10 each fully paid up	50,500,000	50,500,000
TOTAL	50,500,000	50,500,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
5,013,402 (5,013,402) Equity Shares of Rs.10 each fully paid up (Of the Above 3402 Equity share of 10 Each have been issued for consideration other than cash to give effect to Scheme of Demerger Dated 14/09/2009)	50,134,020	50,134,020
TOTAL	50,134,020	50,134,020
<b>SCHEDULE - 2</b>		
<b>RESERVE &amp; SURPLUS</b>		
<b>Profit &amp; Loss</b>		
Opening Balance	123,211,941	37,656,289
Less Capitalization of Reserves towards issue of 3402 Fresh Equity share of 10 Each Pursuant to Scheme of Demerger.	-	(34,020)
Add Current Year Profit transferred from Profit & Loss Account	99,186,755	85,589,672
<b>Hedging Reserve</b>	-	29,802,656
TOTAL	222,398,697	153,014,598
<b>SCHEDULE - 3</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered Goods)		
Less than six months	195,423,988	1,452,141,497
More than six months	-	36,639,023
TOTAL	195,423,988	1,488,780,520
<b>SCHEDULE - 4</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on Hand	22,881	32,473
With Schedule Bank in		
- Current Accounts	11,722,211	82,514,347
- Fixed Deposit	42,354,634	4,750,426,066
TOTAL	54,099,726	4,832,972,886
<b>SCHEDULE - 5</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured, Considered Goods)		
Advances recoverable in cash or in kind or for value to be received	1,133,500,173	937,373,411
Other Advances and deposits	46,412,986	41,763,551
Tax Advances	-	-
TOTAL	1,179,913,160	979,136,962
<b>SCHEDULE - 6</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors for goods	37,417,985	2,674,709,144
Sundry Creditors for expenses	682,141,481	784,966,940
TDS Payable	119,313	418,616
Advances received	420,864,834	7,181,996,375
<b>PROVISIONS</b>		
Provision for Taxation	45,271,801	37,151,025
TOTAL	1,185,815,414	10,679,242,100



# WELSPUN TRADINGS LIMITED

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	AS AT 31.03.2011 RS.	AS AT 31.03.2010 RS.
<b>SCHEDULE - 7</b>		
<b>SALES</b>		
Export	14,651,719,972	21,141,332,373
Local	2,999,095,924	634,868,719
TOTAL	17,650,815,896	21,776,201,092
<b>SCHEDULE - 8</b>		
<b>OTHER INCOME</b>		
Dividend received	8,527,412	15,384,212
TOTAL	8,527,412	15,384,212
<b>SCHEDULE - 9</b>		
<b>INCREASE(DECREASED) IN STOCK</b>		
Closing Stock	28,911,258	3,581,496,029
Less: Opening Stock	3,581,496,029	570,009,215
TOTAL	(3,552,584,771)	3,011,486,814
<b>SCHEDULE - 10</b>		
<b>PURCHASE</b>		
Pipes and bends	8,622,425,191	17,431,292,862
Plates	2,784,069,477	3,135,903,025
CST Pipes	558,542	
Excise Duty -Pipes	11,408,673	
Excise Duty -Plates	230,184,675	
Job Work-Pipes	123,833,434	
HR Coils	479,025,884	-
TMT Bars	239,419,255	-
VAT Plates	6,248,397	
TOTAL	12,497,173,528	20,567,195,887
<b>SCHEDULE - 11</b>		
<b>SALES AND ADMINISTRATIVE EXPENSES</b>		
Advertising Expenses	-	88,217
Auditors Remuneration	270,235	195,300
Coating & Double Jointing Chgs.	281,847,403	1,697,225,896
Commission on exports	157,644,296	333,305,194
Custom Duty	13,974,426	11,312,182
Freight, Forwarding and Clearing Charges	803,410,501	1,437,447,056
Insurance Premium	15,561	30,001
Legal and Professional fees	5,842,030	4,167,287
Membership Fees	34,090	9,000
Office expenses	8,412	-
Other Charges	251	-
Preliminary Expenses written off	4,321	4,321
Processing Charges	6,300	-
Conveyance Exp	500	-
Filing Fees	8,592	-
Printing and Stationary	8,709	705
Rent, Rates & Taxes	49,073,761	553,299
Computer-Maintalnce Exp	1,986	-
Stamping Charges	760	-
Sundry Balance Written Off	38,798,709	(129,484)
Survey Fees	2,846,589	22,155,884
Travelling and Conveyance expenses	5,653	-
Trucking Rail Freight Chgs	138,936,240	569,853,811
TOTAL	1,492,739,324	4,076,218,669
<b>SCHEDULE - 12</b>		
<b>FINANCE EXPENSES</b>		
Bank Charges	754,278	26,968,612
Financial and bank Charges	-	653,648
Interest of Export Bills	-	11,499,589
Interest on others	1,172,748	61,381
	1,927,026	39,183,230
Less: Interest Received	(29,367,906)	(1,088,519)
TOTAL	(27,440,880)	38,094,710

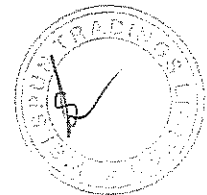




# WELSPIN TRADINGS LIMITED

DETAILS AS AT 31.03.2011

	AS AT 31.03.2011 RS.	AS AT 31.03.2010 RS.
<b>SUNDRY CREDITORS for expenses</b>		
TDS Payable	119,313	418,616
Creditor for Expenses	682,141,481	784,966,940
TOTAL	682,260,794	785,385,556
<b>SUNDRY CREDITORS for goods</b>		
Amanpreet Containers Pvt Ltd	-	163,614
APJ-SLG Law Offices	135,000	-
Economic Law Practice	108,900	-
Ideal Moves P.Ltd	-	179,339
J M Baxi & Co.	175,310	-
Kandla Cargo Carriers (Kutch)	-	763,818
Kataria Cargo Movers	-	27,192
M.G.Maher & Company	10,019	-
Monarch Movers	-	862,240
Mundra Port & SEZ Ltd (Gujarat Adani Port Ltd)	-	26,044
Raj Kurnaj Jain	1,489	-
Rajvi Handing	-	144,540
S.S.Risbud & Co.	-	250
Sumeet Road Carriers Pvt.Ltd.	-	23,360
Sureka Associates	-	175,770
Welspun Developers and Infrastrure Pvt Ltd	9,000	9,000
Welspun Global Trade LLC	17,115,555	43,217,819
Welspun Corp Ltd-	-	1,808,828,719
Welspun Steel Ltd.	19,623,276	-
Welspun Tubular LLC	239,436	820,287,439
TOTAL	37,417,985	2,674,709,144
<b>Advance Received</b>		
APM	-	26,226,094
Bison Pipeline ( Advance )	107,479,044	-
Cunado International S A -Advance	6,191,142	-
GLOBUS TRADING LLC (Advance)	3,006,250	2,867,303
TOPS	233,249,809	6,559,066,921
TEPCO	40,034,140	43,185,162
TransCanada Pipeline LLC (Advance)	30,904,448	31,115,805
Ruby Pipeline	-	519,535,090
TOTAL	420,864,834	7,181,996,375
<b>SUNDRY DEBTORS</b>		
Mundra Port & SEZ Ltd.	18,501,048	-
Adani Petroleum (Dahej) Port Pvt.Ltd.	-	163,073,844
Aziz European Pipe Factory	32,921,349	-
Bison Pipeline Llc	-	536,345,310
Energia Occidente De Mexico	-	704,257,736
IVRCL Infrastructure & Project Ltd	7,216	-
Ruby Pipeline Llc	-	27,347,615
Sai Sudhir Infrastructures Ltd.	64,132,345	-
Simplex Infrastructure Ltd.	79,862,030	-
Tehran Jonob Technical And Construction Co.	-	36,639,023
T & R Pipeline Services Inc	-	21,116,992
TOTAL	195,423,988	1,488,780,520



# WELSPUN TRADINGS LIMITED

DETAILS AS AT 31.03.2011

	AS AT 31.03.2011 RS.	AS AT 31.03.2010 RS.
<b>Others</b>		
Excise Duty Receivable	35,002,074	556,086,798
VAT Receivable pipes	-	249,145,925
VAT Receivable plates	12,943,582	59,807,811
VAT Receivable TMT Bars	2,704,226	-
Income Tax Receivable	3,055,880	
Service tax receivable	6,122,623	41,798,463
Midwestern Pipelines Services Inc	-	696,758
Mundra Port & SEZ Ltd (Gujarat Adani Port Ltd)	3	
MGB & Co.	5,515	
Welspun Corp Ltd.	1,067,907,773	
Welspun Intrade Ltd.	3,616,210	
Oyster Maritime (INDIA) Pvt Ltd-Creditors	30,264	
Sureka Associates	27,024	
Sales Tax - Deposits	75,000	25,000
Security Deposits	10,000	10,000
Forward Contract Receivable	-	29,802,656
<b>TOTAL</b>	<b>1,133,500,173</b>	<b>937,373,411</b>
<b>Balance with Schedule Bank</b>		
Andhra Bank	104,983	104,983
Bank of Baroda	996,155	1,034,032
CITI Bank	239,394	1,504,677
ICICI Bank	5,401,104	1,968,285
IDBI Bank	561,872	48,097,724
Punjab National Bank	1,255,197	24,894,024
State Bank of Bikaner & Jaipur	2,104,962	2,514,944
SBI-Corporate Account-Br.	975,519	2,286,586
Standard Chartered Bank	-	6,146
YES Bank	2,945	2,945
<b>TOTAL</b>	<b>11,722,211</b>	<b>82,514,347</b>
<b>Fixed Deposits</b>		
Punjab National Bank	125,364	118,530
IDBI Bank Ltd	42,204,053	4,550,000,000
Yes Bank	-	200,000,000
Interest accrued on - FDR	25,217	307,536
<b>TOTAL</b>	<b>42,354,634</b>	<b>4,750,426,066</b>
<b>Advances Tax</b>		
A.Y. 2006-07	1,228,639	1,228,639
A.Y. 2009-10	500,000	500,000
A.Y. 2010-11 including TDS	-	40,034,912
A.Y. 2011-12 including TDS	44,684,347	-
<b>TOTAL</b>	<b>46,412,986</b>	<b>41,763,551</b>
<b>Provision for Taxation</b>		
A.Y. 2008-09	33,330	33,330
A.Y. 2009-10	142,675	142,675
A.Y. 2010-11	-	36,975,020
A.Y. 2011-12	45,095,796	
<b>TOTAL</b>	<b>45,271,801</b>	<b>37,151,025</b>



# WELSPUN TRADINGS LIMITED

## SCHEDULE - 13 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 2011	31st March 2010
Audit fees	270,235	195,300
Total	<b>270,235</b>	<b>195,300</b>

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
Abhishek Mandawewala	Director
Brijgopal 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.**

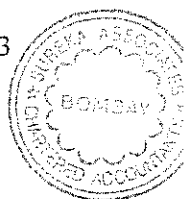
Welspun Corp Ltd. (**Holding Company w.e.f 31<sup>st</sup> March 2010**), Welspun Global Trade Ltd., Welspun Tubular LLC, Welspun Pipe INC, Welspun Steels Ltd, Welspun Developers and Infrastructure Pvt. Ltd. Welspun Fintrade Limited

#### **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 includes from Welspun Corp Ltd. Rs 1,226 Crores (Rs 2,029 Crores)
- Purchase of Goods includes from Welspun Steels Ltd. Rs 23.94 Crores (NIL)
- Sales of Goods includes to Welspun Corp Ltd. Rs 248 Crores (Nil)
- Expense includes-DG Coating & Rail Freight paid to Welspun Tabular LLC Rs Nil(63 Crores)

#### **Disclosures of closing Balance as at 31<sup>st</sup> March, 2011**

- Sundry Creditors includes - Welspun Corp Ltd. Nil (Rs 181 Crores), Welspun Global Trade LLC Rs 1.71 Crores (Rs 4.32 Crores), Welspun Tubular LLC Rs 0.02 Crores (Rs 82.03 Crores), Welspun Steel Ltd. Rs 1.96 Crores (Nil), Advances recoverable in



cash or in kind or for value to be received from Welspun Corp Limited 106.79 Crores (Nil)

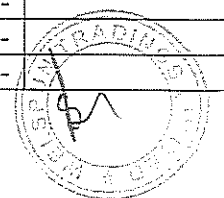
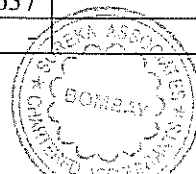
5. The company is engaged in the trading activity of steel products which in the opinion of the management is considered the only business segment in the context of Accounting Standard 17 on "Segment Reporting"

6. Earnings Per Share (EPS)

Particulars	Year ended 31 March, 2011	Year ended 31 March, 2010
<b>D) Profit computation for Basic and Diluted EPS</b>		
Profit After Tax (in Rs.)	99,186,755	85,589,672
<b>II) Weighted average number of equity shares for EPS computation</b>		
a) For Basic & Diluted EPS (Nos)	5,013,402	5,013,402
<b>III) EPS on Face Value of Rs. 10 each</b>		
Basic & Diluted (Rs.)	19.78	215.92

7. Additional information pursuant to part II of Schedule VI of the Companies Act, 1956 are as under.

(a)	Quantitative Information	For the year ended 31.03.2011		For the year ended 31.03.2010	
		QUANTITY (MT)	AMOUNT Rs.	QUANTITY (MT)	AMOUNT Rs.
	<b>A. Steel Pipes</b>				
	Opening Stock	34,738	3,35,54,22,386	7,565	570,009,215
	Purchases	1,21,809	8,75,822,5841	2,35,319	17,431,292,862
	Sales	1,56,547	14,786,125,004	2,08,131	19,858,190,946
	written off	-	-	15	14,19,447
	Closing Stock	-	-	34,738	3,35,54,22,386
	<b>B. Steel Plates</b>				
	Opening Stock	2808	22,60,73,641	-	-
	Purchases	63,509	3,02,05,02,549	64,498	3,13,59,03,025
	Sales	52,996	2,59,07,89,985	46,377	1,91,80,10,145
	Consumed on Rolling of Pipes	13,304	-	15,313	-
	Closing Stock	17	6,52,588	2,808	22,60,73,641
	<b>C. HR Coils</b>				
	Opening Stock	-	-	-	-
	Purchases	14,858	47,90,25,884	-	-
	Sales	1,040	3,36,63,270	-	-
	Consumed on Rolling of Pipes	12,906	-	-	-
	Closing Stock	912	2,82,58,670	-	-
	<b>D. TMT Bars</b>				
	Opening Stock	-	-	-	-
	Purchases	8,184	23,94,19,254	-	-
	Sales	8,184	24,02,37,637	-	-
	Closing Stock	-	-	-	-



(b)	FOB Value of export		13,038,105,091		17,719,721,453
(c)	Expenditure in Foreign Currency				
	Freight and insurance expenses(XXX)		949,031,534		2,007,300,867
	Other Expenses (XXX)		443,447,639		2,049,178,772
(d)	Other Information		Nil		Nil

Nature of expenses	(XXX) Expenses - Incurred		
	In INR	In - Foreign Currency	Total
Freight, Forwarding and Clearing Charges	145,405,792	664,689,502	810,095,294
Trucking Rail Freight Charges	-	138,936,240	138,936,240
<b>Total freight forwarding exp.</b>	<b>145,405,792</b>	<b>803,625,742</b>	<b>949,031,534</b>
Coating & Double Jointing Charges		281,847,403	281,847,403
Commission on exports		146,871,532	146,871,532
Custom Duty		13,974,426	13,974,426
Other Financial Expenses in foreign currency		754,278	754,278
<b>Total other expenses</b>	<b>-</b>	<b>443,447,639</b>	<b>443,447,639</b>

## 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 <sup>st</sup>	31 <sup>st</sup>
	March 2011	March 2010
Lease Rental charges for the year	36000	36000
Future lease rental obligations payable (under non-cancelable leases)		
Not Later than one year	30000	33000
Later than one year but not later than five years	0	0
Later than five years	0	0
<b>Total</b>	<b>66000</b>	<b>69000</b>

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

Chartered Accountants

SURESH SUREKA

(Partner)

FOR AND ON BEHALF OF THE BOARD

DIRECTOR

Place: Mumbai

DIRECTOR

Date:




**WELSPUN TRADINGS LIMITED**  
**CASH FLOW STATEMENT**  
**ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31.03.2011**

Particulars	31.03.2011 (RS.)	31.03.2010 (RS.)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and exceptional items	144,286,564	122,564,693
<b>Adjustments for:</b>		
Profit for earlier years activites	-	965,061
Unrealised exchange difference	(29,802,656)	29,802,656
Reserve Utilised on Fresh issue of Equity	-	34,020
Dividend income	(8,527,412)	(15,384,212)
Interest expenses	27,440,880	(38,094,710)
Excess Tax Provision Written back	(4,012)	(1,001,842)
<b>Operating Profit before working capital changes</b>	<b>133,393,364</b>	<b>98,665,666</b>
Miscellaneous expenditure	4,321	4,321
Trade and other receivables	1,092,580,335	9,097,826,163
Inventories	3,552,584,772	(3,011,484,054)
Trade and other paybles	(9,493,426,687)	1,563,049,296
	<b>(4,848,257,259)</b>	<b>7,649,395,726</b>
<b>Cash generated from operations</b>	<b>(4,714,863,894)</b>	<b>7,748,281,392</b>
Taxes paid (net)	(45,095,796)	(36,975,020)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(4,759,959,690)</b>	<b>7,711,306,372</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Dividend received	8,527,412	15,384,212
<b>NET CASH USED IN INVESTING ACTIVITY</b>	<b>8,527,412</b>	<b>15,384,212</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Shares	-	50,000,000
Interest paid (Net)	(27,440,880)	38,094,710
Repayment of short term borrowings	-	(3,001,285,072)
<b>NET CASH FROM FINANCING ACTIVITY</b>	<b>(27,440,880)</b>	<b>(2,913,190,361)</b>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALANTS</b>	<b>(4,778,873,159)</b>	<b>4,813,500,222</b>
<b>Cash and cash equivalent Opening balance</b>	<b>4,832,972,886</b>	<b>19,472,664</b>
<b>Cash and cash equivalent Closing balance</b>	<b>54,099,727</b>	<b>4,832,972,886</b>

**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**



**(SURESH SUREKA)**  
**PARTNER**

Membership No. FCA 34132

Place : Mumbai

Date :

27 APR 2011

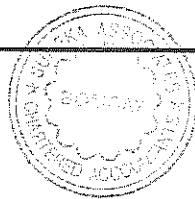
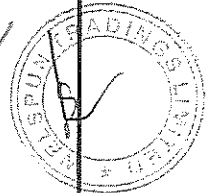
**FOR AND ON BEHALF OF THE BOARD**



**DIRECTOR**



**DIRECTOR**



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. REGISTRATION DETAILS**

State Code	04
Registration No / CIN No.	U72200GJ2001PTC39513
Balance Sheet Date	31.03.2011

**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)**

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	-

**III. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUND (Amount in Rs. Thousands)****SOURCES OF FUND**

Paid Up Capital	50,134
Reserve & Surplus	222,399
Share Application Money	-
Secured Loan	-
Unsecured Loan	-
<b>TOTAL LIABILITIES</b>	<b>272,533</b>

**APPLICATION OF FUND**

Net Fixed Assets	-
Investment	-
Net Current assets	272,533
Misc. Expenditure	-
Accumulated Losses	-
<b>TOTAL ASSETS</b>	<b>272,533</b>

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

Turnover	14,106,759
Total Expenditure	13,962,472
Profit/Loss before Tax	144,287
Profit/Loss after Tax	99,187
Earning (Loss) per share (in Rs.)	19.78
Dividend Rate %	Nil

**V. GENERIC NAME OF PRINCIPAL PRODUCTS**

Item Code No.(ITC Code)	NA
Product Description	

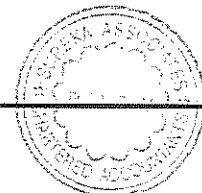
FOR AND ON BEHALF OF THE BOARD

  
 DIRECTOR




Place : Mumbai

Date : 27 APR 2011





# WELSPUN TRADINGS LIMITED

**Corporate Address :-**

 TRADE WORLD B WING, 9TH FLOOR,  
 KAMALA MILLS COMPOUND , SENAPATI BAPAT MARG,  
 LOWER PAREL, MUMBAI 400 013

PAN : AAKCS 0328 J

Asst. Year 2011-2012 (F.Y.31.03.2011)

Status Code : Domestic Company

Date of Incorporation : 09.05.2001

## STATEMENT OF TOTAL INCOME

	Rs.	Rs.
<b>I) PROFIT &amp; GAIN FROM BUSINESS:</b>		
Net Profit/(Loss) as per Profit & Loss Account (Before Tax)	144,286,564	
<u>Less : Items Considered Separately</u>		
Dividend Income	8,527,412	
<b>Total Business Income</b>		<b>135,759,152</b>
<b>ii) INCOME FROM OTHER SOURCES</b>		
Dividend Income	8,527,412	
Less: Exempt u/s 10 (34)	(8,527,412)	
<b>Total Income From Other Sources</b>		<b>-</b>
<b>TAXABLE INCOME</b>		<b>135,759,152</b>
<b>III) TAX PAYBLE ON TOTAL INCOME</b>		
Tax Payable on normal income @ 30%	40,727,745.66	
<b>Total Tax payable (A)</b>		<b>40,727,746</b>
<b>U/s 115JB (As per Form 29B enclosed) (B)</b>		<b>24,436,647</b>
<b>Tax payable higher of above (A OR B)</b>		<b>40,727,746</b>
Add: Surcharge @7.5%		<b>3,054,581</b>
Add : Cess @ 3%		<b>1,313,470</b>
		<b>45,095,796</b>
<u>Add : Interest</u>		
234C	692,028	
		<b>692,028</b>
<b>Total tax Payable</b>		<b>45,787,825</b>
<b>Less : Advance Tax Paid on</b>		
14.06.10	2,500,000	
09.09.10	7,500,000	
13.12.10	12,500,000	
14.03.11	20,000,000	
	42,500,000	
<b>Less TDS on Interest</b>	2,184,347	
		<b>44,684,347</b>
		<b>(44,684,347)</b>
<b>TOTAL TAX PAYABLE / (REFUNDABLE)</b>		<b>1,103,477</b>

**Note :**
**1 Calculation of interest**
**Section 234C**

		<b>42,911,449</b>				
15-Jun-10	6,436,717	2,500,000	1.00%	3		118,102
15-Sep-10	19,310,152	10,000,000	1.00%	3		279,305
15-Dec-10	32,183,587	22,500,000	1.00%	3		290,508
15-Mar-11	42,911,449	42,500,000	1.00%	1		4,114
						<b>692,028</b>

**ANNEXURE A (FORM - 29B)**  
**[See paragraph 2 of Form 29B]**

Details relating to computation of Book Profits for the purposes of section 115JB of the Income Tax act 1961.

1	Name of the assessee	WELSPUN TRADINGS LIMITED
2	Particulars of address	TRADE WORLD B WING, 9TH FLOOR, KAMALA MILLS COMPOUND , SENAPATI BAPAT MARG, LOWER PAREL, MUMBAI 400 013
3	Permanent Account Number	AAKCS0328J
4	Assessment Year	2011-12
5	Total income of the company under the Income Tax Act	-
6	Income-tax payable on total income	-
7	Whether profit and loss account is prepared in accordance with the provisions of Parts II and III of Schedule VI to the Companies Act, 1956. (1 of 1956 )	YES
8	Whether the profit and loss account referred to in column 7 above has followed the same accounting policies, accounting standards for preparing the profit and loss account and the same method of rates for calculating depreciation as have been adopted for preparing accounts laid before the company at its Annual General body meeting. If not, the extent and nature of variation be specified.	YES
9	Net profit according to profit and loss account referred to in (7) above.	144,286,564
10	Amount of net profit as shown in profit and loss account as increased by the amounts referred to in clauses (a) to (f) of Explanation of sub-section 2 of this section.	-
11	Amount referred to in item 10 as reduced by the amounts referred to in clauses (i) to (vii) of Explanation of sub-section 2 of this section. Dividend Exempt Under section 10(34) & 10(35)	8,527,412
12	Books profit as computed according to Explanation given in sub-section (2).	135,759,152
13	10% of ' book profits ' as computed in 12 above	24,436,647
	18% of item 12	1,832,749
	Surcharge @ 7.5%	788,082
	Education Cess @ 3%	27,057,478
14	In case income-tax payable by the company referred to at Sl. No. 6 is less than 18% per cent of its book profits shown in column 12, the amount of income-tax payable by the company would be 18% of column 12, i.e., as per (13).	-



**SUREKA ASSOCIATES**  
CHARTERED ACCOUNTANTS

45 C, MANDHANA MANOR, MOGAL LANE,  
MATUNGA ROAD (W), MUMBAI 400 016.  
TEL.: 2430 6150, 2432 7608 FAX: 2432 7608  
EMAIL: surekas@vsnl.com

**FORM NO. 29 B**

[See rule 40B]

**Report under section 115JB of the Income-tax Act, 1961, for computing the book profits of the Company**

- 1 We have examined the accounts and records of **WELSPUN TRADINGS LIMITED** having Permanent Account No. AAKCS 0328J, engaged in the business of Trading in Pipes and Bends, in order to arrive at the book Profit during the year ended on 3
- 2 We certify that the book profit has been computed in accordance with the provisions of this section. The tax payable under section 115JB of the Income-tax Act, in respect of the assessment year 2011-12 is Rs. NIL which has been determined on the
- 3 In our opinion and the best of our knowledge and according to the explanations given to us the particulars given in the Annexure A are true and correct

**FOR SUREKA ASSOCIATES  
CHARTERED ACCOUNTANTS**



**(SURESH SUREKA)  
PARTNER**

Date : 27/04/2011  
Place : Mumbai



**ANNEXURE A (FORM - 29B)**  
**[See paragraph 2 of Form 29B]**

Details relating to computation of Book Profits for the purposes of section 115JB of the Income Tax act 1961.

1	Name of the assessee	WELSPUN TRADINGS LIMITED
2	Particulars of address	TRADE WORLD B WING, 9TH FLOOR, KAMALA MILLS COMPOUND , SENAPATI BAPAT MARG, LOWER PAREL,MUMBAI 400 013
3	Permanent Account Number	AAKCS0328J
4	Assessment Year	2011-12
5	Total income of the company under the Income Tax Act	135,759,152
6	Income-tax payable on total income	45,095,796
7	Whether profit and loss account is prepared in accordance with the provisions of Parts II and III of Schedule VI to the Companies Act, 1956. (1 of 1956 )	YES
8	Whether the profit and loss account referred to in column 7 above has followed the same accounting policies, accounting standards for preparing the profit and loss account and the same method of rates for calculating depreciation as have been adopted for preparing accounts laid before the company at its Annual General body meeting. If not, the extent and nature of variation be specified.	YES
9	Net profit according to profit and loss account referred to in (7) above.	144,286,564
10	Amount of net profit as shown in profit and loss account as increased by the amounts referred to in clauses (a) to (f) of Explanation of sub-section 2 of this section.	-
11	Amount referred to in item 10 as reduced by the amounts referred to in clauses (i) to (vii) of Explanation of sub-section 2 of this section. Dividend Exempt Under section 10(34) & 10(35)	8,527,412
12	Books profit as computed according to Explanation given in sub-section (2).	135,759,152
13	10% of ' book profits ' as computed in 12 above	
	18% of item 12	24,436,647
	Surcharge @ 7.5%	1,832,749
	Education Cess @ 3%	788,082
		27,057,478
14	In case income-tax payable by the company referred to at Sl. No. 6 is less than 18% per cent of its book profits shown in column 12, the amount of income-tax payable by the company would be 18% of column 12, i.e., as per (13).	N.A.

