WELSPUN CORP
Pipes and Plates

# PERFORMANCE - PAR EXCELLENCE

2019-20 Annual Report

# Contents

Corporate Overview



Statutory Reports



Financial Statements

**Standalone**



**Consolidated**



**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.

# Performance
# - Par Excellence

At Welspun Corp, we are resilient in finding excellence in performance. We ceaselessly try to find opportunities in times of adversity. Our key differentiating factor has always been our specific advantage of becoming global, but being local in the marketplace. Therefore, we had an excellent year both operationally and financially.

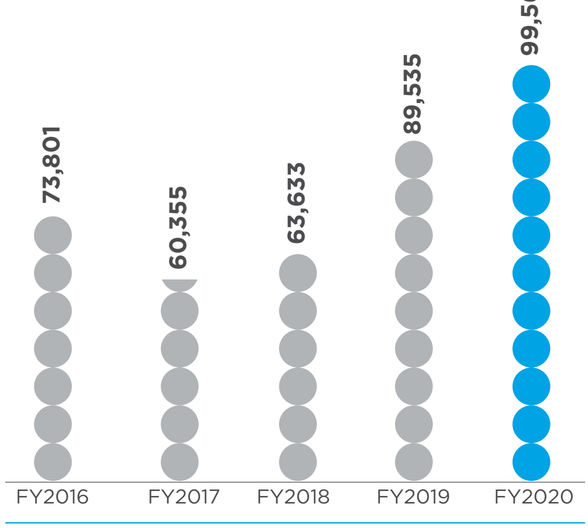
Despite the global crisis, this yearly performance broke all our previous records on production, sales and profitability. To this effect, we have pre-paid loans, completed our share buyback and also declared a substantial interim dividend during the year.

When the global economy is reeling under the effects of this calamity, macro outlook as well as oil outlook is turning challenging towards the end of the year. So our focus remains on optimizing costs and conserving cash, utilizing our free cash flows for deleveraging and rewarding shareholders.

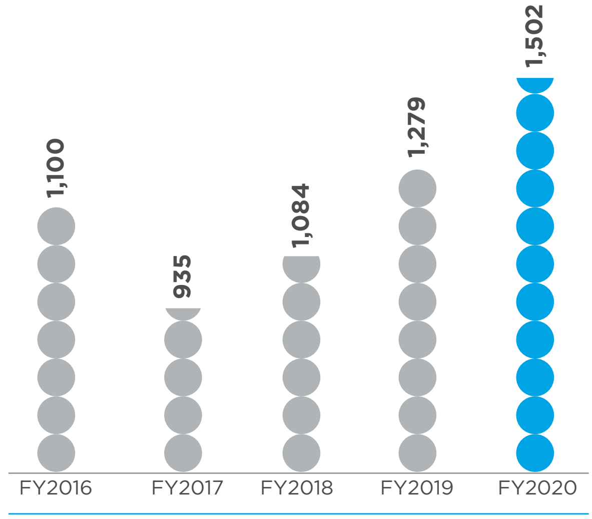
By adapting to agile and flexible work structure, embracing efficient working capital management and expanding our current market segments, we are aiming to be a robust global market leader. Notwithstanding the challenges in turbulent times, we endure our journey of sustainable development and contribute to nation building.

# Performance Highlights
# - 5 Years Journey of Excellence

**Revenue** (In ₹ million)

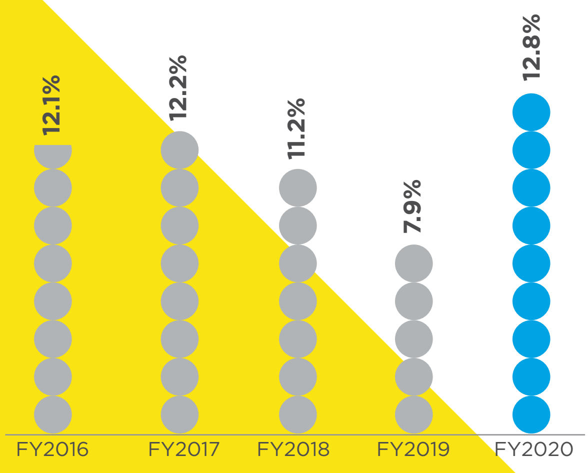



**Sale of Pipes** (In KMT)

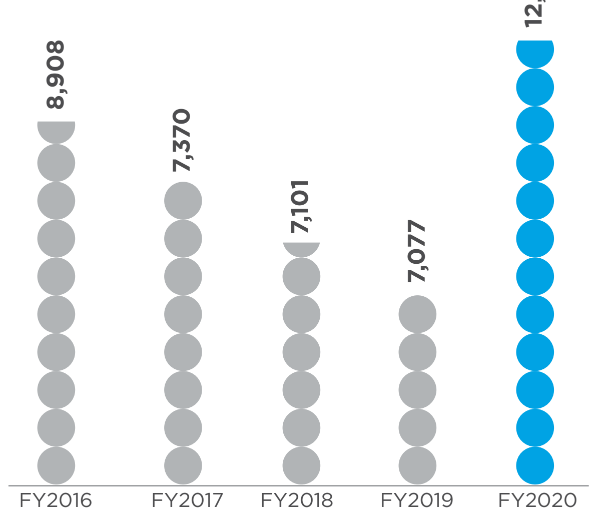



*(including our Saudi JV)*

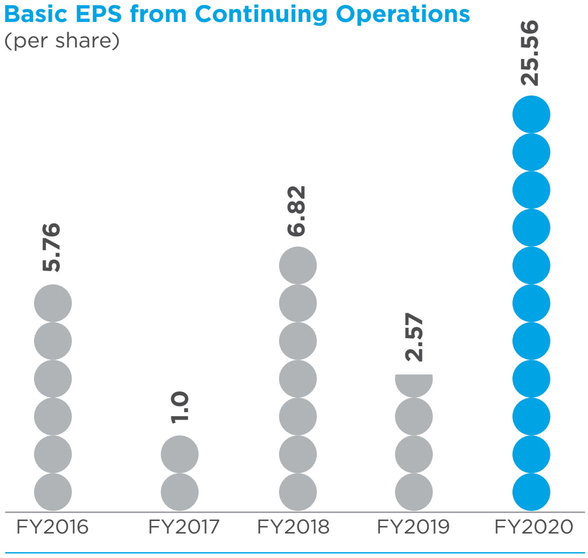
**EBITDA** (In percentage)



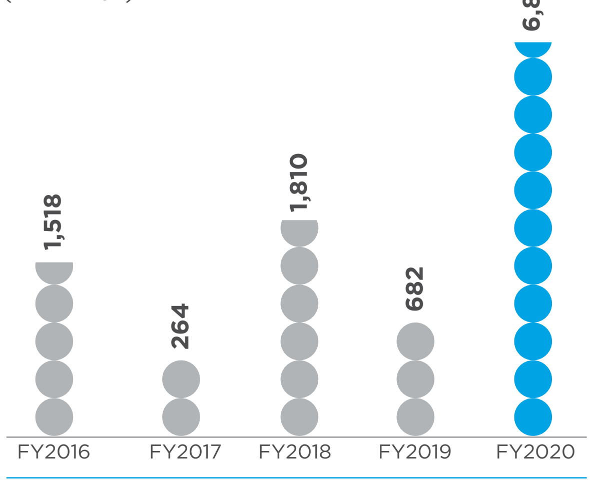

**EBITDA** (In ₹ million)



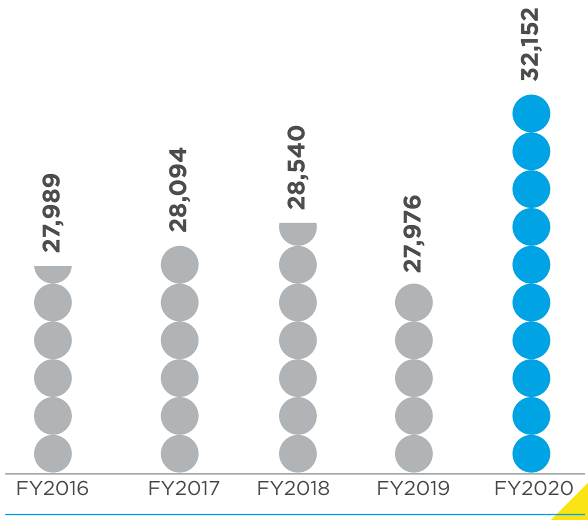
**Basic EPS from Continuing Operations**
(per share)



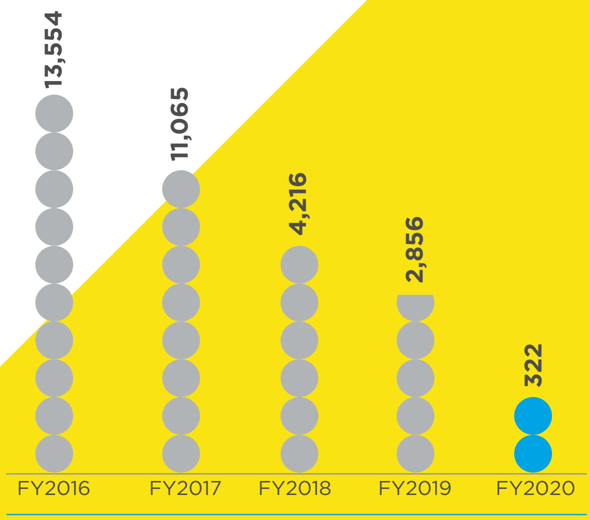

**PAT after Minorities, Associates & JVs (Continuing Operations)**
(In ₹ million)




**Net Worth** (In ₹ million)




**Net Debt** (In ₹ million)



# Welspun Corp
# - At a Glance

**Welspun Corp Ltd. is a leading manufacturer of large diameter pipes globally, offering a one-stop solution for all line pipe related requirements with its wide range of high grade line pipes. The pipes, produced at advanced state-of-the-art global manufacturing facilities in India, USA and Saudi Arabia for Longitudinal (LSAW), Spiral (HSAW) and ERW / HFIW, meet stringent specifications.**

- **Focus on free cash flows**
  Only maintenance capex; minimal working capital
- **Value to shareholders**
  Through regular dividends and buyback

**FINANCIAL STRENGTH**

**Highest Production, Sales and Profitability**

**OPERATIONAL EXCELLENCE**

- **'Global but Local'**
  World-class facilities in key geographies for all line pipe requirements
- **Impeccable track record of flawless execution**
  Complex projects delivered on time
- **Global approvals and accreditations**
  from marquee customers

The Company's eminent clients (Fortune 100 companies) comprise leaders of the oil and gas sector (Shell, Saudi Aramco, TOTAL, Chevron, Energy Transfer, South Oil Company, Exxon Mobile, Kinder Morgan, TransCanada, Enbridge to name a few). The Company is approved by 50+ major oil and gas companies, enhancing its ability to participate and bid in key projects globally. The Company's local presence in major markets and ability to quickly respond to customer requirements across many markets has made the Company a supplier of choice for most customers.

### We are...

- One of the world's largest welded line pipe manufacturing company
- Preferred supplier of Line Pipes to many of Oil & Gas companies part of Fortune 100

# Our Diversified **Product Portfolio**

**With comprehensive knowledge, extensive experience and continuous innovation, we have created a diversified, yet synergistic products offering. Our products are woven around strong design and execution proficiency, driving innovation and cost-efficiency.**

## HSAW Line Pipes

- Helically welded pipes made from HR coils, used for onshore oil, gas and water transmission
- 24-140 inch diameter, moderate wall thickness

## LSAW Line Pipes

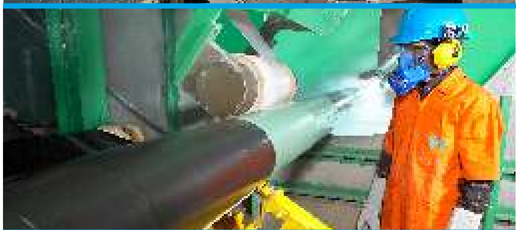
- Longitudinally welded pipes made from HR plates, used for onshore and offshore oil & gas transmission
- 16-60 inch diameter, high wall thickness

## ERW/HFIW Line Pipes

- High frequency electric welded pipes made from HR coils, used for downstream distribution of oil, gas and water
- 1.5-20 inch diameter, low/moderate wall thickness

## Plates & Coils

- Produces plates and coil for pipe manufacturing and other applications like wind tower



## Coating Systems

- External 3-Layer Polyethylene (3LPE), 3-Layer Polypropylene System (3LPP), Single & Dual Layer Fusion Bonded Epoxy (FBE/DFBE), Internal Solvent, Solvent Free Coating, Coal Tar Enamel and Inside Cement Mortar Lining and Concrete Weight Coating

## Ancillary Services

- Long Radius Pipe Bending
- Automatic ID Machining of Crack Arrestor Pipe
- Double Jointing
- Dump Site & Inventory Management

# Corporate Journey and Milestone

## Our Milestones

### 1997
- Diversified into the pipes business – Submerged Arc Welded (SAW) pipe unit at Dahej, Gujarat, India

### 1998
- Established the first 50,000 MTPA HSAW mill at Dahej, Gujarat

### 2000
- Commissioned a 200,000 MTPA LSAW mill at Dahej with Mannesmann Germany

### 2001
- Embarked on a Joint Venture (JV) with Eupec Coatings GmbH, Germany
- Set up a pipe coating facility in Dahej, Gujarat

### 2005
- Established Welspun City at Anjar, Gujarat
- Expanded pipe facilities at Anjar, Gujarat

### 2007
- Bagged a 1,700 km keystone project from Trans Canada

### 2008
- Integrated plate and coil mill at Anjar, Gujarat
- Set up 150,000 MTPA HSAW mill at Anjar, Gujarat
- Achieved Level II automation, rolled X-70API Grade of 4.5 meters wide

### 2009
- Commissioned a 350,000 MTPA HSAW pipes facility in Arkansas, US
- Started a coil mill at Anjar, Gujarat

### 2010
- Rechristened as 'Welspun Corp Limited'
- Increased capacity for LSAW by 350,000 MTPA in Anjar, Gujarat and for HSAW by 100,000 MTPA in Mandya, Karnataka
- Completed investment in the Middle East with a 300,000 MTPA HSAW facility in Saudi Arabia

### 2011
- Established Welspun Middle East in Dubai
- Acquired 35% stake in Leighton Contractors (India) Private Limited
- Raised USD 290 million through GDRs & CCDs

### 2012
- Commenced the installation of a 175,000 MTPA HFIW mill in Arkansas, US
- Enhanced the existing capacity of 100,000 MTPA HSAW in Mandya, Karnataka, further by 50%

### 2013
- Achieved the highest-ever pipe production, sales volumes and order booking at 1 million MTPA
- Commissioned a 175,000 MTPA small diameter HFIW mill in the US to cater to the shale gas business
- Demerged non-pipe businesses into Welspun Enterprises
- Strengthened the core-pipe business management team with several new professional CXO-level hires

### 2014
- Received the first order from Shell USA, single-largest order from Saudi Arabia and strategic orders from Statoil, TOTAL and South Stream
- Commissioned a double jointing plant and internal and external coating plants in Saudi Arabia and Anjar (Gujarat), respectively
- Sustained 1 million MTPA in pipe production, sales volumes and order booking

### 2015
- Recorded high production and sales volumes at the Saudi Arabia facility with significantly improved financial performance
- Stabilized the HFIW mill and streamlined operations at the US facility
- Revitalized operations at LSAW, and Plate and Coil Mills in India

### 2016
- Surpassed 1 million MTPA in pipe production and sales volumes for the 4th consecutive year; order book at record high
- Set-up Concrete Weight Coating (CWC) plant at Anjar, Gujarat in JV with Wasco Energy Ltd.

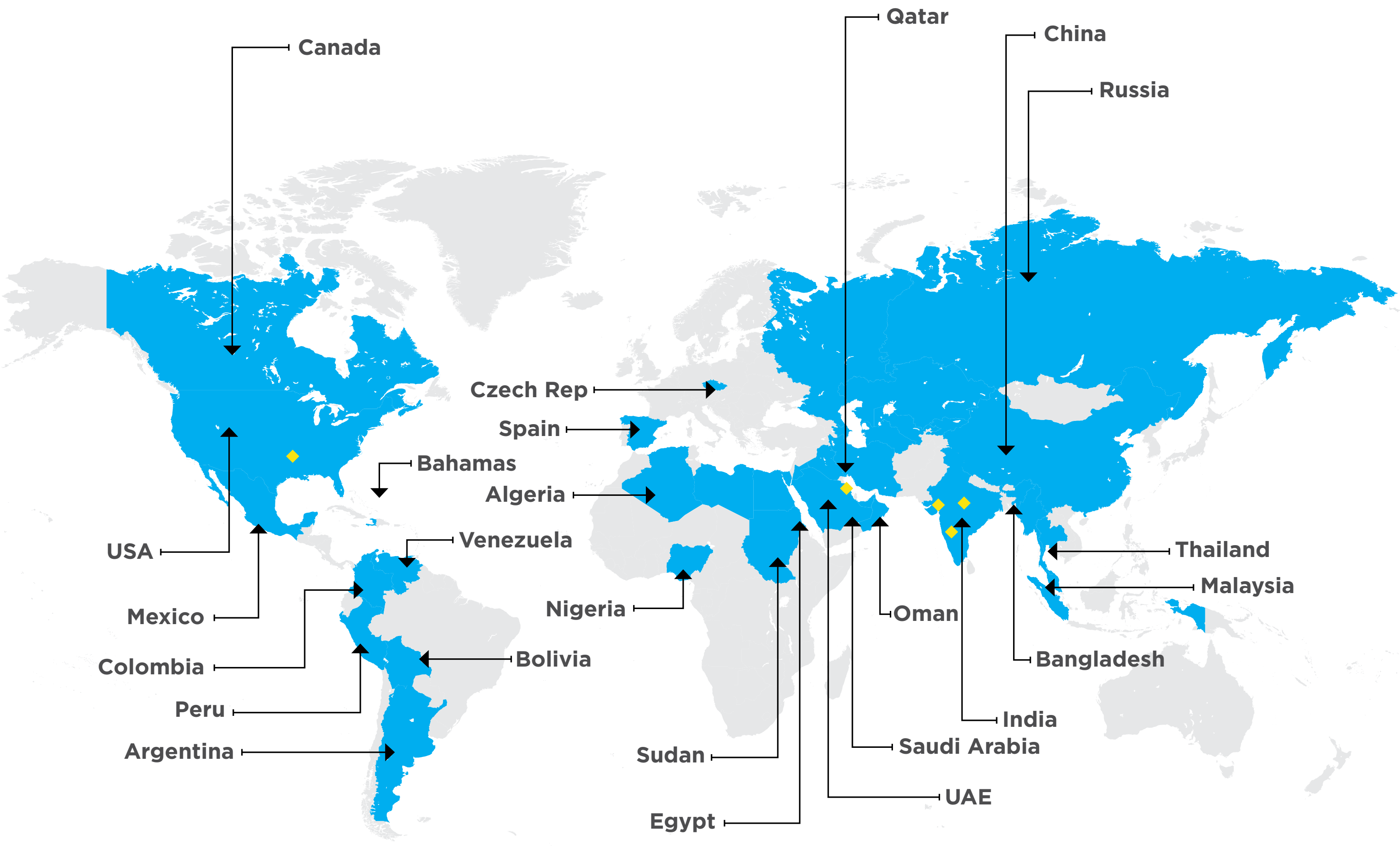
### 2017
- Started production at the Concrete Weight Coating plant at Anjar, Gujarat
- Automatic ID Machining of Crack Arrestor Pipe

### 2018
- Surpassed 1 million MTPA in pipe production and sales volumes for the 5th time in last 6 years

### 2019
- WCL completed the establishment of an HSAW Line Pipe Manufacturing facility at Bhopal, MP
- WCL announced the divestment of its Plates and Coil Mill Division (PCMD)

# A Diversified **Global Presence**

**Our operations are spread across India, USA and Saudi Arabia. We remain poised to leverage the buoyant demand in oil & gas and water sectors, gaining significant visibility on revenues and profitability.**




- ◆ **Manufacturing Plants**
- ■ **Countries Serviced**

**Plant Location**
- Anjar, India
- Dahej, India
- Mandya, India
- Bhopal, India
- Little Rock, USA
- Dammam, Saudi Arabia

**Marketing Offices**
- Mumbai, India
- Houston, USA
- Dammam, Saudi Arabia

## Our Manufacturing Capacities (In 000' Metric Tonnes)

### India (1)

**LSAW:** 700
**HSAW:** 755
**ERW/HFIW:** 200
**Coating Capacity:** 18.45 MN sqr mtr

### United States (2)

**LSAW:** -
**HSAW:** 350
**ERW/HFIW:** 175
**Coating Capacity:** 9.1 MN sqr mtr

### Saudi Arabia (3)

**LSAW:** -
**HSAW:** 375
**ERW/HFIW:** -
**Coating Capacity:** 4.5 MN sqr mtr

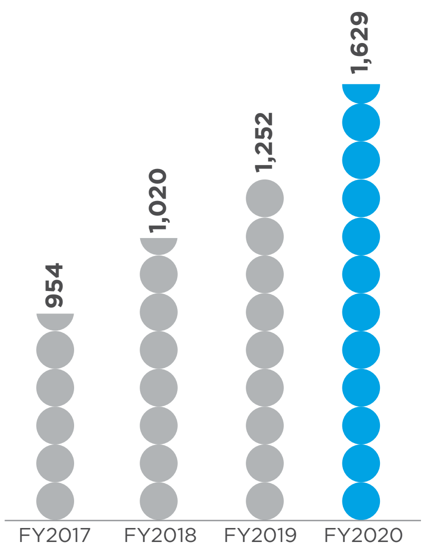
2.55 **million**
Metric Tonnes
Total Combined Installed Capacity

# Excellence In **Operations**

### Key Highlights of FY2020:

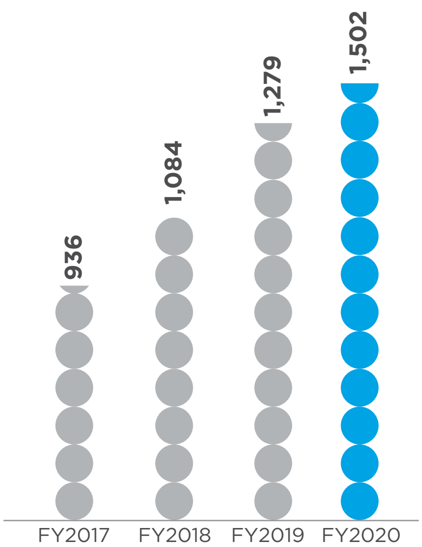
- Highest ever Production
- Pre-payment of Debt
- Highest ever Sales Volume
- Buyback of Shares
- Diversified Order Book

**Production of Pipes** (KMT)



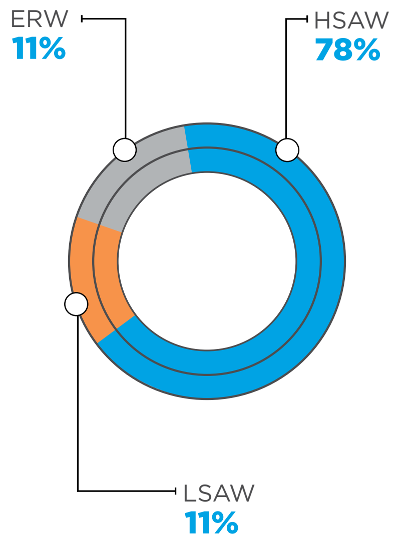

*(including our Saudi JV)*

**Sale of Pipes** (KMT)

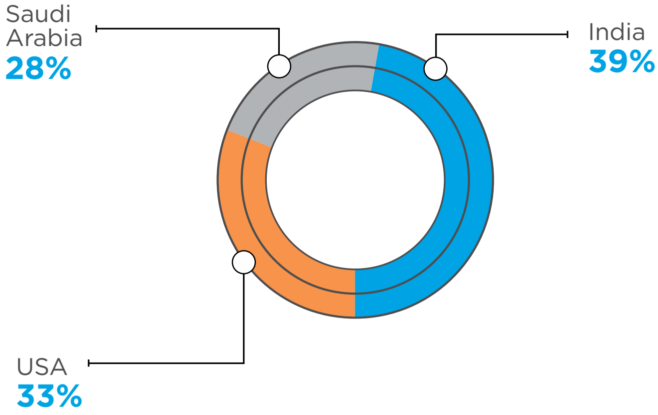



*(including our Saudi JV)*

**Sales by Type**




**Sales by Plant**

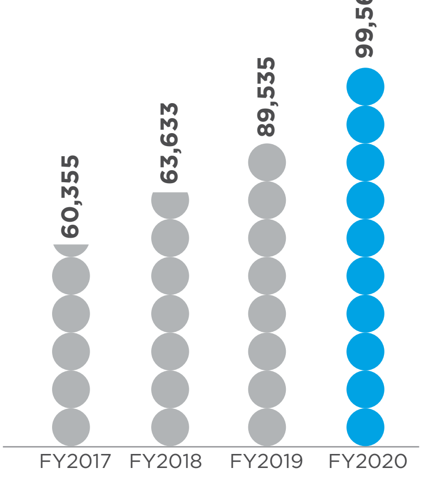


# Excellence In
# Financial Performance

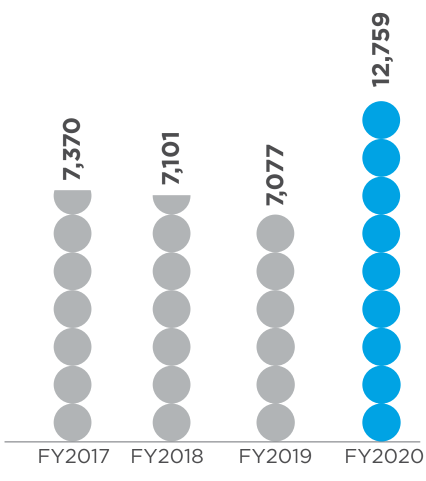
**Highlights of the Financial Year 2020:**

- Highest ever, Sales and Profitability by the Company in its history
- Net Debt reduced by ₹ 2,534 million during the year
- FY20 revenue was at ₹ 99,568 million
- FY20 EBITDA was at ₹ 12,759 million

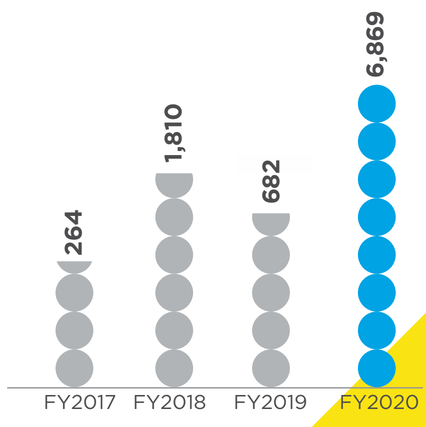
**Revenue** (In ₹ million)



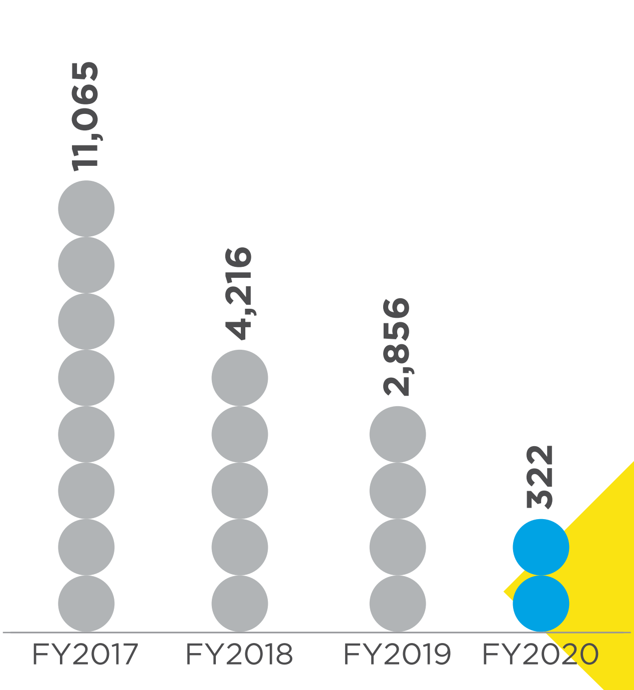

**EBITDA** (In ₹ million)



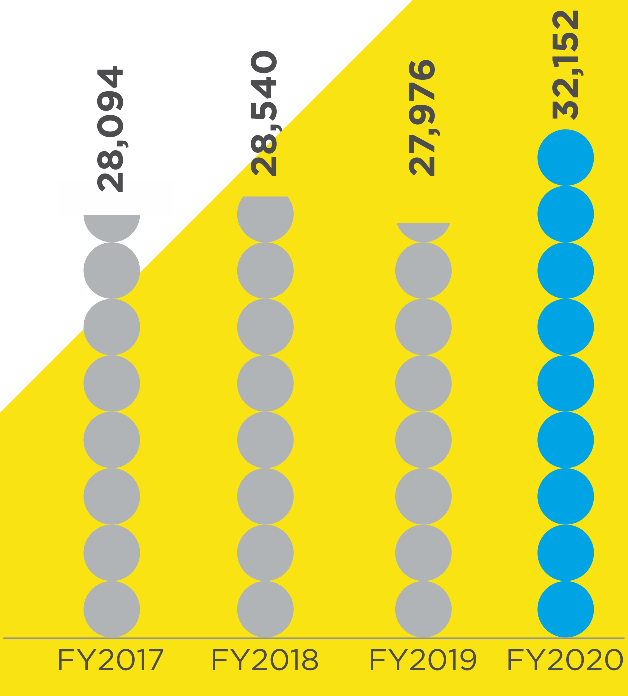

**PAT after Minorities, Associates & JVs (Continuing Operations)**
(In ₹ million)




**Net Debt** (In ₹ million)




**Net Worth** (In ₹ million)



# Building Scale and Strength **Across Geographies**

**We are persistent in reaching greater heights across geographies. Through focused strategies, we are single-mindedly strengthening and sharpening business in each of these regions. We continue to fortify our position globally with unique customer-centric solutions. With sustainability at the core of our business, our strategy remains to strengthen our business drivers, which will allow us to deliver value for all our stakeholders.**

Since oil prices are stabilizing across the globe, we are leveraging the changing market dynamics, growing potential and increasing industry opportunities to convert that into growth in the Company. We are expecting good order inflows on account of high energy prices, expansion of national grid in India and several water projects being planned in India and Saudi Arabia.


**India:**

**Leveraging Fresh Opportunities**

We received a huge impetus by Government that gives rise to enhance pipeline network for Oil & Gas sectors. It is also a driving force for Gas based economy (CGD + GAIL). Other PSUs are also coming up with new tenders. Opportunistic exports to key Oil & Gas projects. In Water infrastructure, we are a part of various projects like Jal Jeevan Mission (Har Ghar Nal Se Jal), Atal Mission for Rejuvenation and Urban Transformation, PMKSY.

**United States:**

**Capitalizing on Changing Market Dynamics**

In US, Oil & Gas players are trying to consolidate their position in the market. Local players are striving to gain high market share in the export business. This is expected to generate demand for pipelines. With our own manufacturing facility in US, we leveraged the significant competitive advantage post imposition of anti-dumping duty on imports of large diameter welded pipes into the country. This also facilitated in preventing the facility from getting impacted by cheap imports. We had a successful year by completion of some of the key orders.

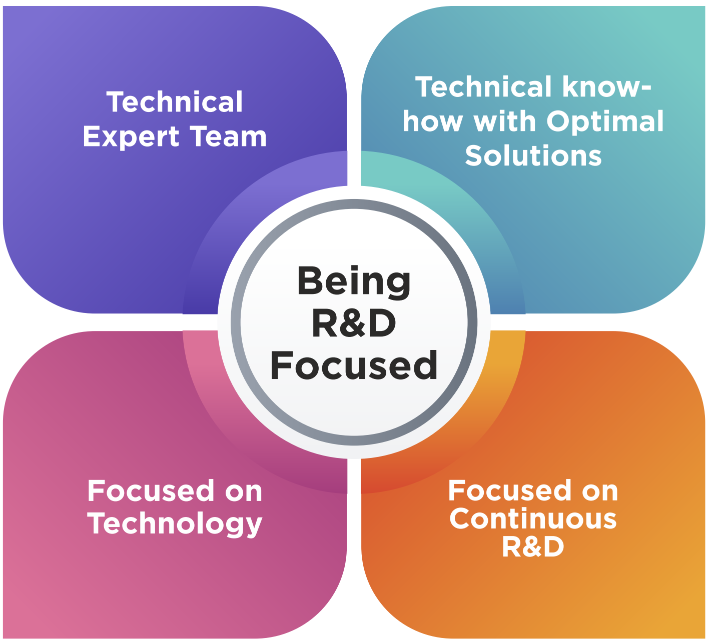
**Saudi Arabia:**

**Turning Around Operations, Gaining Visibility**

The turnaround of the Saudi Arabia operations has been established and has proven sustainable. Our focus remains on successful completion of existing large orders. We are chosen as one of the vendors for Long Term Agreement with Saudi Aramco, which is a very prestigious event. We are also L1 in a couple of large projects in the water sector.

# Value Delivery Through **Operational Excellence**

**Our years of experience in line pipe manufacturing is well reinforced by our cutting-edge amenities and global scale operations. It has been our tradition of executing some of the most challenging projects with demanding geographies and landscapes. We have made this achievable because of our all-round capabilities, performance driven culture and a clear focus on operational excellence.**




## Modern Facilities... with Minimum Maintenance

Port-based facilities

Best-in-class and proven equipment and practices

In-house capabilities to manufacture critical technology sensitive equipment

**Certification & Appreciation:**
API 5L
API 2B
API SPEC Q1 : 2013
ISO 9001 : 2015
ISO 14001 : 2004
OHSAS 18001 : 2007

**Product Certificate / System Certificate:**
AD 2000 - HPO
AD 2000 - 3834-2
AD 2000 - PED – 2014/68/EU
AD 2000 - Product Range
SA 8000:2008
ISO/IEC 17025:2005

**Digitalization & Automation:**
- Adapting Technology Efficient robotic systems
- Highly automated plant process line
- Integrated pipe traceability system
- Precision dimensional control
- Laser based automatic pipe dimension measurement system
- Heavy press for higher thickness (low D/T) line pipes

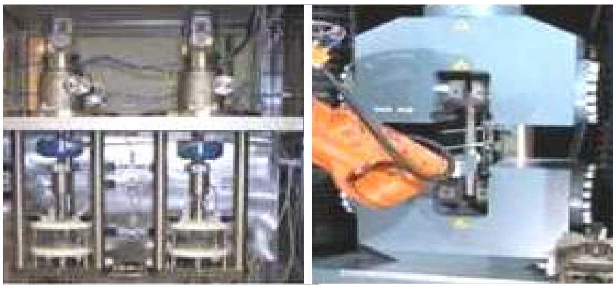
# Excellence in R & D

## A) Innovation

- Development of New Automatic Enquiry Management System.
- Innovation on Tailor-Made Automatic Pipe Measurement System for Critical Offshore Pipeline.
- Integrated SAP based BIBO management review mechanism on digital platform.
- Successfully Manufactured & Supplied Long Radius (>10D) Hot pulled Induction Bends by using unique alloy design for TMCP Mother Plates - LSAW Pipes.
- Digitalization of Inspection & Testing by integrating with SAP Data to reduce the paper consumption.
- Unique Bar Code System for Pipe Traceability as per the Customer requirements.

## B) Research & Development

- Conducted a Successful Pre-Qualification Process of Heavy Wall Thick LSAW (JCOE Process) Pipes by using TMCP Plates for Extreme Sour Service Applications for Offshore Pipe Lines as per customer requirements jointly with Steel Suppliers.
- Development of Domestic Steel Mills for the Supply of API 5L X70M PSL2 Hot Rolled Coils & Plates for Oil & Gas Pipe Lines.
- Development of TMCP Steel for Extreme Sour Service Offshore Projects Jointly with Global Steel suppliers.
- Successfully Manufactured & Supplied Large Pipe Diameter for Strain & Stress

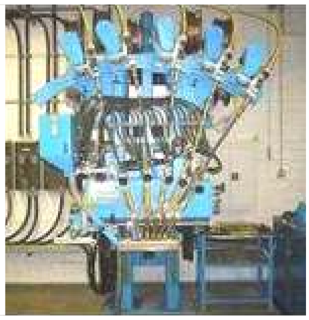


Based Design Pipes in API X80M PSL2/CSA L550 by using TMCP Plates.

- **Welspun's technical Experts are actively involved in various Joint Industrial Projects ( JIPs) to resolve technical issues for Oil & Gas Pipe Lines Globally with Customers & Others-**
  - HAZ Softening Material Development
  - Optimization of Local Brittle Zone ( LBZ)
  - Standardization of SENT Test Method for Sour Service Environments
  - Enhanced Girth Weld Performance for Newly Constructed Grades X70M Pipelines in US
- **Welspun has funded and actively working with Pipe Line Research Council International (PRCI) for following New Developmental Projects for Oil & Gas Pipelines -**
  - Composite Repairs for Dent and Metal Loss Defects - State of the Art and Full Scale Instrumented Tests
  - Guidance on the Use, Specification, and Anomaly Assessment of Modern Line Pipes
  - Full Thickness Weld Tensile Round Robin
  - Evaluation of Semi-Automatic FCAW-S Welding Process and Implications to Pipeline Girth Weld Integrity

## C) Technology Upgradation

- Adoption of new NDT Technology – Combination of Time of Flight Diffraction



(TOFD) & Phased Array Ultrasonic Testing ( PAUT) for LSAW Pipes.

- Installation of new Pipe ID Cleaning system to reduce weld defects and manual operation.
- Installation of new State-of-art Plate Ultrasonic System with the coverage of 100% Plate surface area, high testing speed, better sensitivity & accuracy supplied by GE technology, Germany.
- Introduction of new online edge milling system for HSAW pipes to Control Weld Bead Height and Weld Profile to optimize the consumption of Coating Materials.
- To improve the product Quality, we installed an Intermediate Weld Seam UT for instant feedback to Welding engineers for taking immediate necessary corrective & preventive action to reduce the Weld Seam Repair.
- Adoption of New Digital Radiography Technology instead of Film Radiography Technique.

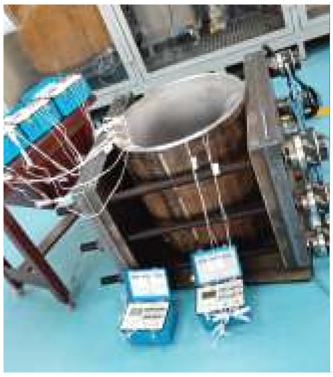
## D) Process & System Improvement

- Capability enhancement of CTOD & CVN testing facilities for critical low temperature applications.

- Enhancement of Hot Induction Bending Facility to produce High Wall Thick & Dia in API X80M PSL2/CSA L550.
- Development of Liquid Epoxy Coating for long radius Hot Pulled Induction Bends in API X80M PSL2 LSAW Pipes as per CSA.
- Unique fixtures mechanism is developed to test All Weld Longitudinal Tensile Testing Specimen with smaller length.

## E) Key Initiatives for Future

- Installation of Automatic Cleaning System for removing scale, dust & foreign particles from inside surface of pipe before welding to minimize manual intervention & to achieve clean weld groove before welding.



- Installation of explicit Effluent Treatment Plant for Coating facility.
- Modification in Continuous Tack Welding Machine for Auto Offset Control to minimize manual intervention & Weld Seam Defects.
- Upgradation & Capacity Enhancement of Corrosion testing facility for critical Sour Service Pipeline Projects.
- Joint Pre-Qualification Program of HSAW pipes for sour service applications with potential Key International Customers.
- Integration of Steel Supplier data with our SAP system for product identification & traceability.

## Demonstrating Excellence in Execution of Complex Projects

### AMONGST DEEPEST

**Independence Trail**
233 Kms, 24-inch deep sea gas transmission pipeline in the Gulf of Mexico

**Complexity:** High collapse resistance

### AMONGST HEAVIEST

**IGAT-IV**
100 Kms, 56-inch high pressure gas transmission pipeline in Persian Gulf

**Complexity:** Large diameter high wall thickness, X70 grade of steel

### AMONGST HIGHEST

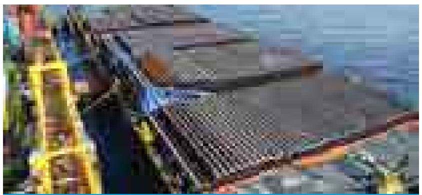
**Peru LNG Project**
118 Kms, 34-inch gas transmission pipeline

**Complexity:** Pipeline in service at very high altitude

### AMONGST LONGEST

**Keystone Pipeline**
Sole supplier, Canada to USA Crude Oil pipeline (1,700 Kms, 36-inch)

**Complexity:** Very long-distance hydrocarbon pipeline supplied by a single manufacturer



### OFFSHORE

**Arabiyah-Hasbah (Wasit Gas Program)**
100 Kms, 36-inch gas pipeline in Saudi Arabia

**Complexity:** Highly sour gas

### STRINGENT TOLERANCE LEVEL

**Stampede Oil Export SCR* Pipeline**
32 Kms, 18-inch pipeline in Gulf of Mexico

**Complexity:** Only WCL could match specifications

*SCR - Steel Catenary Riser

## Strong Customer Relationships across the Value Chain

### Oil & Gas

Shell, Saudi Aramco, Total, Chevron, ONGC, Petrobras, Qatar Petroleum, GASCO, ExxonMobil, Qatargas, British Gas, IndianOil, ConocoPhillips, bp, PTTEP, Petronas, Reliance Industries Limited, Statoil, Peru LNG, Gazprom, CPOC

### Transportation

TC Energy, Kinder Morgan, Enterprise Products, Plains All American Pipeline, L.P., Energy Transfer, NGL Energy Partners LP, Williams, GAIL, Enbridge

### Others

L&T, Fluor, Agip, Bechtel, EIL, eni, Dow, Saipem, Odebrecht, Saline Water Conversion Corporation, Kvaerner

# Reaping Benefits of **Prudent Financial Management**

**By managing the company with financial prudence, we focus on our cost structure, working capital management and free cash flow generation. Our financial results once again prove that a disciplined, focused, cost conscious approach, thrust on conserving cash and operational excellence pave a path for an unrelenting growth.**

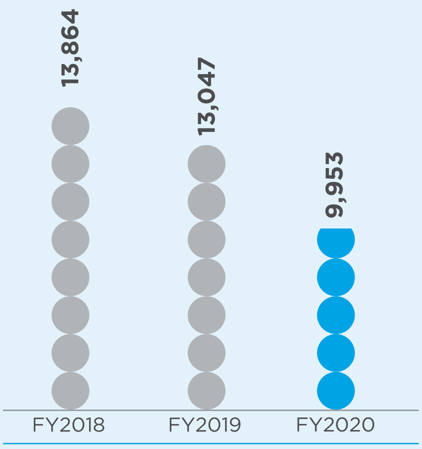
As a part of our business strategy, we took several steps towards prudent management of our finances in order to optimize growth. We ensure that our organization operates efficiently by monitoring and using our current assets and liabilities to the best effect. This helps our businesses not only to cover our financial obligations but also boost our earnings. By diversifying our approach and embracing changed management, optimized cost structure, strong systems and processes, we are bringing flexibility in our overall functioning of business. Through this financial re-engineering, we have managed to have the highest profit, production & sales volume, our net debt is almost nil and we have successful buyback of shares.

**Key focus areas on managing Financial Prudence:**

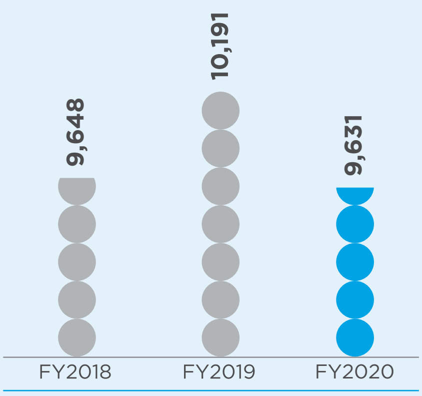
- Gross Debt and Net Debt Reduction
- Strong Focus on Collections
- Emphasis on Cost Control
- ROCE and EBITDA Margin Improvement

## Growth supported by a Healthy Balance Sheet

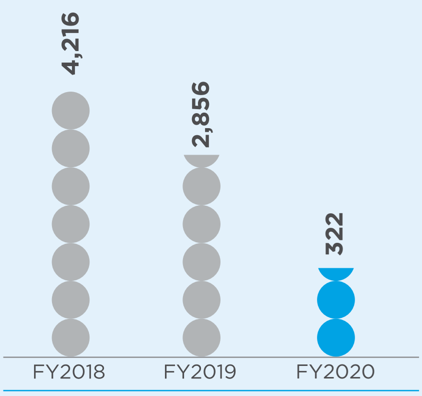
**Gross Debt** (In ₹ million)



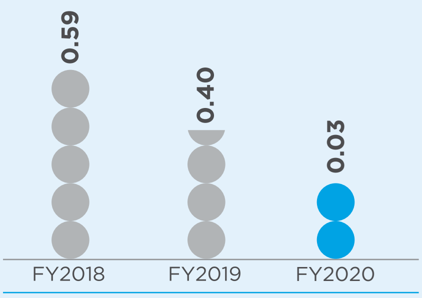

**Cash & Cash Equivalent** (In ₹ million)



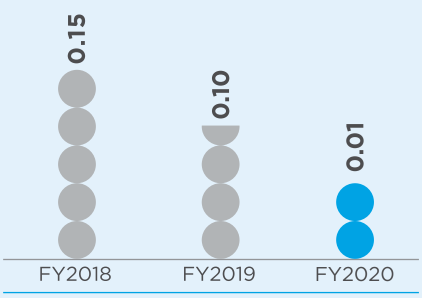

**Net Debt** (In ₹ million)




**Net Debt/EBITDA**




**Net Debt/Equity**




# Chairman's Message

**Our Dear Shareholders,**

**Undoubtedly, this has been one of the most challenging years in recent times for the global economy and the Indian economy. Even in these challenging times, I am happy to share that Welspun Corp grew from strength to strength, with this year's performance breaking all our previous records on production, sales and profitability. We have also strengthened our balance sheet and we have almost become debt-free, on a net-debt basis. We have utilized our cash flows to pre-pay loans, buyback shares and pay a substantial dividend during the year.**

> "We continue to maintain our operational excellence amidst challenges, by strengthening our balance sheet and almost becoming debt-free, on a net-debt basis. Utilizing our cash flows to pre-pay loans, buyback shares and paying a substantial dividend during the year, we have shown sustainable performance."

## YEAR IN REVIEW

I would like to begin by sharing with you some of the key updates on our operational performance. FY2020 was an exceptional year for the Company with record volumes and profitability. Pipe Sales for the year stood at 1.5 million tonnes, the highest annual sales tonnage achieved by the Company in its history. We have shown consistent growth during the year on a quarter on quarter basis which truly reflects the operational excellence and the efficiency, in all the three geographies where we are present. Our key performance indicators of sales volume, realisation per metric tonne and EBITDA per metric tonne across the three geographies showed a consistent set of numbers.

US operations during the year recorded sales volume of 422 KMT with capacity utilization of more than 80% and a very healthy EBITDA. Our Saudi joint venture recorded sales volume of more than 500 KMT, which is close to peak utilisation, and witnessed a significant turnaround in profitability. With improved cash flows, the entity has started repaying shareholders' loans also. We have also seen a strong performance in our India operations as sales volumes approached 600 KMT with good mix of domestic oil & gas, water and export orders. Local presence in the three key geographies and our ability to serve the global markets from these locations position us to be a supplier of choice for our esteemed clients.

At the start of the year, we had taken some strategic decisions towards prudent financial management. As a part of our strategy to focus on the core business and core assets, we announced divestment of our Plate and Coil Mill Division (PCMD) and the 43 MW power division. We got the CCI approval in mid of December and both the parties stand firmly committed to consummate the transaction, although the timelines have got extended. I am confident that this transaction will conclude in the current Financial year 2020-21.

During the year, the company has reduced its net debt by ₹2,534 million, in spite of paying out more than ₹3,500 million in dividends and buybacks including the related taxes and costs. We are virtually a zero Net Debt company now, with a strong focus on ROCE and Free Cash flow generation.

## COVID-19 AND OUR RESPONSE

As you know, the world is currently going through a major crisis; a crisis unlike any other over the past 100 years. COVID – 19 is not only disrupting our health and healthcare systems but also leaving a lot of collateral damage to an extent such that, even the Government, related public resources and all big and small corporates are under immense pressure both financially and otherwise.

As Welspun group, we partake our share of hardships. While we are uncertain how long these unprecedented and difficult times will last, we are fully geared up to meet these challenges. Along with the nation, we are also traversing the journey from 'Jan Hai to Jahan Hai' to 'Jan Bhi aur Jahan Bhi'.

At Welspun Group, it is our utmost priority to ensure safety & well-being of our customers, employees, associates and community at large. Our sister concern in textiles has started manufacturing face masks and PPE and distributed it to our brave warriors who are at the forefront of fighting epidemic. We have adopted several measures across our offices globally and plants to ensure that our commitment to our customers is not compromised. In order to curb the spread of COVID-19, we have issued stringent travel advisories to avoid any business-related travel within the country or in international markets. We have implemented 'Work from Home' for our employees for their safety and well-being. A robust IT infrastructure has been put in place for remote working to ensure business functions seamlessly from any location.

Extreme caution and highest standard of hygiene and safety is being practiced by our staff across all our locations. In order to create awareness and protect our employees, additional efforts have been implemented.

We feel that at this juncture, each one of us has a responsibility towards our society and nation at large and as Welspun Group, we are also trying to do our part.

## YEAR AHEAD AND OUTLOOK

The macro scenario has significantly changed in the last few months. What we have seen in the recent past, is unprecedented with the entire energy sector facing a double whammy – demand destruction due to COVID-19 and failed talks between OPEC+ countries leading to a ruthless war for market share, resulting into a supply glut. This is like a black swan event resulting in both health and financial crisis at the same time. Crude Oil demand globally and in the US took a drastic downturn in the March – May 2020 time frame. EIA estimates U.S. crude oil production fell from a record 12.9 million b/d in November 2019 to 11.4 million b/d in May 2020. EIA forecasts that U.S. crude oil production will average 11.6 million b/d in 2020 and in 2021 it will average 10.8 million b/d. This has resulted in many oil companies across the world and especially in the US, announcing a cut in capex. Lower oil price in the first half of 2020 is expected to delay Final Investment Decision for Greenfield projects.

Welspun US is well-prepared to tackle the current challenges, thanks to its excellent track record and strong customer relationships. The recent order win, even in this difficult macro scenario, is a testimony to the Company's capabilities. With this, our order book stands at close to 120 KMT. We have several orders in the bid stage, which may speed up if the crude prices stabilize at the earlier range.

The JV in Saudi Arabia continues to have order backlog of around 2-3 quarters. With oil prices recovering, we expect ordering activity to gain traction in the region. While Saudi Aramco might take 2-3 quarters for restarting large orders, smaller O&G orders for high-priority oil fields are expected to be tendered soon. A few more water orders are in the bid pipeline, which we expect to be awarded in this year.

In India, we have a robust order book of 411 KMT spread evenly between water projects of various state governments, O&G projects of PSUs and export orders. About 14,700 km of additional gas pipelines are at various stages of development to complete the National Gas Grid. As per the National Infrastructure Pipeline (NIP), capex for oil & gas pipelines over FY20-25 is targeted at over ₹ 1 lakh crore (₹ 1 trillion). Ordering activity is expected to gain traction post the opening up of the economy. We are already seeing traction in terms of increased tendering activity from domestic PSU companies.

In the domestic water segment, irrigation projects will continue to drive the demand. Activity is also expected to pick up on 'Nal se Jal' projects, which intends to provide piped water supply to all Indians.

Covid-19 pandemic has impacted global supply chains and disrupted trade and commerce. We, at WCL, have taken all possible steps to minimize this disruption and are working closely with our suppliers and customers on a Business Continuity Plan. We are also sharply focussed on cost control, both capex and opex. WCL has deep relationships with all O&G majors and is a preferred vendor of choice for them. We are quite confident that we will weather this storm successfully over the next few months partnering closely with our steel suppliers and our customers. We will continue to keep a close watch on the ongoing crisis and will pro-actively devise strategies to meet the challenges.

Our focus will continue to be on utilising our free cash flows for deleveraging and rewarding shareholders. We continue to strengthen our business through automation, digitisation and developing talent.

I would like to reaffirm that our teams are doing their best to keep up to the commitments and ensure our products and projects are delivered on time, with no compromises on quality or safety. The management team stands firmly committed to overcome the challenges in global markets and take WCL to greater heights in the long run.

## MY SINCERE GRATITUDE

We are going through an unprecedented situation and I thank all our stakeholders who are standing by us through this difficult time. I express my sincere gratitude to our shareholders, bankers, customers, Board of Directors and our committed employees. These are challenging and uncertain times, but we feel confident that as a company and community, we can get through this together. I hope that you, your family and colleagues are well and are taking the necessary safety measures.

**Stay safe, stay happy.**

My best wishes to you and all your loved ones,

**B. K. Goenka**
Chairman

# The Welspun Group
# - A Sense of Pride

**Welspun Group is one of India's fastest growing conglomerates with businesses in Line Pipes, Home Textiles, Infrastructure, Steel, Oil & Gas, Retail and Flooring Solutions. Headquartered in Mumbai, India, Welspun Group's core manufacturing facilities are based in India, USA and Saudi Arabia.**

Welspun Group has made its mark within the Line Pipe and Home Textiles sector to become one of the most recognized global leaders. The Group has a strong foothold in over 50 countries with 26,000+ employees. It is also the largest Home Textiles supplier to 17 of the top 30 US retailers in the home textiles sector.

In addition to various business activities, Welspun Group also invests in a multitude of CSR programs. With a focus on 3Es i.e. Education, Empowerment, Environment & Health, the Group's efforts are directed towards protecting the environment, fostering economic performance, creating opportunities and empowering people.

## Welspun Group Key Highlights (FY 2020)

₹ **64** billion
Fixed Asset Base

₹ **194** billion
FY 2020 Revenue

₹ **28** billion
FY 2020 EBITDA

₹ **34** billion
FY 2020 Net Debt

Over **26,000+**
No. of Employees

## Our Key Achievements

- Track record of delivering quality projects – on or before time
- History of designing and building manufacturing plants and projects valued at USD 3 billion-plus
- Successfully built Anjar Welspun City, spread across 2,500 acres in Gujarat
- Built renewable energy portfolio of 1,000 MW valuing ₹ 10,000 crore
- Successfully built one-of-a-kind anciliarization model in Textiles
- Unlocked value of over ₹ 130 billion in past 5 years

**WELSPUN ENTERPRISES**
Infrastructure and Energy

### INDIA'S FASTEST GROWING INFRASTRUCTURE PLAYER

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

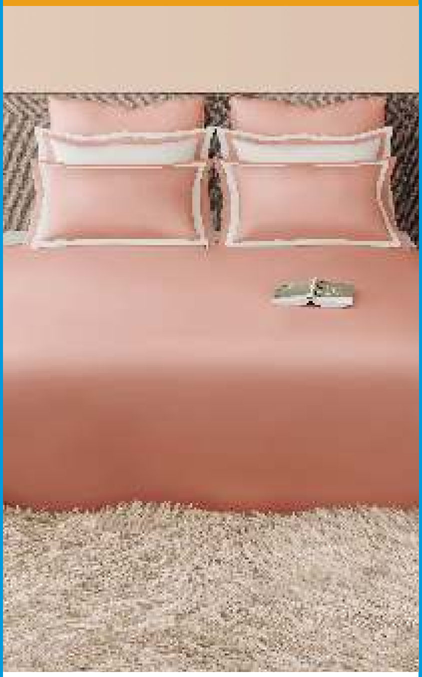
**WELSPUN CORP**
Pipes and Plates

### GLOBAL LEADER IN LINE PIPES

Global leader in Line Pipes with manufacturing facilities in India, Saudi Arabia and US

**WELSPUN INDIA**
Home Textiles

### GLOBAL LEADER IN HOME TEXTILES



Global leader in Home textiles with presence in more than 50 countries & strategic partner to top retailers

# Our Endeavors Towards **Employee Welfare**

## Fostering diversity and inclusion

We believe in providing a work environment that fosters a culture of diversity and equality for people of different ethnic backgrounds and gender. Our diverse workforce is a major contributor to the innovation and creativity that fuels our growth strategy. As an employer, we provide equal opportunities for all staff, regardless of race, religion, gender, age, nationality or disability. The diversity of our workforce helps our employees learn how to collaborate across various cultures, ethnicities and ways of life which is vital to their all-round development.

## Employee engagement and well-being

Employee engagement is central to retain our workforce. We understand the role employee engagement programs play in keeping employees motivated and involved in their work. To encourage employee engagement, our HR department regularly undertakes various programs and initiatives. The aim of these programs are to maintain communication, keep employees informed about our organization's progress and understanding their aspirations and concerns. Engagement with employees is performed through forums such as town halls, new joiners' meet and feedback sessions in addition to various celebrations.

WCL is diligent towards promoting 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, personal accident insurance, term life insurance, travel insurance, leave benefits, provident fund, and car lease among other benefits to all our employees. Besides this, sociocultural activities like get-togethers, birthday celebrations, picnics, yoga, meditation, sports competitions, festival celebrations and community programs are also organized.

## Stimulating a learning environment

WCL has an extensive approach towards learning and development that aims to develop new competencies and enhancing existing skills. We encourage innovative ideation at the workplace and ensure that our learning programs and initiatives are aligned with the development needs of our people and our business goals.

In line with our philosophy of continuous learning, WCL provides training to employees through capacity building workshops, specialized subject specific training programs and online training interventions. Our training approach is holistically designed to enhance skills covering a wide range of subject matter, with modules on people management, emotional intelligence, customer relationship management, professional and personal excellence.

FUTURE LEADERS PROGRAM
Building The One Welspun Culture

## The Future Leadership Program (FLP):

The Future Leadership Program is a leadership development program where existing employees are polished and taught the latest subjects to hone them to perform. It is internally conceived and designed with various academic partners around the globe to make our employees leaders in their respective fields.

## Equitable Employment of Women:

At Welspun Corp Limited, we constantly strive to create inclusion and diversity in our workforce and we provide a platform for all women who dare to dream. Breaking the conventional norms, our Bhopal facility employs women in technical roles in the manufacturing unit. In this way, we are trying to inspire all aspiring women to advance their careers and build a future in the field of manufacturing where women can excel just like their male counterparts.

## Welspun Digital Institute (WDI):

An innovative Digital Learning Program for our employees across the globe, taking our digital transformation to the next level. WDI empowers them with the latest digital trends and solutions in manufacturing. This unique initiative will nurture, develop and up-skill our workforce through extensive learning sessions and live projects. It offers an opportunity to the employees to transpire an idea into a new business model, new initiative, a new process, a new policy and create a brand new identity not only for themselves but also for the organization.

# Awards and **Recognition**

**Anjar Pipes: 19th Annual Greentech Environment Award 2019** for exceptional contribution towards "Environment and Sustainability"

**Anjar Pipes:** has been selected for the Prestigious **'Golden Bird Environment Excellence Award - 2019'** in PLATINUM Category for the outstanding project work on Environment Protection

**Anjar Pipes: GOLD Rating in Manufacturing Category** by CII National 5S Excellence rating system

**Anjar Pipes: Leadership Award** for Health & Safety and Mainstreaming of HIV Prevention at World of Work during the year 2018-19 by Centre of Social Development (CSD)

**Anjar Pipes: Golden Bird Excellence Award - 2020:** Awarded for 'Outstanding Project on Sustainability Excellence'

**Anjar Pipes: Green Tech Safety Award for FY 2018-19:** Outstanding achievement in Safety Management System.

**Anjar Pipes: Silver Trophy in Engineering Sector** on the National level convention, by Quality Circle Forum of India ( Surat Chapter).

**Dahej Plant: Awarded Silver Medal in National Awards** for Manufacturing Competitiveness (NAMC)

**Dahej:** Awarded the Silver Medal in **National Awards for Manufacturing Competiveness 2018-19** by IRIM

PCMD awarded the prestigious **Apex India OHS Excellence Award** for outstanding work in the field of Occupation Health & Safety.

**CEO With HR Orientation -** awarded to MD & CEO WCL, from World Sustainability & HRD Congress.

Received a **Key Contributor Award** from Bechtel for an excellent performance on one of the prestigious projects in Latin America

Welspun Tubular has been honored by the **Arkansas District Export Council (ArDEC)** as the recipient of the annual Arkansas Governor's Award for Excellence in Global Trade in the Large Manufacturer Exporter category.

# Inclusive Growth Towards **Nation Building**

**The Welspun Group ensures a strong commitment towards all-round social progress, as well as sustainable development that balances the needs of the present with those of the future. We believe that a business can never be successful if the society around them fails. Therefore, it becomes our moral mission to identify and address the needs of our society.**

We are committed to building a sustainable and progressive community. Our social mission is enshrined within the 3Es i.e. Education, Empowerment and Environment & Health. A number of projects encompassing the 3Es have been taken up under the banner of the Welspun Foundation for Health and Knowledge (WFHK). These projects either run independently powered by Welspun or through nurtured partnerships with the local government or non-governmental organizations (NGOs).

Our corporate values epitomize our vision to achieve inclusive growth for all. We continue to consistently deliver on the expectations and needs of our stakeholder fraternity across our operations. We seek to strengthen our initiatives through a focus on partnership, innovation and impact to create a sustainable value for the community at large.

The Welspun commitment to delivering impactful value goes beyond business, to impact every stakeholder, including the communities around which we work. With sustainable social progress embedded in every facet of the way we do business, we continue to work dedicatedly towards addressing the deep-rooted aspirations of the communities.

## Education:

### Project Wel-Accelerate -

WEL-ACCELERATE

The project aims at creating a revolution through the grassr Levels oots by merging the previous three programs of Gyankunj + Para Teachers + Learning and having volunteers from the villages to promote education.

**Success Story:**

**Digital Classroom - Anjar Municipality school No. 11**

What often motivates us to do more & better at Welspun Foundation for Health & Knowledge is the progress of our beneficiaries. And when the testimony of this progress is laid bare by the beneficiaries themselves, our happiness knows no bounds. That's exactly how we felt recently when the principal of one of our beneficiary schools, Primary Municipal School No. 11 in Anjar, Kutch district of Gujarat, shared his views on the initiation of Project Gyankunj (our digital education initiative) in his school.

Welspun Foundation has installed two digital classrooms in this primary school. The Project includes a projector & an interactive board, software for different academic subjects like Math, Science, and Technology & Social Science along with technical training in each of these two classrooms. The subjects are systematically taught with the help of these tools and according to a well thought-out timetable so that each child can experience digital education supported by the Foundation. In the words of the school principal himself, each of these aids has transformed, for the better, the overall teaching-learning experience in both the classrooms. The students are now able to learn languages better as they can recite out loud the poetries they hear, understand the prose deeper through its dramatic illustrations, and observe fun science experiments making the subject easy to learn. In Social Science, they are able to get information about different places within no time through the map application!

"In brief, through the digital education initiative in these classrooms, both, learning & teaching has become very interesting", says Mr Inayat Ali Shekh, the School Principal. What's more, encouraged by the success of the two digital classrooms, school authorities have expressed a keen interest to transform all classrooms in the primary school through digitalization under project Gyankunj. Truly, Welspun Foundation couldn't have asked for more!

**Outreach:**

- 160+ schools reached.
- Digitalization of 317 classroom across government.
- 1300+ Teachers Trained
- 65,000+ Students Impacted
- 40 Shiksha Saathi across 31 government primary schools

## Empowerment:

### Project Wel-Netrutva -

Wel-Netrutva

The project aims to create Women Entrepreneurs that inform and empower the communities of the villages towards improved health practices like menstrual management, malnutrition, anemia, RTI/STI and cervical/breast cancer.

**Case Studies:**

A year ago, in January 2019 Saheli Sakhi Sangh was formed under the Wel-Netrutva program. The Sangh is a community-based group, formed by 14 women from 14 different villages of Anjar Block. The program creates Women Entrepreneurs who generate awareness on healthy menstrual management and sell sanitary pads to earn a source


of income. After a year of hand holding and trainings, the Saheli Sakhi Sangh is moving towards a sustainable approach as they placed an order of 12000 sanitary pads using the profits earned from last year. The ladies are trained to procure, manage, account and sell the sanitary pads across Anjar Block.

**Outreach:**

- 450+ Women Entrepreneurs across 200 Villages.
- 95,000+ People Impacted.
- 33,000 Sanitary Packets Sold.

## Welspun Super Sports Women Program:

To identify and support 25 female athletes at International, National, State and District level. The program will benchmark the performance of the sportswomen and provide support in the required areas.

**Success Story:**

After three years of hard work and determination, Manasi Joshi won Gold at the World Para Badminton Championships in Basel in the SL-3 category.


Manasi Joshi

"Welspun's support came at a time when I needed it


*Shivani Charak*

the most. Through the funds, I was able to buy a new pair of shoes and renew my climbing license which enabled me to win my first International medal at the Asian Youth Championships." - Shivani Charak.

**Outreach:**

- 26 Athletes across India.
- 11 Sports included.
- 250+ medals won.

**Akankshita Center:**

An all women entrepreneur led manufacturing eco-system aimed at providing women with a sustainable means of livelihood, equitably engage with local and global markets.

**Outreach:**

- 75+ women reached.
- Orders woth Rs 9 lakh received and executed.

## Environment & Health:

**Mobile Health Van -**

Providing medical/health service for the communities of the village. The mobile health van ensures to be accessible towards general medical services and references towards serious cases.

**Outreach:**

- Mobile Health Van across 17 villages.
- Plantation of more than 2 lakh saplings.

## COVID INTERVENTIONS:

- Production of masks and its distribution, food packets distribution, check-up, awareness &


counselling, social distancing, awareness through posters & leaflets.

- Awareness and Counseling inside plant, at hostel and colonies about Covid-19.

- Promotion and use of Arogya Setu App.
- Yoga, happiness and laughter workshops.
- Check-up & screening of staff and associates.
- Man power support to HR & IR departments for maintaining social distancing and management of operations of plant.


- Food kit and ration distribution at hostels.
- Stitching of Masks.
- Tackling issues of depression, anxiety, etc. & maintaining motivation of employees.

# Management Discussion and Analysis

"FY2019-20 was an exemplary year for the Company both operationally and financially with breaking all of our own previous records with respect to production, sales and profitability. Our performance is a testimony to Welspun's global leadership position. While the near-term macro-outlook remains challenging due to COVID-19 as well as Oil meltdown, the Company is well-prepared to weather the storm through a range of measures including cost optimisation, minimal capex spending and maintaining & leveraging existing customer relationships."

**Vipul Mathur**
MD & CEO

The Management Discussion and Analysis (MD&A) should be read in conjunction with the Audited Consolidated Financial Statements of Welspun Corp Limited ("Welspun" or "WCL" or the "Company"), and the notes thereto for the year ended 31 March 2020. This MD&A covers Welspun's financial position and operations for FY20. Legal tender is stated in Indian Rupees unless indicated otherwise. The numbers used in the analysis are on a consolidated basis, the corresponding number for the previous year have been regrouped and reclassified wherever necessary.

## FORWARD-LOOKING 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

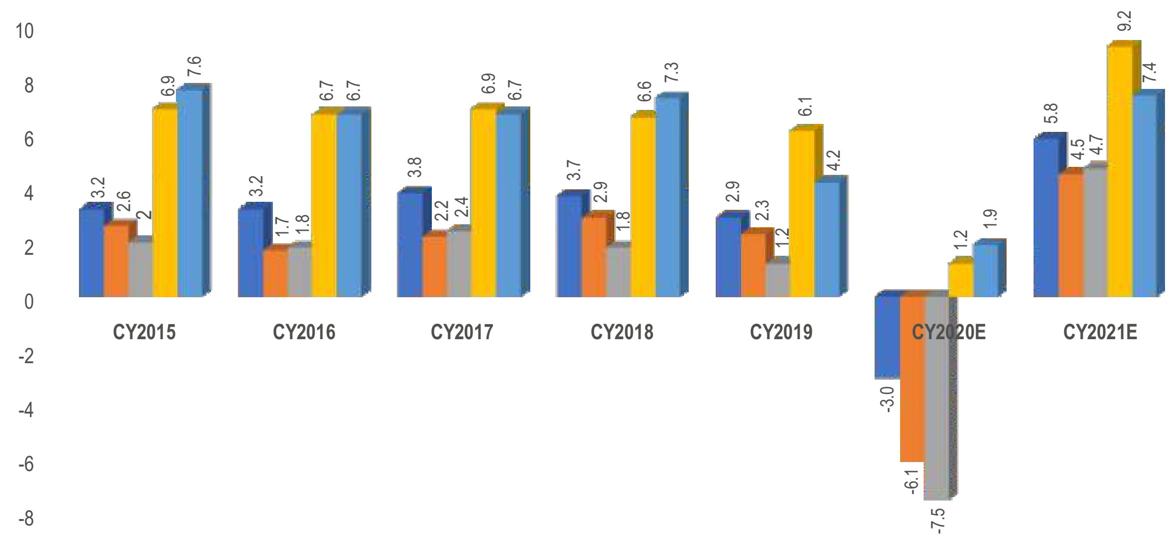
Welspun Corp Ltd. is a leading manufacturer of large diameter pipes globally, offering a one-stop solution for all line pipe related requirements with its wide range of high grade line pipes. The pipes, produced at advanced state-of-the-art global manufacturing facilities in India, USA and Saudi Arabia for Longitudinal (LSAW), Spiral (HSAW) and ERW / HFIW, meet stringent specifications.

The Company's eminent clients (Fortune 100 companies) comprise leaders of the oil and gas sector (Shell, Saudi Aramco, TOTAL, Chevron, Energy Transfer, South Oil Company, Exxon Mobile, Kinder Morgan, TransCanada, Enbridge to name a few). The Company is approved by 50+ major oil and gas companies, enhancing its ability to participate and bid in key projects globally. The Company's local presence in major markets and ability to quickly respond to customer requirements across many markets has made the Company a supplier of choice for most customers.

## GLOBAL ECONOMIC OVERVIEW

Global growth in CY2019 recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors. Worsening macroeconomic stress related to tighter financial conditions, geopolitical tensions, and social unrest rounded out the difficult picture. Increasing trade barriers as well as trade uncertainty stemming from rising trade tensions, especially between US and China, also resulted in declining business confidence and further limited trade. Amidst a weak environment for global manufacturing & trade and challenges in the domestic financial sector, the Indian economy slowed down with GDP growth moderating to 5.0 percent in FY2020 as compared to 6.8 percent in FY2019.

Among the developed economies, growth momentum weakened considerably since mid-2018. For the United States of America, trade related policy uncertainty weighed on business confidence and investment, but employment and consumption continued to be robust, supported by cuts in the Federal Funds rate. In Europe, the economy grew at a modest rate, as the manufacturing sector was negatively affected by international trade tensions




*Source: IMF, GoI, RBI*

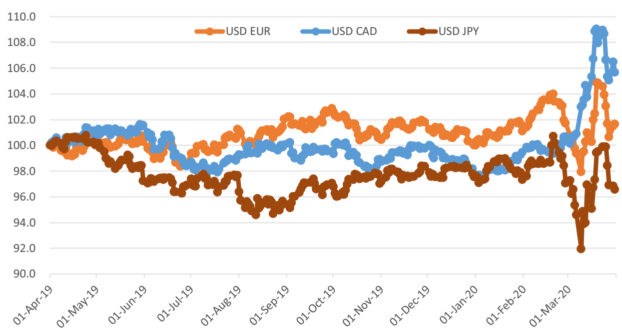
and the impact of Brexit remained uncertain.

Due to the impact of COVID-19, the outlook for CY2020 looks bleak for the global economy. According to IMF, the global economy is expected to plunge into the worst recession in 2020, far worse than the Global Financial Crisis. The cumulative loss to global GDP over 2020 and 2021 is estimated at around 9 trillion US dollars – greater than the economies of Japan and Germany, combined. Within this downturn, the projections are replete with even sharper declines in output in various countries. India is among the handful of countries that is projected to cling on tenuously to positive growth.

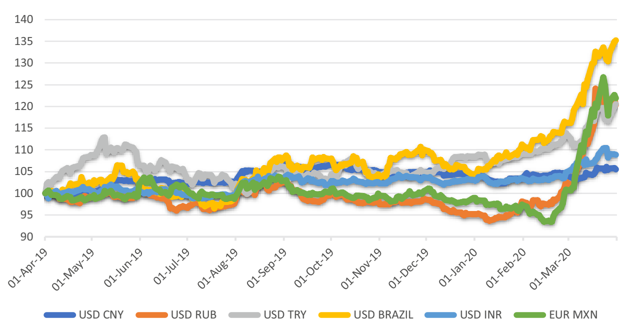
Emerging Asia is projected to be the only region with a positive growth rate in 2020 (+1.0 percent), albeit more than 5 percentage points below its average in the previous decade. In China, indicators such as industrial production, retail sales, and fixed asset investment suggest contraction in economic activity. Several economies in the region are forecast to grow at modest rates, including India (+1.9 percent).

## FOREIGN EXCHANGE

During FY2020, US Dollar appreciated against developed market currencies including Euro (EUR), and Canadian Dollar (CAD) but against Japanese Yen (JPY) US Dollar depreciated. Highest USD appreciation was seen against the CAD. All the currencies remained very volatile in the months of March 2020 because economies are grappling to fight against COVID-19.




During FY20, all emerging market currencies depreciated against the US dollar enhancing the competitive edge of suppliers from these markets. India's currency (INR) depreciated by 9% vis-à-vis the US dollar with large swing in the second half of the financial year by falling nearly 7% during the period from October 2019 to March 2020. It crossed 76 levels and touched low of 76.4 in last week of financial year. Among all these mentioned currencies, Brazilian Real (BRL) saw the maximum depreciation benefiting the Brazilian exporters.

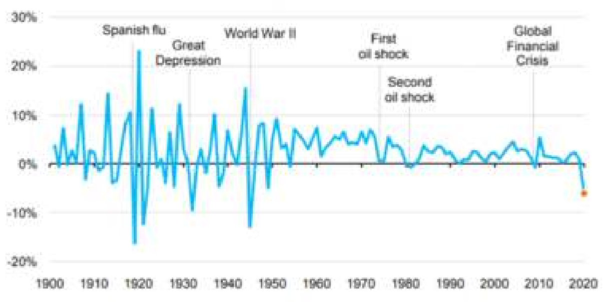


## GLOBAL ENERGY DEMAND

The sharp contraction in GDP and deep reductions in travel resulting from the COVID-19 pandemic has reduced global energy demand dramatically in the near term. The drop in global economic activity cut demand for some energy sources much more than for others, with impact on demand in Q1CY20 much more than declines in GDP.

The evolution of energy demand through the remainder of 2020 will depend most notably on the duration, stringency and geographical spread of lockdowns, and the speed of recoveries. Initial IEA evaluations indicate that full-year energy demand could decline by around 6%, equivalent to the combined energy demand of France, Germany, Italy and the United Kingdom in 2019. The projected 6% decline would be more than seven times the impact of the 2008 financial crisis on global energy demand, reversing the growth of global energy demand over the last five years. The absolute decline in global energy demand in 2020 is without precedent, and relative declines of this order are without precedent for the last 70 years

**Rate of change in global primary energy demand, 1900-2020**

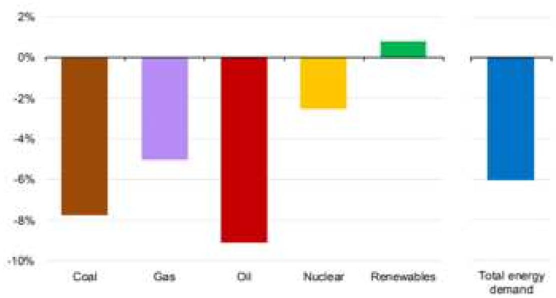





All fuels except renewables are set to experience their greatest contractions in demand for decades. In some cases, annual declines is estimated be stronger than those in the first quarter.

- Oil demand could drop by 9%, or 9 mb/d on average across the year, returning oil consumption to 2012 levels.
- Coal demand could decline by 8%, in large part due to a fall in electricity demand of nearly 5% over the course of the year, pushing down output from coal-fired generators by more than 10%. The recovery of coal demand for industry and electricity generation in China limits the global decline in coal demand.
- Gas demand across the full year could fall much further than in Q1 2020, because of reduced demand in power and industry applications.
- Nuclear power demand would also fall in response to lower electricity demand.
- Renewables demand is expected to increase because of low operating costs and preferential access to many power systems. Recent growth in capacity, with some new projects coming online in 2020, is estimated to boost output. Biofuels however, are likely to see demand decline, directly impacted by lower transport activity.

**Projected change in primary energy demand by fuel in 2020 relative to 2019**






## THE OIL SCENARIO

For the first time in history, the US exported more petroleum products than it imported in Q4 of CY2019. With increased production and exports, the United States was less reliant on other countries to meet the energy needs. After lifting the 40-year crude oil export ban at the end of 2015, America became the world leader in exporting energy to other countries – even occasionally overtaking Saudi Arabia as the world's largest oil exporter. The abundance of shale oil helped US to stabilize global markets, minimize imports, and bolster national security.

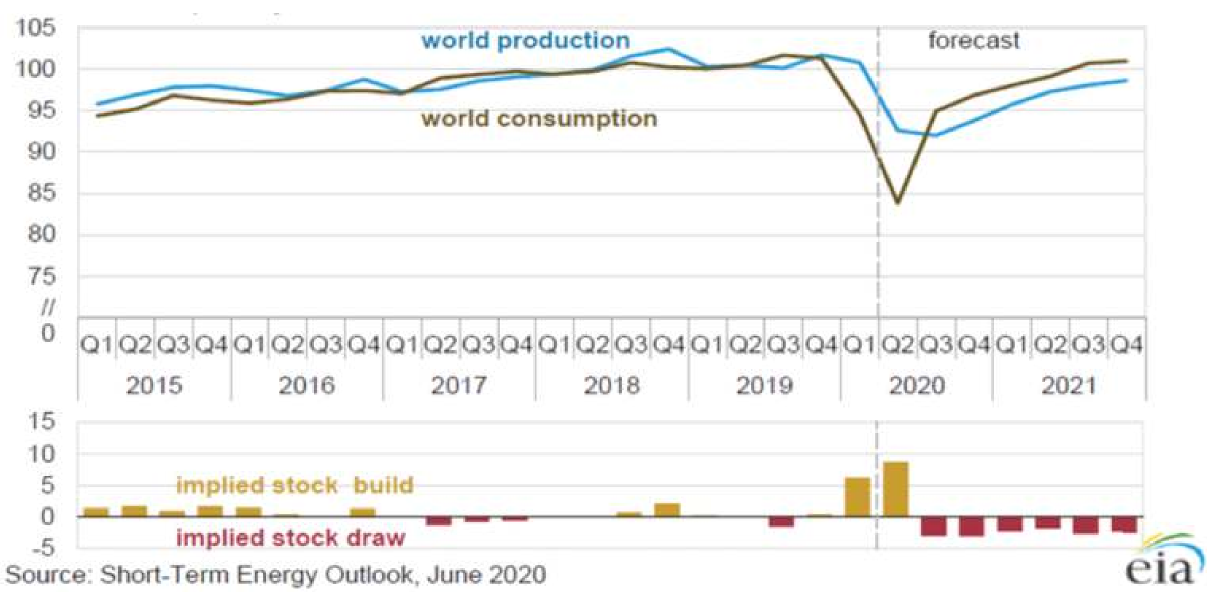
As of the beginning of 2020, global oil markets experienced significant shocks from both supply and demand sides. In early January, the benchmark Brent crude oil price stood close to $70 per barrel, amid acute geopolitical tensions between the United States and the Islamic Republic of Iran. Soon after, the novel coronavirus (COVID-19) outbreak triggered a sudden and unanticipated decline in oil demand, pushing down prices. The failure of OPEC-plus, an alliance between OPEC and non-OPEC oil producers, to reach a deal on a production cut in early March sparked a plunge in oil prices to almost

$30 per barrel; a decline of more than 30 per cent within two trading days in March 2020.

Currently, the volatility surrounding the oil markets is substantial. However, the resulting developments and their effects on oil prices over the remainder of the year now depend on how quickly demand improves and supply stabilizes. Reduced economic activity has caused changes in energy supply and demand patterns in 2020, particularly for petroleum and other liquid fuels. In view of the current fundamentals, OPEC, Russia and allies have agreed to continue production cuts by 9.7 million barrels a day - or about 10 percent of global output in normal times.

As per EIA estimates, the consumption of petroleum and liquid fuels globally is expected to average 92.5 million b/d for all of CY2020 vs 100.8 million b/d in CY2019 a decline of 8.3 million b/d YoY. Demand for global petroleum and a liquid fuel is expected to average 83.8 million barrels per day (b/d) in the Q2 CY2020 and average 94.9 million b/d in Q3 (down 6.7 million b/d YoY). The consumption is expected to increase by 7.2 million b/d to almost reach pre-COVID-19 levels of 100 million b/d by CY2021.

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



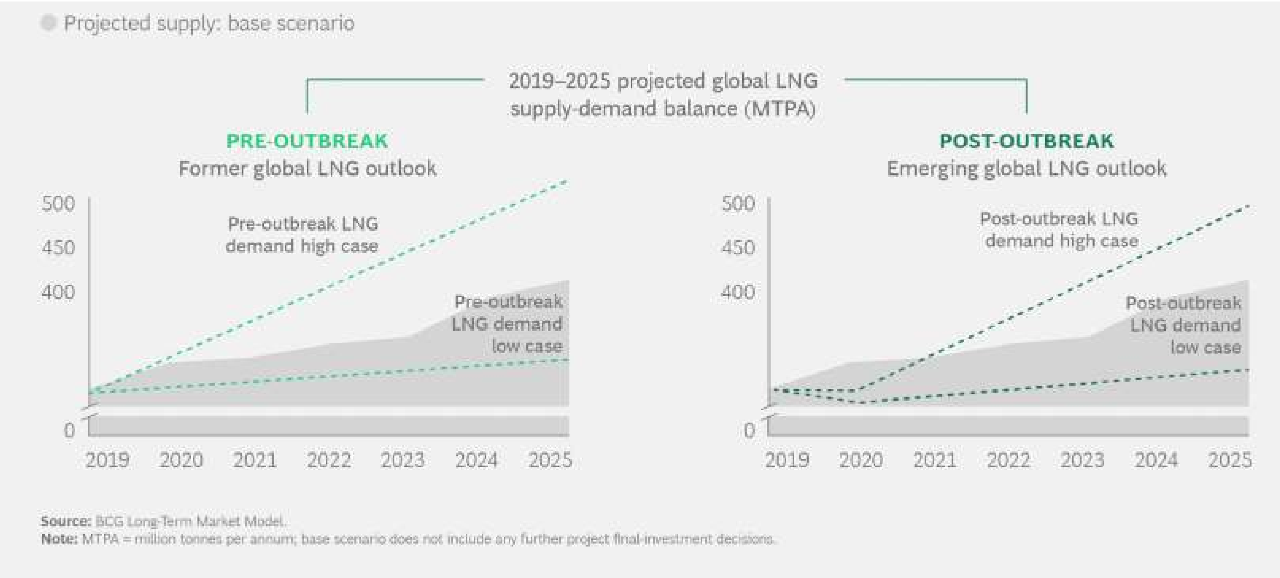

*Source: EIA, Short term energy outlook, June 2020*

## LIQUEFIED NATURAL GAS (LNG)

Even before the COVID-19 pandemic, the LNG industry was managing the impact of oversupply. Since 2015, the annual growth in global liquefaction capacity has averaged more than 30 MTPA, increasing LNG supply by around 10% per year. Markets were able to absorb this additional supply until the first quarter of 2019, when slower growth in the Chinese gas market, and a contraction in northeast Asian demand, pushed spot prices from a range of $7 to $11 per million British thermal units (mmbtu) to less than $5 per mmbtu in Europe and Asia. With 24 MTPA of new liquefaction capacity set to come online in 2020, the global LNG market is likely to continue to be oversupplied.

Global natural gas demand could decrease by 5% in CY2020 as per BCG assumptions. Slowing economic activity has curtailed natural-gas demand in China, which was, up to now, the second largest LNG importer and the fastest-growing market for LNG. Even as economic activity in China shows signs of recovery, the annualized rate of growth in the demand for Chinese natural gas is set to halve from previous projections. While low LNG prices is expected to enable some fuel-switching opportunities in the near term, the structural and seasonal nature of natural-gas demand in many markets, combined with rapidly falling overall energy demand, is likely to limit any upside potential. Faster post-lockdown recovery in Europe and North America and shorter lockdowns in other regions would reduce the negative impacts on Asian manufacturing economies and gas exporting regions.

**Supply & Demand: COVID-19 Outbreak likely to impact near-term LNG Demand**




*Source: BCG, EIA*

## SHALE DISCOVERY

In the last decade, the North American shale boom unlocked previously untenable unconventional shale gas and oil reserves. It boosted the United States to become the leading oil and gas producer in the world. The rise of shale made it more challenging for OPEC to maintain market share and price discipline. While OPEC cut oil and natural gas liquids production by 5.2 million barrels per day (bpd) since 2016, Shale added on an average 7.7 million bpd over this timeframe, taking share and limiting price increases.

Shale gas being the by-product requires infrastructure (including Pipeline) for evacuation. This Shale gas has unlocked abundant gas resources at breakeven costs of less than $2.5/MMBtu to $3.0/MMBtu. The pandemic has had an immediate impact, lowering gas demand by 5 to 10 percent versus pre-crisis growth projections. North America is becoming one of the largest LNG exporters by the early 2020s, and a sharply oversupplied LNG market. As per McKinsey, regional gas prices in Europe and Asia are also expected to be driven by prices at Henry Hub, plus cash costs for transportation and liquefaction (a premium of about $1/MMBtu to $2/MMBtu).

Other geographies like Middle East are also exploring to increase their share in Shale Gas.

## OIL AND GAS IN INDIA

Crude oil is an important energy resource which underpins the energy needs of a global economy. India is the 3rd largest importer and consumer of crude and has limited crude oil reserves in the country. Changes in crude oil price and global demand-supply directly affects the Indian economy. Fields operated by National Oil Companies (NOCs) have contributed around 74% of the total domestic crude oil production whilst the remaining 26% production has been undertaken by private companies during Fy20.

### Crude oil

Production has declined over the years and has fallen by 3.4% during FY16-20. The reduction in

crude oil production may be attributed to natural decline in ageing and matured fields and no major discoveries. Imports have grown at a CAGR of 2.9% during FY16-20.

Consumption: According to CARE Ratings, India has consumed almost 5.09 mb/d of crude oil during FY20, compared with the 5.17 mb/d consumed during FY19. Weak fuel demand which led to an inventory build-up of refined petro- products, extended monsoons and planned shutdowns of refineries for up-gradation and maintenance has led to the fall in crude processing activities of refineries.

**Natural gas**

Production (gross) has fallen at a CAGR of 0.8% during FY16-20. Net production was 32.7 BCM during FY16 whereas it has declined to 31.2 BCM during FY20. Reason for the decline in production over the years is due to the natural decline in output from the ageing fields coupled with lower than expected natural gas production from the Krishna Godavari Basin as well. Imports have increased at a CAGR of 12% during FY16-20 signifying the growing need for natural gas in the Indian economy.

Consumption has grown at a CAGR of 5% during FY16-20 with consumption increasing by 5.2% during FY20. The government has been encouraging the use of natural gas given its clean burning activities and aims to convert India into a "Gas Based Economy" by 2030.

**Domestic Crude Oil and Natural gas production (Unit: Million Barrels for Crude oil and BCM for Natural Gas)**


*Source: Ministry of Petroleum and Natural Gas, PPAC, CARE Ratings*

**Imports of Crude Oil and LNG (Unit: Million Barrels for Crude oil and BCM for Natural Gas)**


*Source: PPAC, CARE Ratings*

**Infrastructure**

- Crude oil infrastructure mainly consists of refineries used to produce petroleum products & crude oil and product pipelines.
- Natural gas infrastructure mainly consists of R-LNG terminals, Gas Pipelines and City Gas Distribution (CGD) networks.

Pipeline transportation offers a safe, economic and environmentally sound alternative to most other modes of energy transport.

**Major crude oil, natural gas and product pipeline network as on 1st April 2020.**

| | | ONGC | OIL | Cairn | HMEL | IOCL | BPCL | Total |
|---|---|---|---|---|---|---|---|---|
| Crude Oil | Length (KM) | 1,283 | 1,193 | 688 | 1,017 | 5,301 | 937 | 10,419 |
| | Capacity (MMTPA) | 60.6 | 9 | 10.7 | 11.3 | 48.6 | 7.8 | 147.9 |
| Natural Gas | Length (KM) | 12,160 | 1,774 | 2,692 | 215 | 140 | - | 16,981 |
| | Capacity (MMSCMD) | 246 | 84 | 43 | 5 | 10 | - | 388 |
| Product | Length (KM) | 654 | 9,206 | 2,241 | 3,775 | 2,395 | | 18,271 |
| | Capacity (MMTPA) | 1.7 | 46 | 19.5 | 34.7 | 9.4 | | 111.3 |

*Source: PPAC, CARE Ratings*

As per the above table, India's crude oil pipelines have an estimated combined capacity of 148 Mt per year along with 10,419 kilometres of pipelines, including 488 km of offshore pipeline. IOCL owns the three longest crude oil pipelines, of which two – Mathura and Panipat – serve refineries close to Delhi from the western coast. India also has an extensive oil product pipeline network.

To meet the rising LPG demand, India is planning to develop additional infrastructure for LPG distribution. IOCL is laying an LPG pipeline from the west coast in Gujarat to Gorakhpur in eastern Uttar Pradesh. This pipeline, with an estimated capacity of 3.75 Mt per year (76 kb/d) could become the longest LPG pipeline in the world. IOCL is also building additional import capacity at Paradeep (east), Kochi (south) and Kandla (west) to meet the increasing requirement for LPG imports.

Residential gas consumption is small, but India is expanding its gas distribution networks rapidly, an area where major growth is expected. Some states and cities also promote gas vehicles to reduce emissions from the transport sector.

Under National Infrastructure Pipeline, an overall total capital expenditure of Rs 194,572 crore by both the Centre and states would be made over fiscals 2020 to 2025. About 163 projects have been identified to be implemented in 2020-25.

**Capital expenditure over FY20 to FY25**

| ₹ Crs | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | Total |
|---|---|---|---|---|---|---|---|
| Centre | 27,006 | 43,056 | 48,147 | 41,524 | 22,858 | 10,535 | 193,126 |
| State | 326 | 454 | 167 | | | | 1446 |
| **Overall Total** | **27,332** | **43,510** | **48,314** | **41,523** | **22,858** | **10,535** | **194,572** |

*Source: NIP*

**Breakup of Capital Expenditure by Centre:**

| Category | No of Projects | Capex over FY20-FY25 (₹ Crs) |
|---|---|---|
| Gas Pipelines | 17 | 51,860 |
| Oil Pipelines | 35 | 52,278 |
| Oil / Gas / LNG Storage Facilities | 42 | 30,443 |
| Others | 69 | 58,545 |
| Total | 163 | 193,126 |

*Source: NIP*

Under National Gas Grid project, there exists a need to add an additional ~14,700 km to link each state to gas pipeline to ensure access to clean and green energy for all households and industries. India aims to increase the share of natural gas to 15% of the energy mix by 2030 which suggests a doubling of current demand and infrastructure needs, as part of a gas trading hub. This will require the availability of transport capacity across India, which will enable all market players to access LNG supplies. Under the Petroleum and Natural Gas Regulatory Board (PNGRB) Act 2006, gas pipelines were declared common carriers/contract, and non-discriminatory third-party access is mandatory. In an effort towards enabling gas market and fostering gas trading in the country, the government has launched India's own natural gas trading platform.

Presently, most of the gas pipelines are concentrated in the western and northern part of the country with a few lines in the east and south. Giving a major boost to development of natural gas grid in North East India, the Cabinet Committee on Economic Affairs (CCEA) approved Capital Grant of 60% of the estimated cost of ₹ 9,265 crore for the project to Indradhanush Gas Grid Limited (IGGL). The North East Gas Grid project is being implemented by IGGL, a Joint Venture company of five CPSEs (GAIL, IOCL, ONGC, OIL and NRL). The total length of the pipeline is planned to be 1,656 km and it is estimated to build at cost of ₹ 9,265 crore. It will cover eight states of the North-Eastern region i.e., Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura.

In South, GAIL has planned an investment to build Srikakulam-Angul Natural Gas Pipeline of approximately 600 KM length. This pipeline is expected to connect to another pipeline - Mumbai Nagpur Jharsuguda Gas Pipeline (being envisaged by GAIL) which is of approximately 1400 KM. These pipelines will form a grid to supply Gas to consumers and industrial units in South, West and Central India. Additionally, BPCL is in the process of constructing a pipeline of approximately 300 KM from Irugur in Coimbatore to Devangonthi in the state of Karnataka. Numaligargh Refinery Limited (NRL) is building approximately 1400 KM pipeline to transport imported crude oil from Paradip Port to Numligarh in Assam via West Bengal. This will be further coupled with approximately 650 KM a pipeline to transport products like HSD, MS, SKO from refinery at Numaligarh, Assam to marketing terminal at Siliguri, West Bengal. With a total length of approximately 2000 Km, these pipelines are part of expansion plan of NRL from 3 MMTPA to 9 MMTPA at a project cost of INR 22,000 Cr.

In order to make natural gas available to public at large, the government has emphasized on expansion of City gas distribution (CGD) network coverage across the country. CGD network ensures the supply of cleaner fuel to households, industrial and commercial units as well as transportation fuel to vehicles. Till 2017, only 19% of the country's population spread over 11% of its area was covered by CGD in 96 geographical areas. To boost the CGD sector, 9th CGD bidding round was launched in April 2018 for 86 GAs covering 174 districts in 22 states / union territories of the country. 38 entities have participated in this round and submitted total 406 bids. In the 10th round of bidding, 50 GAs covering 124 districts in 14 states and union territories were awarded in 2019. Post implementation of this, ~ 70% of India's population and ~ 53% of its geographical area would get covered through CGD network.

ONGC will continue to invest progressively in its offshore pipeline replacement projects with approximately 360 KM expected to be replaced over next 5 years.

## OIL & GAS MARKET IN USA & MIDDLE EAST

**North America:**

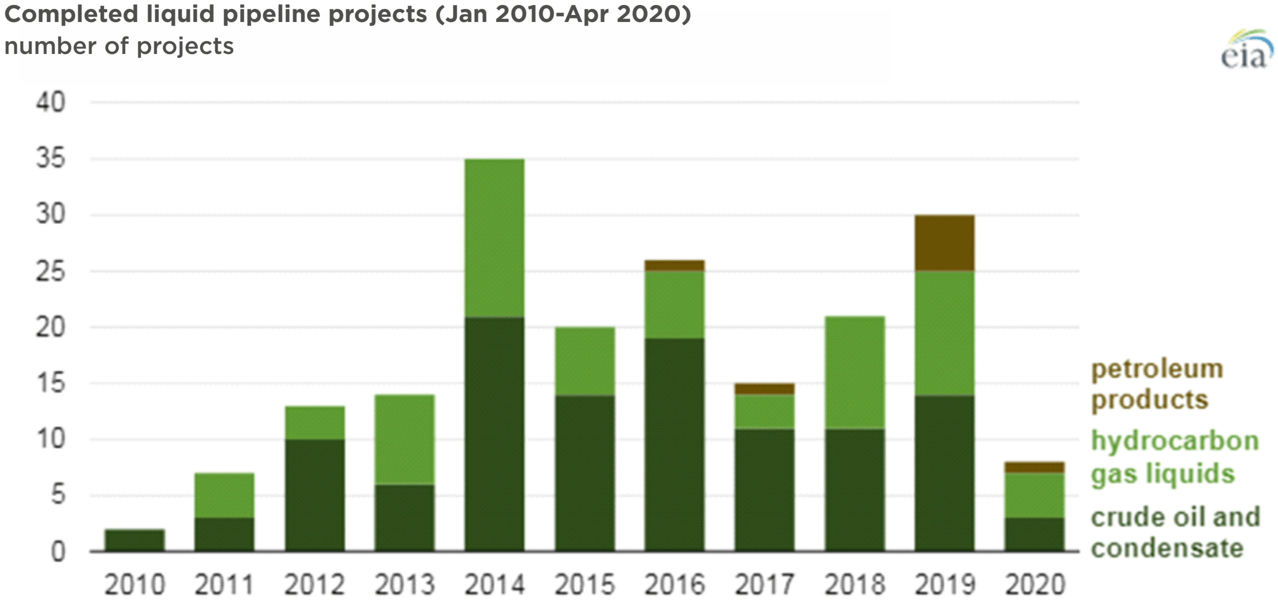
A decade of shale drilling has transformed US energy as the country's oil output has more than doubled, cutting its dependence on foreign supplies, while an abundant supply of cheap natural gas has enticed power plants to switch from dirtier coal and helped lower US carbon emissions. Because of emergence of shale, the USA transformed from one of the world's leading oil importers into the world's largest producer and net exporter of oil and gas.

The American shale industry shocked the world with its rebound after the 2014-2016 bust, setting records for output that pushed the U.S. to the top spot among oil-producing countries. US oil production, just 5.5m barrels a day in 2011, is now a world-leading producer. Pipelines and other infrastructure have sprouted across the coast of the Gulf of Mexico to support a surging oil export trade. In 2019, the Permian region's oil and gas industry continued to provide unmatched economic support. Since 2009, oil production in the region has increased from less than 1 million barrels per day (MMBbl/d) to more than 4 MMBbl/d in 2019 and it is estimated that oil production to nearly double in coming years. In 2019, the United States also officially became the largest producer of oil and natural gas in the world, with the Permian Basin surpassing Saudi Arabia's Ghawar field to become the top producing oilfield. Increases in drilling efficiency pushed U.S. crude oil and natural gas production to establish new records of 12.2 million barrels per day (b/d) and 111.5 billion cubic feet per day (Bcf/d), respectively, in 2019.

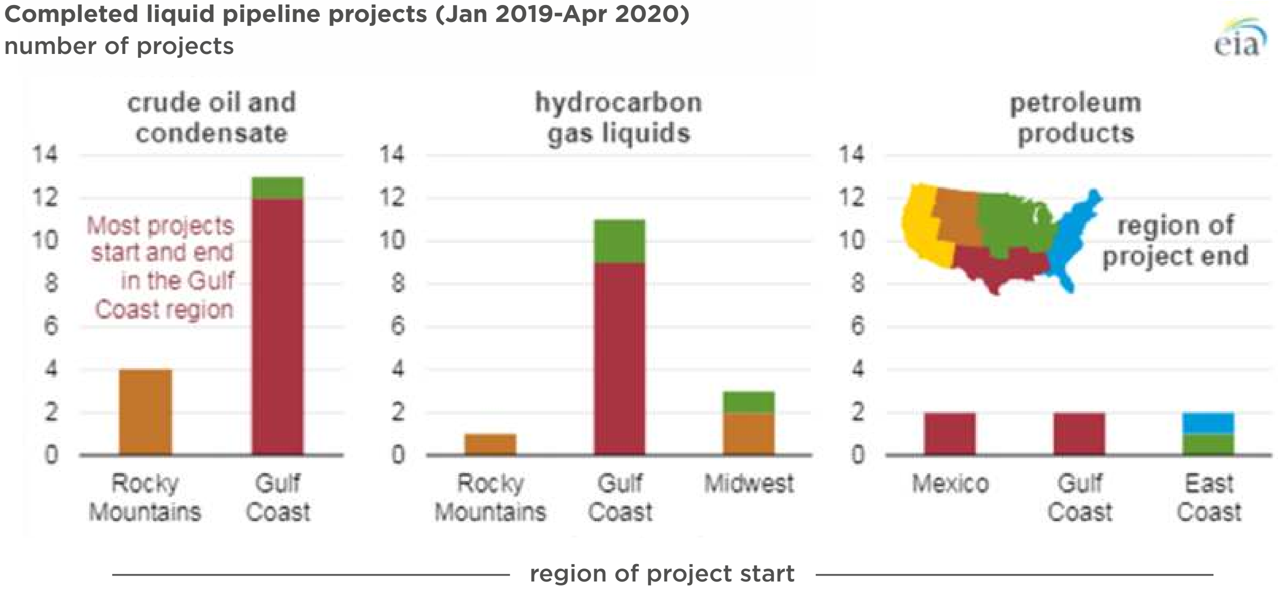
However, due to the recent developments in the Oil market, United States crude oil production has fallen from a record 12.9 million b/d in November 2019 to 11.4 million b/d in May 2020. Baker Hughes has reported the fewest active drilling wells in their records which go back to 1987. As per estimates, crude oil production is estimated to continue to decline, to 10.6 million b/d in March 2021. This CY2020E production decline would mark the first annual decline since 2016.

As per EIA, 14 crude oil pipeline projects were completed in 2019, compared with 11 in 2018. An additional three projects were completed as of the end of April in 2020. Nine of the crude oil projects completed in 2019 and all three of the 2020 projects were new pipeline projects. By comparison, only 4 of the 11 crude oil projects completed in 2018 were new pipelines; the rest were expansions of existing pipelines or conversions of existing pipelines to carry crude oil. Not all new pipelines are independent projects; some projects are connected to each other and carry the same liquid to its final destination.

**Completed liquid pipeline projects (Jan 2010-Apr 2020)**
**number of projects**

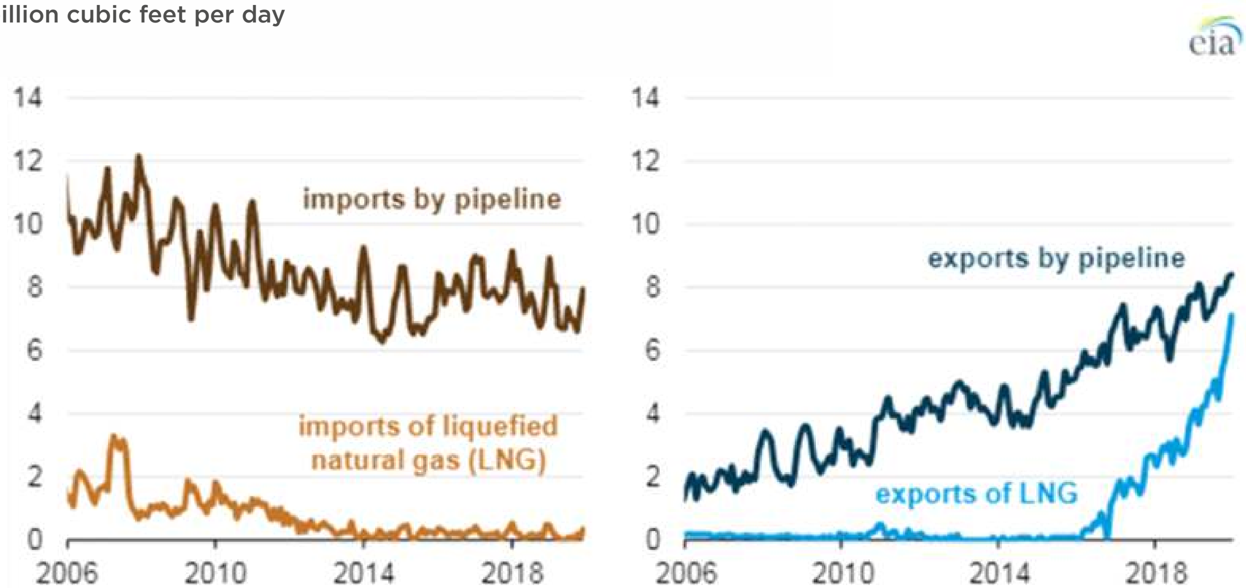



**Completed liquid pipeline projects (Jan 2019-Apr 2020)**
**number of projects**



U.S. natural gas production grew by 9.8 billion cubic feet per day (Bcf/d) in 2019, a 10% increase from 2018. The increase was slightly less than the 2018 annual increase of 10.5 Bcf/d. U.S. natural gas production measured as gross withdrawals (the most comprehensive measure of natural gas production) averaged 111.5 Bcf/d in 2019, the highest volume on record, according to the EIA. U.S. natural gas gross withdrawals recorded a monthly high of 116.8 Bcf/d in November 2019. Marketed natural gas production and dry natural gas production also reached monthly record highs of 103.6 Bcf/d and 96.4 Bcf/d, respectively, in November 2019. The United States continued to export more natural gas than it imported in 2019, and net natural gas exports averaged 5.2 Bcf/d. In 2019, the United States also exported more natural gas by pipeline than it imported for the first time since at least 1985, mainly because of increased pipeline capacity to send natural gas to Canada and Mexico.

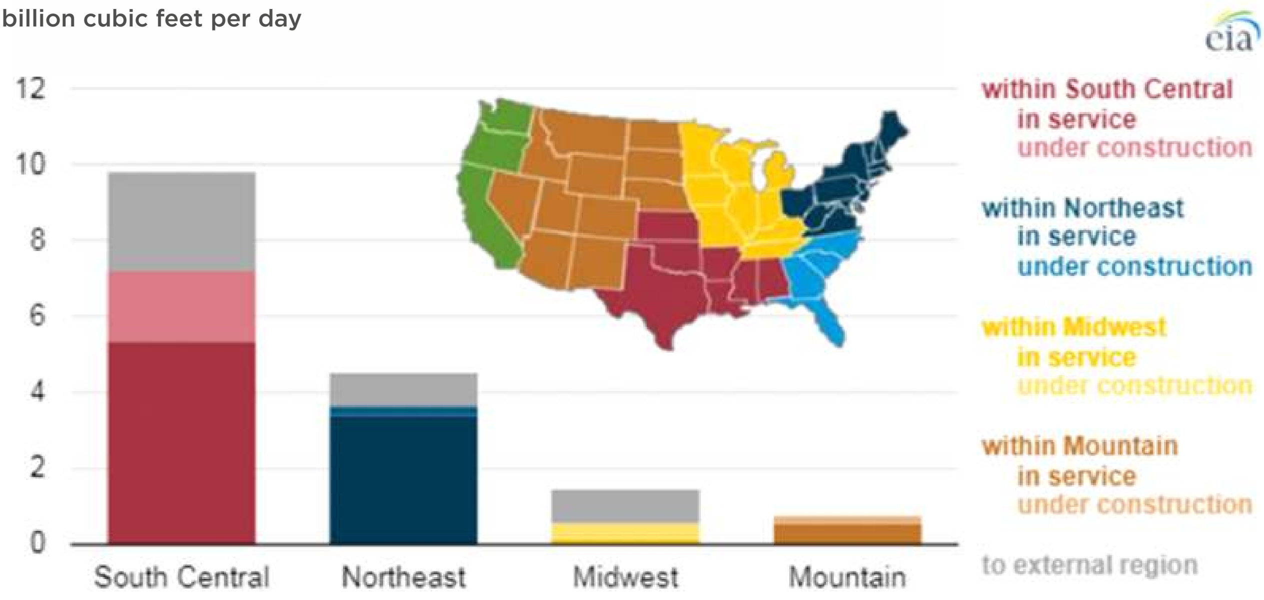
**Monthly U.S. natural gas imports and exports (2006-2019)**
**billion cubic feet per day**




As per EIA estimates, the United States is expected to have added between 16 billion cubic feet per day (Bcf/d) and 17 Bcf/d of natural gas pipeline capacity in CY2019, most of which was built to provide additional takeaway capacity out of supply basins. Out of 134 active natural gas pipeline projects, the EIA tracks, 46 have entered or are expected to enter service in 2019. These projects are expected to increase deliveries by pipeline to Mexico or to Liquefied Natural Gas (LNG) export facilities in the Gulf Coast region. Many of these pipeline projects is expected to provide additional takeaway capacity out of the Permian Basin in western Texas or enable additional Permian natural gas production to reach the interstate pipeline system. Some of these pipelines include:

- Kinder Morgan's 2.0 Bcf/d Gulf Coast Express Pipeline, which provides takeaway capacity from the Waha Hub in the Permian Basin (near the Texas-New Mexico border) to demand markets on the Gulf Coast at the Agua Dulce Hub
- ONEOK'S Roadrunner Eastbound Expansion, which added about 1.0 Bcf/d of bidirectional capacity on the pipeline, and the 300 million cubic feet per day (MMcf/d) WesTex Expansion, which added northbound takeaway capacity out of the Permian Basin
- El Paso Natural Gas Pipeline's 320 MMcf/d Northern Delaware Basin Expansion Project, which is still under construction and will add additional capacity to the El Paso system in western Texas, allowing additional volumes to flow westward on the system.

**Natural gas pipeline capacity added in 2019 from selected regions**
billion cubic feet per day




As US drillers are being pushed into the front line of a new price war declared in early March, pandemic arrived to cripple global oil demand at the same time. Lately, oil fields from Texas and New Mexico to Oklahoma and North Dakota are going quiet as drilling halts because of the recent turmoil. Fuel demand has decreased as efforts to fight the coronavirus pandemic have grounded aircraft, reduced vehicle usage and pushed economies worldwide toward recession. The U.S. oil boom came to a halt in first week of March, the day Saudi Arabia and Russia ended a four-year pact that curbed output and gave shale a price umbrella. Shale firms have accrued hefty debt during the years of expansion, leaving them exposed to the oil price crash that followed.

**Middle East**

Middle East is one of the largest market in the world for large-diameter line pipe. The region has the highest concentration of energy supplies in the world and has one of the largest oil fields in the world in Ghawar in Saudi Arabia.

Saudi Arabia's oil and gas pipeline network has been largely concentrated in the east of the country around oil and gas fields. There are three pipelines traversing across to the West of the country (East-West Pipeline, Abqaiq-Yanbu LNG pipeline and the IPSA natural gas pipeline). The National Oil Company (NOC), Saudi Aramco, is responsible for the construction of all oil and gas pipelines in the country. In total the country has more than 90 pipelines and 12,000 miles of crude oil and petroleum product pipelines through the country. It is expected to contribute 17% of global new-build trunk/transmission petroleum products pipeline length additions by 2023.

Saudi Arabia is now working to rapidly expand its gas reserves in order to increase the growth of the petrochemical industry and provide fuel for power generation and desalination in the region. Saudi Aramco has launched largest shale gas development outside US to boost domestic gas supply. With this development, Saudi Arabia would become the world's third largest gas producer by 2030. The world's top two gas producers are the United States and Russia. Aramco has drilled 150 wells since 2013 in the Jafurah shale gas field to prepare the development plan.

Additionally, Saudi Aramco has awarded 34 contracts with a total value of $18 billion for the engineering, procurement and construction of the Marjan and Berri increment programs. The company plans to boost the Marjan and Berri fields' production capacity by 550,000 barrels per day of Arabian Crude Oil and 2.5 billion standard cubic feet a day (BSCFD) of gas. Contractors working on these projects are required to maximize the procurement of material and equipment from local suppliers and manufacturers to help achieve Saudi Aramco's In-Kingdom Total Value Add Program (IKTVA) goals, which aim to increase the company's locally-sourced goods and services to 70 percent by 2021.

Marjan increment program is an integrated development project for oil, associated gas, non-associated gas and cap gas from the Marjan offshore field. This development program includes a new offshore gas oil separation plant, and 24 offshore oil, gas and water injection platforms. Saudi Aramco is also planning to expand its Tanajib onshore oil facilities and construct a new gas plant, to include gas treatment and processing, NGL recovery and fractionation, and gas compression facilities. A cogeneration facility will be developed, in addition to a water desalination facility and new transfer pipelines. The offshore oilfield development project aims to increase the Marjan Field production by 300 MBCD of Arabian Medium Crude Oil, process 2.5 BSCFD of gas, and produce an additional 360 MBCD of C2+NGL.

Through the Berri increment program, Saudi Aramco is planning to add around 250,000 barrels of Arabian Light Crude per day from the offshore oilfield. The planned facilities will, upon completion, include a new gas oil separation plant in Abu Ali Island to process 500,000 barrels of Arabian Light Crude Oil per day, and additional gas processing facilities at the Khursaniyah gas plant to process 40,000 barrels of associated hydrocarbon condensate. The program includes a new water injection facility, two drilling islands, 11 oil and water offshore platforms and 9 onshore oil production and water supply drill sites.

As far as Qatar is concerned, Qatar Petroleum's North Field Expansion project is expected to raise Qatar's LNG production capacity by 2025 to 110 million tonnes/year from 77 million tonnes/year and boost it again to 126 million tpy by 2027. A number of milestones in the project have begun, including the start of a drilling campaign for 80 development wells, installation of offshore well head jackets, and the reservation of capacity to build LNG ships that would ensure meeting Qatar's future LNG fleet requirements.

**Africa Region**

The Moroccan-Nigerian gas pipeline initiative is expected to link these two countries and serve several others in West Africa. Commission of the Economic Community of West African States (ECOWAS) is ready to work with Nigeria and Morocco for carrying off this structuring project. ECOWAS believes that the pipeline is a unifying trans-regional project, which will contribute to achieving the objectives of the organization. The project, set to be 5,660 kilometers of pipeline aims to supply 15 countries in West Africa.

Mozambique is bang in the middle of the map, that's ideal for Asia or Europe & interestingly the country is on its way to becoming a top ten liquefied natural gas (LNG) supplier. The southern African nation – which has more than 125 trillion cubic feet (tcf) of

natural gas reserves – has been touted as the next great LNG player and is making full use of its potential as it looks at rivaling top African LNG producers. In years to come, Mozambique is likely to be producing 31 million tonnes per year from three projects, Coral Sul floating LNG (FLNG), Mozambique LNG and Rovuma LNG. The discoveries in Mozambique are high quality, non-associated gas reserves and mostly free of pollutants such as $CO_2$ and $H_2S$, making advances from a scientific point of view fairly straightforward.

In 2006, commercial quantities of oil were confirmed to exist in the Lake Albert basin in Uganda. The Oil companies in Uganda; CNOOC LTD, TOTAL and TULLOW PLC completed the exploration phase and are now headed into development, which will consequently lead to the production of Uganda's oil resources. Once produced, the crude oil will be partly refined in Uganda to supply the local market and partly exported to the international market. The export to the international market will be through an export crude oil pipeline; The East Africa Crude Oil Export Pipeline (EACOP). The EACOP is a 1,443km crude oil export pipeline that will transport Uganda's crude oil from Kabaale – Hoima in Uganda to the Chongoleani peninsula near Tanga port in Tanzania.

**Australia**

Australia's oil and gas industry has held a critical place in the development of the world oil and gas sector. With the production of liquefied natural gas (LNG), crude oil and condensate, Australia makes a small but significant contribution to the world's global oil and gas supply. The exploration and production of products in the petroleum sector is predominately based in Western Australia. The Carnarvon and Perth Basins in this region produced over 10.8 thousand megaliters of crude oil in 2018. In terms of natural gas, about 130 billion cubic meters were produced across the entire country in the same year. Australia recently overtook Qatar as the world's biggest LNG exporter. With increasing global demand, the export volume of LNG has tripled since 2008 and is expected to further keep its growth momentum with a string of new projects planned.

The Barossa Project is an offshore gas and condensate project that proposes to provide a new source of natural gas to the existing Darwin LNG (DLNG) facility in the Northern Territory. The project involves an over 260km pipeline to the Tie-in point of the existing Bayu-undan pipeline to Darwin LNG plant.

Woodside is proposing to develop the Scarborough gas resource through new offshore facilities connected by an approximately 430 km pipeline to a proposed expansion of the existing Pluto LNG onshore facility (Pluto Train 2). Woodside, as Operator for and on behalf of the Browse Joint Venture, is proposing to develop the Brecknock, Calliance and Torosa fields located approximately 425 km north of Broome in the offshore Browse Basin. The project involves an over 900 km pipeline to Broome in Western Australia.

Shell Australia, is progressing plans for the development of the Crux gas field. The development plans involve connecting the export pipeline system between the Crux Not Normally Manned Platform and the Prelude FLNG facility. The proposed export pipeline runs over 160km length.

## WATER SECTOR

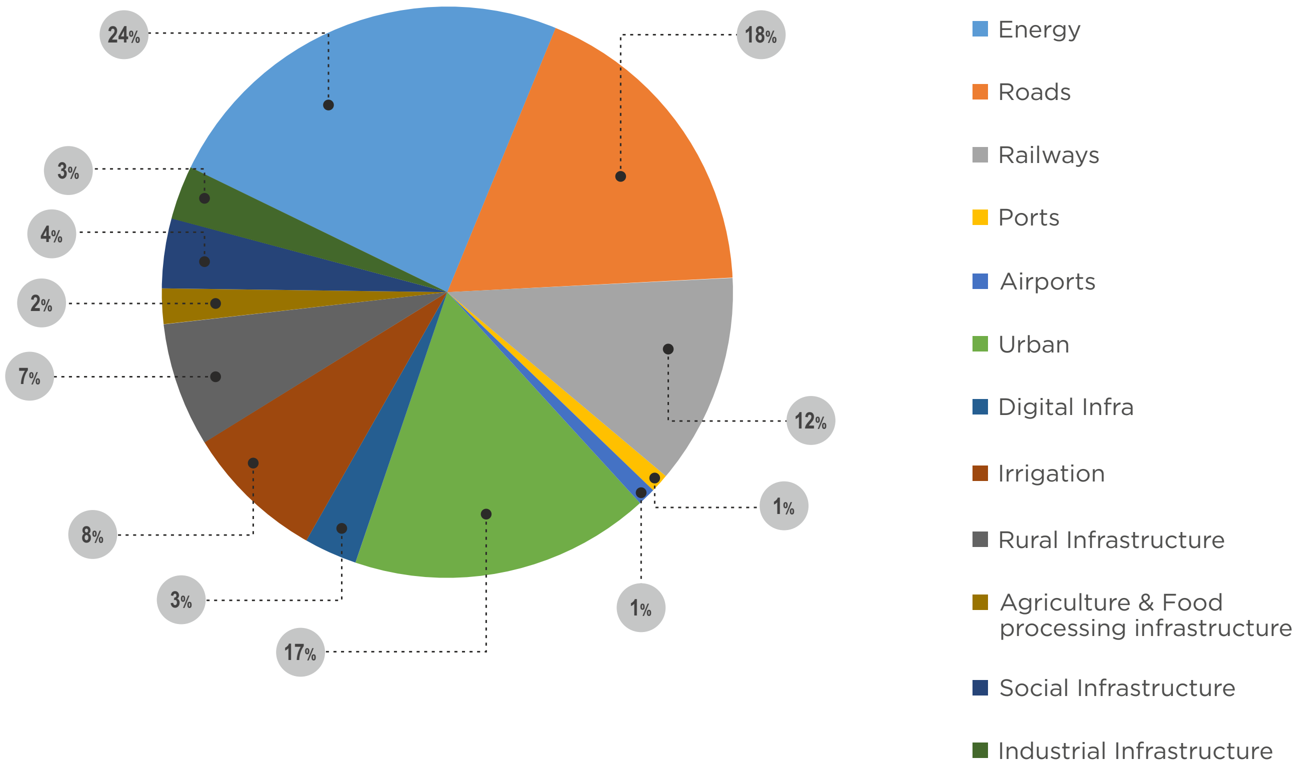
Global water use has increased by a factor of six over the past 100 years and continues to grow steadily at a rate of about 1% per year as a result of increasing population, economic development and shifting consumption patterns. The growing demand for water, resulting from population growth and the need to produce more food, puts increasing pressure on the limited available water resources, particularly in areas of physical water scarcity.

As per the G20 Global Infrastructure Outlook, water infrastructure is estimated to require a total of USD 6.4 trillion in order to provide adequate infrastructure to the increasing water demand. A part of water infrastructure will require setup of pipelines to transport water from surplus to deficit areas. It is estimated that the global water and wastewater pipe market is estimated to grow at a CAGR of ~5% over the next five years. Asia-Pacific is anticipated to remain the largest market over the period due to high growth in construction and infrastructure development, especially in China and India. North America on the other hand is expected to witness good growth because of growing infrastructural development activities and replacement of aging pipelines.

**India**

India has about 4% of world's freshwater resources ranking it among the top ten water rich countries. Despite this, according to the Working Group II report of the Fourth Assessment of the Intergovernmental Panel on Climate Change, India is designated a 'water stressed region' with current utilisable freshwater standing at 1122 cubic meter (cu m) per year and per capita compared to international limiting standards of 1700 cu m. In future, at the current rate it is expected that India with high demands will be termed a 'water scarce region' as utilizable freshwater falls below the international standard of 1000 cu m per year and per capita. Water demand is on a high due to rapid urbanization and industrialization along with the traditional demand for agriculture. Overall, every year, precipitation in the form of rain and snowfall provide over 4000 cu km of freshwater to India, of which 2047 cu km return to oceans or is precipitated. A small percentage is stored in inland water bodies and groundwater aquifers.

During the year Union finance minister unveiled ₹ 111 lakh crore of infrastructure projects, under National Infrastructure Pipeline, that will be implemented in the next five years as part of the government's spending push in the infrastructure sector. It is estimated that India would need to spend $4.5 trillion on infrastructure by 2030 to sustain its growth rate.




**Water Related sector-wise annual capital expenditure in infrastructure (₹ crore)**

| Department | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | Total |
|---|---|---|---|---|---|---|---|
| Urban Infra | 298,174 | 462,208 | 404,134 | 234,858 | 217,164 | 159,862 | **1,919,267** |
| Irrigation | 114,463 | 200,615 | 175,669 | 137,358 | 115,281 | 70,474 | **894,473** |
| Rural Infra | 140,313 | 176,803 | 210,811 | 111,877 | 107,057 | 27,055 | **773,915** |

## Urban & Rural Infra Sector Vision 2025

- ~100% of urban and rural households connected to piped-water supply
- Significant improvement and use of advanced techniques in maintaining the quality of water
- Most waste water to be treated and re-used in urban and rural areas
- National standards on urban infrastructure adopted by all cities

## Irrigation Sector Vision 2025

- Higher irrigation coverage: Total irrigated land is ~85 million hectare (~61% of total).
- Reduced dependence on rains to improve farmers' incomes and consumption levels
- Emphasis on efficient methods of irrigation
  - Micro irrigation to cover 28% of total NIA, leading to efficient use of scarce water
  - Switchover from traditional methods of tank and canal irrigation to efficient methods: drip and sprinkler irrigation
- Judicious use of water for irrigation
- Pricing method based on water quantity-based fees

**Few government initiatives already announced which will provide significant potential demand for the water pipe:**

| List of Government Projects | What it is about |
|---|---|
| Jal Jeevan Mission – Rural | To provide functional household tap connection to every rural household i.e. Har Ghar Nal Se Jal by 2024 |
| Atal Mission for Rejuvenation and Urban Transformation (AMRUT) | To ensure adequate water supply and sewerage network in cities. |
| Interlinking of Rivers (ILR Programme) | To increase the overall area under irrigation, domestic and industrial water supply and hydropower generation |
| PMKSY | To expand cultivable land under irrigation, improve water-use efficiency on farms and adopt precision irrigation |

*Source: NIP*

With nearly 50 per cent of India grappling with drought-like conditions, the situation has been particularly grim in western and southern states that have received below average rainfall. Going forward, the largest potential states where there will be huge focus on water infrastructure are Madhya Pradesh, Karnataka, Rajasthan, Andhra Pradesh, Telangana and Maharashtra.

## Water Segment in Middle East

Saudi Arabia ranks among top 5 countries in the world in terms of water scarcity. With demand growth rates in Saudi for potable water expected to remain robust at about 5 per cent a year until 2032, according to regulator Electricity Cogeneration Regulatory Authority (ECRA), there is a requirement for additional desalination capacity. Around 50% of drinking water requirements are met by desalination plants while rest is met by surface water which is generated from mountains regions, limited ground water reserves, etc.

| Particulars | 2017 | 2025 (P) | 2030 (P) | CAGR (2016-2030) |
|---|---|---|---|---|
| Total Desalination Plant Capacity ($m^3$/d) | 8.3 | 10.2 | 10.8 | 2.4% |

Taking this into consideration, Saudi Arabia's water sector has undergone numerous changes in recent years, with the establishment of a new water ministry and numerous privatisation initiatives launched under Saudi Vision 2030. In line with Vision 2030, most of the capital costs involved in the kingdom's new desalination and sewage treatment capacity will be met by the private sector. Water infrastructure projects are rapidly being constructed, expanded, and upgraded across the Middle East, as the region seeks to expand its critical utilities infrastructure to meet future demand expectations.

| Project Name | Length 9KM) |
|---|---|
| Water transmission system of Yanbu | 605 |
| Al Khobar desalination plants | 43 |
| Water transmission system of Al Taif - Al Baha | 222 |
| Water transmission system of Ras Al Khair - Hafr Al Baten | 385 |
| Water transmission system of Ras Al Khair - Riyadh | 914 |
| Mekkah Strategic | 160 |
| **Total** | **2,329** |

The opportunity for pipelines lies in the fact that most of the producing / processing plants are at quite a distance from the consuming centers. Pipelines will be required for distribution of water from desalination plants to all cities with average distance between 300 to 500 kms for each pipeline.

## Welspun Corp

Welspun Corp (WCL) is a one-stop service provider offering complete pipe solutions. WCL has the capability to manufacture line pipes ranging from 1½ inch to 140 inches, along with specialized coating, double jointing and bending. With current capacity of 2.55 million MTPA spread across India (Dahej, Anjar, Mandya and Bhopal), USA (Little Rock) and Kingdom of Saudi Arabia (Dammam), Welspun takes pride in being a preferred supplier to most of the Fortune 100 Oil & Gas companies. With 360 degree abilities, Welspun Corp has undertaken some of the most challenging projects in different parts of the world.

## Manufacturing Presence:

The Company's multi-locational line pipe capacity stands at 2.55 million MTPA spread across the key markets of US, Saudi Arabia and India

With the commissioning of Bhopal plant, the company has better coverage over North and Central India.

| Capacity (in KMT) | India | | | | | USA | Saudi Arabia | Total |
|---|---|---|---|---|---|---|---|---|
| **Products** | **Anjar** | **Dahej** | **Mandya** | **Bhopal** | **Total** | **Little Rock** | **Dammam** | |
| LSAW | 350 | 350 | | | 700 | | | 700 |
| HSAW | 380 | 50 | 150 | 175 | 755 | 350 | 375 | 1,480 |
| ERW/HFIW | 200 | | | | 200 | 175 | | 375 |
| **Total** | **930** | **400** | **150** | **175** | **1,655** | **525** | **375** | **2,555** |

**Business Moat:**

| | |
|---|---|
| **Global Leadership** | Among Top 3 Line Pipe Manufacturers globally |
| **Accreditations** | Approvals from 50+ O&G majors; Qualifies for global bidding |
| **Customer Centricity** | Delivered 14+ mn MT Pipes with multiple repeat orders |
| **Expertise** | Executed some of the very critical & complex projects worldwide |
| **Supplier Relationship** | Long term association with global Steel & other vendors |

### FY20 Performance Highlights

**Highest Ever Production & Sales Volume:**

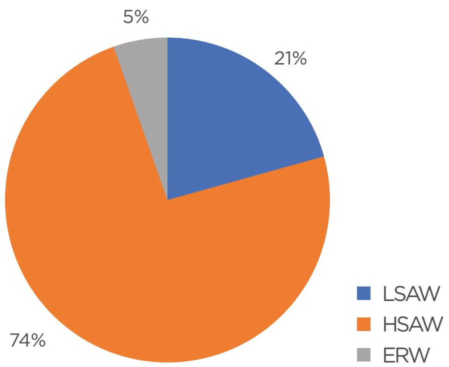
FY2020 is another milestone and an exemplary year as we have crossed last year benchmark and achieved highest ever yearly production & sales in volume terms by producing 1,629 KMT and selling 1,502 KMT of pipes through its plants in USA, Saudi Arabia and India. The company has been achieving an average of 1.1 million+ average sales and production in last 5 years.

**Diversified Order Book:**

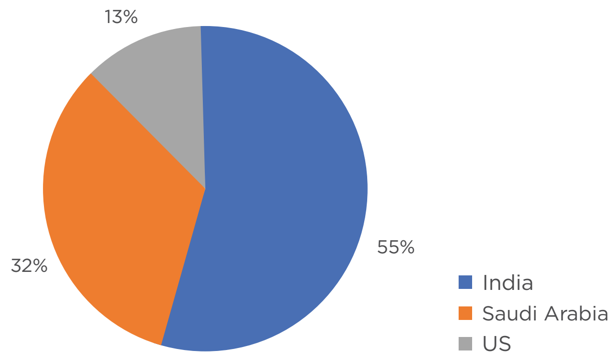
The Company has a healthy current order book of 706 KMT (₹ 57 Billion). We have a well-diversified order book from oil and gas sector and water sector across three regions we operate in.

## Details of order book:

**Order book by Type**




**Order book by Region**



**Pre-payment of debt:**

The Company is constantly trying to reduce its gross debt levels by pre-paying debt wherever permitted. In line with this endeavor, the Company has pre-paid US$ 50 mn of loans in the US subsidiary during the year. Subsequent to the Balance Sheet date, the Company has further reduced the Gross Debt by prepaying a part of its long term NCDs by ₹ 250 cr, before the due date.

**Dividend & Buy-Back:**

For FY 2020, based on the Company's performance, the Directors had declared interim dividend in February 2020 of ₹ 10 per equity share. The Directors have also recommended a final dividend of ₹ 50 paisa per equity share, taking the total dividend to ₹ 10.50 per equity share.

In addition, during the year the Company launched a share buy-back programme to repurchase up to 28,888,888 fully paid up equity shares of face value of ₹ 5/- each at a price of ₹ 135 per fully paid up equity share on a proportionate basis which was approved by shareholders on 22nd June 2019. Against this, 4,356,714 mn shares aggregating to ~ ₹ 588 mn were tendered by shareholders, which were bought back by the Company in November 2019.

**COVID-19: Welspun Group Response:**

Towards the end of Q4FY20, the operations of the Company and its subsidiaries were impacted due to the shutdown of all plants and offices following lockdown imposed by government authorities to contain spread of COVID-19 pandemic. The Company and its subsidiaries have resumed operations in a phased manner as per the directives from the respective government authorities.

We have adopted several measures across our offices and sites to ensure that our commitment to our customers is not compromised. In order to curb the spread of COVID-19, we have issued stringent travel advisories to avoid any business-related travel within the country or in international markets. We have implemented 'Work from Home' for our employees for their safety and well-being. A robust IT infrastructure has been put in place for remote working to ensure business functions seamlessly from any location.

Extreme caution and highest standard of hygiene and safety is being practiced by our staff across all our locations. In order to create awareness and protect our employees, additional efforts have been implemented, as explained below:

- Thermal screening of all employees at entry of all offices and plants
- Following of social distancing norms i.e. minimum 6 ft distance to be followed.
- Compulsory hand sanitization for all at frequent intervals
- Daily periodic sanitization of offices, work-area, company transport, etc.
- Tie-ups with hospitals and medical centers
- Ensuring availability of medical staff round the clock
- Provision of hand sanitizers, N95 masks and medical equipment
- Multiple awareness drives for all employees
- Posters and banners educating on COVID-19 and hygiene

## RISKS AND CONCERNS

**The Company's key risks are:**

**Economic Risks:** The macroeconomic outlook has been volatile in India as well as in other key markets where the Company operates. Economic slowdown could affect the Company's order book position, affecting capacity utilisation, sales and profitability. Increasing global trade protectionism has resulted in an advantage to the Company in the markets in which it has manufacturing facilities, but has made it tougher to export to other geographies. Due to its impeccable track record and superior performance on quality and timely delivery, the Company has been able to build a record high order book position at the end of FY20. The order book gives significant visibility for FY21, thus reducing risks due to an economic downturn.

**Volatile crude oil and gas prices:** Volatility in crude oil and very low gas prices create uncertainty for oil & gas producers, regarding the viability of new exploration. This, in turn, could create an uncertain future demand for line pipes in the oil & gas segment.

**Steel prices:** The Company face risk on steel pricing (the basic raw material) which it considers in bidding for any project or tender; and more so as the business is a long gestation one with minimum time taken from bid submission to award, varying from 4/6 months to even a year or two. The Company tries to mitigate this risk by way of arranging back-to-back pre-tender tie-ups with its selected group of pre-approved steel mills (directly or through 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. The Company undertakes channel sales where it is exposed to steel price fluctuations; however, the contribution of such business to overall revenue is not significant. The increase or decrease in the steel prices has direct relation to the increase or decrease in pipe pricing.

**Competition:** Increased competition in all segments may have an impact on business and profitability. While the potential demand for new oil and gas pipelines remains high in most of the Company's markets, there have been considerable delays in decisions in many projects owing to policy uncertainty and environmental concerns, among others. This had led to fewer than expected projects coming to the market in certain years, leading to high level of competition. However, the current demand scenario for large diameter pipes is encouraging across all the three key geographies. Moreover, the Company has significant visibility of capacity utilisation for FY21, due to its strong order book.

**Currency Risks:** The Company's foreign currency exposures are largely denominated in US dollars, Saudi Riyal, or Euro. Volatility in the rupee exchange rate against major currencies will have an adverse impact. Although the Company has implemented a well-defined hedging policy, foreign exchange fluctuations could affect reported results.

**Quality Risks:** The Company is required to produce high-quality products in line with stringent requirements of clients. Despite best efforts, even a small deviation and resultant rejection of some products may have a larger impact as the cost of raw materials and other overheads may impose an additional cost.

**Interest Rate Risk:** Interest expenses are part of the finance costs. Therefore, any major upward fluctuation in interest rates leads to an increase in the cost of debt for the Company. The interest rate risks are mitigated to an extent through fixed interest rates on its rupee borrowings. The Company over the last year has reduced its high cost debt and is the process of further reducing its debt.

**Legal Risks related to tax structure:** The Company is liable to pay tax on profits, GST, sales tax, excise duty, service tax, custom duty and other applicable taxes. Any changes in tax legislation could lead to an increase in tax payments and, as a result, to a lowering of financial results.

## SWOT

**STRENGTHS**

- Established Brand Equity in the global large dia. pipe market
- Global reach, cleintele and supply chian base
- Technical capcbility (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 negligible net debt
- Diversified product portfolio
- Experienced management team

**WEAKNESS**

- Low capacity utilization and ROCE in PCMD (which is held for sale)
- Relatively Low capacity utilization in the Indian mills
- Low order book for the US plant

**OPPORTUNITIES**

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

**THREATS**

- Volatile commodity Prices (Oil and Gas, Steel)
- Excess Capacity and aggressive competition in India
- Preference for local producers and tariff / non tariff barriers in many export markets
- Potential Delays in large projects

### Human Resource:

WCL's Human Resource Strategy continues to evolve around the Group Philosophy of Welspun 2.0. The Company strives to further reinforce the core values of Customer Centricity, Collaboration, Technology and Inclusive Growth.

At WCL, people practices and processes aim to deliver both Strategic and Operational Excellence to the Company by building organizational capability. Mechanisms have been put in place to leverage in-house expertise and people capabilities to create and execute the business strategy.

During FY19-20, WCL has made significant progress in enhancing its HR delivery by adopting the latest best practices for people development and technology oriented HR.

1. **Revamp of performance management system for Associates:** A new initiative, **'Worker Skill Assessment'**, launched during year. The entire assessment was conducted for 1000+ Associates across locations and it was based on 2 parts; i.e. Skill and Will assessment. Based on assessment score they were categorized in groups which formed the basis for rolling out increments. It enabled us to define the 9 box skill will matrix for the associates to identify training needs.

2. **Technical Centre of Excellence** was launched during the year 2018-19 which is committed to provide specific technical training to GETs, Staff, Associates, those deployed through NEEM and Apprentices scheme. The Training includes Classroom sessions followed by On the Job trainings at the designated workstations for an

overall learning experience resulting in skill development of its participants. This year, we have NEEM training across all locations is being consolidated with additional initiatives like mentor - mentee feedback, periodical evaluation and refresher training of apprentices ,GETs and NEEM trainees.

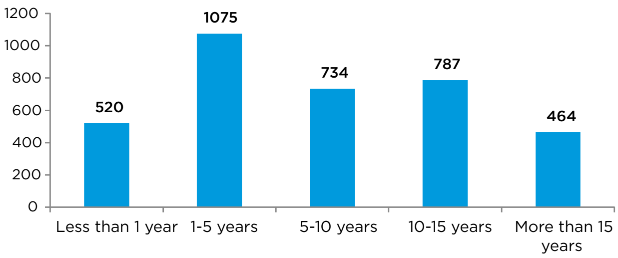
3. **Equitable future for women:** our focus to hire women at production work force. We have hired women (both staff and associates ) in Bhopal plant for technical and management roles referring to our vision and policy to hire, train, develop and retain the careers of women having technical and leadership credentials, on par with the male work force in every aspect.
   - At WCL-Bhopal, women on manufacturing shop floor manage most critical operations like welding. It shows that it is possible for the glass ceiling to be breached. Today, we count ourselves among the most progressive companies in the country making significant strides in gender diversity and inclusivity, from the manufacturing floor to the management office.
4. **Rising SheMaker Award 2020:** Breaking all barriers, Neha and Rampyari from our Bhopal facility are true inspiration for all of us. They have not just won the Rising SheMaker Award 2020 but have also set an example for many of us to embrace the will to bring about a meaningful change. At WCL, we constantly strive to create inclusion and diversity in our workforce and we provide a platform for all women who dare to dream which inspires all aspiring women to advance their careers and build a future in the field of manufacturing where women have equal power & voice as makers & leaders.
5. Employee Engagement forums through Townhalls, New Joiners meet was facilitated.
6. Annual day programs celebrated in all locations with employees awarded in various categories which included awards to Best Manufacturing Facility – Welspun Corp Limited, Dahej, Young Achiever, Best Managers, Value Champions – Customer Centricity and Inclusive Growth and Best Emerging Leader. Welspun Corp Ltd. won the Best Company Award during this year.
7. Welspun is committed to Cleanliness and its Swach Welspun Abhiyann is testimony to it. Weekly SWA awareness, audit and drives are part of its responsibility which is carried out in every location. Also, secured Best SWA Initiative Award (Babuji Swacchta Puraskar).

**Employee Count for FY 19-20 as of 31st Mar'20:**

| Category | Headcount (Nos.) |
|---|---|
| Staff + Associates | 3580 |
| Contract Labour | 1184 |

**More than 55% employees have over 5 years of experience.**

**Headcount WCL India & LR**




### 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 seventeen 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 2019-20. The Company, together with its subsidiaries, is engaged in the business of Production and Coating of High Grade Submerged Arc Welded Pipes. The FY19 numbers are shown on comparable basis for all statement of Profit and Loss and Balance Sheet items discussed below.

All P&L figures including prior period figures refer to the continuing pipes operations unless stated otherwise. PCMD and 43 MW have been treated as discontinued operations in the March-19 financials as well as in the prior periods:

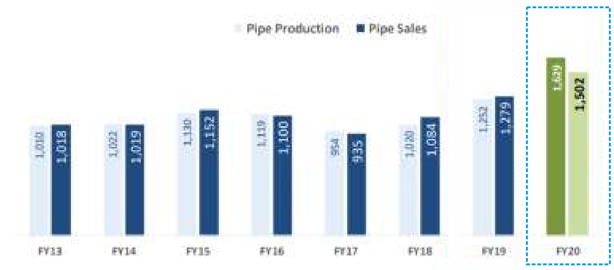
**Highlights of the financial year:**

- Highest Ever Annual Production, Sales and Profitability by the Company in its history
- Net Debt reduced by ₹ 2,534 mn during the year
- FY20 revenue was at ₹ 99,568 mn
- FY20 EBITDA was at ₹ 12,759 mn

**Volumes**

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

**Production and Sales in KMT - Pipes (including Saudi Arabian JV)**




**Achieved all time high Production and Sales volume in FY2020**

- Pipe production volume for FY20 (including Saudi Arabian JV) stood at 1,629 KMT, up 30% YoY. Ex-Saudi production volume was 1,144 K tones, up 16% YoY
- Pipe Sales volume (including Saudi Arabian JV) for FY19 stood at 1,502 KMT up 17% YoY. Ex-Saudi sales volume was 1,001 KMT
- Including Saudi Arabian JV, the capacity utilization was over 85% against 50% (Fy19). The overall installed capacity of pipes is 2.55 million MTPA, making the Company one of the largest line pipe companies in the world.

## Consolidated Revenues

### Revenue

Total sales stood at ₹ 99,568 million in FY20 as compared to ₹ 89,535 million in FY19, an increase of 11%, on account of higher volumes and better realisations, especially at the US plant.

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

| Particulars | FY2019-20 | | FY2018-19 | |
|---|---|---|---|---|
| | ₹ (million) | (%) | ₹ (million) | (%) |
| **Sales** | 99,568 | | 89,535 | 100.00% |
| Cost of goods sold | 65,348 | 65.63% | 62,768 | 70.10% |
| Employee Benefit Expenses | 6,365 | 6.39% | 5,720 | 6.39% |
| **Manufacturing & Other Expenses** | | | | |
| - Store & spares consumed | 2,214 | 2.22% | 1,886 | 2.11% |
| - Coating & other Job charges | 223 | 0.22% | 201 | 0.22% |
| - Power, fuel & water charges | 1,223 | 1.23% | 1,133 | 1.27% |
| - Freight material handling charges | 7,960 | 7.99% | 5,866 | 6.55% |
| - Other expenses | 4,635 | 4.66% | 6,230 | 6.96% |
| **Total Manufacturing & Other Expenses** | 16,255 | 16.33% | 15,317 | 17.11% |
| **Total Expenses** | 87,968 | 88.35% | 83,804 | 93.60% |
| Other Income | 1,159 | 1.16% | 1,347 | 1.50% |
| **EBITDA** | 12,759 | 12.81% | 7,077 | 7.90% |
| Finance Costs | 1,440 | 1.45% | 1,774 | 1.98% |
| Depreciation | 2,333 | 2.34% | 2,597 | 2.90% |
| **PBT (Profit before Tax)** | 8,985 | 9.02% | 2,706 | 3.02% |
| Tax Expenses | 4,124 | 4.14% | 1,223 | 1.37% |
| Net (Loss) / Gain of Joint Venture | 2,060 | -2.07% | (885) | 0.99% |
| Non Controlling Interest | 186 | 0.19% | (84) | -0.09% |
| **PAT after Minorities, Associates & JVs (Continuing Operations)** | 6,735 | 6.76% | 682 | 0.76% |
| Profit After Tax (Discontinued Operations) | (381) | -0.38% | (815) | -0.91% |
| **Profit for the Year** | 6,354 | 6.38% | (133) | -0.15% |

a. **Cost of goods sold**

In line with the Revenue increase, the Cost of goods sold increased by 4% to ₹ 65,348 million in FY20. Cost of material consumed as a percentage to Net Sales has decreased from 70.10% in FY19 to 65.63% in FY20, mainly due to the decrease in the steel price.

b. **Manufacturing and other expenses**

Manufacturing and other expenses increased by 6% which stood at ₹ 16,255 million in FY20. The increase is mainly on account of higher production volume during the year.

c. **Employee Benefit Expenses** was at ₹ 6,365 million in FY20, 11% up YoY, mainly on account of increase in operations in the USA.

d. **Finance Costs**

Finance costs decreased by 19% to ₹ 1,440 million in FY20, mainly on account of debt repayment during the year.

e. **Depreciation/Amortization charge**

Depreciation/amortization decreased by 10% to ₹ 2,333 million in FY20.

f. **EBITDA**

EBITDA for FY20 is ₹ 12,759 million, as compared to ₹ 7,077 million for FY19. EBITDA margin increased to 12.8% in FY20 from 7.8% in FY19.

FY20 Operating EBITDA (after adjusting EBITDA for Treasury income and one-offs) stands at ₹ 12,839 million vs. 8,968 mn in FY19, up 43% YoY. Operating EBITDA margin stood at 12.9% vs. 10.0% in FY19

g. **Net profit**

**PContinuing Operations:**

PAT after Minorities, Associates & JVs (Continuing Operations) was at ₹ 6,735 mn in FY20 as compared to ₹ 682 mn in FY19. Performance from Saudi business has significantly turned around and contributed towards the company profitability.

**Including Discontinued Operations:**

PAT after Minorities, Associates & JVs (Incl. Discontinued Operations) was ₹ 6,354 mn in FY20 as compared to ₹ (133) mn in FY19. Significant improvement in profitability due to potential sale of PCMD.

Net profit margin stood at 6.38% in FY19 vs. -0.24% in FY19.

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

(₹ million)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Net Worth | 32,152 | 27,976 |
| Short Term Loans | 2,693 | 1,750 |
| Long Term Loans | 7,260 | 11,297 |
| Gross Debt | 9,953 | 13,047 |
| Cash & Cash Equivalents | 9,631 | 10,191 |
| Net Debt | 322 | 2,856 |
| Net Fixed Assets (incl CWIP) | 16,199 | 16,144 |
| Net Current Assets | 11,954 | 10,656 |
| Net Assets Held for Sale | 8,293 | 11,642 |
| **Total Assets** | **79,432** | **82,000** |

**3. Networth:**

Networth at the end of FY20 was at ₹ 32,152 million vs. ₹ 27,976 million at the end of FY19.

**The details of Net worth are as under:**

**a. Share Capital**

The number of shares as at 31st March 2020 is 260,884,395 (face value of ₹ 5 each) vs 265,226,109 (face value of ₹ 5 each) as at 31st March 2019. This reduction in share capital of 4,341,714 shares is because of:

- Buy back of 4,356,714 equity shares
- 15,000 shares issued on exercise of employee stock options

**b. Reserves and Surplus**

Reserves and Surplus increased by ₹ 3,044 mn to ₹ 29,110 as at 31st March 2020 vs 26, 066 mn as at 31st March 2019. The increase is an account of higher retained earnings.

**4. Loan funds:**

The Gross Debt at the end of FY20 stands at ₹ 9,953 million. The components included in Gross Debt are long term borrowings of ₹ 5,108 million, current portion of long term borrowings of ₹ 2,151 million, and short term borrowings of ₹ 2,693 million at the end of FY20.

**Major movements during the year are:**

i) The overall long term borrowings and current portion of long term debt has gone down by ₹ 4,038 million, primarily due to re-payment of loans.

ii) The short term borrowings have increased by ₹ 943 million mainly due to increase in working capital requirement.

Cash & Bank Balances and liquid/current investments at FY20-end stood at ₹ 9,631 million.

Net debt decreased by ₹ 2,534 million and stands at ₹ 322 million as of 31st March 2020 after accounting for cash & bank balances and liquid investments.

**5. Debt Equity Ratio**

Gross debt to equity improved slightly to 0.31x at FY20-end from 0.47x at FY19-end.

Net Debt to Equity ratio improved to 0.01x at FY20-end vs. 0.10x at FY19-end.

**6. Property, Plant and Equipment (including CWIP and intangibles):**

Net block of fixed assets (including CWIP) excluding asset held for sale was at ₹ 16,191 million in FY20.

7. **Inventory:**

   The overall inventory increased by ₹ 454 mn to ₹ 22,682 mn. However, Inventory turnover days have decreased from 91 days of Net Sales in FY19 to 83 days of Net Sales in FY20.

8. **Trade Receivables:**

   Trade Receivables was at ₹ 11,439 million in FY20 resulting in receivable days of 42 days. In FY19, trade receivables (including the discontinuing operations) were at ₹ 11,807 mn (48 days).

   **Other Financial Assets:**

   Total financial assets (current and non-current) decreased by ₹ 597 mn to ₹ 225 mn in FY20 from Rs 822 Mn in Fy19

9. **Other Current Assets:**

   Other current assets increased by ₹ 982 mn to ₹ 2,844 mn in FY20. The change was largely due to increase in contract assets.

10. **Trade Payables:**

    Trade payables have reduced by ₹ 1,376 million to ₹ 14,421 million in FY20 from ₹15,797 million in FY19.

    Trade payables are at 53 days (64 days in FY19) of Sales.

11. **Trade advances**

    Trade advances have decreased by ₹ 3,658 mn to 10,268 mn in FY20 from ₹ 13,926 mn in FY19.

    Trade advances are at 38 days (vs. 57 days in FY19) of Sales.

12. **Cash Conversion Cycle:**

    Cash conversion cycle (after accounting for Trade Advances) for the current year increased to 35 days compared to 18 days for FY19 due to decrease in trade advances days.

13. **Current Ratio:**

    Current ratio improved to 1.55 x at FY20 end vs. 1.56 x at FY19-end.

14. **Interest Coverage Ratio:**

    Interest coverage ratio was at 7.24x in FY20 as compared to 2.53x in FY19. The increase is on account of increased EBIT due to higher volumes.

15. **Liquidity:**

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

16. **Cash Flows:**

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

| | FY20 | FY19 |
|---|---|---|
| Net cash generated from operating activities | 6,481 | 6,233 |
| Net cash generated from investing activities | (774) | (2,822) |
| Net cash used in financing activities | (7,431) | (3,353) |
| Net change in Cash and cash equivalents | (1,724) | 59 |

17. **Return on Net Worth:**

    Return on net worth was 20% in FY20 vs. -0.5% on FY19. The increase was on account of higher sales volumes resulting in higher profits during the year.

## CHANGES IN KEY FINANCIAL RATIOS:

| Ratios | 31st March 2020 | 31st March 2019 | Remarks / Response |
|---|---|---|---|
| Debtors Turnover | 8.53x | 7.35x | No Significant change |
| Inventory Turnover | 4.30x | 3.90x | No Significant change |
| Interest Coverage Ratio | 7.24x | 2.53x | Lower Finance cost and increase is Profitability led to a considerable improvement in ratio |
| Current Ratio | 1.55x | 1.56x | No Significant change |
| Debt Equity Ratio | 0.31x | 0.47x | During the year company re-payed loans, which resulted in improving this ratio further |
| Operating Profit Margin (%) | 12.9% | 10.0% | Better Operating Efficiency has led to higher margins. |
| Net Profit Margin (%) | 6.38% | -0.24% | Higher profitability leading to higher margins |
| Return on Equity (ROE) % | 20% | -0.5% | Increase in Sales volume led to increase in profitability which led to higher ROE |

# DIRECTORS' REPORT

To,

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

Your directors' have pleasure in presenting the 25th Annual Report of your Company along with the Audited Financial Statements for the financial year ended March 31, 2020.

## 1. Financial Results

(₹in million)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | For the year ended | | For the year ended | |
| | **31.03.2019** | **31.03.2020** | **31.03.2019** | **31.03.2020** |
| Total income | 42,620.61 | 46,552.34 | 90,881.24 | 100,726.47 |
| Profit before finance cost, depreciation & tax | 572.58 | 6,869.19 | 7,077.33 | 12,758.46 |
| Less : Finance costs | 1,179.73 | 1,113.71 | 1,773.71 | 1,440.15 |
| Profit / (Loss) before depreciation & tax | (606.15) | 5,755.48 | 5,303.62 | 11,318.31 |
| Less: Depreciation/Amortization | 1,129.53 | 1,234.04 | 2,597.33 | 2,332.90 |
| Add: Share of net loss of joint ventures accounted for using the equity method | - | - | (885.32) | 2,060.33 |
| Profit/(loss) before tax from continuing operations | (1,736.68) | 4,521.44 | 1,820.97 | 11,045.74 |
| Less : Provision for tax | | | | |
| Current Tax | 134.45 | 1300.06 | 1,216.01 | 3,485.86 |
| Deferred Tax | 86.11 | 159.35 | 6.54 | 638.56 |
| **Profit/(Loss) after taxes before Non-controlling interests from continuing operations** | **(1,957.14)** | **3,062.03** | **598.42** | **6,921.32** |
| Profit/ (loss) before tax from discontinued operations | (2,196.24) | (548.39) | (2,196.24) | (548.39) |
| Tax expense from discontinued operations | (1,381.31) | (167.76) | (1,381.31) | (167.76) |
| **Profit/ (loss) from discontinued operations** | **(814.93)** | **(380.63)** | **(814.93)** | **(380.63)** |
| **Less :Non-controlling interests** | **-** | **-** | (83.93) | 185.96 |
| **Profit/(loss) after tax for the year (after Non-controlling interests)** | **(2,772.07)** | **2,681.40** | **(132.58)** | **6,354.73** |
| Add : balance brought forward from previous year | 9,226.12 | 6,299.43 | 18,348.17 | 17,255.75 |
| Re-measurements of post-employment benefit (net of tax) | 5.25 | (50.53) | (9.54) | (63.88) |
| Dividend on equity shares | (132.61) | (2,741.31) | (132.61) | (2,741.31) |
| Tax on dividend | (27.26) | - | (27.26) | |
| Premium on redemption of NCI's share | - | - | (790.43) | - |
| Transfer to Debenture Redemption Reserve | - | - | - | - |
| Transfer from FCTR on liquidation of subsidiary | - | - | - | (5.96) |
| Transfer to General reserve | - | (268.14) | - | (268.14) |
| **Balance carried forward to the next year** | **6,299.43** | **5,920.85** | **17,255.75** | **20,531.19** |

## 2. Highlights for the year

**(a) Production highlights for the year under the Report are as under:**

| Product | Standalone (in MT) | | Consolidated(in MT) | |
|---|---|---|---|---|
| | FY 2018-19 | FY 2019-20 | FY 2018-19 | FY 2019-20 |
| Pipes | 553,208 | 712,486 | 989,047 | 1,144,395 |
| H. R. Plates & Coils | 379,994 | 183,685 | 379,994 | 183,685 |

The operations of the Company were impacted, due to shutdown of all plants and offices following lockdown imposed by the government authorities to contain spread of COVID-19 pandemic. The Company resumed operations in a phased manner as per the directives from the respective government authorities. The Company made detailed assessments of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, concluded that no significant impact on its financial statement as at 31st March, 2020. However, the impact assessment of COVID19 would be a continuing process given the uncertainties associated with its nature and duration.

**(b) New Facilities in Madhya Pradesh:** The Company's new facilities near Bhopal in Madhya Pradesh for manufacturing of up to 175 KMTA Spiral pipes with outer diameter of 24" to 140" for water segment pipes commenced commercial production of pipes during Q1 of 2019-20.

**(c) Sale of the Plate & Coil Mill Division ("PCMD") and the 43 MW Power Plant:** As mentioned in the previous Annual Report, the Company has completed the transaction for divestment of 43 MW Power Division during the year under Report.

In respect of the Sale of the PCMD, the Board wish to inform that both the parties to the Business Transfer Agreement dated March 30, 2019 (the "BTA") have reiterated their commitment to consummate the transaction stipulated in the BTA. However, considering the unprecedented situation, they have mutually decided to consummate the transaction no later than March 31, 2021.

We are pleased to inform the members that your Company has already received ₹250 million as an advance for the aforesaid transaction. When completed, this transaction is expected to move the Company towards an asset-light model, thus achieving improvement in its profitability ratios and return ratios. Further, it would strengthen the balance sheet by providing significant liquidity to your Company and deleveraging the balance sheet.

**(d) Closure of a subsidiary in the UAE:** The Company's step down subsidiary in the UAE i.e. Welspun Middle East DMCC, which was engaged in trading activities in steel & pipes and was not having significant operations during last few years has been closed down. The Board is of the opinion that this closure will have no material impact on the Company.

**(e) Buyback of Equity Shares:** During the year under Report, the Company completed buyback of ₹4,356,714 fully paid-up equity shares of ₹ 5 each at an offer price of ₹135 per equity share, through tender offer route of the stock exchanges, resulting in cash out-flow aggregating to ₹588.16 Million (excluding incidental expenses). One of the promoters' viz. Intech Metals SA tendered 2,000,000 equity shares in the buyback. Post the buyback, the promoters' shareholding increased from 48.98% to 49.03%.

**(f) Reclassification of Co-Promoter as Public Shareholder:** The Company has received stock exchanges approval for Re-classification of Intech Metals S.A. from Promoter to Pubic category w.e.f. June 25, 2020.

### 3. Reserves, Dividend & Dividend Policy.

During the year under Report, the Board declared an Interim Dividend @200% for the year ended March 31, 2020 i.e. Re. 10 per equity share of ₹5/- each fully paid-up out of the accumulated profits. The Dividend was paid on February 18, 2020 to all the eligible members as on Record Date of February 13, 2020.

The Board is pleased to recommend a dividend @ 10% for the year ended March 31, 2020 i.e. Re. 0.5 per equity share of ₹5/- each fully paid-up out of the net profits. In respect of the dividend declared for the previous financial years, ₹4.97 million remained unclaimed as on March 31, 2020. During the year under Report, the Company has transferred dividend of ₹415,201 remaining unclaimed for the financial year 2011-12 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 proposes to transfer ₹268.14 million 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

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.

### 5. Subsidiary/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, no funds were raised through preferential allotment or qualified institutional placement.

### 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 upto the conclusion of the 29th Annual General Meeting at a remuneration of ₹13.35 million p.a. plus 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 auditor and all entities in the network firm/network entity of which the statutory auditor is a part during the financial year under Report is ₹26.26 million.

**ii) Cost Auditors:**

M/s. Kiran J. Mehta & Co, Cost Accountants (Firm Registration No. 000025), are proposed to be appointed as the Cost Auditors under Section 148 of the Companies Act, 2013 for the Financial Year 2020-21. 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 appointed M/s. Mihen Halani & Associates, Practicing Company Secretary, as the Secretarial Auditor of your Company for the Financial Year 2020-21.

## 9. Auditor's Report

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

The Auditor's 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 (Accounts) 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 2019-20. The Cost Audit Report for the year 2018-19 was e-filed on August 26, 2019. The Cost Audit for the financial year 2019-20 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. M Siroya and Company, 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 and hence no disclosure is required under Rule 8 (13) of Companies (Share Capital and Debentures) Rules, 2014.

The Company granted stock options during the previous financial year. Disclosure as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 and Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 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. |
| | |
| (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 ₹ 49.33 million in the statement of profit and loss for the financial year 2019-20. |
| | |
| (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 | 2,350,000 |
| Options granted | Nil |
| Options vested | 705,000 |
| Options exercised | 15,000 |
| The total number of shares arising as a result of exercise of option | 15,000 |
| Options forfeited / lapsed | None |
| The exercise price | ₹100/ - |
| Money realized by exercise of options | ₹1,500,000 |
| Loan repaid by the Trust during the year from exercise price received | Not applicable |
| Number of options outstanding at the end of the year | 2,335,000 |
| Number of options exercisable at the end of the year | 690,000 |
| **Employee wise details of options granted to:** | |
| · Key managerial personnel | Granted during the financial year 2018-19:<br>Mr. Vipul Mathur, MD & CEO – 1,500,000 |
| · 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 |
| · 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". | ₹10.15 |

| | |
|---|---|
| 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) risk-free interest rate<br>(ii) expected life<br>(iii) expected volatility<br>(iv) expected dividends<br>(v) the price of the underlying share in market at the time of option grant. | 7.49% to 7.85%<br>1.43 years<br>50.00%<br>0.55%<br>₹126.10 |

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

| Outstanding Balance in the suspense account lying at the beginning of the year | | Number of shareholders who approached issuer for transfer of shares from suspense account during the year | | Transferred/Credited during the year | | Balance outstanding | |
|---|---|---|---|---|---|---|---|
| No of shareholders | No of Shares | No of shareholders | No of Shares | No of shareholders | No of Shares | No of shareholders | No of Shares |
| 43 | 14,910 | 3 | 420 | 3 | 420 | 40 | 14,490 |

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, Redeemable, Non-Convertible Debentures are listed on the BSE Limited. The unsecured Commercial Papers outstanding as at March 31, 2020 were listed on the National Stock Exchange of India.

The Company has redeemed its Commercial Papers of ₹ 150 Crores and ₹ 100 Crores on its maturity date of June 3, 2020 and June 30, 2020 respectively.

Further, the Company has repaid the total principal amount payable for the debenture of ₹ 250 Crores before the due date.

Applicable annual listing fees for the year 2019-20 have been paid to both the BSE and the NSE as per the invoices received by the Company.

## 11. Extract of the Annual Return

An extract of the annual return in Form MGT-9 of the Companies (Management and Administration) Rules, 2014 is attached to this Report as Annexure – 4 and is also placed on the website of the Company and can be accessed at http://www.welspuncorp.com.

## 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 Plate & Coil Mill, Anjar** | | | |
| 1 | Reduction Power in Mat-Lab Packaged AC by Reducing Heat Loss. | 62,853 | 0.47 |
| 2 | Primary Descaling Process Optimization. | 77,928 | 0.58 |
| 3 | Compressed Air Pressure Reduced by 0.3 bar (7.3 to & 7 Bar) | 6,959 | 0.05 |
| 4 | Reduce Power Consumption in Width Gauge Chiller by Installing 3TR Chiller in Place of 12 TR. | 1,469 | 0.011 |
| | Total | 149,209 | 1.11 |
| **At Pipe Mill, Anjar** | | | |
| 5 | Energy saving through replacement of LED lights in SPIRAL-3 Plant | 42,152 | 0.31 |
| 6 | Energy saving through replacement of LED lights in SPIRAL-2 Plant | 108,743 | 0.8 |
| 7 | Energy Saving- Installation of 4 no AC drive for ROT conveyor motor at | 28,675 | 0.21 |
| | ERW | | |
| 8 | Energy saving through replacement of LED lights in ERW | 2,592 | 0.02 |
| 9 | Energy saving in cooling tower by provide 40 HP pump in place of 75 HP in night hours at ERW | 57,408 | 0.42 |
| 10 | Energy saving through replacement of LED lights in Coating-1 Plants | 30,252 | 0.22 |
| 11 | Energy saving through replacement of LED lights in L-SAW Plant | 227,466 | 1.68 |
| 12 | Energy saving by Installation of motion detector with 36 W tube light in toilets in L-SAW Coating plant | 1,633 | 0.01 |
| 13 | Energy saving through replacement of LED lights in L-SAW Coating Plant | 14,904 | 0.11 |
| 14 | Energy saving by PLC program Modified to Auto turn off The Motor if not in operation in L-SAW Coating plant | 6,864 | 0.05 |
| | **Total** | **520,689** | **3.83** |
| **At Mandya Plant** | | | |
| 15 | Hydraulic power pack motors to be auto shut off if not in function. | 12,012 | 0.091 |
| | | | |
| **At Dahej Plant** | | | |
| 16 | Installation of 30 Nos of 165 W LED High bay fixtures at "LSAW Shed Lights" in place of 400 W HPMV Fixtures.<br><br>Energy saving of 10,000 KWH by replacing of LED lights in DG room. | 42,322 | 2.96 |
| | Total | 42,322 | 2.96 |

## 02. Technology absorption and Research & Development

### A. Innovation:

- Development of new Automatic Enquiry Management System.
- Innovation on Tailor-Made Automatic Pipe Measurement System for Critical Offshore Pipeline.
- Integrated SAP based BIBO management review mechanism on digital platform.
- Successfully Manufactured & Supplied Long Radius (>10D) Hot pulled Induction Bends by using unique alloy design for TMCP Mother Plates - LSAW Pipes.
- Digitalization of Inspection & Testing by integrating with SAP Data to reduce the paper consumption.
- Unique Bar Code System for Pipe Traceability as per the Customer requirements.

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

- Conducted a Successful Pre-Qualification Process of Heavy Wall Thick LSAW (JCOE Process) Pipes by using TMCP Plates for Extreme Sour Service Applications for Offshore Pipe Lines as per customer requirements jointly with Steel Suppliers.
- Development of Domestic Steel Mills for

the Supply of API 5L X70M PSL2 Hot Rolled Coils & Plates for Oil & Gas Pipe Lines.

- Successfully Manufactured & Supplied Large Pipe Diameter for Strain & Stress Based Design Pipes in API X80M PSL2/CSA L550 by using TMCP Plates.
- The Company's technical experts are actively involved in various Joint Industrial Projects (JIPs) to resolve technical issues for Oil & Gas Pipe Lines Globally with Customers & Others-
  - HAZ Softening Material Development;
  - Optimization of Local Brittle Zone (LBZ);
  - Standardization of SENT Test Method for Sour Service Environments;
  - Enhanced Girth Weld Performance for Newly Constructed Grades X70M Pipelines in US.
- The Company has funded and actively working with Pipe Line Research Council International (PRCI) for following New Developmental Projects for Oil & Gas Pipelines -
  - Composite Repairs for Dent and Metal Loss Defects - State of the Art and Full Scale Instrumented Tests;
  - Guidance on the Use, Specification, and Anomaly Assessment of Modern Line Pipes;
  - Full Thickness Weld Tensile Round Robin;
  - Evaluation of Semi-Automatic FCAW-S Welding Process and Implications to Pipeline Girth Weld Integrity.

## C. Technology Upgradation

- Adoption of new NDT Technology – Combination of Time of Flight Diffraction (TOFD) & Phased Array Ultrasonic Testing ( PAUT) for LSAW Pipes.
- Installation of new Pipe ID Cleaning system to reduce weld defects and manual operation.
- Installation of new State-of-art Plate Ultrasonic System with the coverage of 100% Plate surface area, high testing speed, better sensitivity & accuracy supplied by GE technology, Germany.
- Introduction of new online edge milling system for HSAW pipes to Control Weld Bead Height and Weld Profile to optimize the consumption of Coating Materials.
- To improve the product Quality, we installed an Intermediate Weld Seam UT for instant feedback to Welding engineers for taking immediate necessary corrective & preventive action to reduce the Weld Seam Repair.
- Adoption of New Digital Radiography Technology instead of Film Radiography Technique.

## D. Process & System Improvement

- Capability enhancement of CTOD & CVN testing facilities for critical low temperature applications.
- Enhancement of Hot Induction Bending Facility to produce High Wall Thick & Dia in API X80M PSL2/CSA L550.
- Development of Liquid Epoxy Coating for long radius Hot Pulled Induction Bends in API X80M PSL2 LSAW Pipes as per CSA.
- Unique fixtures mechanism is developed to test All Weld Longitudinal Tensile Testing Specimen with smaller length.

## E. Key Initiatives for Future

- Installation of Automatic Cleaning System for removing scale, dust & foreign particles from inside surface of pipe before welding to minimize manual intervention & to achieve clean weld groove before welding.
- Installation of explicit Effluent Treatment Plant for Coating facility.
- Modification in Continuous Tack Welding Machine for Auto Offset Control to minimize manual intervention & Weld Seam Defects.

- Upgradation & Capacity Enhancement of Corrosion testing facility for critical Sour Service Pipeline Projects.
- Joint Pre-Qualification Program of HSAW pipes for sour service applications with potential Key International Customers.
- Integration of Steel Supplier data with our SAP system for product identification & traceability.

**01. Expenditure on R&D**

(a) Capital : Nil

(b) Recurring : ₹86.31 million

(c) Total : ₹86.31 million

(d) Total R&D expenditure as a percentage of revenue from operations : 0.21%

**Total Foreign exchange:**

**Used - `26,029.12 million,**

**Earned- `13,722.01 million**

## 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 5.

## 14. Directors and Key Managerial Personnel

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

- Since the last report, following changes took place in the Board of Directors and Key Managerial Personnel:-
- Mr. S. Krishnan-Executive Director and CEO (PCMD) ceased to be a director with effect from close of business hours on July 31, 2019 due to resignation.
- Mr. Dhruv Kaji ceased to be a director August 8, 2019 due to resignation.
- The first term of 5 years' of appointment of Mr. Atul Desai ended on September 30, 2019.
- Mr. Utsav Baijal, Nominee of Insight Solutions Limited ceased to be a director with effect from November 6, 2019 due to resignation.
- Mr. Kaushik Subramaniam, Nominee of Insight Solutions Limited ceased to be a director with effect from November 6, 2019 due to resignation.
- Ms. Amita Misra was appointed an independent director with effect from October 22, 2019.

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

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 time of their respective appointment 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 appointed during the year under Report, 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 as applicable shall undergo online proficiency self-assessment test within the time prescribed by the IICA.

### C) Formal Annual Evaluation

The performance evaluation of the 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.

For the financial year 2019-20, 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. All the results were satisfactory.

### 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 meetings of those committees held during the year under Report is given in the "Corporate Governance Report" annexed to the Annual Report as Annexure 7.

## 15. Particulars of outstanding loans, guarantees and investments under Section 186 are as under:

(₹ in million)

| Name of the Entity / beneficiary | Investment | Corporate Guarantee | Loans |
|---|---|---|---|
| Welspun Pipes Inc. | 0.44 | 7,566.50 | - |
| Welspun Tradings Limited | 50.22 | 6,147.10 | - |
| Welspun Captive Power Generation Limited* | 604.94 | - | - |
| Welspun Mauritius Holdings Limited* | 293.75 | - | - |
| Welspun Wasco Coatings Private Limited (provision made) | 254.65 | 54.25 | 247.01 |
| Standard Chartered Bank ADR* | 12.35 | - | - |
| Bonds* | 577.98 | - | - |
| Welspun Middle East Pipes Company LLC | - | 14,390.70 | - |
| Welspun Middle East Pipe Coating Company LLC | - | - | - |

* Investment carried at fair value through profit and loss.

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.

## 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 "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.

Disclosures as required under the Companies Act, 2013 are given in Form AOC-2 annexed as Annexure 6 to this Report.

## 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.**

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 | 01.04.2019 to 31.03.2020 | 160.2 |
| Mr. S. Krishnan# | 01.04.2019 to 31.07.2019 | 29.8* |

* Ceased to be Executive Director & CEO (PCMD) with effect from close of business hours on July 31, 2019.

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, 2020 : Managing Director & CEO: 10%, CFO : 24% and CS : 12%.

iii) The percentage increase in the median remuneration of employees in the financial year: 6.90%.

iv) The number of permanent employees on the rolls of the Company: 2,692.

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 decreased from ₹36,123.80 million to ₹16,187.88 million 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 negative 13.03 times to 6.10 times. The share price increased by 334.35% 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 decreased by 3.8%. Change in the remuneration of the KMP increased by 13%. The reason for exceptional percentage increase in the remuneration of KMP was due to payment of variable pay to the CFO and consideration of the remuneration of the CFO for the entire financial year under review, whereas, it was considered only for a part of the previous financial year. Further, the remuneration of the Executive Director & CEO (PCMD) was considered only for a part of the financial year under review.

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

1) Total Production (as per Business Plan approved by the Board)

2) Revenue (as per Business Plan approved by the Board)

3) Profit Before Tax (as per Business Plan approved by the Board)

4) Operating Cash Flow (as per Business Plan approved by the Board)

viii) Affirmation that the remuneration is as per the remuneration policy of the Company: YES, Employees increment in remuneration is based on the individual performance and the Company performance for the Financial Year.

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 | Standard Designation | DOB | Age (years) | Joining Date | Remuneration ( ₹ ) | 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 | 21-Mar-70 | 50 | 02-Feb-01 | 53,756,831 | Man Industries (India) Ltd | MBA | Permanent | Negligible | No |
| S. Krishnan* | Executive Director & CEO (PCMD) | 17-Jul-62 | 57 | 03-Jun-13 | 10,000,000 | UPL Limited | M. Com/ LLB-Part I/ A.C.A/ A.C.S/ A.I.C.W.A | Permanent | Negligible | No |
| L.T.Hotwani# | Director | 05-May-53 | 67 | 01-Jan-00 | 2,42,14,846 | Gammon India Ltd | B.Com | Permanent | | No |
| Godfrey John# | Director | 30-Aug-65 | 54 | 11-Jun-12 | 22,863,936 | Ferro Tech India Pvt. Ltd. | MBA | Permanent | Negligible | No |
| Percy Kershasp Birdy | President | 22-Jan-68 | 52 | 11-Jun-18 | 15,037,568 | Allanasons Group | Chartered Accountant | Permanent | Nil | No |
| Tribhuwan Singh Kathayat | President | 10-Jan-71 | 49 | 20-Jun-96 | 12,709,691 | Jindal Organisation | BSC/DME/MBA | Permanent | Negligible | No |
| Bhavesh Karia^ | Senior Vice President | 18-Feb-74 | 46 | 24-Oct-16 | 8,483,144 | Bumi Flow | B.Sc in Production engineering/ Post Diploma in Materials Management/Diploma in Production Engineering | Permanent | | |
| Suresh Chander Darak | President | 02-Jan-68 | 52 | 02-Jan-08 | 10,696,660 | Reliance Industries Ltd. | B. Com/ DITM | Permanent | Nil | No |
| Navin Agarwal | Senior Vice President | 01-Jan-72 | 48 | 02-Jun-08 | 10,455,909 | Mahindra & Mahindra Ltd. | PGDBM Finance/B.Com (Hons) | Permanent | Nil | No |
| Anil Mallikarjun Nimbargi | Senior Vice President | 13-Oct-65 | 54 | 09-Sep-09 | 10,428,943 | Ispat Industries | B.Sc. | Permanent | | |
| Atul Trivedi | Senior Vice President | 03-Jan-74 | 46 | 14-May-07 | 1,01,18,319 | Tata Consultancy | Chartered Accountant | Permanent | | No |
| Paras Jain | President | 25-Jul-58 | 62 | 16-Jan-06 | 97,49,810 | Moral Overseas Ltd. | M.Com, Chartered Accountant | Permanent | | No |
| Manish Pathak^ | President | 20-Jan-68 | 52 | 26-Jun-08 | 7,398,692 | Man Industries (India) Ltd | BE Mech | Permanent | | |
| Gaurav Merchant | Vice President | 11-Sep-73 | 46 | 15-Jan-14 | 8,797,546 | Essar Steel Limited | B. Com/MBA | Permanent | Nil | No |
| Rupak Ghosh | Senior Vice President | 17-Oct-69 | 50 | 29-Oct-07 | 8,496,813 | Blue Star Limited | ICWA/ CA | Permanent | Nil | No |
| Nitin Agarwal | Vice President | 06-Feb-83 | 37 | 20-Apr-07 | 8,347,377 | Welspun Tubular LLC | MBA/PGDM | Permanent | Nil | No |
| Piyush Thakor | Senior Vice President | 03-Apr-76 | 44 | 01-Feb-18 | 8,288,934 | Zenith Birla India Ltd | Diploma-Mechanical Engineering | Permanent | Nil | No |
| Sanjay Batra | Senior Vice President | 20-Aug-68 | 51 | 26-Dec-00 | 8,015,143 | Maharashtra Seamless Ltd | Diploma | Permanent | | |

* employed for a part of the year up to the close of the business hours on July 31, 2019.
^ employed for a part of the year with effect from July 1, 2019.
# 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 2019-20 are as under:**

| | Name of the Director | Salary & Allowance | Perquisites | Commission | Service Contract/ Tenure | Performance linked incentives | Notice Period | Severance Fees | Stock Option | Pension |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Mr. Vipul Mathur | ₹ 55 million^ | Nil | Nil | 5 years | Nil | 1 month | Nil | Refer note below | Nil |
| 2 | Mr. S. Krishnan@ | ₹ 30 million^ | Nil | Nil | 5 Years | Nil | 1 month | Nil | Nil | Nil |

*^ In addition to salary & allowance, entitled for other benefits as per the Company's policy.*
*@ Ceased to be a director with effect from close of business hours on July 31, 2019.*

*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.*

Mr. Balkrishan Goenka, Non-Executive Chairman was paid Commission of ₹19.73 million i.e. @1% of the Net Profits in terms of the approval granted by the members of the Company at the Annual General Meeting held on August 12, 2019.

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 and Letter of Appointment were issued to the independent directors.

| | Name of the Director | (₹) | | Name of the Director | (₹) |
|---|---|---|---|---|---|
| 1 | Ms. Amita Misra | 227,000 | 6 | Mr. K. H. Viswanathan | 1,182,000 |
| 2 | Mr. Atul Desai | 150,000 | 7 | Mr. Rajkumar Jain | 1,131,000 |
| 3 | Mr. Desh Raj Dogra | 956,000 | 8 | Mrs. Revathy Ashok | 327,000 |
| 4 | Mr. Dhruv Kaji | 77,000 | 9 | Mr. Utsav Baijal | 132,000 |
| 5 | Mr. Kaushik Subramaniam | 150,000 | | | |

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, 2020

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. M. Siroya and Company, 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 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 process involving all personnel. With this objective, the Company had formulated structured Risk Management Policy thereby to effectively address such risks such as, strategic, business, regulatory and operational 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”.

## 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 of 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 2019-20.”

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

## 23. Miscellaneous Disclosures

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.

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 – Not applicable
- number of complaints pending as on end of the financial year - Nil

## 24. Directors' Responsibility Statement

Pursuant to Section 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 acknowledge and place on record its sincere gratitude to the Government Authorities, Financial Institutions, Banks, Customers, Suppliers, Shareholders, Employees and other business associates of the Company, who through their continued support and co-operation, have helped as a partner in your company's progress and achievement of its objectives.

For and on behalf of the Board of Directors

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

**Balkrishan Goenka**
Chairman
DIN: 00270175

Date: July 28, 2020
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. DIVIDEND DECLARATION - 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 |
| 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)

| 1. Sl. No. | 1 | 2 | 3 |
|---|---|---|---|
| 2. Name of the subsidiary | Welspun Tradings Limited | Welspun Mauritius Holdings Limited | Welspun Pipes Inc.(see note 3) |
| 3. The date since when subsidiary was acquired | 30.03.2010 | 19.04.2010 | 16.08.2006 |
| 4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period : | N.A. | N.A. | N.A. |
| 5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.: | INR | USD* | USD* |
| 6. Share capital : | 50.13 | 8.58 | 0.00 |
| 7. Reserves & surplus: | 806.17 | 389.57 | 15,463.44 |
| 8. Total assets : | 891.71 | 2,734.07 | 28,924.75 |
| 9. Total Liabilities : | 35.41 | 2,335.92 | 13,461.31 |
| 10. Investments@ : | 397.31 | Nil | Nil |
| 11. Turnover | 2,491.50 | Nil | 57,702.14 |
| 12. Profit/ (Loss) before taxation : | 6.40 | (23.97) | 7,067.23 |
| 13. Provision for taxation: | 4.57 | 21.27 | 1,856.11 |
| 14. Profit/ (Loss) after taxation: | 1.83 | (45.24) | 5,211.12 |
| 15. Proposed Dividend: | Nil | Nil | Nil |
| 16. % of shareholding | 100.00% | 89.98% | 100.00% |

@ Excluding investments in subsidiaries.

*USD

Closing Rate USD 1=75.665 INR

Average Rate USD 1=70.875 INR

1. Names of associates or joint ventures which are yet to commence operations. – Nil
2. Names of subsidiaries which have been liquidated or sold during the year – Welspun Middle East DMCC
3. Includes performance of step down subsidiaries viz. Welspun Tubular LLC and Welspun Global Trade LLC.

## Part "B": Joint Ventures

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

| Sl. No. | 1 | 2 | 3 |
|---|---|---|---|
| Name of the joint ventures | Welspun Middle East Pipes LLC# | Welspun Middle East Pipes Coating LLC# | Welspun Wasco Coatings Private Limited |
| 1. Latest audited Balance Sheet date | 31.03.2020 | 31.03.2020 | 31.03.2020 |
| 2. Date on which the Associate or Joint Venture was associated or Acquired | 17.10.2010 | 17.10.2010 | 30.09.2015 |
| 3. Shares of Associate/Joint Ventures held by the company on the year end | | | |
| Numbers of Shares | 38,031,042 | 16,886,189 | 25,465,014 |
| Amount of Investments | 767.46 | 340.76 | 254.65 |
| Extend of Holding % | 50.01% | 50.01% | 51.00% |
| 4. Description of how there is significant influence | NA | NA | NA |
| 5. Reason why the associate/joint venture is not consolidated | NA | NA | NA |
| 6 Networth attributable to Shareholding as per latest audited Balance Sheet | 5,580.99 | (903.49) | (126.21) |
| 7. Profit / Loss for the year | | | |
| Considered in Consolidation | 2,046.42 | 105.77 | (91.86) |
| Not Considered in Consolidation | 2,432.19 | 128.57 | (214.12) |

Reporting currency #SAR

Closing Rate : SAR 1=20.1799 INR

Average Rate : SAR 1= 18.9024 INR

1. Names of associates or joint ventures which are yet to commence operations. - NA
2. Names of associates or joint ventures which have been liquidated or sold during the year. - NA

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

Date: June 17, 2020
Place: Mumbai

**Annexure 3**

**M Siroya and Company**
**Company Secretaries**
A-103, Samved Building (Madhukunj), Near Ekta Bhoomi Gardens, Rajendra Nagar,
Borivali (E), Mumbai - 400 066
Tel.:+91 22 28706523/24; 28546523(D); Cel.:+91 9324310151; E-mail: siroyam@gmail.com; www.msiroya.com

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Welspun Corp Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my 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, 2020 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, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(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;

(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 (Prohibition of Insider Trading) Regulations, 2015;

(c) 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;

(d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable during the year);

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

(g) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; and

(h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

(vi) As confirmed by the management, there are no other laws specifically applicable in relation to the business of the Company.

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

(i) The Equity Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

(ii) The Debt Listing Agreement entered into by the Company with BSE Limited; and

(iii) Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. We note that certain employees of the Company had traded in the security of the Company during window closure period and some of them also indulged into contra trade. Based on the enquiry and submission made by the concerned employees, the Company has imposed fine and issued strict warning to the concerned employees and intimated the same to the SEBI.

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

(i) Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;

(ii) Acts as prescribed under Direct Tax and Indirect Tax;

(iii) Acts prescribed under prevention and control of pollution;

(iv) Acts prescribed under environmental protection;

(v) Land Revenues Act of respective States;

(vi) Labour Welfare Act of respective States; and

(vii) Such other Local laws etc. as may be applicable in respect of various offices of the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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.

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

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that here 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 Company has undertaken following event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

(i) The Board of Directors at their meeting held on May 14, 2019 which concluded on May 15, 2019, inter-alia, approved /noted the followings:

   a) Noted an Order dated May 10, 2019 pronounced by the Hon'ble National Company Law Tribunal, Ahmedabad Bench sanctioning the Scheme of Amalgamation of Welspun Pipes Limited ('the Transferor Company') with Welspun Corp Limited ('the Transferee Company') with Appointed Date of January 25, 2019;

   b) Considered and recommended dividend @10% per equity share (i.e. Re. 0.50 per share) of ₹5 each fully paid up out of accumulated profits;

   c) Approved Borrowings on Private Placement Basis; and

   d) Approved Buyback of up to 27,857,142 (Twenty Seven Million Eight Hundred Fifty Seven Thousand One Hundred Forty Two only) equity shares representing 10.50% of the paid up equity share capital;

(ii) The members of the Company passed a Special Resolution through postal ballot on June 22, 2019, for approving buy back of upto 27,857,142 (Twenty Seven Million Eight Hundred Fifty Seven Thousand One Hundred Forty Two only)

Equity Shares (representing 10.50% of the total paid up equity share capital of the Company);

(iii) The Company has, accordingly, completed Buy-Back of 4,356,714 ( Four Million Three Hundred Fifty Six Thousand Seven Hundred Fourteen only) equity shares of ₹5 each and the same were extinguished vide confirmation letter dated November 13, 2019 issued by NSDL;

(iv) The Board of Directors at their meeting held on July 29, 2019 approved submission of resolution plan for a company under corporate insolvency resolution process;

(v) The Members at the 24th Annual General Meeting held on August 12, 2019, inter-alia, approved the following:

   a) Approved final dividend @10% per equity share (i.e. Re. 0.50 per Equity Share) of ₹5 each;

   b) Appointed Mr. Dhruv Subodh Kaji as an Independent Non-executive Director to hold the office till September 4, 2023 by Special resolution;

   c) Approved the proposal to borrow from time to time, by way of issuing securities including but not limited to secured/unsecured, redeemable, Non-Convertible Debentures (NCDs) and/or Commercial Paper (CPs) to be issued on Private Placement basis not exceeding at any time ₹500 crore (Rupees Five Hundred crores only) by Special resolution; and

   d) 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 by Special resolution.

(vi) The Board of Directors at their meeting held on October 22, 2019, inter-alia, approved revision in remuneration of Mr. Vipul Mathur - Managing Director & Chief Executive Officer of the Company with effect from July 1, 2019;

(vii) The Board of Directors at their meeting held on February 3, 2020, inter-alia, approved:

   a) Declaration of an interim dividend @200% on 260,869,395 equity shares of ₹5 each fully paid-up of the Company (i.e. @ ₹10 per share) aggregating to ₹2,608,693,950 to all the shareholders;

   b) Alteration of Articles of Association to delete Article 241 and Schedule 1 of the Article of Association of the Company; and

   c) Noted Circular resolution passed by the Board on November 14, 2019 for Reclassification of Intech Metals SA from Promoter to Public Category.

(viii) The members of the Company approved following Special Business through postal ballot on March 18, 2020:

   a) Appointment of Ms. Amita Misra as an Independent Non –executive Director of the Company w.e.f. October 22, 2019 by Special Resolution;

   b) Revision in remuneration of Mr. Vipul Mathur Managing Director and CEO of the Company w.e.f. July 1, 2019;

   c) Revise Articles of Association of the Company w.r.t. deletion of entire Article 241 and Schedule 1 of the Articles of Association of the Company by Special Resolution;

   d) Re-classification of "Intech Metals SA", co-Promoter of the Company from "Promoter" category to "Public" category; and

   e) To transfer, sell, hive-off of the Company's Plates & Coil Mill Division ("PCMD Division") along with identified assets and liabilities as well as employees and contracts of PCMD Division for a lump sum cash consideration of ₹848.50 crores subject to closing adjustments pertaining to Net Current Assets as of Closing Date which shall not exceed INR 25 Crores.

**For M Siroya and Company**

Company Secretaries

**Mukesh Siroya**

Proprietor

FCS No.: 5682

CP No.: 4157

UDIN: F005682B000348772

Date: June 17, 2020

Place: Mumbai

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

**M Siroya and Company**
**Company Secretaries**
A-103, Samved Building (Madhukunj), Near Ekta Bhoomi Gardens, Rajendra Nagar,
Borivali (E), Mumbai - 400 066
Tel.:+91 22 28706523/24; 28546523(D); Cel.:+91 9324310151; E-mail: siroyam@gmail.com; www.msiroya.com

## 'Annexure A'

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

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 processes 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 processes 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's representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures 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.

7. In view of the restrictions imposed by the Government of India on movement of people across India to contain the spread of Covid-19 pandemic, which led to the complete lockdown across the nation, we have relied on electronic data for verification of certain records as the physical verification was not possible.

**For M Siroya and Company**
Company Secretaries

**Mukesh Siroya**
Proprietor
FCS No.: 5682
CP No.: 4157
UDIN: F005682B000348772

Date: June 17, 2020
Place: Mumbai

**Annexure 4**

# Form No. MGT – 9

# EXTRACT OF ANNUAL RETURN

**As on the financial year ended on March 31, 2020**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS

i. CIN :- L27100GJ1995PLC025609

ii. Registration Date : April 26, 1995

iii. Name of the Company : Welspun Corp Limited

iv. Category / Sub Category of the Company : Public Company/ Company having Share Capital and Limited by Shares

v. Address of the Registered office and contact details: Welspun City, Village Versamedi, Taluka Anjar. Dist. Kutch, Gujarat-370110.

Contact: The Company Secretary, Tele.: 022-66136000; email Companysecretary_WCL@welspun.com.

vi. Whether listed company: Yes.

vii. Name, address and contact details of Registrar and Transfer Agent, if any.

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

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are Welded Pipes (NIC code – 2431), 89.14% to Revenue from operations of the Company. Plate and Coil (NIC Code -2431) 10.86% to Revenue from operations of the Company.

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN / GLN | Holding / Subsidiary / Associate | % Of Shares Held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Welspun Tradings Limited, India | U72200GJ2001PLC039513 | Subsidiary | 100% | 2(87)(ii) |
| 2 | Welspun Pipes Inc, U.S.A | Not Applicable | Subsidiary | 100% | 2(87)(ii) |
| 3 | Welspun Tubular LLC, U.S.A | Not Applicable | Subsidiary | 100% | 2(87)(ii) |
| 4 | Welspun Global Trade LLC, U.S.A | Not Applicable | Subsidiary | 100% | 2(87)(ii) |
| 5 | Welspun Middle East DMCC, Dubai* | Not Applicable | Subsidiary* | 100% | 2(87)(ii) |
| 6 | Welspun Middle East Pipes LLC, Saudi Arabia | Not Applicable | Subsidiary | 50.01.% | 2(87)(ii) |
| 7 | Welspun Middle East Pipe Coating LLC, Saudi Arabia | Not Applicable | Subsidiary | 50.01% | 2(87)(ii) |
| 8 | Welspun Mauritius Holdings Limited, Mauritius | Not Applicable | Subsidiary | 89.98% | 2(87)(ii) |
| 9 | Welspun Wasco Coatings Private Limited, India | U28920GJ2015PTC084632 | Subsidiary | 51% | 2(87)(ii) |

** Voluntarily wind-up w.e.f. February 11, 2020.*

## IV. SHARE HOLDING PATTERN (equity share capital break-up as percentage of Total Equity).

### i. Category-wise share holding

| Sr. No. | Category of Shareholder | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of shares held in dematerialized form | Number of shares held in Physical form | Total number of shares | % of total shares | Number of shares held in dematerialized form | Number of shares held in Physical form | Total number of shares | % of total shares | |
| | | | | | | | | | | |
| **(A)** | **Shareholding of Promoter and Promoter Group** | | | | | | | | | |
| **1** | **Indian** | | | | | | | | | |
| (a) | Individuals/ Hindu Undivided Family | 342 | - | 342 | Negligible | 342 | - | 342 | - | - |
| (b) | Central Government/ State Government(s) | - | - | - | - | - | - | - | - | - |
| (c) | Bodies Corporate | 123,887,823 | - | 123,887,823 | 46.71 | 123,887,823 | - | 123,887,823 | 47.49 | 0.18 |
| (d) | Financial Institutions/ Banks | - | - | - | - | - | - | - | - | - |
| (e) | Any Others(Specify) | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | |
| | **Sub Total(A)(1)** | 123,888,165 | - | 123,888,165 | 46.71 | 123,888,165 | - | 123,888,165 | 47.49 | 0.78 |
| | | | | | | | | | | |
| **2** | **Foreign** | | | | | | | | | |
| a | Individuals (Non-Residents Individuals/Foreign Individuals) | | | | | | | | | |
| b | Bodies Corporate | 6,010,850 | - | 6,010,850 | 2.27 | 4,010,850 | - | 4,010,850 | 1.54 | (0.73) |
| c | Other individual | - | - | - | - | - | - | - | - | - |
| d | Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| e | Any Others(Specify) | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | |
| | **Sub Total(A)(2)** | **6,010,850** | **-** | **6,010,850** | **2.27** | **4,010,850** | **-** | **4,010,850** | **1.54** | (0.73) |
| | | | | | | | | | | |
| | **Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)** | **129,899,015** | - | **129,899,015** | **48.98** | **129,899,015** | - | **129,899,015** | **49.03** | 0.05 |
| | | | | | | | | | | |
| **(B)** | **Public shareholding** | | | | | | | | | |
| **1** | **Institutions** | | | | | | | | | |
| (a) | Mutual Funds/ UTI | 8,25,898 | - | 8,25,898 | 0.31 | 11,655,178 | - | 11,655,178 | 4.47 | 4.16 |
| (b) | Financial Institutions / Banks | 14,618,578 | - | 14,618,578 | 5.51 | 9,648,153 | - | 9,648,153 | 3.70 | (1.81) |
| (c) | Central Government/ State Government(s) | - | - | - | - | - | - | - | - | - |
| (d) | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (e) | Insurance Companies | 270,000 | - | 270,000 | 0.10 | 2,430,970 | | 2,430,970 | 0.93 | 0.83 |
| (f) | Foreign Institutional Investors | - | - | - | - | - | - | - | - | - |
| (g) | Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| (h) | Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| (i) | Any Other (specify) | - | - | - | - | - | - | - | - | - |
| * | Foreign Portfolio Investors | 17,038,376 | - | 17,038,376 | 6.42 | 24,502,520 | | 24,502,520 | 9.39 | 2.97 |
| * | Alternate Investment Funds | 766,712 | - | 766,712 | 0.29 | 1,926,712 | | 1,926,712 | 0.74 | 0.45 |
| | **Sub-Total (B)(1)** | **33,519,564** | - | **33,519,564** | **12.64** | **50,163,533** | | **50,163,533** | **19.23** | 6.59 |
| | | | | | | | | | | |
| **B 2** | **Non-institutions** | | | | | | | | | |
| (a) | Bodies Corporate | | | | | | | | | |
| | (i) Indian | 24,868,868 | 5,810 | 24,874,678 | 9.38 | 26,942,822 | 5,810 | 26,948,632 | 10.33 | 0.95 |
| | (ii) Overseas | 20,343,007 | - | 20,343,007 | 7.67 | - | - | - | - | (7.67) |
| (b) | Individuals | | | | | | | | | |
| I | Individual shareholders | 19,556,710 | 274,644 | 19,831,354 | 7.48 | 19,211,121 | 237,893 | 19,449,014 | 7.46 | (0.02) |

| Sr. No. | Category of Shareholder | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of shares held in dematerialized form | Number of shares held in Physical form | Total number of shares | % of total shares | Number of shares held in dematerialized form | Number of shares held in Physical form | Total number of shares | % of total shares | |
| | holding nominal share capital up to ₹1 lakh | | | | | | | | | |
| II | Individual shareholders holding nominal share capital in excess of ₹1 lakh. | 26,625,927 | - | 26,625,927 | 10.04 | 28,263,669 | - | 28,263,669 | 10.83 | 0.79 |
| (c) | NBFCs registered with RBI | 532,828 | - | 532,828 | 0.20 | 90,300 | - | 90,300 | 0.03 | (0.17) |
| (d) | Any Other (specify) | | | | | | | | | |
| (d-i) | Unclaimed Shares | 14,910 | - | 14,910 | 0.01 | 14,490 | - | 14,490 | 0.01 | - |
| (d-ii) | Clearing member | 1,695,573 | - | 1,695,573 | 0.64 | 693,433 | - | 693,433 | 0.27 | (0.37) |
| (d-iii) | Non Resident Indians | 3,762,484 | 53,970 | 3,816,454 | 1.44 | 3,225,002 | 53,970 | 3,278,972 | 1.26 | (0.18) |
| (d-iv) | Hindu Undivided Family | 3,817,376 | - | 3,817,376 | 1.44 | 3,900,119 | - | 3,900,119 | 1.49 | 0.05 |
| (d-v) | Trust | 12,285 | - | 12,285 | 0.00 | 7,639 | - | 7,639 | 0.00 | 0.00 |
| (d-vi) | Foreign Portfolio Investor (Individual) | 95,760 | - | 95,760 | 0.04 | - | - | - | - | - |
| (d-vii) | IEPF | 147,378 | - | 147,378 | 0.06 | 175,579 | - | 175,579 | 0.07 | 0.01 |
| (d-viii) | Directors or Directors Relatives | 23,000 | - | 23,000 | 0.01 | 15,000 | - | 15,000 | 0.01 | 0.00 |
| **(B)** | **Sub-Total (B)(2)** | **101,473,106** | **334,424** | **101,807,530** | **38.39** | **82,524,174** | **297,673** | **82,821,847** | **31.75** | **(6.64)** |
| | **Total Public Shareholdin (B)=(B)(1)+(B)(2)** | **134,992,670** | **334,424** | **135,327,094** | **51.02** | **132,687,707** | **297,673** | **132,985,380** | **50.97** | **(0.05)** |
| | **TOTAL (A)+(B)** | **264,891,685** | **334,424** | **265,226,109** | **100.00** | **260,586,722** | **297,673** | **260,884,395** | **100.00** | **0.00** |
| | | | | | | | | | | |
| **(C)** | **Shares held by custodians and against which Depository Receipts have been issued** | | | | | | | | | |
| **(1)** | Promoter and Promoter Group | - | - | - | - | - | - | - | - | - |
| **(2)** | Public | - | - | - | - | - | - | - | - | - |
| | **GRAND TOTAL (A)+(B)+(C)** | **264,891,685** | **334,424** | **265,226,109** | **100.00** | **260,586,722** | | **260,884,395** | **100.00** | |

## ii. Shareholding of Promoters

| Sl. No | Shareholder's name | Shareholding at the beginning of the year 01.04.2019 | | | Shareholding at the end of the year 31.03.2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | % of shares pledged / encumbered to total shares | No. of shares | % of total shares of the company | %of shares pledged / encumbered to total shares | % change in shareholding during the year (Refer Note 1 ) |
| 1 | B. K. Goenka | 140 | Negligible | 0.00 | 140 | Negligible | 0.00 | Nil |
| 2 | R. R. Mandawewala | 200 | Negligible | 0.00 | 200 | Negligible | 0.00 | Nil |
| 3 | Dipali Goenka | 2 | Negligible | 0.00 | 2 | Negligible | 0.00 | Nil |
| 4 | B. K. Goenka (Beneficial Owner - B. K. Goenka Family Trust) | 5 | Negligible | 0.00 | 5 | Negligible | 0.00 | Nil |
| 5 | Welspun Investments and Commercials Ltd. | 6,523,000 | 2.46 | 0.00 | 6,523,000 | 2.50 | 0.00 | 0.04 |
| 6 | MGN Agro Properties Private Limited (Refer Note 2) | 6,915,000 | 2.61 | 0.00 | - | - | - | (2.61) |
| 7 | Aryabhat Vyapar Private Limited (Refer Note 2) | - | - | - | 6,915,000 | 2.65 | 0.00 | 2.65 |
| 8 | Welspun Pipes Limited (Refer Note 3) | 110,449,818 | 41.64 | 0.00 | - | - | - | (41.64) |
| 9 | Balkrishan Goenka, trustee of Welspun Group Master Trust (Refer Note 3) | - | - | - | 110,449,818 | 42.34 | 0.00 | 42.34 |
| | **Total of Co-Promoters (A)** | **123,888,165** | **46.71** | **0.00** | **123,888,165** | **47.49** | **0.00** | **0.78** |
| 10 | Intech Metals S. A. | 6,010,850 | 2.27 | 0.00 | 4,010,850 | 1.54 | 0.00 | (0.73) |
| | **Total of Co-Promoters (B)** | **6,010,850** | **2.27** | **0.00** | **4,010,850** | **1.54** | **0.00** | (0.73) |
| | **Total of Promoters (A+B)** | **129,899,015** | **48.98** | **0.00** | **127,899,015** | **49.03** | **0.00** | **0.05** |

### iii. Change in Promoters' shareholding

| Sr. No | | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| A | MGN AGRO PROPERTIES PRIVATE LIMITED | | | | |
| | At the beginning of the year | 6,915,000 | 2.61 | | |
| | Equity shares transferred 25.07.2019 (Refer Note 2 below) | (6,915,000) | 2.61 | - | - |
| | At the end of the year. | | | - | - |
| B | Aryabhat Vyapar Private Limited (Refer Note 2) | | | | |
| | At the beginning of the year | - | - | | |
| | Equity shares acquired 25.07.2019 (Refer Note 1 & 2 below) | 6,915,000 | 2.61 | 6,915,000 | 2.65 |
| | At the end of the year. | | | 6,915,000 | 2.65 |
| C | WELSPUN INVESTMENTS AND COMMERCIALS LIMITED (Refer Note 1 below) | | | | |
| | At the beginning of the year | 6,523,000 | 2.46 | | |
| | At the end of the year. | - | - | 6,523,000 | 2.50 |
| D | INTECH METALS S. A. | | | | |
| | At the beginning of the year | 6,010,850 | 2.27 | | |
| | Equity shares tendered in buyback offer closed on 05.11.2019 | (2,000,000) | (0.78) | 4,010,850 | 1.54 |
| | **At the end of the year.** | | | 4,010,850 | 1.54 |
| **E** | **Welspun Pipes Limited** | | | | |
| | At the beginning of the year | 110,449,818 | 41.64 | | |
| | Equity shares cancelled on 10.05.2019 (Refer Note 3) | (110,449,818) | (41.64) | - | - |
| | At the end of the year. | | | - | - |
| **F** | **Balkrishan Goenka, Trustee of Welspun Group Master Trust** | | | | |
| | At the beginning of the year | - | - | | |
| | Equity shares acquired on 10.05.2019 (Refer Note 1 & 3)) | 110,449,818 | 41.64 | 110,449,818 | 42.34 |
| | At the end of the year. | | | 110,449,818 | 42.34 |

**Note 1 –** Increase / decrease in shareholding is pursuant to buyback of 4,356,714 equity shares of the Company through tender offer route of the stock exchanges. Intech Metals SA (Foreign Co-Promoter) tendered 2,000,000 equity shares in the buyback offer.

**Note 2 -** Under and pursuant to the Scheme of Arrangement of MGN Agro Properties Private Limited and Aryabhat Vyapar Private Limited and Poliare Tradeco Private Limited and their respective shareholders and creditors, as approved by the Hon'ble National Company Law Tribunal, Ahmedabad Bench vide its order dated July 12, 2019 (Which become effective on July 25, 2019), 69,15,000 Equity Shares of ₹5/- each fully paid up of Welspun Corp Limited stood transferred from MGN Agro Properties Limited to the Aryabhat Vyapar Private Limited.

**Note 3 -** Under and pursuant to the Scheme of Amalgamation between Welspun Pipes Limited and Welspun Corp Limited and their respective shareholders and creditors as approved by the Hon'ble National Company Law Tribunal, Ahmedabad Bench vide its order dated May 10, 2019, the shareholders of Welspun Pipes Limited i.e. Welspun Group Master Trust has become the shareholder of the Company by operation of law.

**iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sr No. | | Shareholding at the beginning of the year - 2019 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2020 | |
|---|---|---|---|---|---|---|---|
| | Name & Type of Transaction | No.of shares held | % of total shares of the company | Date of transaction | No. of shares | No of shares held | % of total shares of the company |
| 1 | RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA EQUITY HYBRID FUND | 825828 | 0.3165 | | | 825828 | 0.3165 |
| | Market Buy | | | 05 Apr 2019 | 1,324,624 | 2,150,452 | 0.8243 |
| | Market Buy | | | 12 Apr 2019 | 822,677 | 2,973,129 | 1.1396 |
| | Market Buy | | | 19 Apr 2019 | 1,712,850 | 4,685,979 | 1.7962 |
| | Market Buy | | | 26 Apr 2019 | 935,604 | 5,621,583 | 2.1548 |
| | Market Buy | | | 10 May 2019 | 157,445 | 5,779,028 | 2.2152 |
| | Market Buy | | | 17 May 2019 | 1,217,261 | 6,996,289 | 2.6818 |
| | Market Buy | | | 24 May 2019 | 505,853 | 7,502,142 | 2.8757 |
| | Market Buy | | | 31 May 2019 | 499,000 | 8,001,142 | 3.0669 |
| | Market Buy | | | 26 Jul 2019 | 13,139 | 8,014,281 | 3.072 |
| | Market Buy | | | 18 Oct 2019 | 74,909 | 8,089,190 | 3.1007 |
| | Market Buy | | | 29 Nov 2019 | 414,613 | 8,503,803 | 3.2596 |
| | Market Buy | | | 06 Dec 2019 | 550,000 | 9,053,803 | 3.4704 |
| | Market Buy | | | 13 Dec 2019 | 630,612 | 9,684,415 | 3.7121 |
| | Market Buy | | | 20 Dec 2019 | 200,000 | 9,884,415 | 3.7888 |
| | Market Buy | | | 27 Dec 2019 | 400,000 | 10,284,415 | 3.9421 |
| | Market Buy | | | 03 Jan 2020 | 110,957 | 10,395,372 | 3.9847 |
| | AT THE END OF THE YEAR | | | | | 10,395,372 | 3.9847 |
| 2 | LIFE INSURANCE CORPORATION OF INDIA | 12042756 | 4.6161 | | | 12,042,756 | 4.6161 |
| | Market Sell | | | 12 Apr 2019 | (500,035) | 11,542,721 | 4.4245 |
| | Market Sell | | | 19 Apr 2019 | (1,029,595) | 10,513,126 | 4.0298 |
| | Market Sell | | | 26 Apr 2019 | (925,005) | 9,588,121 | 3.6752 |
| | Market Sell | | | 17 May 2019 | (340,500) | 9,247,621 | 3.5447 |
| | Market Sell | | | 24 May 2019 | (138,175) | 9,109,446 | 3.4918 |
| | AT THE END OF THE YEAR | | | | | 9,109,446 | 3.4918 |
| 3 | AKASH BHANSHALI | 7977941 | 3.058 | | | 7,977,941 | 3.058 |
| | Market Buy | | | 02 Aug 2019 | 217,602 | 8,195,543 | 3.1414 |
| | AT THE END OF THE YEAR | | | | | 8,195,543 | 3.1414 |
| 4 | AUTHUM INVESTMENT AND INFRASTRUCTURE LIMITED | 280000 | 0.1073 | | | 280,000 | 0.1073 |
| | Market Sell | | | 31 May 2019 | (200,000) | 80,000 | 0.0307 |
| | Market Buy | | | 10 Jan 2020 | 4,171,418 | 4,251,418 | 1.6296 |
| | Market Sell | | | 14 Feb 2020 | (1,000,000) | 3,251,418 | 1.2463 |
| | Market Sell | | | 13 Mar 2020 | (474,000) | 2,777,418 | 1.0646 |
| | Market Sell | | | 20 Mar 2020 | (75,000) | 2,702,418 | 1.0359 |
| | Market Buy | | | 27 Mar 2020 | 3,753,191 | 6,455,609 | 2.4745 |
| | AT THE END OF THE YEAR | | | | | 6,455,609 | 2.4745 |
| 5 | GOLDMAN SACHS INDIA LIMITED | 0 | 0 | | | 0 | 0 |
| | Market Buy | | | 08 Nov 2019 | 3,630,096 | 3,630,096 | 1.3915 |
| | Market Buy | | | 22 Nov 2019 | 123,494 | 3,753,590 | 1.4388 |
| | Market Buy | | | 29 Nov 2019 | 40,361 | 3,793,951 | 1.4543 |
| | Market Sell | | | 13 Dec 2019 | (113,656) | 3,680,295 | 1.4107 |
| | Market Sell | | | 28 Feb 2020 | (80,133) | 3,600,162 | 1.38 |
| | Market Sell | | | 06 Mar 2020 | (98,773) | 3,501,389 | 1.3421 |
| | Market Sell | | | 13 Mar 2020 | (96,343) | 3,405,046 | 1.3052 |
| | Market Sell | | | 20 Mar 2020 | (110,558) | 3,294,488 | 1.2628 |
| | AT THE END OF THE YEAR | | | | | 3,294,488 | 1.2628 |

| Sr No. | | Shareholding at the beginning of the year - 2019 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2020 | |
|---|---|---|---|---|---|---|---|
| | Name & Type of Transaction | No.of shares held | % of total shares of the company | Date of transaction | No. of shares | No of shares held | % of total shares of the company |
| 6 | JM FINANCIAL SERVICES LIMITED | 396267 | 0.1519 | | | 396,267 | 0.1519 |
| | Market Buy | | | 05 Apr 2019 | 1,003,199 | 1,399,466 | 0.5364 |
| | Market Sell | | | 12 Apr 2019 | (1,042,838) | 356,628 | 0.1367 |
| | Market Sell | | | 19 Apr 2019 | (65,496) | 291,132 | 0.1116 |
| | Market Buy | | | 26 Apr 2019 | 174,457 | 465,589 | 0.1785 |
| | Market Buy | | | 03 May 2019 | 248,432 | 714,021 | 0.2737 |
| | Market Sell | | | 10 May 2019 | (17,092) | 696,929 | 0.2671 |
| | Market Sell | | | 17 May 2019 | (845) | 696,084 | 0.2668 |
| | Market Sell | | | 24 May 2019 | (304,811) | 391,273 | 0.15 |
| | Market Sell | | | 31 May 2019 | (209,017) | 182,256 | 0.0699 |
| | Market Buy | | | 07 Jun 2019 | 42,250 | 224,506 | 0.0861 |
| | Market Sell | | | 14 Jun 2019 | (43,706) | 180,800 | 0.0693 |
| | Market Buy | | | 21 Jun 2019 | 106,821 | 287,621 | 0.1102 |
| | Market Buy | | | 29 Jun 2019 | 1,001,840 | 1,289,461 | 0.4943 |
| | Market Sell | | | 05 Jul 2019 | (1,287,553) | 1,908 | 0.0007 |
| | Market Buy | | | 12 Jul 2019 | 17,525 | 19,433 | 0.0074 |
| | Market Buy | | | 19 Jul 2019 | 379,357 | 398,790 | 0.1529 |
| | Market Buy | | | 26 Jul 2019 | 455,246 | 854,036 | 0.3274 |
| | Market Sell | | | 02 Aug 2019 | (592,511) | 261,525 | 0.1002 |
| | Market Sell | | | 09 Aug 2019 | (108,857) | 152,668 | 0.0585 |
| | Market Sell | | | 16 Aug 2019 | (49,744) | 102,924 | 0.0395 |
| | Market Sell | | | 23 Aug 2019 | (2,063) | 100,861 | 0.0387 |
| | Market Sell | | | 30 Aug 2019 | (82,622) | 18,239 | 0.007 |
| | Market Sell | | | 06 Sep 2019 | (1,638) | 16,601 | 0.0064 |
| | Market Buy | | | 13 Sep 2019 | 1,503 | 18,104 | 0.0069 |
| | Market Buy | | | 20 Sep 2019 | 300 | 18,404 | 0.0071 |
| | Market Sell | | | 27 Sep 2019 | (14,262) | 4,142 | 0.0016 |
| | Market Sell | | | 30 Sep 2019 | (1,652) | 2,490 | 0.001 |
| | Market Buy | | | 04 Oct 2019 | 651 | 3,141 | 0.0012 |
| | Market Buy | | | 11 Oct 2019 | 4,133 | 7,274 | 0.0028 |
| | Market Sell | | | 18 Oct 2019 | (1,001) | 6,273 | 0.0024 |
| | Market Sell | | | 25 Oct 2019 | (3,957) | 2,316 | 0.0009 |
| | Market Buy | | | 01 Nov 2019 | 3,205 | 5,521 | 0.0021 |
| | Market Buy | | | 08 Nov 2019 | 766,940 | 772,461 | 0.2961 |
| | Market Sell | | | 15 Nov 2019 | (371,640) | 400,821 | 0.1536 |
| | Market Sell | | | 22 Nov 2019 | (379,868) | 20,953 | 0.008 |
| | Market Sell | | | 29 Nov 2019 | (13,696) | 7,257 | 0.0028 |
| | Market Sell | | | 06 Dec 2019 | (3,073) | 4,184 | 0.0016 |
| | Market Sell | | | 13 Dec 2019 | (2,609) | 1,575 | 0.0006 |
| | Market Buy | | | 20 Dec 2019 | 66,672 | 68,247 | 0.0262 |
| | Market Sell | | | 27 Dec 2019 | (64,341) | 3,906 | 0.0015 |
| | Market Buy | | | 31 Dec 2019 | 2,455 | 6,361 | 0.0024 |
| | Market Buy | | | 03 Jan 2020 | 5,564,347 | 5,570,708 | 2.1353 |
| | Market Sell | | | 10 Jan 2020 | (4,232,002) | 1,338,706 | 0.5131 |
| | Market Sell | | | 17 Jan 2020 | (3,901) | 1,334,805 | 0.5116 |
| | Market Buy | | | 24 Jan 2020 | 544,939 | 1,879,744 | 0.7205 |
| | Market Sell | | | 31 Jan 2020 | (326,269) | 1,553,475 | 0.5955 |
| | Market Sell | | | 07 Feb 2020 | (1,297,331) | 256,144 | 0.0982 |
| | Market Buy | | | 14 Feb 2020 | 1,007,843 | 1,263,987 | 0.4845 |
| | Market Buy | | | 21 Feb 2020 | 185,693 | 1,449,680 | 0.5557 |
| | Market Sell | | | 28 Feb 2020 | (195,611) | 1,254,069 | 0.4807 |
| | Market Buy | | | 06 Mar 2020 | 279,489 | 1,533,558 | 0.5878 |
| | Market Sell | | | 13 Mar 2020 | (1,377,408) | 156,150 | 0.0599 |
| | Market Buy | | | 20 Mar 2020 | 107,597 | 263,747 | 0.1011 |
| | Market Buy | | | 27 Mar 2020 | 93,951 | 357,698 | 0.1371 |
| | Market Buy | | | 31 Mar 2020 | 2,453,523 | 2,811,221 | 1.0776 |
| | AT THE END OF THE YEAR | | | | | 2,811,221 | 1.0776 |

| Sr No. | | Shareholding at the beginning of the year - 2019 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2020 | |
|---|---|---|---|---|---|---|---|
| | Name & Type of Transaction | No.of shares held | % of total shares of the company | Date of transaction | No. of shares | No of shares held | % of total shares of the company |
| 7 | VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND | 1859943 | 0.7129 | | | 1,859,943 | 0.7129 |
| | Market Sell | | | 26 Apr 2019 | (49,395) | 1,810,548 | 0.694 |
| | Market Buy | | | 08 Nov 2019 | 154,586 | 1,965,134 | 0.7533 |
| | Market Buy | | | 14 Feb 2020 | 144,674 | 2,109,808 | 0.8087 |
| | Market Buy | | | 21 Feb 2020 | 108,051 | 2,217,859 | 0.8501 |
| | AT THE END OF THE YEAR | | | | | 2,217,859 | 0.8501 |
| 8 | ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED | 2451837 | 0.9398 | | | 2,451,837 | 0.9398 |
| | Market Buy | | | 05 Apr 2019 | 350,000 | 2,801,837 | 1.074 |
| | Market Sell | | | 09 Aug 2019 | (98,143) | 2,703,694 | 1.0364 |
| | Market Sell | | | 16 Aug 2019 | (88,726) | 2,614,968 | 1.0023 |
| | Market Sell | | | 23 Aug 2019 | (91,000) | 2,523,968 | 0.9675 |
| | Market Sell | | | 30 Aug 2019 | (362,998) | 2,160,970 | 0.8283 |
| | AT THE END OF THE YEAR | | | | | 2,160,970 | 0.8283 |
| 9 | VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES | 1740666 | 0.6672 | | | 1,740,666 | 0.6672 |
| | OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS | | | | | | |
| | Market Buy | | | 12 Apr 2019 | 7,797 | 1,748,463 | 0.6702 |
| | Market Buy | | | 10 May 2019 | 8,136 | 1,756,599 | 0.6733 |
| | Market Sell | | | 21 Jun 2019 | (18,306) | 1,738,293 | 0.6663 |
| | Market Buy | | | 02 Aug 2019 | 21,843 | 1,760,136 | 0.6747 |
| | AT THE END OF THE YEAR | | | | | 1,760,136 | 0.6747 |
| 10 | MANEK BHANSHALI | 1877041 | 0.7195 | | | 1,877,041 | 0.7195 |
| | Market Sell | | | 08 Nov 2019 | (220,543) | 1,656,498 | 0.635 |
| | AT THE END OF THE YEAR | | | | | 1,656,498 | 0.635 |

### v. Shareholding of Directors and Key Managerial Personnel :

| S. No. | Name of the Director / KMP | Shareholding at the beginning of the year | | Date-wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.). | Cumulative shareholding during the year | | At the end of the year (or on the date of separation, if separated during the year) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| **Directors** | | | | | | | | |
| 1 | Ms. Amita Misra& | - | - | - | - | - | - | - |
| 2 | Mr. Balkrishan Goenka | 140 | Negligible | | | | | |
| | | | | 110,449,818 (Refer Note 3 above) | 110,449,958 | 42.34 | 110,449,958 | 42.34 |
| | | | | | | | | |
| 3 | Mr. Desh Raj Dogra | - | - | - | - | - | - | - |
| 4 | Mr. K.H.Viswanathan | - | - | - | - | - | - | - |
| 5 | Mr. Rajkumar Jain | - | - | - | - | - | - | - |
| 6 | Mr. Rajesh Mandawewala | 200 | Negligible | - | 200 | Negligible | 200 | Negligible |
| 7 | Ms. Revathy Ashok | - | - | - | - | - | - | - |
| 8 | Mr. Vipul Mathur | 11,000 | Negligible | - | - | - | 11,000 | Negligible |
| 9 | Mr. Atul Desai^ | 200 | Negligible | - | 200 | Negligible | 200 | Negligible |
| 10 | Mr. Dhruv Kaji# | | | | - | - | - | - |
| 11 | Mr. Kaushik Subramaniam@ | - | - | - | - | - | - | - |
| 12 | Mr. S Krishnan$ | 12,000 | Negligible | - | - | - | 12,000 | Negligible |
| 13 | Mr. Utsav Baijal$ | - | - | - | - | - | - | - |
| | | | | | | | | |
| **Key Managerial Personnel** | | | | | | | | |
| 15 | Mr. Pradeep Joshi-CS | 1 | 0.00 | - | 1 | 0.00 | 1 | 0.00 |
| 16 | Mr. Percy Birdy-CFO | - | - | - | - | - | - | - |

^ ceased to be a director w.e.f. close of business hours on September 30, 2019.

# ceased to be a director w.e.f. close of business hours on August 8, 2019

@ ceased to be a director w.e.f. close of business hours on November 6, 2019

$ Ceased to be a director w.e.f. close of business hours on July 31, 2019

& appointed w.e.f. October 10, 2019

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

(₹ in Million)

| | Secured loans excluding deposits | Unsecured loans | Deposits | Total indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i. Principal Amount | 5,736.34 | 1,750.00 | - | 7,486.34 |
| ii. Interest due but not paid | - | - | - | - |
| iii. Interest accrued but not due | 104.63 | | - | 104.63 |
| **Total (i + ii + iii)** | **5,840.97** | **1,750.00** | **-** | **7,590.97** |
| **change in indebtedness during the financial year** | | | | |
| · Addition | - | 750.00 | - | 750.00 |
| · Reduction | 381.61 | | - | 381.61 |
| **Net change** | **(381.61)** | **750.00** | **-** | **368.39** |
| **Indebtedness at the end of the financial year** | | | | |
| i. Principal Amount | | | | |
| ii. Interest due but not paid | 5,378.33 | 2,500.00 | - | 7,878.33 |
| iii. Interest accrued but not due | - | - | - | - |
| | 81.03 | | - | 81.03 |
| **Total (i+ii+iii)** | **5,459.36** | **2,500.00** | **-** | **7,959.36** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-Time Directors and/or Manager

(₹ in Million)

| Sr. No. | Particulars of Remuneration | Name of the Managing Director & CEO | Name of the Executive Director and CEO (PCMD) |
|---|---|---|---|
| | | Mr. Vipul Mathur | Mr. S. Krishnan* |
| 1 | Gross Salary | | |
| | a) Salary as per provisions contained in section 17(1) of the Income Tax Act 1961. | 50.00^ | 26.00 |
| | b) Value of perquisites u/s. 17(2) of the Income Tax Act, 1961 | Nil | Nil |
| | c)Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | Nil | Nil |
| 2 | Stock Option | 15,00,000 (Refer Note 1) | Nil |
| 3 | Sweat equity | Nil | Nil |
| 4 | Commission<br>As % of profit | Nil | Nil |
| 5 | Others, please specify (variable pay) | 5.00 | 2.50 |
| 6 | Others, please specify (LTA) | Nil | 1.5 |
| 7 | Others, please specify (Leave Encashment) | Nil | Nil |
| | **Total (A)** | **55.00** | **30.00** |
| | Ceiling as per the Act | 11% of the Net profits of the Company i.e. ₹217.03 million (exclusive of any fees payable to directors for attending meetings of the Board or Committee thereof provided that the amount of such fees does not exceed ₹ One lakh per meeting of the Board or committee thereof.) However, in terms of the amendment dated September 12, 2016 in the Schedule V to the Companies Act, 2013, ceiling on remuneration to the Managerial Personnel shall not apply as the Managing Director & CEO falls under the category of persons exempted from the limit on remuneration without seeking Central Government's approval. | |

^ In addition to salary & allowances, entitled for the other benefits as per the Company policy.

* ceased to be a director w.e.f. close of business hours on July 31, 2019.

(Refer Note 1) Options granted during the year 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 date of grant.

## B. Remuneration to other directors

(₹ in Million)

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | | | | Total amount |
|---|---|---|---|---|---|---|---|---|---|
| | | AM | DRD | KHV | RKJ | RA | AD | DK | |
| 1 | **Independent Directors** | | | | | | | | |
| | Fee for attending board & committee meetings | 0.28 | 1.02 | 1.24 | 1.19 | 0.38 | 0.15 | 0.08 | 3.73 |
| | Commission | - | - | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - | - | - |
| | **Total (1)** | 0.28 | 1.02 | 1.24 | 1.19 | 0.38 | 0.15 | 0.08 | **3.73** |

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | Total amount |
|---|---|---|---|---|---|---|
| | | KS | BKG | RRM | UB | |
| 2 | **Other Non-Executive Directors** | | | | | |
| | Fee for attending board committee meetings | 0.15 | Nil | Nil | 0.13 | 0.28 |
| | Commission | - | 19.73* | - | - | 19.73 |
| | Others, please specify | - | - | - | - | - |
| | **Total (2)** | **0.15** | **19.73** | **Nil** | **0.13** | **20.01** |
| | **Total (B) = (1 + 2)** | | | | | **23.74** |
| | **Total Managerial Remuneration** | | | | | **₹ 108.74 million** |
| | **Overall Ceiling as per the Act.** | 1% of the Net profits of the Company i.e. ₹ 19.73 million (exclusive of any fees payable to directors for attending meetings of the Board or Committee thereof provided that the amount of such fees does not exceed ₹ One lakh per meeting of the Board or committee thereof.) | | | | |

* Commission @1% payable for FY 2019-20.

AD – Mr. Atul Desai
AM – Ms. Amita Misra
BKG – Mr. Balkrishan Goenka
DRD – Mr. Desh Raj Dogra
DK- Mr. Dhruv Kaji
KHV – Mr. K.H.Viswanathan
KS – Mr. Kaushik Subramaniam
RKJ – Mr. Rajkumar Jain
RRM – Mr. Rajesh Mandawewala
RA – Ms. Revathy Ashok
UB – Mr. Utsav Baijal

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR / MANAGER / WHOLE-TIME DIRECTOR.

(₹ in Million)

| Sr. No. | Particulars of Remuneration | CEO | CFO | Company Secretary |
|---|---|---|---|---|
| | | Mr. Vipul Mathur | Mr. Percy Birdy | Mr. Pradeep Joshi |
| 1 | Gross Salary<br>a) Salary as per provisions contained in section 17(1) of the Income Tax Act 1961. | 50.00 | 14.55 | 4.83 |
| | b) Value of perquisites u/s. 17(2) of the Income Tax Act, 1961 | Nil | Nil | Nil |
| | c)Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | Nil | Nil | Nil |
| 2 | Stock Option | 15,00,000 (Refer Note 1) | Nil | Nil |
| 3 | Sweat equity | Nil | Nil | Nil |
| 4 | Commission<br>As % of profit | Nil | Nil | Nil |
| 5 | Others, please specify (variable pay) | 5.00 | 1.00 | - |
| 6 | Others, please specify (LTA) | - | **0.50** | **0.17** |
| 7 | Others, please specify (Leave Encashment) | - | - | - |
| | **Total (A)** | **55.00** | **16.05** | **4.99** |

* The Managing Director is also the CEO of the Company.

Note 1: Options granted during the year 2018-19 can be exercised as per the vesting schedule given under the Welspun Employee Stock Plan which is 30%, 35% and 35% each year from the end of 1st year from the date of grant.

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of penalty / punishment / compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty / Punishment / Compounding | None | | | | |
| **B. DIRECTORS** | | | | | |
| Penalty / Punishment / Compounding | None | | | | |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty / Punishment / Compounding | None | | | | |

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

Date : June 17, 2020
Place : Mumbai

**Annexure 5**

# 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]**

1. **A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.**

   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.

   The Company's CSR Policy is disclosed on the website of the Company, a web-link of which is as under:

   http://www.welspuncorp.com/system/downloads/attachments/000/000/075/original/WCL-CSR_Policy.pdf

2. **The Composition of the CSR Committee.**

   The Committee comprises of 3 non-executive directors as on the date of this Report, viz. 1) Mr. K.H.Viswanathan – an Independent Director as the Chairman; 2) Mr. Balkrishan Goenka-Member; and 3) Mr. Rajesh Mandawewala-Member. Mr. Pradeep Joshi-Company Secretary acts as the Secretary to the Committee.

3. Average net profit / (loss) of the Company for last three financial years: ₹ 2,135.82 million.

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs.42.72 million.

5. **Details of CSR spent during the financial year.**

   a. Total amount to be spent for the financial year: ₹ 42.72 million

   b. Amount unspent, if any: Nil

c. Manner in which the amount spent during the financial year is detailed below:

(₹ in Million)

| Sr No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (Location) | Amount Outlay (Budget) project or programs wise | Amount spent on the projects or programs (Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads) | Cumulative expenditure. up to the date reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1 | Install of Digital Classrooms in 301 Class rooms | Promoting Education | Gujarat- Dist- Kutch/ Valsad/ Bharuch | -- | 281.78 | 281.78 | Implementing agency |
| 2 | Conducting Program on Teaching at Right levels in Villages MOU with 35 Schools | Promoting Education | Gujarat- Dist. Kutch Vapi | -- | 18.94 | 18.94 | Implementing agency |
| 3 | Para Teacher Program in 40 Schools | Promoting Education | Gujarat- Dist- Kutch/ Anjar | -- | 27.28 | 27.28 | Implementing agency |
| 4 | Promoting Swachh Abhiyaan in Villages | Ensuring Environment sustainability | Karnataka- Dist. Mandya | -- | 0.51 | 0.51 | Implementing agency |
| 5 | Development of Model Village at Dahej & Anjar | Empowerment of Socially backward | Gujarat - Anjar & Dahej | -- | 16.40 | 16.40 | Implementing agency |
| 6 | Providing para- teachers and adult literacy classes at Bhopal | Promoting Education | M.P – Bhopal | -- | 1.17 | 1.17 | Implementing agency |
| 7 | Conducting Programs on Women health and hygene | Empowering Women | Gujarat - Anjar & Vapi | -- | 68.96 | 68.96 | Implementing agency |
| 8 | Staff Salaries Staff Welfare and other Administrative Expense | CSR capacity building of own personnel | Gujarat - Dist- Kutch, Anjar & Vapi Maharashtra- Mumbai | -- | 12.16 | 12.16 | Implementing agency |
| 9 | Staff Salaries Staff Welfare and other Administrative Expense | CSR capacity building of own personnel | Gujarat - Dist- Kutch, Anjar & Vapi Maharashtra- Mumbai | -- | 9.78 | 9.78 | Implementing agency |
| | | | **Total** | | | **427.20** | |

It is hereby confirmed by and on behalf of the Corporate Social Responsibility Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**For and on Behalf of the Board**

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

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

Date : June 17, 2020
Place : Mumbai

**Annexure 6**

# Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis. Not applicable

2. Details of material contracts or arrangement or transactions at arm's length basis which are more than 10% of the total transactions of the same type:

| Name(s) of the related party and nature of relationship | Duration of the contracts / arrangements / transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board | Amount paid as advances, if any: | Amount (₹ Million) |
|---|---|---|---|---|---|
| **1) Sale of goods** | | | | | |
| Welspun Tradings Limited | Ongoing | Based on transfer pricing guidelines | 07.08.2014 | Nil | 2,360.86 |
| Welspun Tubular LLC | Ongoing | Based on transfer pricing guidelines | | Nil | 847.30 |
| | | | | | |
| **2) Interest Income** | | | | | |
| Welspun Wasco Coatings Private Limited | 3 Equal installments after expiry of 3 years from end of quarter after last utilization | Based on transfer pricing guidelines | 25.06.2015 | Nil | 26.63 |
| | | | | | |
| **3) Dividend Income** | | | | | |
| Welspun Pipes Inc. | | Based on transfer pricing guidelines | 08.05.2019 | Nil | 2,744.70 |
| | | | | | |
| **4) Guarantee Commission received** | | | | | |
| Welspun Pipes Inc. | 5 Years | Based on transfer pricing guidelines | 25.10.2016 | Nil | 110.37 |
| Welspun Middle East Pipes LLC | 5 Years | Based on transfer pricing guidelines | 30.06.2012/ 08.02.2018/ 27.01.2014 | Nil | 68.01 |
| Welspun Wasco Coatings Private Limited | 2 Years | Based on transfer pricing guidelines | 10.02.2017 | Nil | 0.96 |
| | | | | | |
| **5) Purchase of goods and services** | | | | | |
| Welspun Captive Power Generation Limited | Ongoing | Based on transfer pricing guidelines | 28.01.2015 | Nil | 570.89 |
| Welspun Wasco Coatings Private Limited | Ongoing | Based on transfer pricing guidelines | | Nil | 109.34 |
| | | | | | |
| **6) Purchase of Fixed Assets** | | | | | |
| Welspun Anjar SEZ Limited | One time | Based on transfer pricing guidelines | 07.08.2019 | Nil | 214.98 |
| Welspun India Limited | One time | Based on transfer pricing guidelines | 07.08.2019 | Nil | 43.39 |
| | | | | | |
| **7) Rent paid** | | | | | |
| Welspun Realty Private Limited | 3 years | Based on transfer pricing guidelines | 23.05.2016 | Nil | 53.37 |
| | | | | | |
| **8) Rent Received** | | | | | |
| Welspun Wasco Coatings Private Limited | 10 years | Based on transfer pricing guidelines | 21.07.2015 | Nil | 8.22 |

| Name(s) of the related party and nature of relationship | Duration of the contracts / arrangements / transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board | Amount paid as advances, if any: | Amount (₹ Million) |
|---|---|---|---|---|---|
| **9) Addition of Corporate Guarantee** | | | | | |
| Welspun Middle East Pipe LLC | One time | Based on transfer pricing guidelines | 08.02.2018 | Nil | 5,549.77 |
| | | | | | |
| **10) Sale of property, plant and equipment** | | | | | |
| Welspun Captive Power Generation Ltd | One time | Based on transfer pricing guidelines | 30.03.2019 | Nil | 711.53 |
| | | | | | |
| **11) Sale of Non - Current Investments** | | | | | |
| Welspun Mauritius Holdings Limited | One time | Based on transfer pricing guidelines | 06.06.2019 | Nil | 1629.04 |
| **12) Rent paid** | | | | | |
| Welspun Realty Private Limited | 3 years | Based on transfer pricing guidelines | 23.05.2016 | Nil | 53.37 |

**Note:** The above transactions are material as per SEBI Regulations, 2015. Other transactions which are not material transactions but entered into in the ordinary course of business and on arm's length basis are mentioned in the note no. 50 of the audited financial statements.

**For and on behalf of the Board of Directors**

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

**Balkrishan Goenka**
Chairman
DIN: 00270175

Date : June 17, 2020
Place : Mumbai

**Annexure 7**

# 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 finance, accounts, audit, legal and general management, business strategy and pipes industry. 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) | Category | Board Meetings Attended during the Year 2019-20 | 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& | NE, I | 2/3 | Yes | 1 | - | - | 1C | - |
| 2 | Mr. Balkrishan Goenka | NE, P | 5/5 | No | 9 | | 5 | 2M, 1C | 110,449,958 |
| 3 | Mr. Desh Raj Dogra | NE, I | 5/5 | No | 5 | 2 | 3 | 7M, 1C | - |
| 4 | Mr. K.H.Viswanathan | NE, I | 5/5 | Yes | 6 | - | - | 8M, 6C | - |
| 5 | Mr. Rajkumar Jain | NE, I | 5/5 | Yes | 7 | 1 | - | 9M, 3C | - |
| 6 | Mr. Rajesh R. Mandawewala | NE, P | 3/5 | Yes | 9 | 7 | 2 | 5M | 200 |
| 7 | Mrs. Revathy Ashok | NE, I | 4/5 | No | 8 | 2 | - | 9M, 5C | - |
| 8 | Mr. Vipul Mathur | E, NI | 5/5 | Yes | 1 | - | 5 | 1M | 11,000 |
| 9 | Mr. Atul Desai^ | NE, I | 3/3 | Yes | - | - | - | - | 200 |
| 10 | Mr. Dhruv Kaji# | NE, I | 1/3 | N.A. | - | - | - | - | - |
| 11 | Mr. Kaushik Subramaniam - Nominee of the Investor@ | NE, NI | 3/4 | No | - | - | - | - | - |
| 12 | Mr. S. Krishnan$ | E, NI | 1/2 | N.A. | - | - | - | - | 12,000 |
| 13 | Mr. Utsav Baijal - Nominee of the Investor@ | NE, NI | 1/4 | No | - | - | - | - | - |

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

& appointed w.e.f. October 10, 2019
^ ceased to be a director w.e.f. close of business hours on September 30, 2019.
# ceased to be a director w.e.f. close of business hours on August 8, 2019
@ ceased to be a director w.e.f. close of business hours on November 6, 2019
$ Ceased to be a director w.e.f. close of business hours on July 31, 2019

Abbreviations:

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

5 Meetings of the Board of Directors were held during the financial year 2019-20 on the following dates: 14.05.2019, 29.07.2019, 07.08.2019, 22.10.2019 and 03.02.2020.

In addition to the above, a meeting of the Independent Directors was held on March 11, 2020 pursuant to Section 149(8) read with Schedule V to the Companies Act, 2013 and Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said meeting was attended by Ms. Amita Misra, Mr. Deshraj Dogra, Mr. K. H. Viswanathan, Mr. Rajkumar Jain, Mrs. Revathy Ashok.

It is confirmed that in the opinion of the board, the independent directors fulfill the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management. Further, there is no relationship between the directors inter-se.

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 | Independent | N.A. |
| 2 | Mr. Balkrishan Goenka | Leading figure in textile and steel industry, Strategy & Business Management | Welspun India Limited, Welspun Enterprises Limited and 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, Sintex Plastics Technology Limited. | Independent | N.A. |
| 4 | 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 | Independent | N.A. |
| 5 | Mr. Rajkumar Jain | Accounts, finance & Taxation | Welspun Investments and Commercials Limited and Borosil Renewables Limited | Independent | N.A. |
| 6 | Mr. Rajesh R. Mandawewala | Leading figure in textiles and Steel, believes in driving innovation through Continuous research and product developments, strategy & business management. | Welspun India Limited, AYM Syntex Limited (Formerly known as Welspun Syntex Limited) and Welspun Enterprises Limited | - Non Independent | N.A. |
| 7 | Mrs. Revathy Ashok | Capital Raising, Business Development, Finance, Commercial and other strategic general management | ADC India Communications Limited, Quess Corp Limited, Astrazeneca Pharma India Limited | 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. | None | - Non Independent | N.A. |

Skills & expertise required by the Company are mainly knowledge of steel industry, oil & gas market, strategy & business management, finance and accounts & auditing, legal & compliance.

The directors who ceased to be a member of the Board have confirmed that that there were no other material reasons other than those provided in the resignation letter submitted to the Company.

## III. AUDIT COMMITTEE

The Committee comprises of 3 non-executive directors having accounting and finance background. 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 | 14/14 |
| Mr. Deshraj Dogra | Member | 13/14 |
| Mr. Rajkumar Jain | Member | 14/14 |
| Mr. Utsav Baijal@ | Member | 1*/10 |

@ Ceased to be a member w.e.f. November 6, 2019

* Appointed an observer to attend 9 meetings of the Committee.

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

14 Meetings of the Audit Committee were held during the financial year 2019-20 on following dates: 13.04.2019, 25.04.2019, 13.05.2019, 14.05.2019, 01.08.2019, 06.08.2019, 07.08.2019, 18.10.2019, 21.10.2019, 22.10.2019, 23.12.2019, 27.01.2020, 29.01.2020 and 03.02.2020.

**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.

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 its directors, employees and other stakeholders and no personnel had been denied access to the Audit Committee Chairman. The Policy provide adequate safeguard against victimization. The Chairman of the Audit Committee can be approached at khviswanathan@gmail.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. Rajkumar Jain | Chairman | 5/5 |
| Mr. Deshraj Dogra$ | Member | 1/1 |
| Mr. K.H.Viswanathan | Member | 5/5 |
| Mr. Utsav Baijal@ | Member | 2*/4 |
| Mr. Dhruv Kaji& | Member | 1/3 |

@ ceased to be a member w.e.f. November 6, 2019

* appointed an observer to attend 2 meetings of the Committee.

$ appointed as a member we.f. January 18, 2020

& ceased to be a member w.e.f. August 8, 2019

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 13.05.2019, 16.07.2019, 07.08.2019, 23.08.2019 and 03.02.2020.

**Terms of reference:** To recommend appointment of, and remuneration to, Managerial Personnel and review thereof from time to time.

None of recommendations made by the Nomination and Remuneration Committee were rejected by the Board.

The Company has in place a policy for remuneration of Directors, Key Managerial Personnel and 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), Key Managerial Personnel and Senior Management Personnel.

The salient features of the Nomination and Remuneration Policy ("policy") are as under:

**Appointment of Directors:**

The Committee identifies the person who qualifies to become directors and 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 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 to look into, among others, the transfer of securities and redress investors' complaints and to review the functioning of the investors grievance redressal system.

The Committee comprises of 3 non-executive directors of which 1 is an independent director. As on date of this Report, the Committee comprises of Mr. K. H. Viswanathan – Chairman, Mr. B. K. Goenka and Mr. Rajesh R. Mandawewala as members. The Chairman of the Committee is an Independent Director.

Compliance Officer: Mr. Pradeep Joshi – Company Secretary.

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

**Number of Shareholders complaints / requests received during the year**

During the financial year under review, no complaints were received from the investors.

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, 2020. All the shares/debentures received for transfer/transmission were transferred / transmitted and no transfer was pending as at March 31, 2020.

## 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 |
|---|---|---|
| Mr. Vipul Mathur<br>- Managing Director & CEO | Chairman | 2/2 |
| Mr. Deshraj Dogra<br>- Independent Director | Member | 2/2 |
| Mr. K. H. Viswanathan<br>- Independent Director | Member | 2/2 |
| Mr. Rajkumar Jain<br>- Independent Director | Member | 2/2 |
| Mr. Percy Birdy<br>- Chief Financial Officer | Member | 1/1 |
| Mr. Utsav Baijal<br>(nominee of Insight Solutions Ltd.)* | Member | 0#/2 |

* Ceased to be a member of the Committee w.e.f. November 6, 2019

# Two meetings attended by the Observer.

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

During the year under review, 2 meetings of the Committee were held on 12.04.2019 and 01.08.2019.

The objectives and scope of the Committee broadly comprise of monitoring and reviewing risk management plan including cyber security.

The Company has a Risk Management Framework to identify, monitor, mitigate and minimize risks.

## VIII. 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 22nd Annual General Meeting held on Wednesday, September 20, 2017 at 10:00 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. Deshraj Dogra 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 ₹ 700 crores 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 a period of 5 years commencing from the financial year 2017-18 to Mr. Balkrishan Goenka, Non-Executive Chairman.

2) At the 23rd Annual General Meeting held on Tuesday, August 14, 2018 at 2:30 pm 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. Vipul Mathur (holding DIN 07990476) as the Managing Director & Chief Executive Officer of the Company for a period of 5 years and fixing his remuneration for a period of three years commencing from December 1, 2017.

   - For appointment of Mr. S.Krishnan (holding DIN 06829167) as the Executive Director & Chief Executive Officer (PCMD) of the Company for a period of 5 years and fixing his remuneration for a period of three years commencing from December 1, 2017.

   - 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 ₹ 700 crores during the period of 1 (one) year from the date of the Annual General Meeting.

3) 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.

4) In addition to the above, at the Extra Ordinary General Meeting held on Tuesday, March 19, 2019 at 12:00 noon at Registered Office of the Company at Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat – 370110, following special resolutions were passed:

- To revise remuneration to the Managing Director & CEO from ₹ 450 lakh to ₹ 500 lakh and grant of 1,500,000 Employee Stock Options at an Exercise Price of ₹ 100 per Stock Option.
- Reclassification of Intech Metals SA as "Public" Shareholder under Regulation 31A of the SEBI (LODR), 2015.
- Re-appointment of Mr. Rajkumar Jain as an independent director.
- Re-appointment of Mr. K.H.Viswanathan as an independent director.
- Re-appointment of Ms. Revathy Ashok as an independent director.

5) 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 ₹ 500 crores 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.

During the year under Report, 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 Rs.5/- (Rupees Five Only) each at a price to be finalized by the Buyback Committee subject to a maximum price of Rs.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 | |
| Resolution No. 3 as an Special Resolution | Votes cast in favor | 162,184,708 | 100.00 | |
| | Votes cast against | 3,924 | 0.00 | |
| Resolution No.4 as an Ordinary Resolution | Votes cast in favor | 162,186,629 | 100.00 | |
| | Votes cast against | 2,010 | 0.00 | |
| Resolution No.5 as an Special Resolution | Votes cast in favor | 153,077,248 | 100.00 | |
| | Votes cast against | 1,870 | 0.00 | |

## IX. DISCLOSURE

a. **Related Party Transactions.**

For materially significant related party transactions, refer Note No. 42 of Notes to Accounts annexed to the Financial Statement and Annexure 6 to the Directors' Report.

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. 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 23 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", 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 ₹ 38,527.12 million.

  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 | | | | |
|---|---|---|---|---|---|---|---|
| | | | Domestic market | | International market | | Total |
| | ₹ (Mn) | (000 Tonnes) | OTC | Exchange | OTC | Exchange | |
| Steel Slabs | 4,803.00 | 124.00 | - | - | - | - | - |
| Steel Coils | 16,830.54 | 417.44 | - | - | - | - | - |
| Steel Plates | 16,893.57 | 303.80 | - | - | - | - | - |
| Total: | **38,527.12** | **845.24** | - | - | - | - | - |

@ 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.

## X. 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.

## XI. GENERAL SHAREHOLDER INFORMATION

1. **Annual General Meeting** shall be held on Monday, 31st day of August, 2020 at 11:00 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

2. **Financial Year** of the Company is 1st April to 31st March.

3. **Record Date:** Friday, August 7, 2020.

4. **Dividend payment date:** Starting from Monday, 7th day of September, 2020 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 Limited. The unsecured Commercial Papers outstanding as at March 31, 2020 are listed on the National Stock Exchange of India.

   **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 Rs) | | Share Price at NSE (in Rs) | | BSE Index (Sensex) | Closing price of Share at BSE (₹) | NSE (S&P Nifty) | Closing price of Share at NSE (₹) |
|---|---|---|---|---|---|---|---|---|
| | High | Low | High | Low | | | | |
| April – 2019 | 150.40 | 129.95 | 150.85 | 129.30 | 39,031.55 | 132.45 | 11,748.15 | 132.95 |
| May-2019 | 161.60 | 126.60 | 152.00 | 125.70 | 39,714.20 | 142.35 | 11,922.80 | 142.30 |
| June-2019 | 147.80 | 135.00 | 147.95 | 135.05 | 39,394.64 | 140.60 | 11,788.85 | 140.45 |
| July-2019 | 149.90 | 105.00 | 150.00 | 104.65 | 37,481.12 | 112.15 | 11,118.00 | 111.80 |
| August-2019 | 124.50 | 104.40 | 124.70 | 104.10 | 37,332.79 | 120.85 | 11,023.25 | 121.10 |
| September-2019 | 143.50 | 118.70 | 143.50 | 118.35 | 38,667.33 | 133.65 | 11,474.45 | 133.35 |
| October-2019 | 154.60 | 120.35 | 154.80 | 119.90 | 40,129.05 | 148.00 | 11,877.45 | 147.75 |
| November-2019 | 154.00 | 133.05 | 154.30 | 133.00 | 40,793.81 | 138.90 | 12,056.05 | 139.20 |
| December-2019 | 147.80 | 130.35 | 147.70 | 130.55 | 41,253.74 | 144.60 | 12,168.45 | 144.25 |
| January-2020 | 184.50 | 143.15 | 184.40 | 143.00 | 40,723.49 | 171.20 | 11,962.10 | 171.65 |
| February-2020 | 233.70 | 160.65 | 233.95 | 160.55 | 38,297.29 | 185.20 | 11,201.75 | 185.90 |
| March-2020 | 197.55 | 60.15 | 197.80 | 59.90 | 29,468.49 | 62.40 | 8,597.75 | 62.05 |

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. |
|---|---|
| 946799 | INE191B07071 |
| 948505 | INE 191B07139 |
| 957462 | INE 191B07147* |

*Pre-redeemed by the Company on May 29, 2020

   **Debenture Trustee:**
   Mr. Rajesh Chandra
   IDBI Trusteeship Services Limited,
   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:** Our Registrar and Transfer Agent registers securities sent for transfer in physical form within 15 days from the receipt of the documents, if the same are found in order. Securities under objection are returned within two weeks.

11. **Distribution of Shareholding:**

Shareholding Pattern as on March 31, 2020

| Number of Shares | No. of shareholders | % of Shareholders | No. of Shares | % of Shares held |
|---|---|---|---|---|
| Upto – 500 | 46,057 | 79.84 | 5,104,332 | 1.96 |
| 501-1,000 | 6,815 | 11.81 | 4,847,351 | 1.86 |
| 1,001-2,000 | 2,331 | 4.04 | 3,356,193 | 1.29 |
| 2,001-3,000 | 739 | 1.28 | 1,847,831 | 0.71 |
| 3,001-4,000 | 330 | 0.57 | 1,177,617 | 0.45 |
| 4,001-5,000 | 259 | 0.45 | 1,215,500 | 0.46 |
| 5,001-10,000 | 503 | 0.87 | 3,693,261 | 1.42 |
| 10,001 and above | 656 | 1.14 | 239,642,310 | 91.85 |
| **Total** | **57,690** | **100.00** | **260,884,395** | **100.00** |

12. **De-materialization of shares and liquidity:** As on March 31, 2020, 99.89% 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 GDRs. 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(-) by CARE | AA by CARE |
| Commercial Papers | A1+ by Crisil & CARE | A1+ by Crisil & CARE |

16. **Plant locations of the Company and its subsidiaries**

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

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

iii) Pipe Plant – Survey No. 228-229 Village Jamunia & Khejda, Dist. Raisen, Madhya Pradesh - 464551

iv) Concrete Weight Coating Plant - Village Versamedi, Tal-Anjar, Dist.-Kutch, Gujarat – 370110 (Subsidiary's Plant in India)

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

vi) Pipe Coating, Double Jointing Plant - 9301 Frazier Pike, Little Rock, Arkansas 72205 (Subsidiary's plant in the US)

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

**17. Address for correspondence**

The Company Secretary,

**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

**M Siroya and Company**
**Company Secretaries**
A-103, Samved Building (Madhukunj), Near EktaBhoomi Gardens, Rajendra Nagar, Borivali (E),
Mumbai - 400 066
Tel.:+91 22 28706523/24; 28546523(D); Cel.:+91 9324310151;
E-mail: siroyam@gmail.com; www.msiroya.com

To,

The Members,

Welspun Corp Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Welspun Corp Limited ('the Company') for the year ended on March 31, 2020, as stipulated in regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

We have been requested by the management of the Company to provide a certificate on compliance of corporate governance under the relevant provisions of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations as amended from time to time.

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.

Note: In view of the restrictions imposed by the Government of India on movement of people across India to contain the spread of Covid-19 pandemic, which led to the complete lockdown across the nation, we have relied on electronic data for verification of certain records, as the physical verification was not possible.

**For M Siroya and Company**
**Company Secretaries**

**Mukesh Siroya**
**Proprietor**
**FCS No.: 5682**
**CP No.: 4157**
**UDIN: F005682B000348794**

Date: June 17, 2020
Place: Mumbai

**M Siroya and Company**
**Company Secretaries**
A-103, Samved Building (Madhukunj), Near EktaBhoomi Gardens, Rajendra Nagar, Borivali (E), Mumbai - 400 066
Tel.:+91 22 28706523/24; 28546523(D); Cel.:+91 9324310151; E-mail: siroyam@gmail.com; www.msiroya.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 of**
Welspun Corp Limited
Welspun City, Village Versamedi,
Taluka Anjar , Gujarat -370110

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 - 370110 (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 & 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, 2020 have been debarred or disqualified from being appointed or continuing as Directors 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 | Date of appointment in Company |
|---|---|---|---|
| 1 | Balkrishan Gopiram Goenka | 00270175 | 26/04/1995 |
| 2 | Rajesh Rameshkumar Mandawewala | 00007179 | 26/04/1995 |
| 3 | Raj Kumar Jain | 00026544 | 30/07/2002 |
| 4 | Viswanathan Hariharan Kollengode | 00391263 | 28/10/2002 |
| 5 | Revathy Ashok | 00057539 | 07/08/2014 |
| 6 | Desh Raj Dogra | 00226775 | 10/02/2017 |
| 7 | Vipul Mathur | 07990476 | 01/12/2017 |
| 8 | Amita Misra | 07942122 | 22/10/2019 |

Ensuring the eligibility of 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 M Siroya and Company**
**Company Secretaries**

**Mukesh Siroya**
**Proprietor**
**FCS No.: 5682**
**CP No.: 4157**
**UDIN: F005682B000348816**

Date: June 17, 2020
Place: Mumbai

# Business Responsibility Report

### About the Report

This report is developed in-line with the 'National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business' framework suggested by SEBI released by the Ministry of Corporate affairs, Govt. of India. SEBI has mandated the requirement of submission of Business Responsibility Report (BRR) for top 1000 listed entities based on market capitalization under Regulation SEBI/LAD-NRO/GN/2019/45, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI LODR"). In compliance of the same, Welspun Corp Limited presents its BRR as a part of Annual report 2019-20. This covers our practices and performance across the 9 principles encompassing ethics, transparency, product sustainability, employee well-being, stakeholder engagement, human rights, environment protection, policy advocacy, community contributions and customer satisfaction.

### Welspun Corp Limited at a glance

Welspun Corp Limited (WCL) is a flagship company of Welspun Group and among the largest welded line pipe manufacturing companies in the world. With a strong culture of engineering excellence, we are the forerunners in manufacturing a wide range of welded line pipes, offering complete solutions and catering to sectors for oil and gas, and water transmission industries using the steel sourced from world class manufacturers. Moreover, we offer coating systems and ancillary services to our distinguished global customers. Our facilities in India, Kingdom of Saudi Arabia and USA manufacture and deliver some of the most critical pipelines in executing complex and large on-shore and off-shore projects. With 360-degree pipe solutions, we are the preferred supplier for some of the biggest projects undertaken in different parts of the world.

### Our Vision

**'Delight our customers through innovation and technology, achieve inclusive and sustainable growth to remain eminent in all our businesses.'**

### Our Mission

| | | | | |
|---|---|---|---|---|
| We endeavour to achieve a leadership position in each segment/sector of our products/ services. | We are committed to satisfying our customers by providing quality products and services, which give the highest value for money. | We belive that employees are our most important asset through which we can reach the top in each category of our products and services. | Therfore, we emphasize on their all-round development through organized training and workshops. We commit ourselves to continuous growth so as to fulfill the aspirations of our Customers, Employees and Shareholders. | We endeavor to reach the leadership position in each segment/sector of steel pipes, casing, tubing and hot pulled induction bends with or without anticorrosion coating. |

### Overview of business responsibility at WCL

At WCL, business responsibility is a process through which we take responsibility for our operations and embolden positive impacts in the ecosystem in which we operate while creating business value for our customers. As a responsible corporate citizen, we focus on empowerment of the underprivileged and sustenance of the environment. With our increasing global presence, our commitment towards quality to customers and a better lifestyle for our people also grows. Hence, we focus on sustainability as a strategic solution for ensuring business continuity and product excellence. Business responsibility for us is the coming together of economic, environmental and social dimensions that subsequently creates a lasting positive impact on our stakeholders, operations and the environment.

## Strategic pillars of business responsibility

### Governance

Across the prganization, we strive to ensure highest levels of adherence to the principles of trust, transparency, accountability and responsibility

### Protecting The Planet

We are committed to conducting our business activities in an environmentally responsible manner and we focus on reducing our environmental footprint across the value chain.

### Customer Centricity

Product quality and innovation has always been crucial to our success and we endeavour to learn from customer experiences while designing new products and improving existing ones.

### Creating Healthy Communities

Our community impact interventions are carried out through Welspun Foundation for Health and Knowledge (WFHK), which is active wherever we have a business presence.

### Empowering Our People

Our robust human resources policies are aligned with our strategic goals to ensure that our people learn more, grow, develop and ultimately feel empowered within the organization.

### Collaborating With Stakeholders

Through regular formal and informal engagements, we develop mutually beneficial relationships with our stakeholders.

## AWARDS & RECOGNITIONS

- Welspun Tubular has been honoured by the Arkansas District Export Council as the recipient of the annual Arkansas Governor's Award for Excellence in Global Trade in the Large Manufacturer Exporter category.
- Received 19th Annual Greentech Environment Award 2019 for exceptional contribution towards "Environment and Sustainability"
- "Golden Bird Environment Excellence Award - 2019 " in Platinum Category for the outstanding project work on Environment Protection
- GOLD rating in Manufacturing Category by CII National 5S Excellence rating system
- Golden Bird Excellence Award – 2020 for "Outstanding Project on Sustainability Excellence"
- Silver Trophy in engineering sector on the National level convention, by Quality Circle Forum of India.
- Apex India OHS Excellence Award for outstanding work in the field of Occupation Health & Safety for our Plate & Coil Mill Division.
- Silver Medal in National Awards for Manufacturing Competitiveness.

## Our values of business integrity

> **NVG Guidelines in focus:**
>
> **Principle 1:** Ethics, Transparency and Accountability
>
> **Strategic Pillars in focus:** Governance

WCL believes in good corporate governance practices, ethics, fairness, professionalism and accountability to enhance stakeholder value and focus on being a sustainable business. We lay special emphasis on conducting our Company's affairs within the framework of policies, internal and external regulations, in a fair and transparent manner. We strive to achieve excellence by implementing a transparent governance framework, effective formulation of policies, strategies and goals in line with our vision, mission and values at the core. The Board of Directors play a critical role in demonstrating leadership to ensure responsible business practices across our operations and value chain.

### Being transparent and accountable

WCL has various policies and systems to maintain the standards of business conduct and ensure compliance with legal requirements. These policies enhance ethical and transparent processes in the best interest of the Company and play a prime role in ensuring a strong foundation of ethics and integrity at our company.

Our policies on ethics, bribery and corruption extend to the Group, suppliers, contractors and other third-party organizations. The Code of Conduct for the Board and Senior Management, Code of Conduct and Ethics, Whistle Blower Policy are applicable to all employees of WCL and provides guidance to act in accordance with the highest standards of personal and professional integrity. [1]Our employees are encouraged to report any cases of corruption, bribery and wrongdoings that can adversely impact our operations. Our Vigil Mechanism also works against corruption in all forms by overseeing business practices, ensuring accountability and supporting good corporate governance.

In FY 2019-20, no complaints were received from shareholders, investors and from our vigil/whistle blower mechanism. Complaints from external stakeholders like suppliers and contractors are raised directly to business teams and are addressed by them on an individual case basis.[2]

As a testimony to the effectiveness of our ethics and compliance policies, there were no cases filed against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.[3]

### Risk Management for better accountability

Risk is inherent to all businesses and it is essential to anticipate risks, take the right steps and manage them. With the current dynamic business environment, it is important to have an effective risk management framework in place. Our risk management system facilitates good corporate governance and helps the management in achieving performance and profitability targets. We also have a structured Risk Management Policy that encompasses a well-defined process for identification of strategic, business, regulatory and operational risks. The risks for each business segment and location are identified along with the impact they may have on the business objectives. The Risk Management Committee reviews these identified risks and develops mitigation plans on an ongoing basis which is important in strategic decision making of the Company.

## Communicating for effective synergies and partnerships

> **NVG Guidelines in focus:**
>
> **Principle 4:** Stakeholder Engagement
>
> **Strategic Pillars in focus:** Collaborating with Stakeholders

It is essential that we engage in regular dialogue with our internal and external stakeholders to understand mutual interests, foster a collaborative environment and address concerns for improving decision-making. WCL engages with stakeholders regularly through structured mechanisms for identifying opportunities for value creation. This enables meaningful dialogue between stakeholders and our organization for

[1] Information in line with BRR Principle 1, Question 1

[2] Information in line with BRR Principle 1, Question 2

[3] Information in line with BRR Principle 9, Question 3

understanding their perspectives, communicating challenges faced by them and building stronger partnerships. We adopt several methods such as meetings, workshops, one-on-one discussions to interact with stakeholders. These concerns are then analyzed to assess potential impact on our business operations.

### The table below listing of our key stakeholder groups, modes of engagement, their key concerns and our responses.[4]

| Stakeholder Group | Type | Mode of Engagement & Activities | Focus Areas | Our Responses |
|---|---|---|---|---|
| **Investors** | **External** | Quarterly investor meetings | Economic value of the company | Collaborating with investors through various business forums |
| | | Presentations | Sustainable wealth creation | |
| | | Investor relation calls | Risk management | |
| | | | Compliance and disclosures | |
| **Government and regulators** | **External** | Engagement on a need basis | Compliance | Active collaboration and participation with regulatory agencies |
| | | Participation in industry level consultation groups | Sustainable practices | |
| | | Participation in forums | Inclusive growth | |
| **Employees** | **Internal** | Employee surveys | Professional growth | HR initiatives to counsel, motivate and reward employees. Committed to achieving the goal of 20% women in the workforce by 2020 |
| | | Team building workshops | Diversity at the workplace | |
| | | Capacity building and training | Leadership connect sessions | |
| | | Annual appraisals | Workplace safety | |
| | | Employee newsletters | Equal opportunities | |
| | | Rewards and recognitions | Work-life balance | |
| | | Volunteering opportunities | Wages and benefits | |
| **Business partners / suppliers and contractors** | **External** | Contract agreements | Payment processing cycles | Technology enabled payment processing and cloud-based services |
| | | Direct interactions | Business ethics | |
| | | Supplier meets | Transparency | |
| | | Membership in industry associations | Compliance | |
| **Communities & NGOs** | **External** | Direct engagement | Infrastructure development | Actively engaged by WFHK across areas such as education, healthcare, sanitation, environment conservation and livelihoods |
| | | Dedicated CSR team | Education & healthcare | |
| | | CSR projects and initiatives | Environmental protection | |
| | | Visits and camps | Employment opportunities | |
| | | Community need assessments | Human rights | |
| **Customers** | **External** | Active Participation in Pre-qualification Processes | Increasing customer base | Clear focus on consistent growth of business by continuous addition of new customers, markets and products so as to eliminate redundancy and ensuring operational sustainability. |
| | | Business Development Visits and Presentations | Winning over competition | |
| | | Participation in Product Development Programs for Specific Projects and Applications | Providing Customized Solutions | |
| | | Multi-level Relationship Management | Enhancing Collaboration | |
| | | Promoting Ethical Business Practices | Ethical Transparency | |

[4] *Information in line with BRR Principle 4, Question 1*

## Responsible policy advocacy

**NVG Guidelines in focus:**

**Principle 7:** Policy Advocacy

**Strategic Pillars in focus:**

Governance

Collaborating with Stakeholders

As WCL caters to the sectors like oil & gas and water resource management with a global footprint and supply chain, we believe in driving change and taking efforts towards effective policy development that fosters industrial growth. WCL participates in policy advocacy process in a responsible and ethical manner which is economically, environmentally and socially sustainable for our company and our stakeholders. We do not lobby for any specific issue and all such engagements are done in line with our code of conduct.[5]

**We are a part of several associations that enable value addition to the pipe industry:**[6]

- Bombay Chamber of Commerce and Industry (BCCI)
- The Associated Chambers of Commerce and Industry (ASSOCHAM)
- Engineering Export Promotion Council (EEPC)
- Indian Merchants Chamber (IMC)
- All India Management Association (AIMA)
- Federation of Kutch Industries Associations, (FOKIA)
- Federation of Indian Exporters Organization (FIEO)
- American Line Pipe Association (ALPA)
- Australian Pipeline and Gas Association (APGA)
- International Tube Association, India Chapter (ITA)
- Pipeline Research Council International (PRCI)
- National Association of Corrosion Engineers (NACE)
- American Society of Mechanical Engineers (ASME)

## Redefining innovation towards catalyzing growth

**NVG Guidelines in focus:**

**Principle 2:** Products Life Cycle Sustainability

**Principle 9:** Customer Value

**Strategic Pillars in focus:**

Protecting the Planet

Customer Centricity

Collaborating with Stakeholders

WCL is committed towards continuous improvement and growth. Our business excellence is based on improving product performance, promoting innovation, guaranteeing quality and enhancing customer value. Most of our products are made from externally procured plates and coils and we use limited raw materials in the form of natural resources. We follow strict product specifications based on our customer's guidelines on product development. [7]We take into account their needs and expectations and diligently work towards developing better relations and ensuring their satisfaction with our products and services. WCL believes that there are multiple strategic advantages that can be achieved by exploring opportunities to improve operational efficiency through several measures. Periodic audits and proactive maintenance of equipment are conducted to ensure high operational efficiency and minimization of waste.[8]

### Striding towards excellence

Our proficiency in line pipe manufacturing is well supported by our state-of-the-art facilities and global scale operations. This is due to our 360-degrees capabilities, performance-driven culture and a clear focus on operational excellence. We hold accomplishments in excellence by maintaining high quality and compliance standards and have leveraged our capabilities globally to offer solutions for some of the world's most challenging projects. Our pledge towards continuous improvement and engineering excellence drives us to work toward exceeding minimum standards. It ensures consistency, increases productivity, reduces costs and enhances efficiency. WCL's manufacturing facilities are accredited with various international certifications for our quality management system, environmental management system, occupational health and safety management system including

[5] Information in line with BRR Principle 7, Question 2

[6] Information in line with BRR Principle 7, Question 1

[7] Information in line with BRR Principle 2, Question 1

[8] Information in line with BRR Principle 2, Question 1

APIQR, SPECQ1, ISO-9001, ISO/TS- 29001, AD 2000-Markblatt, HPOIEN / ISO 3834-3, ISO-14001, OHSAS-18001 and Bureau of Indian Standards.

### Quality – a key differentiator

The quality of our products is one of the key pivots around which our brand value and trust with key stakeholders has been built. We aim to maintain a leadership position by embedding the highest standards of quality in each of our pipe segments in line with the requirements of national and international standards. Research and development interventions at WCL is focused on identifying opportunities to embed quality into the design of our processes and products. We have been dedicated to quality management and control to understand and satisfy the needs and expectations of our customers. This reputation of a quality focused enterprise has been central in us emerging as a trusted brand in the industry. Our approach to quality covers all aspects of our operations from procurement to final product delivery. The Quality Management System continually incorporates technology in manufacturing, inspection and testing aligned to our organization's quality-oriented culture.

### Customer centric approach

At WCL, we believe that customer satisfaction, loyalty and trust is a driving force for customer value creation. Our products are always aligned to customer specifications, which are primarily dependent on individual projects. Various audits are conducted at our facilities by accreditation agencies, external bodies, customer teams as well as internal management which affirms our dedication to compliance, quality norms and best industry practices

We measure customer satisfaction through internal and external mechanisms. External mechanisms involve surveys by third party organizations covering wide range of customers from Oil & Gas, EPC to traders. Internal systems include feedback surveys and satisfaction scoring post completion of delivery of services. An analysis of the internal and external satisfaction scores is carried out to obtain an overall customer satisfaction index (CSI) that can be measured against our marketing objectives. We strive to maintain a high CSI and incorporate feedback received through these processes. Our Standard Operating Procedures (SOPs) are also reviewed to ensure alignment to customer requirements.[9]

There were five complaints received from customers and all stand closed as on end of FY 2019-20. We have a robust mechanism of recording every complain through a customer complaint register. The nature of complain, physical verification and investigation of the recorded complaints is carried out to analyze the causes and corrective & preventive actions are taken which is then incorporated in the SOPs.[10]

We ensure complete transparency with our customers. Though our industry is not governed by any regulations with respect to product labelling, we ensure customer awareness on product details. Technical information such as specification, usage, quality and commercial information such as location of manufacture, schedule, warranty, among others are shared with the customers.[11]

### Unlocking opportunities through innovation and technology

Innovation through technology is an integral part of sustainability and business performance for WCL. We are adapting to technological interventions by efficient robotic systems, highly automated plant process line integrated pipe traceability system, precision dimensional control among others. Some of the technological interventions undertaken during the year are installation of automatic marking machine at our coating plant and hydraulic cutting machine at the ERW plant which are automized processes that reduces human intervention resulting in lesser accidents. In addition to this, the design modification of the spiral plant has been carried out that reduces smoke emissions resulting in lesser air pollution.

### Building resilience in the supply chain

For WCL, quality management is a continuous process and extends beyond the organization to our supply chain. We regularly evaluate our 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. We also share our requirements with our vendors in a transparent manner to ensure timely delivery of products with the highest levels of quality and compliance. Nearly 35% of our inputs are sourced sustainably which has reduced the operational impacts on the environment along with other benefits.[12]

---

9 Information in line with BRR Principle 9, Question 4

10 Information in line with BRR Principle 9, Question 1

11 Information in line with BRR Principle 9, Question 2

12 Information in line with BRR Principle 2, Question 3

As our products depend on customer specific requirements, we have a limited supplier base for procurement of high-quality materials. Steel forms a major part of our procurement which is sourced from trusted vendors to deliver best products. WCL encourages and promotes local procurement for other components used in our processes. We proactively collaborate with competent vendors on new product development by providing them technical assistance and recommendations for their processes. This has led to an increase in the number of our vendors supporting our agenda of encouraging local procurement. We also work with local businesses and generate productive local employment by hiring talent near our locations to meet requirements for services like waste handling, housekeeping, logistics and machine operations.[13]

**Digitizing our supply chain**

The use of technology is increasing in every aspect of our organization. We have SAP Enterprise, a web enabled version to deploy web-related functionalities related to advance planning and optimization (APO), customer relationship management (CRM) and supply chain management (SCM) modules. With the use of SAP, we have optimized our warehouse management by implementing warehouse management module and eliminating data redundancy & inconsistency. This is more user friendly, provides transparency in procurement, enables live tracking of shipments through GPS and better monitoring of our supply chain.[14]

## Leveraging our Human Capital

**NVG Guidelines in focus:**

**Principle 3:** Employees' well-being

**Principle 5:** Human Rights

**Strategic Pillars in focus:** Empowering Our People

Our employees are our greatest resource and we ensure we provide adequate opportunities for their professional development. We invest in their aspirations and enable them to excel in their roles. We see them as the main pillars in taking our organization forward and constantly take efforts in providing an enabling environment for them to learn new skills, develop competencies and deliver value. WCL focuses on the needs of our employees and provide adequate employee benefits, while supporting a healthy work-life balance, to enhance productivity and employee retention. The Human Resources (HR) team identifies avenues to ensure we attract, engage and retain the best talent by enhancing our HR policies.

### Talent acquisition

We focus on recruiting the best available talent through a structured, objective and reliable process which enables us to get on board talented individuals with a drive to excel. We ensure diversity in our hiring process and focus on the inclusion of blue-collar employees as well. With an intent to bring in inclusiveness within the organization, the workers are put through a three-day induction program consisting of Group values, mission & vision, policies and practices.

### Fostering diversity and inclusion

We believe in providing a work environment that fosters a culture of diversity and equality for people of different ethnic backgrounds and gender. Our diverse workforce is a major contributor to the innovation and creativity that fuels our growth strategy. As an employer, we provide equal opportunities for all staff, regardless of race, religion, gender, age, nationality or disability. The diversity of our workforce helps our employees learn how to collaborate across various cultures, ethnicities and ways of life which is vital to their all-round development.

### Employee engagement and well-being

Employee engagement is central to retain our workforce. We understand the role employee engagement programmes play in keeping employees motivated and involved in their work. To encourage employee engagement, our HR department regularly undertakes various programmes and initiatives. The aim of these programmes are to maintain communication, keep employees informed about our organization's progress and understanding their aspirations and concerns. Engagement with employees is performed through forums such as townhalls, new joiners meet and feedback sessions in addition to various celebrations.

WCL is diligent towards promoting a conducive work environment with a good work-life balance for all

---

[13]Information in line with BRR Principle 2, Question 4

[14] Information in line with BRR Principle 2, Question 3

employees. We have a comprehensive employee benefit plan which includes parental leave, mediclaim policy, personal accident insurance, term life insurance, travel insurance, leave benefits, provident fund, car lease among other benefits to all our employees. Besides this, sociocultural activities like get-togethers, birthday celebrations, picnics, yoga, meditation, sports competitions, festival celebrations and community programs are also organized.

### Stimulating a learning environment

WCL has an extensive approach towards learning and development that aims to develop new competencies and enhancing existing skills of employees. We encourage innovative ideation at the workplace and ensure that our learning programmes and initiatives are aligned with the development needs of our people and our business goals.

In line with our philosophy of continuous learning, WCL provides training to employees through capacity building workshops, specialized subject specific training programs and online training interventions. The HR team focuses on enhancing competencies, developing leadership potential and leveraging technology for advanced learning. [15]We plan to work with employees making learning agility a key competency in leadership and succession within the organization. We also address our global, diverse teams by catering to the various learning styles preferred by individuals.

### GLP 2.0- (Group Leadership Program)

GLP 2.0 is a program that is part of our initiatives to build leaders who will steer the growth for Welspun Group. The program is designed to accelerate readiness of our leaders to take up new roles in businesses across the Group. It aims to equip internal leaders with new age future skills focusing on digital innovation, handling new age talent and reinforcing sustainability. We have partnered with Emeritus Institute of Management in collaboration with MIT Sloan School of Executive Education in designing a course curriculum to equip our leaders with skills like emotional intelligence, digital leadership, design thinking, analytics, high strategic thinking, and advanced change management.

We are creating a pipeline of future leaders who are part of the important talent management framework. They have shown eagerness in investing in employee skill development which will ultimately lead to zero lateral hires for senior positions in the company. The GLP 2.0 is crucial in its role for creating leaders who will drive the engine of growth for Welspun and thereby hold decision making positions in the future.

### FLP- (Future Leaders Program)

Through this program we intend to develop 'Leaders' who are Future Ready to drive Welspun 2.0 Initiatives. These leaders are assessed to exhibit the behaviour required as per the Welspun Behavioural Competency and the Welspun Values. The goal for FLP is to support Welspun's high potential managers to improve their managerial skills, their business acumen and their leadership style to better face the business environment challenges with the ultimate goal to lead the organization.

### Digital Learning Initiatives:

We have launched WeLearn, an extensive digital learning portal that comprises of several programs scheduled in the form of webinars as well as curated assignments. These assignments and webinars range from leadership, self-development, productivity tools, digital transformation, new-age technologies like blockchain, AI, digital twins etc. and extends to WCL's workforce including the associates. This has resulted in driving traction for a digital mindset that encourages curiosity, flexibility to adapting new technology and learning on the go with self-learning initiatives for the workforce.

| Category | Skill Upgradation Training[16] Total Training Hours |
|---|---|
| Permanent Employees | 58372 |
| Permanent Women Employees | 3859 |
| Casual/Temporary/Contractual Employees | 638 |
| Employees with Disabilities | 38 |

### Performance and compensation

We value the contribution of all our employees and acknowledge that the success of our business is directly linked to their efforts and performance. Assessing performance allows employees to identify areas for improvement and in strategizing their contributions to the organization. The HR team is focused on creating a high-performance work culture through a structured process of goal setting and performance reviews, while rewarding employees for their efforts through objective performance assessment. We have a Performance

[15] Information in line with BRR Principle 3, Question 8

[16] Information in line with BRR Principle 3, Question 8

Management System with a systematic framework through interventions such as the 360-degree feedback mechanism and leadership potential assessments. This serves the dual purpose of appropriately rewarding the high performers and identification of training needs to overcome challenges. 100% of our employees received performance and career development reviews in the reporting year.

## Supporting human rights

As an organization, we respect the rights of our people, promote open and free flow of ideas without any form of harassment or discrimination and have implemented robust policies to ensure that these are adhered to across all our operations. We are resolute regarding support to human rights and complying with all the relevant laws. Our Code of Conduct and Ethics Policy, 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. [17]These are shared with our suppliers and contractors and they are expected to comply with these requirements. Regular trainings on creating awareness amongst our employees on the human rights and our policies are also conducted. Our sites have SA 8000 certification integrating highest standards for labour management into our compliance procedures.

We embrace diversity and inclusion, while bolstering a culture of empowerment for our employees. We have stringent mechanisms in place against cases of any kind of discrimination on the basis of religion, origin, gender, status, etc.

We focus on reaching out to our women employees through discussions and adequately address their concerns including sexual harassment at the workplace. We have a Policy on Prevention, Prohibition, and Redressal of Sexual Harassment of Women (PoSH) at Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committees have been set up to within our organization to redress complaints received regarding sexual harassment.

WCL supports the freedom of association and collective bargaining for all employees. Nearly 67% of our employees at our Dahej plant are part of a recognized employee association - Gujrat Kamdar Union; and this enables them to raise their concerns, if any, before the organization. [18]These issues are then resolved by arriving at reasonable solutions through discussions with the management.

We do not employ any child labour in any of our operations and our standards ensure that we comply with the requirements set out by all applicable labour regulations. The use of forced or compulsory labour is prohibited at all our units and we discourage our suppliers and contractors from employing such labour.

As a result of our commitment to upholding high standards of protection of human rights, there were no complaints regarding human rights in FY 2019-20.[19]

| Category | No. of complaints received during the financial year | No. of complaints pending at the end of the financial year[20] |
|---|---|---|
| Child Labour / Forced Labour / Involuntary Labour | 0 | 0 |
| Sexual Harassment | 0 | 0 |
| Discriminatory employment | 0 | 0 |

## Providing a safe and healthy environment

Ensuring a healthy and safe work environment is never compromised at WCL. We strive to maintain the highest safety standards to reduce incidents from occurring. The safety culture is driven by the top management and executed at every level through the EHS Management System. Specific responsibilities have been defined for each level and have been implemented by various types of management programs and by conducting regular audits. WCL is accredited with OHSAS 18001 that enables risk assessment of all activities for achieving organizational HSE goals.

We have Safety Committees in our facilities that ensure adherence to WCL's Occupational Health, Safety and Environment (OHSE) policy, compliance with regulations and provide safety trainings to our 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. Feedback form employees is regularly obtained on various health and safety considerations. In each level of the committee, there is participation from non-managerial workers.

[17] Information in line with BRR Principle 5, Question 1

[18] Information in line with BRR Principle 3, Question 5 and Question 6

[19] Information in line with BRR Principle 5, Question 2

[20] Information in line with BRR Principle 3, Question 7

There is a well-defined incident reporting and management mechanism. All type of incidents including near miss, first aid cases, medical treatment cases and reportable injuries are being reported and investigated to find out the system failures and corrective action have been implemented across all plants.

| Safety performance | Employees | | Contract Labour | |
|---|---|---|---|---|
| | Male | Female | Male | Female |
| Near misses | 1115 | 197 | 0 | 0 |
| Reportable injuries | 4 | 0 | 1 | 0 |
| Lost days | 142 | 0 | 44 | 0 |
| Fatalities | 0 | 0 | 0 | 0 |
| Minor injuries | 2 | 0 | 0 | 0 |
| First aid cases | 34 | 0 | 21 | 0 |

We do not discriminate among employees and workers on matters related to safety and necessary actions have been taken for protecting workers form ill health & incidents. The units carry out periodic and pre-employment medical examination of all workers and health records are documented as per the requirements of the Factories Act. We have appointed a full-time medical officer and trained first aid staff at our sites. Additional medical facilities like first-aid box, occupational health centre, etc. are also provided at the sites.

| Category | Safety Training[21] |
|---|---|
| Permanent Employees | 100% |
| Permanent Women Employees | 100% |
| Casual/Temporary/Contractual Employees | 100% |
| Employees with Disabilities | 100% |

## Transitioning to a greener tomorrow

**NVG Guidelines in focus:**

**Principle 2:** Products Life Cycle Sustainability

**Principle 6:** Environment

**Strategic Pillars in focus:** Protecting the Planet

Protection and conservation of the environment is integral to our business strategy. We constantly strive to be a model of excellence in all our endeavours for business excellence or environmental stewardship. The approach towards an effective environmental performance is guided by our Occupational Health, Safety and Environment policy that extends to our subsidiaries, suppliers and contractors. It guides us in embedding the highest standards of safety and environment in our operations and supply chain using a risk-based approach. [22]All our facilities are certified with ISO 14001 environment management and have robust systems in place that ensures environment friendly production practices. Our facilities undergo environmental and energy audits periodically and the recommendations for performance improvement are implemented. This approach promotes continuous improvement towards sustainable production.

### Environmental management systems

In order to identify the potential environmental risks to our operations, we have a detailed risk assessment process that forms a part of our Enterprise Risk Management (ERM) framework. Towards this, we have developed a detailed evaluation method for all our processes, raw materials, products and services. The process involves a detailed study of the current environmental management practices. Through a comprehensive analysis methodology, the Environmental Aspects and Associated Impacts are identified and the significance of each is measured. This operation is conducted bi-annually, and the potential impact and significance is evaluated. It covers the areas of emissions, discharge of wastewater, waste management and disposal, management of hazardous substances, contamination of land, use of natural resources and raw materials and compliance with legislative and other requirements and helps in identifying areas of improvement.[23]

The emissions and waste generated by WCL are within permissible limits given by CPCB/SPCB. Our environmental performance is continuously monitored to ensure that it is within regulatory limits. Regular compliance reports are submitted to the concerned authorities to communicate our performance.[24] There have been no cases received or pending from the CPCB/SPCB as on end of the financial year.[25]

[21] Information in line with BRR Principle 3, Question 8

[22] Information in line with BRR Principle 6, Question 1

[23] Information in line with BRR Principle 6, Question 3

[24] Information in line with BRR Principle 6, Question 6

[25] Information in line with BRR Principle 6, Question 7

## Efficient utilization of resources

We are committed to increasing the efficiency of our processes to reduce our environmental footprint. The resource efficiency initiatives at our manufacturing plants have led to the following reduction in energy use and waste generation:[26]

| Parameter | % Reduction[27] |
|---|---|
| Natural Gas/ MT of pipe production | 44% |
| HSD/ MT of pipe Production | 52% |
| Furnace Oil/ MT of pipe Production | 8.8% |
| ETP Sludge generation/ KL of effluent at ETP | 21% |
| Electricity usage/ MT of production | 31.57% |

## Energy efficiency and conservation[28]

We are committed to minimizing the energy consumed for production and processing operations. Managing energy use is a critical aspect of monitoring our Natural Capital as a result of its impact on carbon emissions and energy costs. We make sincere efforts for conservation of energy and are focused on contributing to the transition towards a cleaner economy. The energy consumption from our facilities for FY 2019-20 is mentioned below:

We have taken several initiatives across our operations in areas related to energy efficiency and process optimization. We have implemented extensive interventions to improve energy efficiency at Anjar, Dahej, Mandya and Bhopal in FY 2019-20 cumulatively saving 214419 kWh/year and achieved savings in operational costs of INR 1564544/year.

The proactive maintenance of equipment and periodic energy audits has helped us identify and implement 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, improvements in the HVAC etc.[29]

## Water management[30]

Our processes are not water intensive and we do not have a significant impact on water bodies through water withdrawal. 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 using recycled water to limit water consumption. The major industrial usage of water is for coating applications on line pipes. The offices use municipal supply water for domestic purposes such as drinking, cleaning, flushing, etc. The water consumed for our processes is described below:

| Water Source | Unit | Amount 2019-20 |
|---|---|---|
| Municipal Water | KL | 17,231 |
| Ground Water | KL | 5,824 |
| Wastewater generated | KL | 4,562 |

We ensure proper treatment of wastewater from our facilities in line with applicable standards and regulations and have recycled 3444 KL of water at our sites. As a testimony to this, our Dahej facility has been certified as ‘Zero Liquid Discharge Facility’ and all the treated water is utilized for gardening purposes.

## Waste reduction and recycling

We do not use raw materials in the form of natural resources and most of our products are made from externally procured plates and coils. We constantly look out for strategies to become progressively more resource efficient through innovation and recovery and recycling methods. To decrease our environmental impact, we undertake 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. We have adopted the 3R approach (i.e. Reduce, Reuse, Recycle) to monitor the waste generated from our operations and identify areas for waste reduction, recycling and reuse. All the metal scrap and e-waste from our sites are sent to authorized vendors promoting recycling of waste.

The hazardous waste generated at our Anjar unit is utilized for co-processing at a nearby cement plant. This helps in proper utilization of waste from our facility to generate energy leading to conservation of resources. Nearly 70% of treated wastewater from our facilities is recycled and used in our operations. [31]At our corporate offices, we have been promoting the recycling of PET bottles, which are collected and sent to a local NGO for recycling.

[26] Information in line with BRR Principle 2, Question 2

[27] Information in line with BRR Principle 2, Question 2

[28] Information in line with BRR Principle 6, Question 2

[29] Information in line with BRR Principle 6, Question 5

[30] Information in line with BRR Principle 6, Question 2

[31] Information in line with BRR Principle 2, Question 5

### Ecological sustainability

As per the Environmental Impact Assessment studies conducted prior to the establishment of our facilities, none of the rare/ endangered / threatened flora and fauna species listed in the IUCN red list or National Conservation List were recorded around the vicinity of our plants. Moreover, there are no ecologically sensitive areas around any of our operations.

Tree plantation is an effective way of reducing environmental footprint. At WCL, we have tree-plantation drives organized at our facilities with the active participation of local community and stakeholders. A total of 73232 trees and 33320 shrubs have been planted across our facilities as of 31st March 2020.[32]

## Serving the communities – creating shared value

**NVG Guidelines in focus:**

**Principle 4:** Stakeholder Engagement

**Principle 8:** Inclusive Growth

**Strategic Pillars in focus:** Creating Healthy Communities, Collaborating with Stakeholders

WCL is committed to building a sustainable and progressive community. Corporate social responsibility is ingrained into our business strategy and various initiatives have been undertaken to address the developmental needs of the communities. Our social mission is enshrined within the 3Es i.e. Education, Empowerment and Environment & Health. WCL's contributions are crucial for creating a positive impact on the lives of those who are marginalized and less privileged. Through well-planned initiatives we endeavour to drive positive impact on the disadvantaged populace. Over the years we have built mutual trust and a strong relationship with the communities around our operations areas. Our community development initiatives are focused on creating long term economic and social benefits for them.

At WCL, 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 conserving the environment. The support of and involvement of employees in our CSR programs is widely encouraged within the organization thereby supporting social inclusivity.[33]

We have a corporate social responsibility (CSR) policy which is overseen by the CSR committee of the Board. In line with our CSR policy, we undertake activities that are aligned to schedule VII of Companies Act, 2013.

### Social impact strategy

We consider community as a key stakeholder and appropriately engage with them to address their concerns. WFHK adopts a consultative and collaborative approach for identifying the needs of the community and in developing programs to create sustainable value for the community at large. These engagements are important in developing meaningful partnerships and addressing developmental challenges.

We conduct need assessment studies before initiating a project to understand the ground realities and identifying the marginalized groups in communities surrounding our operations. Based on these findings, the interventions are planned and executed. By interacting with influential members of the community, our CSR team understands their vulnerabilities.[34]

We have initiatives to ensure that the programs are adopted and accepted by the communities. WCL also includes the planning of exit strategies to ensure community mobilization, self-reliance and handover of the initiatives to the communities. This includes awareness sessions, strengthening of community institutions/ structures, joint planning and reviewing and encouraging them to undertake the programs before complete handover to the community.[35]

### Monitoring CSR projects

At WCL we have a Board level CSR committee that ensures the implementation of the CSR policy and determine the contribution to initiatives. The CSR committee conducts annual review meetings to access the impact of the initiatives against quantified targets set for projects and wherever necessary, midcourse corrections are carried out. During FY 2019-20, WCL was required under the

[32] Information in line with BRR Principle 6, Question 2

[33] Information in line with BRR Principle 8, Question 2

[34] Information in line with BRR Principle 4, Question 2

[35] Information in line with BRR Principle 8, Question 5

Companies Act, 2013 to spend ₹ 427.2 lakhs on CSR.[36]

## Focus areas and interventions[37]

### Promoting Education

Many government schools around our plants lack modern amenities, are poorly equipped and do not have proper infrastructure. We aim to enhance the teaching & learning process for teachers & students with the use of technology. Through our interventions under Wel-Accelerate, we aim to ensure the following:

- 100% of school teachers are aware of best teaching & learning practices to promote learning through technology.
- Schools annually achieving an average of 95% students' attendance.
- In lower Primary Grades, there are less than 10% of students that are at risk and without teachers.
- 90% decrease in dropout rates in higher education enrolments.

Through this program, we have completed hardware and software installations in 315 classrooms reaching 220 schools. This has impacted more than 70,800 students with a 99% improvement in their attendance.[38]

### Model Villages

WCL envisions to develop sustainable villages that generate and maintain resources, services and systems to transform the living conditions of villages and rural settlements. This will ensure the holistic development of all the villages in terms of maternal & child health, women empowerment, provision of infrastructure such as drinking water, healthcare, sanitation, educations, housing, roads, electrification and enhancing the skills and abilities of the villagers through training programs. Through community participation, panchayat involvement and partnerships with the Government, we aim to create flagship model villages to improve quality of life, efficiency of rural operation and services with respect to economic, social and environmental aspects. With this initiative, essential infrastructure has been created across 4 villages impacting 10,000 people.[39]

### Women Empowerment

In order to empower women from identified locations towards better health and a sustainable livelihood, we have launched Wel-Netrutva. This initiative focuses primarily on improving health and livelihood for women such as nutrition, quality healthcare, access to livelihood, financial literacy and self-reliance. This empowerment of women will lead to an improvement of their political, social, economic and health status which is highly important in rural settlements.

Workshops have been held on menstrual health and hygiene, malnutrition, anemia, breast cancer and cervical cancer among change leaders, SHG women, young girls and women in the villages. The availability of sanitary napkins from local self-help groups in the village has increased access to hygiene and sanitation facilities in the village. Livelihood programs on bangle making, dung cakes, charka units, tailoring units, vermicompost, etc. have been provided through vocational training enabling women to create alternative livelihoods and improve their earning capacities. Under the menstrual hygiene program, we have over 60,000 beneficiaries with more than 31,000 sanitary packets sold. Around 450 women entrepreneurs working in the area of menstrual hygiene from over 200 villages at Anjar and Vapi have been encouraged.[40]

We also support potential sportswomen of our country coming from challenging backgrounds and enabling them to seek path breaking career opportunities in sports through 'Welspun Super Sports Women'. The Foundation financially supports 26 sportswomen across 11 sports to facilitate the growth of the athletes from district level to the international level.[41]

---

[36] Information in line with BRR Principle 8, Question 4

[37] Information in line with BRR Principle 4, Question 3 and BRR Principle 8, Question 1

[38] Information in line with BRR Principle 8, Question 3

[39] Information in line with BRR Principle 8, Question 3

[40] Information in line with BRR Principle 8, Question 3

[41] Information in line with BRR Principle 8, Question 3

# BRR Index

## Section A: General Information about the Company

| | |
|---|---|
| **Corporate Identity Number (CIN) of the Company** | L27100GJ1995PLC025609 |
| **Name of the Company** | Welspun Corp Limited (WCL) |
| **Registered Address** | "Welspun City", Village Versamedi, Taluka Anjar, District Kutch, Gujarat, PIN - 370110 |
| **Website** | http://www.welspuncorp.com/ |
| **E-mail Id** | companysecretary_wcl@welspun.com |
| **Financial Year Reported** | Financial year 2019-20 |
| **Sector(s) that the Company is engaged in (industrial activity code-wise)** | **Group**: 24311 — **description**: Manufacture of tubes, pipes and hollow profiles and of tube or pipe fittings of cast-iron/cast-steel |
| **List three key products/services that the company manufactures/ provides (as in balance sheet)** | 1. Welded Pipes<br>2. Induction Bends<br>3. Pipe Coating Systems |
| **Total number of locations where business activity is undertaken by the company** | |
| **Number of International Locations (provide details of major 5)** | We have a presence across 4 locations internationally:<br>1. Houston, USA<br>2. Little Rock, USA<br>3. Dammam, Kingdom of Saudi Arabia<br>4. Mauritius |
| **Number of National Locations** | Our corporate office is located in Mumbai, Liaison Office is in Delhi and we have 4 plants in India at Anjar, Dahej, Mandya and Bhopal |
| **Markets served by the company - Local/ State/ National/ International** | National and International |

## Section B: Financial Details of the Company

| | |
|---|---|
| 1. | Paid up Capital (INR) ₹ 13,044 lakhs |
| 2. | Total Turnover (INR) ₹425,339 lakhs (standalone) |
| 3. | Total profit after taxes (INR) ₹26,814 lakhs (standalone) |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax (2%) ₹ 427.2 lakhs |
| 5. | List of activities in which expenditure in 4 above has been incurred:<br>Contribution towards:<br>a). Livelihood and skill development<br>b). Health<br>c). Education<br>For further information, please refer to Principle 8 |

## Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes, we have 8 subsidiaries. These include:

   1. Welspun Pipes Inc., USA
   2. Welspun Tubular LCC, USA
   3. Welspun Global Trade LCC, USA
   4. Welspun Mauritius Holdings Limited, Mauritius
   5. Welspun Middle East Pipes LLC, KSA
   6. Welspun Middle East Pipes Coating LLC, KSA
   7. Welspun Wasco Coatings Private Limited, India
   8. Welspun Tradings Limited, India

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

   No. The subsidiaries actively manage and carry out their own BR initiatives, which are in line with legal requirement and the policies of the Welspun Group.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

   No. Currently, the suppliers/ vendors and distributors do not participate in our BR initiatives. However, we have shared relevant policies with all our business partners, and they are expected to adhere to them

## Section D: BR Information

### 1) Details of Director/ Directors responsible for BR

#### a) Details of the Director/Director responsible for implementation of the Business Responsibility policy/policies

| Name | DIN Number | Designation |
|---|---|---|
| Vipul Mathur | 007990476 | Managing Director and CEO |

#### b) Details of the Business Responsibility Head

| | | |
|---|---|---|
| 1. | DIN Number (if applicable) | 007990476 |
| 2. | Name | Vipul Mathur |
| 3. | Designation | Managing Director and CEO |
| 4. | Telephone number | +91 22 6613 6000 |
| 5. | E-mail Id | vipul_mathur@welspun.com |

### 2) Principle-wise (as per NVGs) BR Policy/policies

#### a) Details of compliance

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have policy/policies for: | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy been formulated in consultation with relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | All the policies have been formulated in consultation with the Management of the Company. | | | | | | | | |
| 3 | Does the policy conform to any national /international standards? If yes, specify? (50 words) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | The policies that have been formulated are in line with the applicable national standards and compliant with the principles of the National Voluntary Guidelines (NVG) issued by the Ministry of Corporate Affairs Government of India. | | | | | | | | |
| 4 | Has the policy been approved by the Board? If yes, has it been signed by the MD/owner/CEO/appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | The statutory policies have been approved by the Board. The other policies have been developed in consultation with the concerned departmental heads of the Company. | | | | | | | | |
| 5 | Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | WCL has appointed the Managing Director who is responsible for implementation of BR policies and acts as the BR head to oversee the BR performance | | | | | | | | |
| 6 | Indicate the link to view the policy online? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | All policies are made available to the employees of the Company. Stakeholders who wish to view the policies can visit the Company's website: www.welspuncorp.com/about/policies | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the Company have in-house structure to implement its policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | The queries regarding to BR polices can be sent to CompanySecretary_WCL@welspun.com | | | | | | | | |

b) If answer against any principle, is 'No', please explain why: (Tick up to 2 options)

| No. | Particulars | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | The company has not understood the Principles | Not Applicable | | | | | | | | |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3 | The company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4 | It is planned to be done within next 6 months | | | | | | | | | |
| 5 | It is planned to be done within the next 1 year | | | | | | | | | |
| 6 | Any other reason (please specify) | | | | | | | | | |

**3. Governance related to BR**

**a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

The BR Principles are reviewed on a quarterly basis and the BR performance is reviewed on an annual basis by the Board.

**b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

This is our fourth annual Business Responsibility Report. Our Business Responsibility Report is published as a part of our Annual Financial Report and can be accessed at http://www.welspuncorp.com under the tab "Investor Relations - Financials".

## Section E: Principle-wise Performance

**PRINCIPLE 01**

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

**PRINCIPLE 02**

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

**PRINCIPLE 03**

Businesses should promote the wellbeing of all employees

**PRINCIPLE 04**

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

**PRINCIPLE 05**

Businesses should respect and promote human rights

**PRINCIPLE 06**

Business should respect, protect, and make efforts to restore the environment

**PRINCIPLE 07**

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

**PRINCIPLE 08**

Businesses should support inclusive growth and equitable development

**PRINCIPLE 09**

Businesses should engage with and provide value to their customers and consumers in a responsible manner

| | | |
|---|---|---|
| **Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability** | | |
| 1 | Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others? | No, please refer to page 113. |
| 2 | How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so. | Please refer to page 113. |
| **Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle** | | |
| 1 | List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. | Please refer to page 115. |
| 2 | For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):<br>a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?<br>b) Reduction during usage by consumers (energy, water) has been achieved since the previous year? | Please refer to page 121. |
| 3 | Does the company have procedures in place for sustainable sourcing (including transportation)?<br>a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so. | Yes, please refer to page 116, 117. |
| 4 | Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?<br>a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors? | Yes, please refer to page 116. |
| 5 | Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so. | Yes, please refer to page 121. |
| **Principle 3: Businesses should promote the wellbeing of all employees** | | |
| 1 | Please indicate the Total number of employees. | WCL had a total of 2905 employees as on March 31, 2020 |
| 2 | Please indicate the Total number of employees hired on temporary/contractual/casual basis. | WCL hired 43 employees on temporary/ contractual/ casual basis as on March 31, 2020.<br>(These only include workforce hired by WCL on a temporary/ contractual basis. Details of subsidiaries is not included in this response.) |
| 3 | Please indicate the Number of permanent women employees. | WCL had 61 permanent women employees as on March 31, 2020. |
| 4 | Please indicate the Number of permanent employees with disabilities | WCL had 6 employees with disability as on March 31, 2020. |
| 5 | Do you have an employee association that is recognized by management. | Please refer to page 119 |
| 6 | What percentage of your permanent employees is members of this recognized employee association? | Please refer to page 119 |
| 7 | Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. | Please refer to page 119 |
| 8 | What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? | Please refer to page 118, 120 |

| | | |
|---|---|---|
| **Principle 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantage vulnerable, and marginalized.** | | |
| 1 | Has the company mapped its internal and external stakeholders? Yes/No | Yes, please refer to page 114 |
| 2 | Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders. | Please refer to page 122 |
| 3 | Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. | Yes, please refer to page 123 |
| **Principle 5: Businesses should respect and promote human rights** | | |
| 1 | Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? | Please refer to page 119 |
| 2 | How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? | Please refer to page 119 |
| **Principle 6: Business should respect, protect, and make efforts to restore the environment** | | |
| 1 | Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others. | Please refer to page 120 |
| 2 | Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. | Yes, please refer to page 121, 122 |
| 3 | Does the company identify and assess potential environmental risks? Y/N | Yes, please refer to page 120 |
| 4 | Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? | No, we do not have any projects related to Clean Development Mechanism. |
| 5 | Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. | Yes, please refer to page 121 |
| 6 | Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? | Please refer to page 120 |
| 7 | Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. | Please refer to page 120 |
| **Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner** | | |
| 1 | Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with: | Yes, please refer to page 115 |
| 2 | Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) | Yes, please refer to page 115 |
| **Principle 8: Businesses should support inclusive growth and equitable development** | | |
| 1 | Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof. | Yes, please refer to page 123 |
| 2 | Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization? | Please refer to page 122 |
| 3 | Have you done any impact assessment of your initiative? | Please refer to page 123 |
| 4 | What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken. | Please refer to page 123 |
| 5 | Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. | Please refer to page 122 |
| **Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner** | | |
| 1 | What percentage of customer complaints/consumer cases are pending as on the end of financial year. | Please refer to page 116 |
| 2 | Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information) | Please refer to page 116 |
| 3 | Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. | Please refer to page 113 |
| 4 | Did your company carry out any consumer survey/ consumer satisfaction trends? | Please refer to page 116 |

# 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 balance sheet as at March 31, 2020, the statement of profit and loss (including other comprehensive income), statement of changes in equity and 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") 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, 2020 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.

### Key audit matters

4. 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.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Assessment of carrying value of investments in and recoverability of loans to a joint venture</td></tr>
<tr><td>(Refer note 48 and 52 to the standalone financial statements)<br><br>The Company has investment in equity shares of Welspun Wasco Coatings Private Limited ("joint venture") of ₹ 254.65 million as at March 31, 2020. The Company has also granted loans to the joint venture with carrying value of ₹ 247.01 million as at March 31, 2020. These amounts are significant to the financial statements.<br><br>Consequent to the negative net worth and continued losses of the joint venture, the Company has assessed the carrying value of the investment in joint venture and loans granted to it for potential impairment. Based on the discounted cash flow valuation model (the "model"), the Management has recorded a provision for impairment of ₹ 254.65 million against investment in joint venture.<br><br>The Management has also recorded an impairment loss of ₹ 247.01 million based on expected credit loss model ("ECL") in respect of the loans.<br><br>We considered this as a key audit matter due to significant judgement involved in estimating the future cash flows and significant assumptions of discount rate, terminal growth rate, etc. used in the model as well as the the ECL model.</td><td>Our procedures included, amongst others, 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 joint venture and expected credit loss model for loans and recognition of provision against the same;<br><br>• In respect of assessment of carrying value of the investment in joint venture,<br><br>(a) Understanding of the operating parameters used in the model and assessing consistency of our understanding of parameters with those considered in the model;<br><br>(b) assessing reasonableness of the Management's historical business forecasts by comparing the business forecasts used in the prior year with the actual performance in the current year;<br><br>(c) Reviewing the reasonableness of the assumptions/ information considered in the models by examining source data and supporting documentation in light of the relevant economic and industry indicators;<br><br>(d) Comparing the business forecasts with the latest Board approved budgets;<br><br>(e) Assessing the work of the Management's external valuation expert including their independence and objectivity;<br><br>(f) Testing the mathematical accuracy of the underlying model;<br><br>(g) Performing sensitivity tests on the model by analysing the impact of using alternate assumptions for discount rates, terminal growth rates, etc. within a reasonable and foreseeable range.<br><br>• Considered the results of the aforesaid procedures in evaluating the recoverability of loans to "joint venture".<br><br>Based on the above procedures performed, we found assessment of carrying value of investments in and recoverability of loans to a joint venture to be reasonable.</td></tr>
</table>

### Other Information

5. 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

6. 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.

7. 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

8. 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.

9. 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.

10. 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.

11. 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.

12. 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

13. Since it was impracticable for us to attend the physical verification of inventory conducted by the Management under the current lock-down and other restrictions imposed by the Government of India and other conditions related to the COVID-19 pandemic situation, we have relied on the alternate audit procedure to obtain comfort over the existence and condition of inventory at year end. Our opinion is not modified in respect of this matter.

## Report on other legal and regulatory requirements

14. As required by the Companies (Auditors' Report) Order, 2016 (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.

15. 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.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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, 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 has long-term contracts at March 31, 2020 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2020.

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

    iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

16. The Company has 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 Number: 108391
UDIN: 20108391AAAADP7977

Place: Pune
Date: June 17, 2020

# Annexure A to Independent auditors' report

**Referred to in paragraph 15(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, 2020**

## 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, 2020 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.

## 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

# Annexure A to Independent auditors' report

**Referred to in paragraph 15(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, 2020**

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, 2020, 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 Number: 108391
UDIN: 20108391AAAADP7977

Place: Pune
Date: June 17, 2020

# Annexure B to Independent auditors' report

**Referred to in paragraph 14 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, 2020**

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of property, plant and equipment.

(b) The property, plant and equipment 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 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 immovable properties, as disclosed in Note 3(a) on property, plant and equipment, Note 4 on investment property, Note 3(b) on Right-of-use assets and Note 15(a) on assets or disposal group classified as held for sale, to the standalone financial statements, are held in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year and subsequent to the year end. 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 material. Also refer paragraph 13 of the main audit report.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 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 from the public 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 regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

Further, for the period March 01, 2020 to March 31, 2020, the company has paid Goods and Service Tax and filed Form GSTR 3B after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under the Notification No. 31/2020 dated April 03, 2020 on fulfilment of conditions specified therein.

Also refer note 37 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, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax and goods and service tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

# Annexure B to Independent auditors' report

**Referred to in paragraph 14 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, 2020**

| Name of the statute | Nature of dues | Amount (in ₹ Million) | 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) |
| | | 113.25 | FY 2005-2006 to 2013-2014 | Custom Excise Service Tax Appellate Tribunal (CESTAT) |
| | | 160.68 | FY 2010-2011 to 2013-2014 | Commissioner of Central Excise & Service Tax |
| | | 235.35 | FY 2007-2008 to 2011-2012 | High Court |
| Gujarat Sales Tax Act, 1969 and Gujarat Value Added Tax Act, 2003 | Central Sales Tax | 4.26 | FY 2008-2009 | Gujarat Value Added Tax Tribunal |
| Gujarat Sales Tax Act, 1969 and Gujarat Value Added Tax Act, 2003 | Sales Tax/ Value Added Tax | 1429.29 | FY 1999-2000 to 2003-2004 and FY 2005-2006 to 2010-2011 | Gujarat Value Added Tax Tribunal |
| | | 1.89 | FY 2005-2006 | Supreme Court |
| | | 1.27 | FY 2009-2010 and 2013-14 | Joint Commissioner of Commercial Tax |
| The Service Tax under the Finance Act, 1994 | Service Tax | 95.34 | FY 2005-2006 to 2012-2013, FY 2014-2015 and 2015-2016 | Custom Excise Service Tax Appellate Tribunal (CESTAT) |
| | | 0.6 | FY 2013-2014 | Commissioner (Appeal) |
| | | 20.47 | FY 2015-2016 | Joint Commissioner of Commercial Tax |
| Custom Act, 1962 | Duty of Customs | 2.19 | FY 2012-2013 and 2013-2014 | Custom Excise Service Tax Appellate Tribunal (CESTAT) |
| | | 0.52 | FY 2013-2014 | Additional Commissioner of Customs |
| Goods and Service Act, 2016 | GST | 0.47 | FY 2019-2020 | Joint Commissioner (Appeal) |
| Income Tax Act, 1961 | Income Tax | 2.33 | AY 2014-2015 | Income Tax Appellate Tribunal |

viii. 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 borrowings to any financial institution or bank or dues to debenture holders as at the balance sheet date. The Company does not have loans or borrowings from government as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer. In our opinion, and according to the information and explanations given to us, the moneys raised by way debt instruments and term loans have been applied for the purposes for which they were obtained.

# Annexure B to Independent auditors' report

**Referred to in paragraph 14 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, 2020**

x. 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 by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has 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. Also refer paragraph 16 of our main audit report.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are 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 (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with them within the meaning of Section 92 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Neeraj Sharma**
Partner
Membership Number: 108391
UDIN: 20108391AAAADP7977

Place: Pune
Date: June 17, 2020

# Standalone balance sheet
## as at March 31, 2020

*(All amounts in Rupees million, unless otherwise stated)*

| | Notes | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3(a) | 7,545.47 | 7,574.72 |
| Capital work-in-progress | 3(a) | 665.66 | 399.27 |
| Right-of-use assets | 3(b) | 460.74 | - |
| Investment property | 4 | 75.38 | 50.58 |
| Intangible assets | 5 | 88.89 | 105.13 |
| Intangible assets under development | 5 | 8.13 | 5.02 |
| Investments in subsidiaries and joint venture | 6 | 349.11 | 603.76 |
| Financial assets | | | |
| Investments | 7(a) | 617.29 | 2,188.44 |
| Loans | 8(a) | 162.71 | 493.50 |
| Other financial assets | 9(a) | 22.40 | 24.06 |
| Other non-current assets | 10(a) | 389.32 | 510.50 |
| **Total non-current assets** | | **10,385.10** | **11,954.98** |
| **Current assets** | | | |
| Inventories | 11 | 13,866.53 | 3,008.27 |
| Financial assets | | | |
| Investments | 7(b) | 4,097.73 | 3,362.92 |
| Trade receivables | 12 | 5,718.95 | 7,226.51 |
| Cash and cash equivalents | 13 | 1,081.15 | 1,056.52 |
| Bank balances other than cash and cash equivalents | 14 | 553.12 | 659.13 |
| Loans | 8(b) | 245.46 | 176.80 |
| Other financial assets | 9(b) | 183.32 | 853.07 |
| Other current assets | 10(b) | 2,737.19 | 1,178.92 |
| Assets or disposal groups classified as held for sale | 15(a) | 9,827.73 | 14,496.52 |
| **Total current assets** | | **38,311.18** | **32,018.66** |
| **Total assets** | | **48,696.28** | **43,973.64** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 16(a) | 1,304.43 | 1,326.13 |
| **Other equity** | | | |
| Reserves and surplus | 16(b) | 14,346.35 | 14,956.37 |
| Other reserves | 16(c) | (46.67) | 87.59 |
| **Total equity** | | **15,604.11** | **16,370.09** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 17(a) | 5,106.43 | 5,370.96 |
| Lease liabilities | 3(b) | 270.65 | - |
| Other financial liabilities | 18(a) | 0.69 | 2.31 |
| Provisions | 19(a) | 673.92 | 527.34 |
| Deferred tax liabilities (net) | 20 | 893.46 | 985.30 |
| Government grants | 21 | 1,113.11 | 1,317.87 |
| **Total non-current liabilities** | | **8,058.26** | **8,203.78** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 17(b) | 2,501.90 | 1,750.00 |
| Trade payables | | | |
| - total outstanding dues of micro and small enterprises | 23 | 32.25 | 6.81 |
| - total outstanding dues other than above | 23 | 7,459.07 | 10,143.33 |
| Lease liabilities | 3(b) | 75.93 | - |
| Other financial liabilities | 18(b) | 581.41 | 1,199.42 |
| Provisions | 19(b) | 318.02 | 254.99 |
| Government grants | 21 | 319.51 | 204.73 |
| Current tax liabilities (net) | 24 | 2,383.84 | 1,763.89 |
| Other current liabilities | 22 | 9,826.60 | 1,219.99 |
| Liabilities directly associated with disposal groups classified as held for sale | 15(b) | 1,535.38 | 2,856.61 |
| **Total current liabilities** | | **25,033.91** | **19,399.77** |
| **Total liabilities** | | **33,092.17** | **27,603.55** |
| **Total equity and liabilities** | | **48,696.28** | **43,973.64** |

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: June 17, 2020

**For and on behalf of the 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

# Standalone statement of profit and loss

*(All amounts in Rupees million, unless otherwise stated)*

| | Notes | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue from operations | 25 | 41,098.94 | 39,861.97 |
| Other operating revenue | 26 | 1,435.02 | 1,502.94 |
| Other income | 27 | 4,018.38 | 1,255.70 |
| **Total income** | | **46,552.34** | **42,620.61** |
| **Expenses** | | | |
| Cost of materials consumed | 28 | 37,576.47 | 30,025.68 |
| Changes in inventories of work-in progress and finished goods | 29 | (8,659.10) | 2,049.48 |
| Employee benefit expense | 30 | 1,991.88 | 1,895.84 |
| Depreciation and amortisation expense | 31 | 1,234.04 | 1,129.53 |
| Other expenses | 32 | 8,773.90 | 8,077.03 |
| Finance costs | 33 | 1,113.71 | 1,179.73 |
| **Total expenses** | | **42,030.90** | **44,357.29** |
| **Profit/ (loss) before tax** | | **4,521.44** | **(1,736.68)** |
| **Income tax expense** | 34 | | |
| Current tax | | 1,300.06 | 134.35 |
| Deferred tax | | 159.35 | 86.11 |
| **Total income tax expense** | | **1,459.41** | **220.46** |
| **Profit/ (loss) from continuing operations** | | **3,062.03** | **(1,957.14)** |
| **Discontinued operations** | | | |
| Loss before tax from discontinued operations | 50 | (548.39) | (2,196.24) |
| Tax expense from discontinued operations | 34 | (167.76) | (1,381.31) |
| Loss from discontinued operations | | (380.63) | (814.93) |
| **Profit/ (loss) for the year (A)** | | **2,681.40** | **(2,772.07)** |
| **Other comprehensive income** | | | |
| **Items that may be reclassified to profit or loss** | | | |
| Gains/ (losses) on cash flow hedges (net) | | (206.37) | 117.40 |
| Income tax relating to this item | | 72.11 | (41.02) |
| | | **(134.26)** | **76.38** |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of post employment benefit obligations | | (61.85) | 8.07 |
| Income tax relating to this item | | 11.32 | (2.82) |
| | | **(50.53)** | **5.25** |
| **Other comprehensive income for the year, net of tax (B)** | | **(184.79)** | **81.63** |
| **Total comprehensive income for the year (A+B)** | | **2,496.61** | **(2,690.44)** |
| **Earnings per equity share from continuing operations** | 58 | | |
| Basic earnings per share (in Rupees) | | 11.62 | (7.38) |
| Diluted earnings per share (in Rupees) | | 11.59 | (7.38) |
| **Earnings per equity share from discontinuing operations** | 58 | | |
| Basic earnings per share (in Rupees) | | (1.44) | (3.07) |
| Diluted earnings per share (in Rupees) | | (1.44) | (3.07) |
| **Earnings per equity share from continuing and discontinuing operations** | 58 | | |
| Basic earnings per share (in Rupees) | | 10.18 | (10.45) |
| Diluted earnings per share (in Rupees) | | 10.15 | (10.45) |

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: June 17, 2020

**For and on behalf of the 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

# Standalone statement of cash flows

*(All amounts in Rupees million, unless otherwise stated)*

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **A)** | **Cash flow from operating activities** | | |
| | Profit/ (loss) before tax | | |
| | Continuing operations | 4,521.44 | (1,736.68) |
| | Discontinued operations | (548.39) | (2,196.24) |
| | **Profit/ (loss) before tax** | **3,973.05** | **(3,932.92)** |
| | **Adjustments for:** | | |
| | Depreciation and amortisation expense | 1,234.04 | 2,277.95 |
| | Employee share-based expense | 49.33 | 41.94 |
| | Loss on disposal of property, plant and equipment (net) | 16.50 | 35.67 |
| | Gain on sale of disposal group classified as held for sale | (13.63) | - |
| | Impairment loss on disposal group | - | 3,373.08 |
| | (Gain)/ Loss on sale/ redemption of | | |
| | Current investments | (104.69) | 10.77 |
| | Non-current investments | (4.75) | (125.96) |
| | Fair Value on early redemption of Non-current investments | (101.64) | - |
| | Fair valuation loss on investment (net) | 388.02 | 2,400.48 |
| | Allowance for doubtful loans | 247.01 | - |
| | Impairment loss of Equity Investment | 254.65 | - |
| | Liabilities/ Provision no longer required written back | (150.52) | (125.23) |
| | Provision for litigation, disputes and other matters (net) | 100.52 | 3.46 |
| | Allowance for doubtful debts (net) | (21.76) | 78.89 |
| | Dividend income | (2,745.17) | (0.34) |
| | Interest income and commission income | (438.41) | (775.82) |
| | Interest expenses | 682.11 | 713.70 |
| | Unrealised net exchange differences | (35.00) | 966.62 |
| | | **(643.39)** | **8,875.21** |
| | **Operating profit before changes in operating assets and liabilities** | **3,329.66** | **4,942.29** |
| | **Changes in operating assets and liabilities** | | |
| | Movement in other non current assets | (78.84) | 234.07 |
| | Movement in inventories | (7,608.63) | 2,849.95 |
| | Movement in trade receivables | 2,334.41 | 1,798.48 |
| | Movement in other current financial assets | 453.06 | (421.87) |
| | Movement in other current assets | (1,540.09) | 673.41 |
| | Movement in other non-current financial liabilities | (1.62) | 0.82 |
| | Movement in trade payables | (4,214.44) | (5,139.86) |
| | Movement in other current financial liabilities | (156.44) | (363.87) |
| | Movement in other current liabilities | 8,362.08 | 359.48 |
| | Movement in provisions | 52.51 | 217.03 |
| | Movement in government grants | (89.98) | (2,590.33) |
| | **Total changes in operating assets and liabilities** | **(2,487.98)** | **(2,382.69)** |
| | **Cash flow from operations** | **841.68** | **2,559.60** |
| | Income taxes paid (net of refund received) | (680.11) | (31.78) |
| | **Net cash from operating activities (A)** | **161.57** | **2,527.82** |
| | | | |
| **B)** | **Cash flow from/ (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) | (1,418.48) | (295.88) |
| | Proceeds from property, plant and equipment and investment property | 9.37 | 12.01 |
| | Proceeds from assets of disposal group | 669.00 | - |
| | Advance against the disposal group held for sale | 250.00 | - |
| | Proceeds from long term investments | 1,630.83 | 383.77 |
| | Purchase of long term investments | - | (384.19) |
| | Purchase of current investments | (80,155.44) | (266,825.14) |
| | Proceeds from current investments | 79,168.89 | 264,166.56 |
| | Proceeds from maturity of fixed deposit (net) | 107.40 | 7.13 |
| | Interest and commission received | 570.04 | 722.10 |
| | Dividend received | 2,745.17 | 0.34 |
| | Loan to others | 15.14 | (145.88) |
| | **Net cash flow from/ (used in) investing activities (B)** | **3,591.92** | **(2,359.18)** |

# Standalone statement of cash flows

*(All amounts in Rupees million, unless otherwise stated)*

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| C) | **Cash flow used in financing activities** | | |
| | Payment on buyback of equity share capital | (588.16) | - |
| | Proceeds from issue of equity share capital | 1.50 | - |
| | Repayment of long term borrowings | (366.52) | (1,236.79) |
| | Proceeds from short term borrowings | 8,365.85 | 8,000.00 |
| | Repayment of short term borrowings | (7,613.95) | (6,257.78) |
| | Interest paid | (701.67) | (739.72) |
| | Dividend paid (including dividend distribution tax) | (2,739.01) | (160.16) |
| | Payment of lease liabilities | (99.57) | - |
| | **Net cash used in financing activities (C)** | **(3,741.53)** | **(394.45)** |
| | **Net increase/ (decrease) in cash and cash equivalents (A+B+C)** | **11.96** | **(225.81)** |
| | Cash and cash equivalents at the beginning of the year | 1,069.46 | 1,295.27 |
| | **Cash and cash equivalents at the end of the year (refer note 13)** | **1,081.42** | **1,069.46** |
| | **Net increase/ (decrease) in cash and cash equivalents** | 11.96 | (225.81) |
| | **Cash and cash equivalents at the end of year** | | |
| | From continued operations | 1,081.15 | 1,056.52 |
| | From discontinued operations | 0.27 | 12.94 |

| | | | |
|---|---|---|---|
| | **Non-cash investing activities:** | | |
| | - Acquisition of right-of-use asets | 88.91 | - |

The above standalone statement of cash flows 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: June 17, 2020

**For and on behalf of the 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

# Standalone statement of changes in equity

*(All amounts in Rupees million, unless otherwise stated)*

## A. Equity Share Capital

| Particulars | Notes | Amount |
|---|---|---|
| **Balance as at April 01, 2018** | | 1,326.13 |
| Changes in equity share capital during the year | 16(a) | - |
| **Balance as at March 31, 2019** | | 1,326.13 |
| Changes in equity share capital during the year | 16(a) | (21.70) |
| **Balance as at March 31, 2020** | | **1,304.43** |

## B. Other equity [refer note 16(b) and (c)]

| | Reserves and surplus | | | | | | | | | Other reserves | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Securities premium | Debenture redemption reserve | General reserve | Foreign currency monetary Item translation difference account | 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, 2018** | **7,769.82** | **505.84** | **353.59** | **(35.54)** | **-** | **-** | **-** | **9,226.12** | **17,819.83** | **11.21** | **17,831.04** |
| Profit for the year | - | - | - | - | - | - | - | (2,772.07) | (2,772.07) | - | (2,772.07) |
| Other comprehensive income | - | - | - | - | - | - | - | 5.25 | 5.25 | 76.38 | 81.63 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(2,766.82)** | **(2,766.82)** | **76.38** | **(2,690.44)** |
| Movement during the year (net) | - | - | - | 21.29 | - | - | - | - | 21.29 | - | 21.29 |
| **Transactions with owners in their capacity as owners:** | | | | | | | | | | | |
| Employee share-based expense | - | - | - | - | 41.94 | - | - | - | 41.94 | - | 41.94 |
| Dividends paid (including dividend distribution tax) | - | - | - | - | - | - | - | (159.87) | (159.87) | - | (159.87) |
| **Balance as at March 31, 2019** | **7,769.82** | **505.84** | **353.59** | **(14.25)** | **41.94** | **-** | **-** | **6,299.43** | **14,956.37** | **87.59** | **15,043.96** |
| Profit for the year | - | - | - | - | - | - | - | 2,681.40 | 2,681.40 | - | 2,681.40 |
| Other comprehensive income | - | - | - | - | - | - | - | (50.53) | (50.53) | (134.26) | (184.79) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | | **-** | **-** | **-** | **2,630.87** | **2,630.87** | **(134.26)** | **2,496.61** |
| Movement during the year (net) | - | - | - | 14.25 | - | - | | - | 14.25 | - | 14.25 |
| Movement in general reserve | | | 268.14 | | | | | (268.14) | - | | - |
| Capital Reserve on merger of Welspun Pipes limited | - | - | - | - | - | - | 1.79 | - | 1.79 | - | 1.79 |
| **Transactions with owners in their capacity as owners:** | | | | | | | | | | **-** | **-** |
| Employee share-based expense | - | - | - | - | 49.33 | - | - | | 49.33 | - | 49.33 |
| Shares bought back | (566.38) | - | - | - | - | - | - | - | (566.38) | - | (566.38) |
| Dividends paid | - | - | - | - | - | - | - | (2,741.31) | (2,741.31) | - | (2,741.31) |
| Options exercised | 2.05 | - | - | - | (0.62) | - | - | - | 1.43 | - | 1.43 |
| Amount transferred upon buyback | (21.78) | - | - | - | - | 21.78 | - | - | - | - | - |
| **Balance as at March 31, 2020** | **7,183.71** | **505.84** | **621.73** | **-** | **90.65** | **21.78** | **1.79** | **5,920.85** | **14,346.35** | **(46.67)** | **14,299.68** |

The above standalone statement of changes in equity 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: June 17, 2020

**For and on behalf of the 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

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees 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 June 17, 2020.

## 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) New and amended standards adopted by the Company**

The Company has applied the following standards and its amendments for the first time for annual reporting period commencing April 1, 2019.

**(i) Ind AS 116 Leases:**

The Company had to change its accounting policies following the adoption of Ind AS 116. This is disclosed in Note 1.8 and Note 54(b).

**(ii) Other Amendments**

**a) Appendix C to Ind AS 12, Income Taxes (Uncertainty over Income Tax Treatments):**

The Appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirements to provide information about judgements and estimates made in preparing the financial statements.

**b) Prepayment features with Negative Compensation – Amendments to Ind AS 109:**

The amendment made to Ind AS 109, Financial Instruments enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit and loss.

To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

c) Long-term Interests in Associates and Joint Ventures – Amendments to Ind AS 28:

The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under Ind AS 109 before applying the loss allocation and impairment requirements in Ind AS 28, Investments in Associates and Joint Ventures.

d) Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19:

The amendments to Ind AS 19, Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling
- separately recognise any changes in the asset ceiling through other comprehensive income.

**e) Ind AS 103, Business Combinations:**

Clarified that obtaining control of business that is joint operation is a business combination achieved in stages.

**f) Ind AS 111, Joint Arrangements:**

Clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

**g) Ind AS 12, Income Taxes:**

Clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognized.

**h) Ind AS 23, Borrowing Costs:**

Clarified that, if a specific borrowing remains outstanding after the qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Other amendments listed above did not have any impact on the amounts recognized in the prior periods and are not expected to significantly affect the current and future periods

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 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.

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.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**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.

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 Managing Director and Chief Executive Officer (CEO) of the Company assess the financial performance and position of the Company, and makes strategic decisions. The chief operating decision makers are Managing Director and CEO of the Company. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. (refer note 47)

## 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 revenue" 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 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.

## 1.7 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.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 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.W

**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

**Till March 31, 2019**

**a) As a lessee**

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**With effect from April 1, 2019:**

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.

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.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**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 |
| **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.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 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 o f 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

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 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

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 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

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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.

**(V) Income recognition**

**(i) Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate 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 Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) including fees received or transaction costs incurred at inception but does not consider the expected credit losses.

**(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

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 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 Payable 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

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

are provided for no consideration, the fair values are accounted for as contributions and recognized as part of the cost of investment.

**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 are 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.

**(II) Derivatives that are not designated as hedges**

The Company enters into derivative contracts to hedge risks which are not

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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.

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.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**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".

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

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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.

### 1.22 Earnings 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.

### 1.23 Rounding 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 Recent Accounting Pronouncements

There are no other new updates or standards issued through the date of issuance of these financial statements that have not yet been adopted by the Company.

## 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.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 36 and note 44).

**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 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.

Write-downs of inventories to net realisable value amounted to ₹ 234.79 (March 31, 2019: ₹ 120.66). These were recognised as an expense during the year and included in 'cost of material consumed' and 'changes in the inventories of work-in-progress and finished goods' in statement of Profit and Loss.

**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 35)

**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 39)

**vi) Impairment of carrying value of investments and recoverability of loans and other receivables in Investee Companies.**

Determining whether the impairment of carrying value of investments in a subsidiary, recoverability of other receivables from joint ventures of a subsidiary, and impairment of carrying value of investments in and recoverability of loans to a joint venture are impaired requires an estimate of the value in use of investments, other receivables and loans (collectively the entities described above are referred as Investee Companies).

In considering the value in use, the board of directors of respective Investee Companies have anticipated the future sales prices, capacity utilisation of plants, operating margins, other expenses, availability of raw materials, discount rates, terminal growth rate, payment of taxes, working capital norms, inflation rate, growth rate of economy and other factors of the underlying businesses / operations of the Investee Companies. Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments and recoverability of loans and other receivables in Investee Companies. (refer note 7 and 52)

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 3(a). Property, plant and equipment

| Carrying amounts | Freehold land | Leasehold land | Buildings | Plant and machinery | Office and other equipments | Vehicles | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2019** | | | | | | | | |
| **Gross carrying amount** | | | | | | | | |
| **Balance as at April 01, 2018** | **445.39** | **-** | **4,728.76** | **23,568.73** | **113.36** | **21.23** | **81.06** | **28,958.53** |
| Additions | - | 32.53 | 16.54 | 222.54 | 14.53 | 1.32 | 2.46 | 289.92 |
| Exchange differences (refer note 55) | - | - | - | 81.12 | - | - | - | 81.12 |
| Disposals | - | - | - | 68.37 | 8.28 | 1.26 | 0.19 | 78.10 |
| Reclassification as investment property (refer note 4) | - | - | 51.20 | - | - | - | - | 51.20 |
| Disposal groups classified as held for sale (refer note 50) | 75.05 | - | 1,470.55 | 15,714.41 | 12.19 | 1.76 | 12.10 | 17,286.06 |
| **Gross carrying amount as at March 31, 2019** | **370.34** | **32.53** | **3,223.55** | **8,089.61** | **107.42** | **19.53** | **71.23** | **11,914.21** |
| **Year ended March 31, 2020** | | | | | | | | |
| **Gross carrying amount** | | | | | | | | |
| Additions | 273.69 | - | 480.89 | 373.67 | 28.22 | 2.23 | 18.52 | 1,177.22 |
| Disposals | 0.30 | - | 24.81 | 13.53 | 1.08 | 0.01 | 0.36 | 40.09 |
| Reclassification as investment property (refer note 4) | 27.18 | - | - | - | - | - | - | 27.18 |
| Assets classified as held for sale (Refer note 15(a)) | 28.02 | - | - | - | - | - | - | 28.02 |
| Assets classified as right-of-use asset (refer note 3(b)) | - | 32.53 | - | - | - | - | - | 32.53 |
| **Gross carrying amount as at March 31, 2020** | **588.53** | **-** | **3,679.63** | **8,449.75** | **134.56** | **21.75** | **89.39** | **12,963.61** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| Accumulated depreciation | Freehold land | Leasehold land | Buildings | Plant and machinery | Office and other equipments | Vehicles | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2019** | | | | | | | | |
| **Balance as at April 01, 2018** | **-** | **-** | **592.35** | **6,411.28** | **57.45** | **8.21** | **37.90** | **7,107.19** |
| Depreciation charge during the year (refer note (i) below) | - | 0.08 | 177.75 | 2,035.17 | 15.75 | 2.62 | 10.29 | 2,241.66 |
| Disposals | - | - | - | 29.46 | 5.94 | 0.87 | 0.17 | 36.44 |
| Reclassification as investment property (refer note 4) | - | - | 8.81 | - | - | - | - | 8.81 |
| Disposal groups classified as held for sale (refer note 50) | - | - | 240.02 | 4,709.32 | 5.66 | 1.44 | 7.67 | 4,964.11 |
| **Accumulated depreciation as at March 31, 2019** | **-** | **0.08** | **521.27** | **3,707.67** | **61.60** | **8.52** | **40.35** | **4,339.49** |
| **Year ended March 31, 2020** | | | | | | | | |
| Depreciation charge during the year (refer note (i) below) | - | - | 134.37 | 934.65 | 16.01 | 2.42 | 7.87 | 1,095.32 |
| Disposals | - | - | 3.79 | 9.20 | 0.91 | 0.01 | 0.30 | 14.21 |
| Reclassification as investment property (refer note 4) | - | - | 2.38 | - | - | - | - | 2.38 |
| Assets classified as right-of-use asset (refer note 3(b)) | - | 0.08 | - | - | - | - | - | 0.08 |
| **Accumulated depreciation as at March 31, 2020** | - | - | 649.47 | 4,633.12 | 76.70 | 10.93 | 47.92 | 5,418.14 |
| **Net carrying amount of property, plant and equipment** | | | | | | | | |
| As at March 31, 2019 | 370.34 | 32.45 | 2,702.28 | 4,381.94 | 45.82 | 11.01 | 30.88 | 7,574.72 |
| **As at March 31, 2020** | **588.53** | **-** | **3,030.16** | **3,816.63** | **57.86** | **10.82** | **41.47** | **7,545.47** |
| **Capital work-in-progress** | | | | | | | | |
| As at March 31, 2019 | 399.27 | | | | | | | |
| **As at March 31, 2020** | **665.66** | | | | | | | |
| **Capital work-in-progress** | | | | | | | | |
| **Opening balance as at April 01, 2018** | **121.49** | | | | | | | |
| Additions | 472.66 | | | | | | | |
| Disposals | 193.40 | | | | | | | |
| Disposal groups classified as held for sale (refer note 50) | 1.47 | | | | | | | |
| **Closing balance as at March 31, 2019** | **399.27** | | | | | | | |
| **Opening balance as at April 01, 2019** | **399.27** | | | | | | | |
| Additions | 1,162.47 | | | | | | | |
| Disposals | 896.08 | | | | | | | |
| **Closing balance as at March 31, 2020** | **665.66** | | | | | | | |

**Notes**

(i) Depreciation includes ₹ Nil (March 31, 2019 ₹ 1,147.72) for discontinued operation.

(ii) For property, plant and equipment mortgaged as security, refer note 17.

(iii) Contractual obligations: Refer note 45 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**
*(All amounts in Rupees million, unless otherwise stated)*

## 3(b)Right-of-use assets

**Leased assets**

**As at March 31, 2019, Lease hold land included the following amounts where the Company was a lessee under finance lease**

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|---|---|---|
| Lease hold land: | | |
| Cost | - | 32.53 |
| Accumulated depreciation | - | 0.08 |
| **Net Carrying amount** | - | **32.45** |

Pursuant to the adoption of Ind AS 116, leased assets are presented as separate line item in the balance sheet as at March 31, 2020. Refer note 54(b) for details about changes in accounting policy.

As at March 31, 2019, the assets acquired under finance leases have a lease term expiring in ninety nine year but may have purchase option after the lease term.

**Leases**

**(i) Amount recognised in balance sheet**

| | As at March 31, 2020 | As at April 01, 2019 |
|---|---|---|
| **Right-of-use assets** | | |
| Leasehold land | 40.43 | 41.35 |
| Buildings | 263.68 | 214.80 |
| Vehicle | 89.85 | 119.80 |
| Office & other equipements | 36.14 | 45.54 |
| Others | 30.64 | 54.03 |
| **Total Right-of-use assets** | **460.74** | **475.52** |
| **Lease Liabilities** | | |
| Current | 75.93 | 62.86 |
| Non Current | 270.65 | 327.06 |
| **Total Lease Liabilities** | **346.58** | **389.92** |

In the previous year, the Company only recognised lease assets and lease liabilities in relation to leases that were classified as "finance lease" under Ind AS 17, Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Company's borrowings and other financial liabilities. For adjustments recognised on adoption of Ind AS 116 on April 01, 2019, refer to note 54(b).

Addition to the right-of-use assets during the current financial year were ₹ 88.91

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."

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(ii) Amount recognised in the statement of profit and loss**

| | Year ended March 31, 2020 |
|---|---|
| **Depreciation charge of Right-of-use assets** | |
| Leasehold land | 0.84 |
| Buildings | 40.12 |
| Vehicle | 29.95 |
| Office & other equipements | 9.40 |
| Others | 23.39 |
| **Total** | **103.70** |
| **Interest and Other expense** | |
| Interest expense on Leases (included in finance cost) | 33.35 |
| Expense relating to short-term leases (included in other expenses) | 13.91 |
| Expense relating to lease of low value assets that are not shown above as short-term leases (included in other expenses) | 5.53 |
| Expenses relating to other leases (included in other expenses) | 28.29 |
| **Total** | **81.08** |

The total cash outflow for the leases for the year ended March 31, 2020 was ₹ 99.57

## 4. Investment property

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Investment property - land | 28.41 | 1.23 |
| Investment property - building | 46.97 | 49.35 |
| **Total investment property** | **75.38** | **50.58** |

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Gross carrying amount** | | |
| Opening balance | 60.21 | 9.01 |
| Transferred from property, plant and equipment (refer note 3(a)) | 27.18 | 51.20 |
| **Closing balance** | **87.39** | **60.21** |
| **Accumulated Depreciation** | | |
| Opening balance | 9.63 | 0.82 |
| Transferred from property, plant and equipment (refer note 3(a)) | 2.38 | 8.81 |
| **Closing balance** | **12.01** | **9.63** |

**(i) Amount recognised in statement of profit and loss under the head "Other income"**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Rental Income | 13.74 | 11.37 |
| | **13.74** | **11.37** |

There are no direct operating expenses (including repairs and maintenance) on investment properties recognised in statement of profit and loss.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

### (ii) Leasing arrangements

The Company has given flat on operating lease. This lease arrangement is for a term of 3 years which is non-cancellable for a period of 2 years is tabulated as below:

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Within one year | - | 1.40 |
| Later than one year but not later than five years | - | - |
| | **-** | **1.40** |

### (iii) Fair Value

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Investment property - land | 175.77 | 154.39 |
| Investment property - building | 162.09 | 188.74 |
| | **337.86** | **343.13** |

**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, 2019** | |
| **Gross carrying amount** | |
| Balance as at April 01, 2018 | 254.86 |
| Additions | 22.47 |
| Disposals | 0.14 |
| Disposal groups classified as held for sale (refer note 50) | 86.67 |
| **Gross carrying amount as at March 31, 2019** | **190.52** |
| **Year ended March 31, 2020** | |
| Gross carrying amount | |
| Additions | 18.78 |
| **Gross carrying amount as at March 31, 2020** | **209.30** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| Accumulated amortisation | Intangible assets (Software) |
|---|---|
| **Year ended March 31, 2019** | |
| Balance as at April 01, 2018 | 135.89 |
| Amortisation charge during the year (refer note (i) below) | 36.29 |
| Disposals | 0.12 |
| Disposal groups classified as held for sale (refer note 50) | 86.67 |
| **Accumulated amortisation as at March 31, 2019** | **85.39** |
| **Year ended March 31, 2020** | |
| Amortisation charge during the year (refer note (i) below) | 35.02 |
| **Accumulated amortisation as at March 31, 2020** | **120.41** |

| | |
|---|---|
| **Net carrying amount of Intangible assets** | |
| As at March 31, 2019 | 105.13 |
| **As at March 31, 2020** | **88.89** |

| | |
|---|---|
| **Intangible assets under development** | |
| As at March 31, 2019 | 5.02 |
| **As at March 31, 2020** | **8.13** |

**Notes**

(i) Amortisation includes ₹ Nil (March 31, 2019: ₹ 0.70) for discontinued operation.

(ii) Contractual obligations: Refer note 45 for disclosure of contractual commitments.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **6. Investments in subsidiaries and joint venture (refer note 42) (fully paid up)** | | |
| **Unquoted** | | |
| **Equity investments carried at cost** | | |
| **I. Investments in equity instruments of subsidiaries** | | |
| **i) Wholly owned subsidiaries** | | |
| Welspun Pipes Inc. | 0.44 | 0.44 |
| 1,000 (March 31, 2019: 1,000) equity shares of USD 0.0001 each | | |
| Welspun Tradings Limited | 50.22 | 50.22 |
| 5,013,402 (March 31, 2019: 5,013,402) equity shares of ₹ 10 each | | |
| **ii) Other subsidiary** | | |
| Welspun Mauritius Holdings Limited | 4.70 | 4.70 |
| 102,089 (March 31, 2019: 102,089) equity shares of USD 1 each | | |
| **Total Investments in equity instruments of subsidiaries** | **55.36** | **55.36** |
| **II. Investment in equity component of preference shares** | | |
| **Other subsidiary** | | |
| Welspun Mauritius Holdings Limited (refer note 7(II)) | 293.75 | 293.75 |
| **Total investment in equity component of preference shares** | **293.75** | **293.75** |
| **III. Investments in equity instruments of joint venture (refer note 52)** | | |
| Welspun Wasco Coatings Private Limited | 254.65 | 254.65 |
| 25,465,014 (March 31, 2019: 25,465,014) equity shares of ₹10 each (refer note below) | | |
| Less : Provision for impairment in equity investment | (254.65) | - |
| **Total investments in equity instruments of joint venture** | **-** | **254.65** |
| **Total investments in subsidiaries and joint venture** | **349.11** | **603.76** |
| Aggregate amount of unquoted investments | 349.11 | 603.76 |
| Aggregate amount of impairment in the value of investments | 254.65 | - |

**Note:**

The shareholders' of Welspun Wasco Coatings Private Limited ("WWCPL") at its meeting held on March 19, 2019 approved partial conversion of unsecured shareholders' loans in to equity shares and accordingly, WWCPL allotted 10,710,000 fully paid-up equity shares of ₹ 10 each at par value aggregating to ₹ 107.10 on March 28, 2019. The part of unsecured shareholders' loan given by the Company to WWCPL which was converted in to equity shares i.e. ₹ 107.10 has been transferred to Equity investments in subsidiaries and joint venture with effect from March 28, 2019.

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **7. Investments** | | |
| **7(a)Non -current investments** | | |
| Unquoted (Refer note 42) | | |
| Investment carried at fair value through profit and loss (fully paid up) | | |
| **I. Investments in equity instruments of other entity** | | |
| Welspun Captive Power Generation Limited | 414.88 | 462.19 |
| 5,833,500 (March 31, 2019: 5,833,500) equity shares of ₹ 10 each | | |
| **Total investments in equity instruments of other entity** | **414.88** | **462.19** |
| **II. Investments in preference shares of subsidiary** | | |
| Welspun Mauritius Holdings Limited (refer note 6(II)) | - | 1,515.57 |
| Nil (March 31, 2019: 23,454,000) 7% optionally convertible, non-cumulative, redeemable preference shares of USD 1 each (refer note below) | | |
| **Total investments in preference shares of subsidiary** | **-** | **1,515.57** |
| **III. Investments in preference shares of other entity** | | |
| Welspun Captive Power Generation Limited | 190.06 | 194.52 |
| 19,443,186 (March 31, 2019: 19,443,186) 10% non-cumulative, redeemable preference shares of ₹ 10 each | | |
| **Total investments in preference shares of other entity** | **190.06** | **194.52** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Quoted** | | |
| **Investment carried at fair value through profit and loss (fully paid up)** | | |
| **Investments in other entity** | | |
| Standard Chartered Bank PLC Indian Depository Receipt | 12.35 | 16.16 |
| 334,331 (March 31, 2019: 334,331) Indian Depository Receipt of ₹ 100 each | | |
| **Total Investment in other entity** | **12.35** | **16.16** |
| **Total non-current investments** | **617.29** | **2,188.44** |
| Aggregate amount of quoted investments and market value thereof | 12.35 | 16.16 |
| Aggregate amount of unquoted investments | 604.94 | 2,172.28 |

**Note:**

In the Current year, the Company has redeemed 7% optionally convertible, non- cumulative, redeemable preference shares of USD 1 each of Welspun Mauritius Holdings Limited which was due for redemption on March 2023 and February 2024 at ₹ 1,629.04 and recognised a gain of ₹113.47.

The Management has assessed the impairment of its investment in Welspun Mauritius Holdings Limited (WMHL) by reviewing the business forecasts of WMHL's joint ventures namely Welspun Middle East Pipes LLC (WMEP) and Welspun Middle East Pipes Coatings LLC (WMEPC) using discounted cash flow valuation model. The Management has also assessed the recoverability of other receivables from WMEP and WMEPC based on expected credit loss model ("ECL").

The Management noted that no provision for impairment is required to be made in respect of these investment and other receivables.

Significant assumptions used in the model are discount rate and terminal growth rate.

**7(b) Current investments**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Bonds | 577.98 | 3,137.34 |
| Mutual funds | 3,519.75 | 225.58 |
| **Total current investments** | **4,097.73** | **3,362.92** |

**Quoted**

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

**I. Investments in bonds**

| | Face Value in Rupees | As at March 31, 2020 Units | As at March 31, 2020 Amount | As at March 31, 2019 Units | As at March 31, 2019 Amount |
|---|---|---|---|---|---|
| 0.00% Andhra Pradesh Expressway Limited 15/10/2025 | 1,000,000 | 56 | 113.61 | 56 | 111.64 |
| 10.99% Andhra Bank Perpetual | 1,000,000 | - | - | 409 | 407.06 |
| 9.35% Avanse Financial Services Limited 27/12/2027 | 1,000,000 | 29 | 14.51 | 29 | 25.55 |
| 9.40% Dewan Housing Finance Corporation Limited 08/05/2026 | 1,000,000 | 189 | - | 189 | 158.12 |
| 10.75% Dewan Housing Finance Corporation Limited Perpetual | 1,000,000 | 100 | - | 100 | 86.90 |
| 9.00% Dewan Housing Finance Corporation Limited 04/07/2028 | 1,000 | 9,000 | - | 9,000 | 7.53 |
| 9.00% Dewan Housing Finance Corporation Limited 04/07/2023 | 1,000 | 15,000 | - | 15,000 | 12.93 |
| 9.00% Dewan Housing Finance Corporation Limited 04/07/2025 | 1,000 | 33,000 | - | 33,000 | 28.14 |
| 8.07% Energy Efficiency Services Limited 20/09/2021 | 1,000,000 | - | - | 5 | 4.95 |
| 8.15% Energy Efficiency Services Limited 10/02/2021 | 1,000,000 | - | - | 18 | 17.90 |
| 10.25% ECL Finance Limited Perpetual | 1,000,000 | 50 | 25.00 | 50 | 47.50 |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Face Value in Rupees | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 10.45% Gujarat State Petroleum Corporation Limited 28/09/2072 | 1,000,000 | - | - | 101 | 108.83 |
| 9.40% IFCI Limited 13/02/2025 | 1,000 | 10,000 | 9.41 | 10,000 | 9.21 |
| 9.75% IFCI Limited 26/04/2028 | 1,000,000 | 201 | 190.95 | 206 | 185.73 |
| 9.90% IFCI Limited 05/11/2037 | 25,000 | 5,170 | 118.22 | 5,170 | 112.60 |
| 9.90% IFCI Limited 05/11/2032 | 25,000 | 14 | 0.32 | 14 | 0.31 |
| 8.45% Indiabulls Commercial Credit Limited 05/01/2028 | 100,000 | - | - | 600 | 54.85 |
| 9.50% IL&FS Energy Development Company Limited 14/05/2025 | 1,000,000 | 292 | - | 292 | - |
| 9.05% IL&FS 27/06/2023 | 1,000,000 | 400 | - | 400 | - |
| 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 | - |
| 9.70% Jodhpur Vidyut Vitran Nigam Limited 30/03/2031 | 100,000 | - | - | 317 | 30.79 |
| 8.50% Mahindra Rural Housing Finance Limited 15/06/2027 | 1,000,000 | 3 | 2.85 | 3 | 2.82 |
| 8.91% Nagpur Seoni Expressway Limited 01/02/2027 | 100,000 | - | - | 120 | 11.92 |
| 9.00% PNB Housing Finance Ltd 30/08/2022 | 1,000,000 | - | - | 400 | 387.69 |
| 10.90% Punjab and Sind Bank | 1,000,000 | - | - | 409 | 410.59 |
| 7.99% Rural Electrification Corporation Limited 23/02/2023 | 1,000,000 | - | - | 20 | 19.89 |
| 7.70% Rural Electrification Corporation Limited 10/12/2027 | 1,000,000 | - | - | 387 | 366.14 |
| 8.30% REC Limited 25/03/2029 | 1,000,000 | - | - | 400 | 400.74 |
| 8.25% Reliance Capital Limited 14/04/2020 | 1,000,000 | 264 | - | 264 | - |
| 8.85% Reliance Capital Limited 02/11/2026 | 1,000,000 | 664 | - | 664 | - |
| 9.10% Reliance General Insurance Company Limited 17/08/2026 | 1,000,000 | 5 | - | 5 | - |
| 9.40% Reliance Home Finance Limited 03/06/2032 | 1,000 | 255,700 | - | 255,700 | - |
| 9.00% Shriram Transport Finance Company Limited 28/03/2028 | 1,000,000 | 102 | 51.00 | 102 | 91.55 |
| 8.20% Shriram Transport Finance Company Limited 15/10/2027 | 1,000,000 | 2 | 0.98 | 2 | 1.75 |
| 8.25% The Great Eastern Shipping Company Limited 25/05/2027 | 1,000,000 | - | - | 32 | 31.60 |
| 10.50% United Bank of India 27/09/2027 | 1,000,000 | - | - | 1 | 1.02 |
| 9.70% U.P. Power Corporation 26/09/2031 | 1,000,000 | 500 | 48.50 | - | - |
| 7.50% Water & Sanitation Pooled Fund 09/09/2020 | 100,000 | 27 | 2.63 | 27 | 1.09 |
| **Total investments in bonds** | | **335,521** | **577.98** | **338,245** | **3,137.34** |

**Unquoted**

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

**II. Investments in mutual funds**

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Units | Amount | Units | Amount |
| SBI Overnight Fund - Direct - Growth | 157,070 | 511.06 | 55,006 | 170.10 |
| SBI Liquid Fund - Direct - Growth | 635,085 | 1,974.50 | - | - |
| Reliance Liquid Fund - Nivesh Lakhsya - Direct - Growth | - | - | 5,000,000 | 55.48 |
| ICICI Prudential Overnight Fund - Direct Plan - Growth | 2,138,113 | 230.38 | - | - |
| HDFC Liquid - DP - Growthoption | 205,755 | 803.81 | - | - |
| **Total Investments in mutual fund** | **3,136,023** | **3,519.75** | **5,055,006** | **225.58** |
| Aggregate amount of quoted investments and market value thereof | | **577.98** | | **3,137.34** |
| Aggregate amount of unquoted investments | | **3,519.75** | | **225.58** |
| | | **4,097.73** | | **3,362.92** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **8. Loans** | | |
| **8(a) Non-current** | | |
| **Unsecured, considered good** | | |
| Loans to joint venture (refer note 42, 52 and 56) | 247.01 | 247.01 |
| Less: Allowance for doubtful loans | (247.01) | - |
| | **-** | **247.01** |
| **Security deposits** | | |
| Related parties (refer note 42) | 113.55 | 157.66 |
| Others | 49.16 | 88.83 |
| **Total non-current loans** | **162.71** | **493.50** |
| **8(b) Current** | | |
| **Unsecured, considered good** | | |
| Loans to employees | 2.92 | 4.63 |
| **Security deposits** | | |
| Related parties (refer note 42) | 22.62 | 22.62 |
| Others | 219.92 | 149.55 |
| **Total current loans** | **245.46** | **176.80** |
| **Total loans** | **408.17** | **670.30** |

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **9. Other financial assets** | | |
| **9(a) Non-current** | | |
| Term deposits with maturity more than 12 months | | |
| Margin money deposits (refer note 14 (ii)) | 22.40 | 21.49 |
| Derivatives not designated as hedges | | |
| Coupon only swap | - | 2.57 |
| **Total non-current other financial assets** | **22.40** | **24.06** |
| **9(b) Current** | | |
| **Interest accrued on** | | |
| - Loan to Joint Venture (refer note 42) | 11.98 | - |
| Current investments | 23.80 | 167.41 |
| | **35.78** | **167.41** |
| **Other receivables from** | | |
| Related parties (refer note 42) | 66.48 | 521.85 |
| Others | 3.55 | 3.56 |
| | **70.03** | **525.41** |
| **Derivatives designated as hedges** | | |
| Forward contracts | 25.74 | 136.47 |
| Interest rate swap | - | 8.00 |
| **Derivatives not designated as hedges** | | |
| Forward contracts | 35.00 | 15.78 |
| | **60.74** | **160.25** |
| Unapplied advance with asset management company for purchase of mutual funds units | 16.77 | - |
| **Total current other financial assets** | **183.32** | **853.07** |
| **Total other financial assets** | **205.72** | **877.13** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **10.** | **Other assets** | | |
| | **10(a) Non-current** | | |
| | **Capital advances** | | |
| | Related parties (refer note 42) | 66.76 | - |
| | Others | 62.01 | 236.72 |
| | Less: Allowance for doubtful capital advances | (0.90) | (0.90) |
| | | **127.87** | **235.82** |
| | Balance with statutory authorities | 387.17 | 358.88 |
| | Less: Allowance for doubtful balance with statutory authorities | (285.31) | (257.53) |
| | | **101.86** | **101.35** |
| | Advance to suppliers | 8.83 | 49.04 |
| | Less: Allowance for doubtful balance with vendors | (8.83) | (8.85) |
| | | **-** | **40.19** |
| | Prepaid expenses | 46.18 | 32.54 |
| | Others* | 113.41 | 100.60 |
| | **Total other non-current assets** | **389.32** | **510.50** |

* Based on the Supreme Court Judgement the Company has made provision to recover the amount from the employees (refer note 37).

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **10(b) Current** | | |
| Balance with statutory authorities | 410.71 | 413.25 |
| Advance to suppliers | | |
| R.elated parties (refer note 42) | 0.60 | 0.18 |
| Others | 372.34 | 122.67 |
| Contract assets (refer note 12(i) and 54(a)) | 1,031.12 | 287.56 |
| Prepaid expenses | 685.24 | 125.44 |
| Advance to employees | 1.95 | 2.42 |
| Export benefit receivable | 235.23 | 227.40 |
| **Total other current assets** | **2,737.19** | **1,178.92** |
| **Total other assets** | **3,126.51** | **1,689.42** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **11.** | **Inventories** | | |
| | Raw materials | 2,960.20 | 1,115.90 |
| | Goods-in-transit for raw materials | 630.37 | 319.12 |
| | Work-in-progress | 232.83 | 97.70 |
| | Finished goods | 9,618.25 | 1,094.28 |
| | Stores and spares | 424.88 | 381.27 |
| | **Total inventories** | **13,866.53** | **3,008.27** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **12.** | **Trade receivables (refer note below)** | | |
| | Trade receivables from related parties (refer note 42) | 4.78 | 426.62 |
| | Trade receivables from others | 5,831.37 | 6,938.85 |
| | Less: Allowance for doubtful debts (net) | (117.20) | (138.96) |
| | **Total receivables** | **5,718.95** | **7,226.51** |
| | **Break up of security details** | | |
| | Unsecured, considered good | 5,718.94 | 7,226.51 |
| | Unsecured, credit impaired | 117.20 | 138.96 |
| | **Total** | **5,836.14** | **7,365.47** |
| | Less: Allowance for doubtful debts (net) | (117.20) | (138.96) |
| | **Total trade receivables** | **5,718.94** | **7,226.51** |

**Note:**

(i) Trade receivables including contract assets with a carrying amount to the extent of ₹ 1.90 (March 31, 2019: ₹ NIL) have been hypothecated as security against working capital loan. As at March 31, 2020, outstanding working capital loan is ₹ 1.90 (March 31, 2019: ₹ NIL).

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **13.** | **Cash and cash equivalents** | | |
| | Cash on hand | 0.36 | 0.16 |
| | Balances with banks | | |
| | In current accounts | 1,080.79 | 1,006.35 |
| | Deposits with Maturity of less than three months | - | 50.01 |
| | **Total cash and cash equivalents** | **1,081.15** | **1,056.52** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **14.** | **Bank balances other than cash and cash equivalents** | | |
| | Deposits with original maturity of more than three months but less than twelve months | 160.37 | - |
| | Unclaimed dividend (refer note (i) below) | 4.97 | 2.67 |
| | Margin money deposits (refer note (ii) below) | 387.78 | 656.46 |
| | **Total bank balances other than cash and cash equivalents** | **553.12** | **659.13** |

(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 ₹ 410.18 (March 31, 2019: ₹ 677.95) represent earmarked balances with banks (refer note 9(a)).

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **15.** | **(a) Assets or disposal groups classified as held for sale** | | |
| | Disposal groups classified as held for sale (refer note 50) | 9,799.71 | 14,496.52 |
| | Assets classified as held for sale* | 28.02 | - |
| | **Total assets or disposal groups classified as held for sale** | **9,827.73** | **14,496.52** |
| | * It represents land held for sale | | |
| | | | |
| | | | |
| | **(b) Liabilities directly associated with disposal groups classified as held for sale (refer note 50)** | | |
| | Liabilities directly associated with disposal groups classified as held for sale | 1,535.38 | 2,856.61 |
| | Total liabilities directly associated with disposal groups classified as held for sale | **1,535.38** | **2,856.61** |

| | | Equity shares | | | Preference shares | | |
|---|---|---|---|---|---|---|---|
| | | Number of Shares | Par value | Amount | Number of Shares | Par value | Amount |
| **16.** | **Equity share capital and other equity** | | | | | | |
| | **16(a) Share capital** | | | | | | |
| | **Authorised share capital** | | | | | | |
| | As at April 01, 2018 | 304,000,000 | 5.00 | 1,520.00 | 98,000,000 | 10.00 | 980.00 |
| | Increase/ (decrease) during the year | - | | - | - | | - |
| | **As at March 31, 2019** | **304,000,000** | **5.00** | **1,520.00** | **98,000,000** | **10.00** | **980.00** |
| | Increase/ (decrease) during the year (refer note 51) | 100,000 | 5.00 | 0.50 | - | | - |
| | **As at March 31, 2020** | **304,100,000** | **5.00** | **1520.50** | **98,000,000** | **10.00** | **980.00** |

| **i) Movement in equity shares capital** | Number of shares | Amount |
|---|---|---|
| **Issued, subscribed and paid up capital** | | |
| As at April 01, 2018 | 265,226,109 | 1,326.13 |
| **Increase/ (decrease) during the year** | | - |
| **As at March 31, 2019** | **265,226,109** | **1,326.13** |
| **Increase/ (decrease) during the year (refer note no 51)** | - | - |
| Buyback of equity shares (refer note no 53) | (4,356,714) | (21.78) |
| Shares issued on exercise of employee stock options (refer note no 49) | 15,000 | 0.08 |
| **As at March 31, 2020** | **260,884,395** | **1304.43** |

**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.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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.

**iii) Details of shareholders holding more than 5% shares in the Company**

| As at March 31, 2020 | No. of shares | % holding |
|---|---|---|
| **Equity shares held by** | | |
| Balkrishan Goenka, Trustee of Welspun Group Master Trust (refer note 51) | 110,449,818 | 42.34% |

| As at March 31, 2019 | No. of shares | % holding |
|---|---|---|
| **Equity shares held by** | | |
| Welspun Pipes Limited | 110,449,818 | 41.64% |
| Granele Limited | 19,127,584 | 7.21% |

**iv) Aggregate number of shares issued for consideration other than cash**

In FY 2014-15, the Company issued 227,781 equity shares of ₹ 5 each as sweat equity in compliance with applicable laws including the Securities and Exchange Board of India (issue of sweat equity) Regulations, 2002.

**v) Aggregate number and class of shares bought back (Refer Note 53)**

| | Class of Shares | No. of Shares |
|---|---|---|
| Buyback of equity shares during the year | Equity Shares | 4,356,714 |
| | | **4,356,714** |

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Other equity** | | |
| **16(b) Reserves and surplus** | | |
| (i) Securities premium | 7,183.71 | 7,769.82 |
| (ii) Debenture redemption reserve | 505.84 | 505.84 |
| (iii) General reserve | 621.73 | 353.59 |
| (iv) Foreign currency monetary item translation difference account | - | (14.25) |
| (v) Equity settled share based payments | 90.65 | 41.94 |
| (vi) Capital redemption reserve | 21.78 | - |
| (vii) Capital reserve | 1.79 | - |
| (viii) Retained earnings | 5,920.85 | 6,299.43 |
| **Total reserves and surplus** | **14,346.35** | **14,956.37** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **(i)** | **Securities premium** | | |
| | Opening balance | 7,769.82 | 7,769.82 |
| | Buyback of equity shares (refer note 53) | (566.38) | |
| | Amount transferred to Capital redemption reserve on buyback of equity shares | (21.78) | |
| | Share issued on exercise on employee stock options (refer note 49) | 2.05 | - |
| | **Closing balance** | **7,183.71** | **7,769.82** |
| **(ii)** | **Debenture redemption reserve** | | |
| | Opening balance | 505.84 | 505.84 |
| | Transfer from retained earnings | - | - |
| | **Closing balance** | **505.84** | **505.84** |
| **(iii)** | **General reserve** | | |
| | Opening balance | 353.59 | 353.59 |
| | Transfer from retained earnings | 268.14 | - |
| | **Closing balance** | **621.73** | **353.59** |
| **(iv)** | **Foreign currency monetary item translation difference account (refer note 55)** | | |
| | Opening balance | (14.25) | (35.54) |
| | Additions during the year | (6.79) | (45.09) |
| | Amortisation during the year | 21.04 | 66.38 |
| | **Closing balance** | **-** | **(14.25)** |
| **(v)** | **Equity settled share based payments (refer note 49)** | | |
| | Opening balance | 41.94 | - |
| | Employee share-based expense | 49.33 | 41.94 |
| | Less: Transfer to securities premium /Share capital on exercise of stock options | (0.62) | - |
| | **Closing balance** | **90.65** | **41.94** |
| **(vi)** | **Capital redemption reserve** | | |
| | Opening balance | - | - |
| | Amount transferred upon buyback (refer note 53) | 21.78 | - |
| | **Closing balance** | **21.78** | **-** |
| **(vii)** | **Capital reserve** | | |
| | Opening balance | - | - |
| | Capital Reserve on merger of Welspun Pipes limited (refer note no 51) | 1.79 | - |
| | **Closing balance** | **1.79** | **-** |
| **(viii)** | **Retained earnings** | | |
| | Opening balance | 6,299.43 | 9,226.12 |
| | Profit for the year | 2,681.40 | (2,772.07) |
| | Item of other comprehensive income recognised directly in retained earnings | | |
| | Remeasurements of post employment benefit obligations, net of tax (refer note 38) | (50.53) | 5.25 |
| | Dividend on equity shares | (2,741.31) | (132.61) |
| | Dividend distribution tax | - | (27.26) |
| | Transfer to general reserve | (268.14) | - |
| | **Closing balance** | **5,920.85** | **6,299.43** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **16(c) Other reserves** | | |
| Cash flow hedging reserve | (46.67) | 87.59 |
| **Total other reserves** | **(46.67)** | **87.59** |
| **Cash flow hedging reserve** | | |
| Opening balance | 87.59 | 11.21 |
| Amount recognised in cash flow hedging reserve during the year (net) | (89.85) | 136.62 |
| Gain/ (Loss) transferred to statement of profit and loss | (116.52) | (19.22) |
| Income tax on amount recognised in cash flow hedging reserve | 72.11 | (41.02) |
| **Closing balance** | **(46.67)** | **87.59** |

**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 is a free reserve and is available for distribution as dividend, issue of bonus shares, buyback of the Company's securities. It was created by transfer of amounts out of distributable profits.

**(iv) Foreign currency monetary item translation difference account (refer note 55)**

Foreign exchange differences on long term foreign currency monetary items which relates to other than depreciable assets, are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term assets / liabilities.

**(v) 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.

**(vi) 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.

**(vii) Capital reserve**

Capital reserve on merger of Welspun Pipes Limited (refer note 51).

**(viii) 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.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **17.** | **Borrowings** | | |
| | **17(a): Non-current borrowings (refer note 17(b) (iii))** | | |
| | **Secured** | | |
| | **Measured at amortised cost** | | |
| | Redeemable non-convertible debentures (refer note (i) below) | 5,106.43 | 5,370.96 |
| | **Total non-current borrowings** | **5,106.43** | **5,370.96** |

(i) The debentures are secured by first charge ranking pari passu by way of mortgage of all movable and immovable property, plant and equipment situated at Anjar and Dahej plant locations of the Company.

| No. of debentures | Face value (₹) | Redemption date (last instalment) | Rate of interest per annum | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|---|---|
| 2,000 (March 31, 2019: 2,000) | 1,000,000 | August 2025 | 9.55% | 2,000 | 2,000 |
| 900 (March 31, 2019: 900) | 1,000,000 | November 2022 | 11.00% | 900* | 900 |
| 2,500 (March 31, 2019: 2500) | 1,000,000 | February 2024 | 8.90% | 2,500** | 2,500 |
| **Total#** | | | | **5,400** | **5,400** |

* it includes amount of ₹ 270 which is transferred to current maturities of long term borrowings due in November 2020.

** The Company has subsequently repaid the total principal amount payable for the debenture of ₹ 2,500 before the due date.

# the above is excluding effective interest rate resulting in decrease in borrowing by ₹ 23.57 (March 31, 2019: ₹ 29.04).

(ii) External commercial borrowings (ECB) of USD Nil (March 31, 2019: USD 5.30 million) was secured by first charge ranking pari passu by way of mortgage/ hypothecation of all movable and immovable property, plant and equipment of the Company. The ECB outstanding as at March 31, 2019 carried interest rate of LIBOR plus 4.5%. This ECB was classified as current maturities of long term borrowing as at March 31, 2019.

The ECB in Rupees is repayable as follows

| Repayment schedule | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| October 2019 | - | 366.52 |
| **Total*** | **-** | **366.52** |

* the above is excluding impact of effective interest rate resulting in decrease in borrowing by ₹ Nil (March 31, 2019: ₹ 1.14).

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **17(b) Current borrowings** | | |
| **Secured** | | |
| **Measured at amortised cost** | | |
| **Loans repayable on demand** | | |
| Working capital loan from banks (refer notes (i) and (ii) below) | 1.90 | - |
| Unsecured | | |
| Measured at amortised cost | | |
| Commercial papers (refer note (ii) below) | 2,500.00 | 1,750.00 |
| **Total current borrowings** | **2,501.90** | **1,750.00** |

**(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) Working capital loan from banks includes cash credit which are repayable on demand.

(b) Commercial papers carries an interest of 7.25% (March 31, 2019: 8.40% - 8.55%) and are repayable on June 03, 2020 - ₹ 1,500 and on June 30, 2020 - ₹ 1,000 (March 31, 2019: April 18, 2019 - ₹ 750 and on May 20, 2019 - ₹ 1,000).

**(iii) Net debt reconciliation**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Net debt reconciliation** | | |
| Cash and cash equivalents | 1,081.15 | 1,056.52 |
| Current investments | 4,097.73 | 3,362.92 |
| Non-current borrowings | (5,376.43) | (5,736.34) |
| Lease liabilities (current and non-current) | (346.58) | - |
| Current borrowings | (2,501.90) | (1,750.00) |
| | **(3,046.03)** | **(3,066.90)** |

| | Financial assets | | Financial liabilities | | | Total [F] = [A]+[B]-[C]-[D]-[E] |
|---|---|---|---|---|---|---|
| | **Cash and cash equivalents [A]** | **Current investments [B]** | **Non-current borrowings* [C]** | **Lease liabilities [D]** | **Current borrowings [E]** | |
| **Net debts as at March 31, 2018** | **1,295.27** | **3,283.71** | **(6,960.91)** | **-** | **(7.78)** | **(2,389.71)** |
| **Interest accrued as at March 31, 2018** | | | **(128.89)** | | | **(128.89)** |
| Cash flow (net) | (238.75) | 2,647.82 | 1,362.99 | - | (1,756.20) | 2,015.86 |
| Foreign exchange adjustments (net) | - | - | (105.11) | - | - | (105.11) |
| Interest expenses | - | - | (602.15) | - | (111.55) | (713.70) |
| Interest paid | - | - | 614.19 | - | 125.53 | 739.72 |
| Fair value adjustment | - | (2,568.61) | | - | - | (2,568.61) |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Financial assets | | Financial liabilities | | | Total [F] = [A]+[B]-[C]-[D]-[E] |
|---|---|---|---|---|---|---|
| | Cash and cash equivalents [A] | Current investments [B] | Non-current borrowings* [C] | Lease liabilities [D] | Current borrowings [E] | |
| Unrealised portion of foreign exchange adjustments (net) | - | - | (21.09) | - | - | (21.09) |
| **Net debts as at March 31, 2019** | **1,056.52** | **3,362.92** | **(5,736.34)** | **-** | **(1,750.00)** | **(3,066.90)** |
| **Interest accrued as at March 31, 2019** | | | **(104.63)** | | | **(104.63)** |
| | | | | | | |
| Recognised on adoption of IndAS 116 | - | - | - | (389.92) | - | (389.92) |
| Cash flow (net) | 24.63 | 1,091.24 | 366.52 | 99.57 | (751.90) | 830.06 |
| Acqisition - leases | - | - | - | (22.88) | - | (22.88) |
| Interest expenses | - | - | (521.54) | (33.35) | (120.61) | (675.50) |
| Interest paid | - | - | 545.14 | - | 156.53 | 701.67 |
| Prepaid interest | - | - | - | - | (35.92) | (35.92) |
| Other non cash adjustments | - | - | | - | - | - |
| Fair value adjustment | - | (339.66) | - | - | - | (339.66) |
| Unapplied advance with asset management company for purchase of mutual funds units | - | (16.77) | - | - | - | (16.77) |
| Others | - | - | (6.61) | - | - | (6.61) |
| **Net debts as at March 31, 2020** | **1,081.15** | **4,097.73** | **(5,376.43)** | **(346.58)** | **(2,501.90)** | **(3,046.03)** |
| **Interest accrued as at March 31, 2020** | | | **(81.03)** | | | **(81.03)** |

* Includes current maturities of long-term borrowings

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **18. Other financial liabilities** | | |
| **18(a) Non-current** | | |
| Deposits received | | |
| Related parties (refer note 42) | 0.68 | 0.68 |
| Others | 0.01 | 1.63 |
| **Total other non-current financial liabilities** | **0.69** | **2.31** |

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **18(b) Current** | | |
| Current maturities of long-term borrowings | 270.00 | 365.38 |
| Interest accrued but not due on borrowings | 81.03 | 104.63 |
| Interest accrued but not due on acceptances and others | 17.61 | 148.92 |
| Unclaimed dividend (refer note 14) | 4.97 | 2.67 |
| Trade deposits | 14.97 | 11.55 |
| Deposits received | 1.62 | - |
| Capital creditors | 79.25 | 81.60 |
| Other payables | 11.52 | 5.04 |
| Derivatives not designated as hedges | | |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**
*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| | Forward contracts | 2.94 | 469.76 |
| | Derivatives designated as hedges | | |
| | Forward contracts | 97.50 | 9.87 |
| | **Total other current financial liabilities** | **581.41** | **1,199.42** |
| | **Total other financial liabilities** | **582.10** | **1,201.73** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **19.** | **Provisions** | | |
| | **19(a) Non-current** | | |
| | **Employee benefit obligations** | | |
| | Gratuity (refer note 35) | 175.46 | 94.00 |
| | **Other provisions** | | |
| | Provision for litigation / disputes (refer note 36 and 37) | 498.46 | 433.34 |
| | **Total non-current provisions** | **673.92** | **527.34** |
| | **19(b) Current** | | |
| | **Employee benefit obligations** | | |
| | Gratuity (refer note 35) | 58.12 | 50.97 |
| | Leave obligations (refer note 35) | 82.38 | 61.90 |
| | **Other provisions** | | |
| | Provision for litigation / disputes (refer note 37) | 13.98 | - |
| | Provision for claims | 163.54 | 142.12 |
| | **Total current provisions** | **318.02** | **254.99** |
| | **Total provisions** | **991.94** | **782.33** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **20.** | **Deferred tax liabilities (net) (refer note 38)** | | |
| | The balance comprises temporary differences attributable to: | | |
| | Deferred tax liabilities | | |
| | Property, plant and equipment | 1,648.18 | 1,887.01 |
| | Foreign currency monetary item translation difference account | - | 4.97 |
| | Effective rate of interest on borrowings | 6.52 | 10.54 |
| | Cash flow hedging reserve | - | 47.03 |
| | Others | 3.50 | - |
| | | **1,658.20** | **1,949.55** |
| | **Set-off of deferred tax assets pursuant to set-off provisions** | | |
| | **Deferred tax assets** | | |
| | Employee benefit obligations | 79.53 | 72.29 |
| | Allowance for doubtful debts and advances (net) | 284.24 | 326.36 |
| | Government grants | 351.71 | 532.06 |
| | Fair valuation of investments | 19.92 | 28.02 |
| | Cash flow hedging reserve | 25.08 | - |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| | Lease liability (net of right-of-use-asset) | 2.73 | - |
| | Others | 1.53 | 5.52 |
| | | **764.74** | **964.25** |
| | **Total deferred tax liabilities (net)** | **893.46** | **985.30** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **21.** | **Government grants** | | |
| | **VAT Income (refer note 1 below)** | | |
| | Opening balance | 1,522.60 | 4,112.93 |
| | Grants during the year | 33.36 | 93.06 |
| | Less: Recognised in the statement of profit and loss* (refer note 26) | 238.12 | 2,683.39 |
| | **Closing balance** | **1,317.84** | **1,522.60** |
| | Export benefits (refer note 2 below) | 114.78 | - |
| | **Total government grants** | **1,432.62** | **1,522.60** |
| | Non Current | 1,113.11 | 1,317.87 |
| | Current | 319.51 | 204.73 |
| | **Total government grants** | **1,432.62** | **1,522.60** |

*Recognised in the statement of profit and loss includes ₹ Nil (March 31, 2019: ₹ 2,450.70) for discontinued operation.

Note 1 : 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.

Note 2: Represents government grants in the nature of sales related export incentives.

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **22.** | **Other current liabilities** | | |
| | Trade advances (refer note 54(a)) | | |
| | Related parties (refer note 42) | 675.90 | 632.20 |
| | Others | 8,566.76 | 258.13 |
| | Statutory dues including provident fund and tax deducted at source | 258.12 | 247.07 |
| | Employee dues payable | 75.82 | 82.59 |
| | Advance against disposal group held for sale (refer note 50) | 250.00 | - |
| | Others (refer note 48) | - | - |
| | **Total trade payables** | **9,826.60** | **1,219.99** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**
*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **23.** | **Trade payables** | | |
| | **Current** | | |
| | Trade payables dues of micro and small enterprises (refer note 43) | 32.25 | 6.81 |
| | Trade payables for acceptances | 4,374.66 | 8,686.21 |
| | Trade payable to related parties (refer note 42) | 134.21 | 5.21 |
| | Trade payables others | 2,950.20 | 1,451.91 |
| | | **7,459.07** | **10,143.33** |
| | **Total trade payables** | **7,491.32** | **10,150.14** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **24.** | **Current tax liabilities (net)** | | |
| | Opening balance | 1,763.89 | 1,661.32 |
| | Add: Current tax payable for the year (refer note 34) | 1,300.06 | 134.35 |
| | Less: Taxes paid (including tax deducted at source) | 680.11 | 31.78 |
| | **Closing balance** | **2,383.84** | **1,763.89** |

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **25.** | **Revenue from operations** | | |
| | Revenue from contracts with customers (refer note 54(a)) | | |
| | **Sale of products** | | |
| | Finished goods | 41,098.94 | 39,861.97 |
| | **Total revenue from operations** | **41,098.94** | **39,861.97** |

The Company has only one major product which is sale of pipes and revenue is derived from transfer of pipes at a point in time which is shown under sale of products as above.

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Reconciliation of revenue recognised with contract price:** | | |
| **Contract price** | **41,181.70** | **40,165.18** |
| Adjustments for: | | |
| Liquidated Damages | (82.76) | (303.21) |
| | **41,098.94** | **39,861.97** |

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **26.** | **Other operating revenue (refer no 54(a))** | | |
| | Government grants | | |
| | VAT income | 238.12 | 232.69 |
| | Export benefits | 482.71 | 371.22 |
| | Scrap sale | 547.02 | 604.28 |
| | Liabilities/ Provision no longer required written back | 150.52 | 204.12 |
| | Others | 16.65 | 90.63 |
| | **Total other operating revenue** | **1,435.02** | **1,502.94** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **27.** | **Other income** | | |
| | **Interest income (refer note 39)** | | |
| | Loans to related party | 26.63 | 38.07 |
| | Current investments | 180.21 | 550.14 |
| | Fixed deposits | 50.98 | 49.06 |
| | Income tax refund | 12.24 | - |
| | Others | 114.50 | 95.93 |
| | **Dividend income on** | | |
| | Non-current investments | 2,745.17 | 0.34 |
| | Fair Value on early redemption of Non-current investments | 101.64 | - |
| | **Net gain on sale/redemption of** | | |
| | Non-current investments | 4.75 | 125.96 |
| | Current investments | 104.69 | - |
| | **Other non-operating income** | | |
| | Rental income (refer note 46 (ii)) | 29.40 | 26.26 |
| | Net exchange differences | - | 223.40 |
| | Commission income | 180.60 | 138.55 |
| | Realised gain on settlement of derivatives | 3.45 | 4.94 |
| | Allowance for doubtful debts written back | 21.76 | - |
| | Fair value gain on derivatives | 437.30 | - |
| | Miscellaneous income | 5.06 | 3.05 |
| | **Total other income** | **4,018.38** | 1,255.70 |

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **28.** | **Cost of materials consumed** | | |
| | Raw materials at the beginning of the year | 1,435.02 | 3,439.35 |
| | Add: Purchases | 39,732.02 | 28,021.35 |
| | Less : Raw materials at the end of the year | 3,590.57 | 1,435.02 |
| | **Total cost of materials consumed** | **37,576.47** | **30,025.68** |

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **29.** | **Changes in inventories of work-in progress and finished goods** | | |
| | **Opening balance** | | |
| | Work-in-progress | 97.70 | 443.04 |
| | Finished goods | 1,094.28 | 2,798.42 |
| | **Total opening balance** | **1,191.98** | 3,241.46 |
| | **Closing balance** | | |
| | Work-in-progress | 232.83 | 97.70 |
| | Finished goods | 9,618.25 | 1,094.28 |
| | **Total closing balance** | **9,851.08** | **1,191.98** |
| | **Total changes in inventories of work-in progress and finished goods** | **(8,659.10)** | **2,049.48** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **30.** | **Employee benefit expense** | | |
| | Salaries, wages and bonus | 1,740.96 | 1,673.09 |
| | Contribution to provident and other funds (refer note below) | 108.00 | 84.33 |
| | Gratuity expense (refer note 35) | 30.92 | 29.30 |
| | Staff welfare expenses | 62.67 | 67.18 |
| | Employee share-based expense (refer note 49) | 49.33 | 41.94 |
| | Total employee benefit expense | **1,991.88** | **1,895.84** |

**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, 2020 | Year ended March 31, 2019 |
|---|---|---|
| During the year, the Company has recognised the following amounts in the statement of profit and loss: | | |
| Employer's Contribution to Provident Fund | 89.39 | 68.39 |
| Employer's Contribution to Employees State Insurance | 0.87 | 0.84 |
| Employer's Contribution to Employees Pension Scheme | 11.73 | 10.07 |
| Employer's Contribution to Superannuation fund | 6.01 | 5.03 |
| **Total expenses recognised in the statement of profit and loss** | **108.00** | **84.33** |

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **31.** | **Depreciation and amortisation expense** | | |
| | Depreciation of property, plant and equipment and Investment Property (refer note 3(a) and 4) | 1,095.32 | 1,093.94 |
| | Depreciation of right-of-use assets (refer note 3(b)) | 103.70 | - |
| | Amortisation of intangible assets (refer note 5) | 35.02 | 35.59 |
| | **Total depreciation and amortisation expense** | **1,234.04** | **1,129.53** |

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **32.** | **Other expenses** | | |
| | Consumption of stores and spares | 872.05 | 650.89 |
| | Labour charges | 203.68 | 203.86 |
| | Coating and other job charges | 201.92 | 148.61 |
| | Power, fuel and water charges | 815.11 | 790.62 |
| | Freight, material handling and transportation | 3,798.71 | 2,184.76 |
| | Rental charges (refer note 3(b), 46(i) and 54(b)) | 47.73 | 96.25 |
| | Rates and taxes | 29.79 | 35.43 |
| | Repairs and maintenance | | |
| | Plant and machinery | 60.90 | 69.33 |
| | Buildings | 26.95 | 25.96 |
| | Others | 170.99 | 223.15 |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Travel and conveyance expenses | 127.87 | 164.64 |
| Communication expenses | 6.95 | 6.22 |
| Legal and professional fees | 170.45 | 139.96 |
| Insurance | 78.17 | 75.53 |
| Directors' sitting fees (refer note 42) | 4.37 | 5.67 |
| Printing and stationery | 5.76 | 7.41 |
| Security charges | 25.50 | 23.08 |
| Membership and fees | 32.31 | 20.73 |
| Vehicle expenses | 7.20 | 7.74 |
| Net exchange differences | 640.08 | - |
| Payment to auditors (refer note (i) below) | 24.68 | 17.57 |
| Product compensation and claims | 70.00 | - |
| Sales promotion expenses | 14.35 | 10.94 |
| Commission on sales to agents | 233.29 | 158.06 |
| Allowance for doubtful loans (refer note 42) | 247.01 | - |
| Impairment loss of Equity Investment (refer note 42) | 254.65 | - |
| Allowance for doubtful debts (net) | - | 78.89 |
| Provision for litigation, disputes and other matters (Net) | - | 3.46 |
| Loss on sale of current investments (net) | - | 10.77 |
| Loss on disposal of property, plant and equipment (net) | 16.50 | 21.22 |
| Expenditure towards corporate social responsibility (refer notes (ii) below and 42) | 42.72 | 20.98 |
| Fair valuation loss on investments (net) (refer note 58) | 388.02 | 2,400.48 |
| Fair value losses on derivatives not designated as hedges (net) | - | 413.79 |
| Donation (refer note (iii) below) | 70.00 | - |
| Miscellaneous expenses | 86.19 | 61.03 |
| **Total other expenses** | **8,773.90** | **8,077.03** |

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Note:** | | |
| **i) Details of payments to auditors** | | |
| **Payment to auditors** | | |
| **As auditor:** | | |
| Audit fee | 17.30 | 11.20 |
| Tax audit fee | 1.30 | 1.00 |
| **In other capacities** | | |
| Certification fees | 5.85 | 5.16 |
| Re-imbursement of expenses | 0.23 | 0.21 |
| **Total payment to auditors** | **24.68** | **17.57** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **ii) Corporate social responsibility expenditure** | | |
| Contribution to Welspun Foundation for Health & Knowledge | 42.72 | 20.98 |
| **Total corporate social responsibility expenditure** | **42.72** | **20.98** |
| Amount required to be spent as per Section 135 of the Companies Act, 2013 | 42.72 | 20.98 |
| **Amount spent during the year on:** | | |
| Construction/ acquisition of an asset | - | - |
| On purposes other than above | 42.72 | 20.98 |

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **33. Finance costs** | | |
| **Interest on financial liabilities not at fair value through profit and loss** | | |
| External commercial borrowings | 8.86 | 84.67 |
| Redeemable non-convertible debentures | 519.29 | 517.48 |
| Current borrowings | 120.61 | 111.55 |
| Interest on acceptances and charges on letter of credit | 347.66 | 362.74 |
| Interest on Income tax | 10.00 | - |
| Interest and finance charges on lease liability | 33.35 | - |
| Other finance cost | 73.94 | 103.29 |
| **Total finance cost** | **1,113.71** | **1,179.73** |

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **34. Income tax expense** | | |
| **(i) Income tax expense** | | |
| **Current tax** | | |
| Current tax for the year | 1,215.73 | 134.35 |
| Tax provision for earlier year | 84.33 | - |
| **Total Current tax** | **1,300.06** | **134.35** |
| **Continuing operations** | 1,300.06 | 134.35 |
| **Deferred tax (refer note 38)** | | |
| Decrease in deferred tax assets (including tax credit) | 235.91 | 826.08 |
| Decrease in deferred tax liabilities | (244.32) | (2,121.28) |
| **Total deferred tax expense/ (benefit)** | **(8.41)** | **(1,295.20)** |
| Continuing operations | 159.35 | 86.11 |
| Discontinued operations | (167.76) | (1,381.31) |
| **Total income tax expense** | **1,291.65** | **(1,160.85)** |
| **(ii) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate** | | |
| Profit/ (loss) before tax from continuing operations | 4,521.44 | (1,736.68) |
| Loss before tax from discontinued operations | (548.39) | (2,196.24) |
| | **3,973.05** | **(3,932.92)** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Tax rate | 34.944% | 34.944% |
| **Tax at normal rate** | 1,388.34 | (1,374.32) |
| Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income | | |
| Dividend income | (0.16) | (0.12) |
| Expense/ (income) on which no deferred tax was required to be recognised | 340.03 | 883.14 |
| Items subject to differential tax rate | (627.03) | (669.55) |
| Tax provision for earlier year | 84.33 | - |
| Change in tax rate (basis adjustment) (refer note 38) | 106.14 | - |
| **Total Income tax expense** | **1,291.65** | **(1,160.85)** |

(iii) 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.

## 35. 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, 2018** | **219.73** | **(90.22)** | **129.51** |
| Current service cost | 22.02 | - | 22.02 |
| Interest expense/(income) | 17.27 | (7.09) | 10.18 |
| **Total amount recognised in profit or loss*** | **39.29** | **(7.09)** | **32.20** |
| **Remeasurements** | | | |
| Return on plan assets excluding amount included in interest expense | - | 2.31 | 2.31 |
| Experience losses | (12.14) | - | (12.14) |
| Loss from change in financial assumptions | 1.76 | - | 1.76 |
| **Total amount recognised in other comprehensive income** | **(10.38)** | **2.31** | **(8.07)** |
| Benefit payment | (13.03) | 13.03 | - |
| **March 31, 2019** | **235.61** | **(81.97)** | **153.64** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Present value of obligations | Fair value of plan assets | Net amount |
|---|---|---|---|
| **April 01, 2019** | **235.61** | **(81.97)** | **153.64** |
| Current service cost | 23.33 | - | 23.33 |
| Interest expense/(income) | 18.35 | (6.38) | 11.97 |
| **Total amount recognised in profit or loss*** | **41.68** | **(6.38)** | **35.30** |
| **Remeasurements** | | | |
| Return on plan assets excluding amount included in interest income | - | 1.10 | 1.10 |
| Experience losses | 26.92 | - | 26.92 |
| Loss from change in financial assumptions | 23.87 | - | 23.87 |
| Loss from change in demographics assumptions | 9.96 | - | 9.96 |
| **Total amount recognised in other comprehensive income** | **60.75** | **1.10** | **61.85** |
| Benefit payment | (14.64) | 14.64 | - |
| Employer's Contribution | - | (4.14) | (4.14) |
| **March 31, 2020**** | **323.40** | **(76.75)** | **246.65** |

**The net liabilities disclosed above relating to funded plans are as follows:**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Present value of funded obligations | 323.40 | 235.61 |
| Fair value of plan assets | (76.75) | (81.97) |
| Deficit of funded plan | 246.65 | 153.64 |
| Non-current (refer note 19(a))** | 175.46 | 94.00 |
| Current (refer note 19(b))** | 71.19 | 59.64 |

**(iv) Significant actuarial assumptions are as follows:**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Discount rate | 6.87% | 7.79% |
| 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:

**(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, 2020 | As at March 31, 2019 | | As at March 31, 2020 | As at March 31, 2019 | | As at March 31, 2020 | As at March 31, 2019 |
| Discount rate | 1.00% | 1.00% | Decrease by | 25.80 | 23.38 | Increase by | 29.75 | 27.45 |
| Salary growth rate | 1.00% | 1.00% | Increase by | 29.71 | 27.67 | Decrease by | 26.23 | 23.95 |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(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 the year ended March 31, 2021 is ₹ 58.12 (March 31, 2020: ₹ 50.97). The weighted average duration of the defined benefit obligation is 10 years (March 31, 2019 - 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, 2020** | | | | | |
| Defined benefit obligations- Gratuity | 34.18 | 14.77 | 56.33 | 134.09 | 239.37 |
| **March 31, 2019** | | | | | |
| Defined benefit obligations- Gratuity | 17.34 | 9.80 | 23.47 | 87.43 | 138.04 |

*Gratuity expenses includes ₹ 4.38 (March 31, 2019: ₹ 2.90) for discontinued operation.

**Provision for gratuity as at March 31, 2020 to the extent of ₹ 13.07 (March 31, 2019: ₹ 8.67) for discontinued operation is included in Liabilities directly associated with disposal groups classified as held for sale."

## 36. Movements in provision for litigation/ disputes (refer note 19 (a) and (b))

Movements in each class of provisions during the financial year ended March 31, 2020 are set out below:

| | As at March 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | GST | Excise Duty | Service Tax | Value Added Tax | Provident Fund (Refer note 37) | Other Litigation and Disputes | Total |
| Opening balance as at April 01, 2019 | - | 120.17 | 101.83 | 7.93 | 202.21 | 1.20 | 433.34 |
| Provided during the year | 0.47 | - | - | 53.14 | 26.69 | 4.06 | 84.36 |
| Provision reversed during the year | - | (0.17) | (3.89) | - | - | (1.20) | (5.26) |
| **Closing balance as at March 31, 2020** | **0.47** | **120.00** | **97.94** | **61.07** | **228.90** | **4.06** | **512.44** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**Movements in each class of provisions during the financial year ended March 31, 2019 are set out below:**

| | As at March 31, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | **Excise Duty** | **Service Tax** | **Value Added Tax** | **Provident Fund (Refer note 37)** | **Other Litigation and Disputes** | **Total** |
| Opening balance as at April 01, 2018 | 120.17 | 95.88 | 7.93 | - | 39.02 | 263.00 |
| Provided during the year | - | 5.95 | - | 202.21 | - | 208.16 |
| Provision reversed during the year | - | - | - | - | (37.82) | (37.82) |
| Closing balance as at March 31, 2019 | 120.17 | 101.83 | 7.93 | 202.21 | 1.20 | 433.34 |

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.

**37.** 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 ₹ 214.92 (March 31, 2019: ₹ 202.21). The Company has also determined and discharged the provident fund liability from September 1, 2019 considering the impact of the judgement. Additional payment of ₹ 13.98 has been made after March 31, 2020 and has been disclosed under Current Provisions.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 38. 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 | Foreign currency monetary item translation difference account | Fair valuation of investments | Effective rate of interest on borrowings | Cash flow hedging reserve | Others | Total deferred tax liabilities | Employee benefit obligations | Allowance for doubtful debts and advances (net) | 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, 2018** | **3,960.83** | **12.41** | **35.10** | **15.08** | **6.01** | **0.38** | **4,029.81** | **70.27** | **284.93** | **1,437.22** | **-** | **-** | **-** | **0.73** | **1,793.15** | **2,236.66** |
| Charged/ (credited) | | | | | | | | | | | | | | | | |
| to profit and loss | (2,073.82) | (7.44) | (35.10) | (4.54) | - | (0.38) | (2,121.28) | 4.84 | 41.43 | (905.16) | 28.02 | - | - | 4.79 | (826.08) | (1,295.20) |
| to other comprehensive income | - | - | - | - | 41.02 | - | 41.02 | (2.82) | - | - | | - | - | - | (2.82) | 43.84 |
| **As at March 31, 2019** | **1,887.01** | **4.97** | **-** | **10.54** | **47.03** | **-** | **1,949.55** | **72.29** | **326.36** | **532.06** | **28.02** | **-** | **-** | **5.52** | **964.25** | **985.30** |
| **Charged/ (credited)** | | | | | | | | | | | | | | | | |
| to profit and loss | (238.83) | (4.97) | - | (4.02) | - | 3.50 | (244.32) | (4.08) | (42.12) | (180.35) | (8.10) | 2.73 | - | (3.99) | (235.91) | (8.41) |
| to other comprehensive income | - | - | - | - | (47.03) | - | (47.03) | 11.32 | - | - | - | - | 25.08 | - | 36.40 | (83.43) |
| **As at March 31, 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** |

**Note:**

The Company intends to exercise the option of lower tax rate of 22% (plus applicable surcharge and cess) instead of the normal rate of 30% (plus applicable surcharge and cess) under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019.

Based on management's assessment, the Company has determined that exercising the option of lower rate will be beneficial only from financial year April 01, 2021 onwards. Accordingly, the Company has adjusted ₹ 116.44 of its deferred tax liability (net) balances as at March 31, 2020 with a corresponding impact of ₹ 106.14 in deferred tax expense and ₹ 10.30 in other comprehensive income."

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 39. Fair value measurements

**Financial instruments by category**

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | **FVPL** | **Amortised cost** | **FVPL** | **Amortised cost** |
| **Financial assets** | | | | |
| **Investments** | | | | |
| Equity instruments | 414.88 | - | 462.19 | - |
| Preference shares | 190.06 | - | 1,710.09 | - |
| Bonds | 577.98 | - | 3,137.34 | - |
| Mutual fund | 3,519.75 | - | 225.58 | - |
| Others | 12.35 | - | 16.16 | |
| **Loans** | | | | |
| Loans to joint venture | - | - | - | 247.01 |
| Loans to employees | - | 2.92 | - | 4.63 |
| Security deposits | - | 405.25 | - | 418.66 |
| Trade receivables | - | 5,718.95 | - | 7,226.51 |
| Cash and cash equivalents | - | 1,081.15 | - | 1,056.52 |
| Bank balances other than cash and cash equivalents | - | 553.12 | - | 659.13 |
| **Other financial assets** | | | | |
| Term deposits with maturity more than 12 months | - | 22.40 | - | 21.49 |
| **Derivatives designated as hedges** | | | | |
| Forward contracts | 25.74 | - | 136.47 | - |
| Interest rate swap | - | - | 8.00 | - |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | 35.00 | - | 15.78 | - |
| Coupon only swap | - | - | 2.57 | - |
| Others | | 122.58 | - | 692.82 |
| **Total financial assets** | **4,775.76** | **7,906.37** | **5,714.18** | **10,326.77** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | - | 7,959.36 | - | 7,590.97 |
| Trade payables | - | 7,491.32 | - | 10,150.14 |
| | | | | |
| **Other financial liabilities** | | | | |
| **Derivatives designated as hedges** | | | | |
| Forward contracts | 97.50 | - | 9.87 | - |
| Derivatives not designated as hedges | | | | |
| Forward contracts | 2.94 | - | 469.76 | - |
| Others | - | 130.63 | - | 252.09 |
| **Total financial liabilities** | **100.44** | **15,581.31** | **479.63** | **17,993.20** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(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.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial Investments at FVPL** | | | | |
| Equity instruments | - | - | 414.88 | 414.88 |
| Preference shares | - | - | 190.06 | 190.06 |
| Bonds | - | 577.98 | - | 577.98 |
| Mutual fund | | 3,519.75 | - | 3,519.75 |
| Others | 12.35 | - | - | 12.35 |
| **Derivatives designated as hedges** | | | | |
| Forward contracts | - | 25.74 | - | 25.74 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 35.00 | - | 35.00 |
| **Total financial assets** | **12.35** | **4,158.47** | **604.94** | **4,775.76** |
| **Financial liabilities** | | | | |
| **Derivatives designated as hedges** | | | | |
| Forward contracts | - | 97.50 | - | 97.50 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 2.94 | - | 2.94 |
| **Total financial liabilities** | **-** | **100.44** | **-** | **100.44** |

**Assets and liabilities which are measured at amortised cost for which fair value are disclosed as at March 31, 2020**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Loans | | | | |
| Loans to employees | - | - | 2.92 | 2.92 |
| Security deposits | - | - | 405.25 | 405.25 |
| **Other financial assets** | | | | |
| Term deposits with maturity more than 12 months | - | - | 22.40 | 22.40 |
| Others | - | - | 122.58 | 122.58 |
| **Total financial assets** | **-** | **-** | **553.15** | **553.15** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | - | - | 7,959.36 | 7,959.36 |
| **Other financial liabilities** | | | | |
| Others | - | - | 130.63 | 130.63 |
| **Total financial liabilities** | **-** | **-** | **8,089.99** | **8,089.99** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2019**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial investments at FVPL** | | | | |
| Equity instruments | - | - | 462.19 | 462.19 |
| Preference shares | - | - | 1,710.09 | 1,710.09 |
| Bonds | - | 3,137.34 | - | 3,137.34 |
| Mutual fund | - | 225.58 | - | 225.58 |
| Others | 16.16 | - | - | 16.16 |
| **Derivatives designated as hedges** | | | | |
| Forward contracts | - | 136.47 | - | 136.47 |
| Interest rate swap | - | 8.00 | - | 8.00 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 15.78 | - | 15.78 |
| Coupon only swap | - | 2.57 | - | 2.57 |
| **Total financial assets** | **16.16** | **3,525.74** | **2,172.28** | **5,714.18** |
| **Financial liabilities** | | | | |
| **Derivatives designed as hedges** | | | | |
| Forward contracts | - | 9.87 | - | 9.87 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 469.76 | - | 469.76 |
| **Total financial liabilities** | **-** | **479.63** | **-** | **479.63** |

**Assets and liabilities which are measured at amortised cost for which fair value are disclosed as at March 31, 2019**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Loans** | | | | |
| Loans to joint venture | - | - | 247.01 | 247.01 |
| Loans to employees | - | - | 4.63 | 4.63 |
| Security deposits | - | - | 418.66 | 418.66 |
| **Other financial assets** | | | | |
| Term deposits with maturity more than 12 months | | | 21.49 | 21.49 |
| Others | - | - | 692.82 | 692.82 |
| **Total financial assets** | **-** | **-** | **1,384.61** | **1,384.61** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | - | - | 7,590.97 | 7,590.97 |
| **Other financial liabilities** | | | | |
| Others | - | - | 252.09 | 252.09 |
| **Total financial liabilities** | **-** | **-** | **7,843.06** | **7,843.06** |

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. This includes investment in Standard Chartered Bank PLC Indian Depository Receipt.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 designated as hedges and which are not designated as hedges, bonds 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 and unlisted preference shares.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- investment in Standard Chartered Bank PLC Indian Depository Receipt is valued using the closing price at National Stock Exchange (NSE) at the reporting period.
- the fair value of forward contracts is determined using forward exchange rates prevailing with Authorised Dealers dealing in foreign exchange.
- the fair value of interest rate swaps and coupon only swap is calculated as the present value of the estimated future cash flows based on observable yield curves.
- 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 quoted bonds are derived based on the indicative quotes of price and yields prevailing in the market or latest available prices.

**(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, 2020 and March 31, 2019:

| | Unlisted equity shares | Unlisted preference shares | Total |
|---|---|---|---|
| **As at April 01, 2018** | 150.90 | 1,723.13 | 1,874.03 |
| Acquisition (refer note 42) | 384.19 | - | 384.19 |
| Disposal (refer note 42) | (383.77) | - | (383.77) |
| Gain/ (loss) recognised in profit or loss* | 310.87 | (13.04) | 297.83 |
| **As at March 31, 2019** | **462.19** | **1,710.09** | **2,172.28** |
| Disposal (refer note 42) | - | (1,629.04) | (1,629.04) |
| Net gain/ (loss) recognised in profit or loss* | (47.31) | 109.01 | 61.70 |
| **As at March 31, 2020** | **414.88** | **190.06** | **604.94** |
| *Unrealised gain/ (loss) recognised in profit or loss related to assets held at the end of the reporting period | | | |
| Year ended March 31, 2020 | (47.31) | (4.46) | (51.77) |
| Year ended March 31, 2019 | 64.63 | (13.04) | 51.59 |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

### (iv) Valuation inputs and relationships to fair value

| | Fair value | | Significant unobservable inputs* | Probability weighted average | | Sensitivity |
|---|---|---|---|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 | | As at March 31, 2020 | As at March 31, 2019 | |
| Unlisted equity shares | 414.88 | 462.19 | Risk adjusted discount rate | 15.42% | 14.00% | The estimated fair value would increase/ (decrease) if -Discount rate were lower/ (higher)” |
| Unlisted preference shares | 190.06 | 194.52 | Risk adjusted discount rate | 10.00% | 10.00% | The estimated fair value would increase/ (decrease) if -Discount rate were lower/ (higher) |
| Unlisted preference shares | - | 1,515.57 | Risk adjusted discount rate | NA | 7.00% | 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, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial Assets** | | | | |
| **Loans** | | | | |
| Loans to joint venture | - | - | 247.01 | 247.01 |
| Loans to employees | 2.92 | 2.92 | 4.63 | 4.63 |
| Security deposits | 405.25 | 405.25 | 418.66 | 418.66 |
| Other financial assets | | | | |
| Term deposits with maturity more than 12 months | 22.40 | 22.40 | 21.49 | 21.49 |
| Others | 122.58 | 122.58 | 692.82 | **692.82** |
| **Total** | **553.15** | **553.15** | **1,384.61** | **1,384.61** |
| **Financial liabilities** | | | | |
| Borrowings | 7,959.36 | 7,959.36 | 7,590.97 | 7,590.97 |
| **Other financial liabilities** | | | | |
| Others | 130.63 | 130.63 | 252.09 | 252.09 |
| **Total** | **8,089.99** | **8,089.99** | **7,843.06** | **7,843.06** |

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, term deposits with maturity period more than 12 months, borrowings and other financial liabilities (other than those covered in above note (a)) are materially the same.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(vii) Classification of interest income by instrument category**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Interest income at amotised cost:** | | |
| Loans to related party | 26.63 | 38.07 |
| Fixed deposits | 50.98 | 49.06 |
| Interest on customers | 47.91 | 29.03 |
| Others | 25.79 | 23.74 |
| **Interest income at FVTPL:** | | |
| Current investments | 180.21 | 550.14 |
| **Other interest income** | | |
| Income tax refund | 12.24 | - |
| Interest on VAT refund | 40.80 | 43.10 |
| Others | - | **0.06** |

## 40.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 and interest rate swaps to hedge variable interest rate 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 – interest rate risk | Borrowings | Sensitivity analysis | Interest rate swaps |
| 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.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(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. Top three customer contributes 40.68% (March, 31 2019: 53.23%) of total revenue. Trade receivables are regularly monitored and shipment to major customer are generally covered by letter of credit."

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, 2020 | 4,978.78 | 740.17 | 5,718.95 |
| March 31, 2019 | 6,992.09 | 234.42 | 7,226.51 |

**Reconciliation of allowance for doubtful debts on trade receivables**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Opening balance | 138.96 | 60.07 |
| Changes in allowance for doubtful debts | (21.76) | 78.89 |
| **Closing balance** | **117.20** | **138.96** |

**b) Other financial assets**

The Company maintains exposure in cash and cash equivalents, term deposits with banks, derivative financial instruments, investments in government securities and 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.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**a) Financing arrangements**

The Company had access to the following undrawn borrowing facilities for working capital at the end of the reporting period:

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Floating rate | | |
| Expiring within one year | 3,078.00 | 3,260.00 |
| **Total** | **3,078.00** | **3,260.00** |

**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.

**As at March 31, 2020**

| 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) | 5,628.36 | 1,827.03 | 953.11 | 419.15 | 8,827.65 | 7,959.36 |
| Trade payables | 7,491.32 | - | - | - | 7,491.32 | 7,491.32 |
| Lease liability | 103.75 | 199.65 | 102.68 | 65.25 | 471.33 | 346.58 |
| Other financial liabilities | 129.94 | 0.77 | - | - | 130.71 | 130.63 |
| **Total non-derivative liabilities** | **13,353.37** | **2,027.45** | **1,055.79** | **484.40** | **16,921.01** | **15,927.89** |
| Derivatives | | | | | | |
| Forward contracts | 100.44 | - | - | - | 100.44 | 100.44 |
| **Total derivative liabilities** | **100.44** | **-** | **-** | **-** | **100.44** | **100.44** |

**As at March 31, 2019**

| 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) | 2,669.75 | 5,548.45 | 662.43 | 876.71 | 9,757.34 | 7,590.97 |
| Trade payables | 10,150.14 | - | - | - | 10,150.14 | 10,150.14 |
| Other financial liabilities | 249.78 | 2.39 | - | - | 252.17 | 252.09 |
| **Total non-derivative liabilities** | **13,069.67** | **5,550.84** | **662.43** | **876.71** | **20,159.65** | **17,993.20** |
| Derivatives | | | | | | |
| Forward contracts | 479.63 | - | - | - | 479.63 | 479.63 |
| **Total derivative liabilities** | **479.63** | **-** | **-** | **-** | **479.63** | **479.63** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(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.

**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, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | **USD** | **EUR** | **Others** | **USD** | **EUR** | **Others** |
| **Financial assets** | | | | | | |
| Investment in preference share | - | - | - | 1,515.57 | - | - |
| Trade receivables | 570.10 | - | - | 2,441.75 | - | - |
| Other financial assets | 52.20 | - | - | 33.92 | - | - |
| **Derivatives not designated as hedges** | | | | | | |
| Forward contracts (Sell foreign currency) | (439.59) | - | - | (1,521.91) | - | - |
| **Derivatives designated as hedges** | | | | | | |
| Forward contracts (Sell foreign currency) | (3,449.37) | - | - | (5,862.95) | - | - |
| **Net exposure to foreign currency risk (assets)** | **(3,266.66)** | **-** | **-** | **(3,393.62)** | **-** | **-** |
| **Financial liabilities** | | | | | | |
| Borrowing | - | - | - | 365.38 | - | - |
| Trade payables | 3,762.36 | 506.23 | 394.29 | 11,279.96 | 3.07 | - |
| Other financial liabilities | 17.47 | 0.14 | - | 208.47 | - | - |
| **Derivatives not designated as hedges** | | | | | | |
| Forward contracts (Buy foreign currency) | (758.05) | (497.30) | (108.120) | (9,863.78) | (1,529.07) | - |
| Option contracts | - | - | - | - | - | - |
| **Derivatives designated as hedges** | | | | | | |
| Forward contracts (Buy foreign currency) | (456.98) | - | (662.69) | (1,575.98) | - | - |
| **Net exposure to foreign currency risk (liabilities)** | **2,564.80** | **9.07** | **(376.52)** | **414.05** | **(1,526.00)** | **-** |
| **Total Net exposure to foreign currency risk** | **(2,839.07)** | **(9.07)** | **(286.17)** | **479.30** | **1,526.00** | **-** |
| **Net Derivatives designated as hedges** | **(2,992.39)** | **-** | **662.69** | **(4,286.97)** | **-** | **-** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**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, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| **Assets** | | | | |
| Investment in equity share | 5.14 | 5.14 | 0.11 | 0.11 |
| Investment in preference share | - | 1,515.57 | - | 21.92 |
| Investment in equity component of preference shares | 293.75 | 293.75 | 5.56 | 5.56 |
| Trade receivables | 570.10 | 2,441.75 | 7.53 | 35.31 |
| Other financial assets | 52.20 | 33.92 | 0.69 | 0.49 |
| Advance to suppliers | 4.71 | 113.61 | 0.06 | 1.64 |
| | **925.90** | **4,403.74** | **13.95** | **65.03** |
| **Liabilities** | | | | |
| Borrowing | - | 365.38 | - | 5.28 |
| Trade payables | 4,662.88 | 11,283.03 | 61.63 | 163.16 |
| Other financial liabilities | 17.61 | 208.47 | 0.23 | 3.01 |
| Trade advances | - | 682.60 | - | 9.87 |
| | **4,680.49** | **12,539.48** | **61.86** | **181.32** |
| Less: Forward contracts (USD-INR) | (318.46) | (8,341.87) | (4.47) | (115.73) |
| Less: Forward contracts (EURO-INR) | (497.30) | (2.84) | (6.86) | (0.04) |
| Less: Forward contracts (CAD-INR) | (108.12) | - | (1.45) | - |
| **Net unhedge foreign currency exposure*** | **2,830.71** | **(208.97)** | **35.13** | **0.52** |

*Cross currency forward contract of EURO - USD is not considered as hedges aggregating to ₹ Nil (March 31, 2019 ₹ 1,526.23)

**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, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| **USD sensitivity** | | | | |
| INR/USD - Increase by 1% (March 31, 2019 - 1%)* | (28.39) | 4.79 | (29.92) | (42.87) |
| INR/USD - Decrease by 1% (March 31, 2019 - 1%)* | 28.39 | (4.79) | 29.92 | 42.87 |
| **EURO sensitivity** | | | | |
| INR/EURO - Increase by 1% (March 31, 2019 - 1%)* | (0.09) | 15.26 | - | - |
| INR/EURO - Decrease by 1% (March 31, 2019 - 1%)* | 0.09 | (15.26) | - | - |
| **CAD sensitivity** | | | | |
| INR/CAD - Increase by 1% (March 31, 2019 - 1%)* | (2.86) | - | 6.63 | - |
| INR/CAD - Decrease by 1% (March 31, 2019 - 1%)* | 2.86 | - | (6.63) | - |

* 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 both fixed and floating interest rates. The Company's interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. Company policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During March 31, 2020 and March 31, 2019, the Company's borrowings at variable rate were denominated in USD.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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.

The Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Company agrees with other parties to exchange the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

**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, 2020 | As at March 31, 2019 |
|---|---|---|
| Fixed rate borrowings | 7,878.33 | 7,120.96 |
| Floating rate borrowings | - | 365.38 |
| **Total borrowings** | **7,878.33** | **7,486.34** |

As at the end of the reporting period, the Company had the following variable rate borrowings and interest rate swap contracts outstanding:

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Floating rate borrowings | - | 365.38 |
| Interest rate swaps (notional principal amount) | - | (366.52) |
| **Net exposure to cash flow interest rate risk** | - | (1.14) |

**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.

| | Impact on profit before tax | | Net impact on other reserve | |
|---|---|---|---|---|
| | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Interest rate increase by 10 basis points (March 31, 2019 - 10 basis points)* | - | - | - | (0.01) |
| Interest rate decrease by 10 basis points (March 31, 2019 - 10 basis points)* | - | - | - | 0.01 |

* Holding all other variables constant

**(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

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**b) Sensitivity**

The table below summarises the impact of increases/decreases of 1% increase in price of bonds and mutual funds.

| | Impact on profit before tax | |
|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 |
| Increase in rate 1% (March 31, 2019 - 1% ) | 40.98 | 33.63 |
| Decrease in rate 1% (March 31, 2019 - 1% ) | (40.98) | (33.63) |

**(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, 2020**

| 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 | 614.07 | 3,954.97 | 25.74 | 97.50 | Apr 20 - Dec 20 | 1:1 |
| **Interest rate risk** | | | | | | |
| Interest rate swap | - | - | - | - | - | - |

**As at March 31, 2019**

| 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 | 6,533.05 | 905.88 | 136.47 | 9.87 | Apr 19 - Jan 20 | 1:1 |
| **Interest rate risk** | | | | | | |
| Interest rate swap | 366.52 | - | 8.00 | - | Oct 19 | 1:1 |

**March 31, 2020**

| 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 | (84.50) | - | (113.87) | Revenue and COGS |
| Interest Risk | (5.35) | - | (2.65) | Finance Cost |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**March 31, 2019**

| 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 | 136.71 | - | (5.90) | Revenue and COGS |
| Interest Risk | (0.09) | - | (13.32) | Finance Cost |

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 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, 2020 and March 31, 2019.

**b) Movements in cash flow hedging reserve**

| Risk category | Foreign currency risk | Interest rate risk | Total |
|---|---|---|---|
| **Derivative instruments** | **Forward contracts** | **Interest rate swap** | |
| **(i) Cash flow hedging reserve** | | | |
| As at April 01, 2018 | (2.74) | 13.95 | 11.21 |
| Gain recognised in cash flow hedging reserve during the year (net) | | | |
| Changes in fair value of forward contracts | 136.71 | - | 136.71 |
| Changes in fair value of interest rate swaps | - | (0.09) | (0.09) |
| Gain/ (loss) transferred to statement of profit and loss | (5.90) | (13.32) | (19.22) |
| Income tax on amount recognised in hedging reserve | (45.71) | 4.69 | (41.02) |
| As at March 31, 2019 | **82.36** | **5.23** | **87.59** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| Risk category | Foreign currency risk | Interest rate risk | Total |
|---|---|---|---|
| **Derivative instruments** | **Forward contracts** | **Interest rate swap** | |
| Gain/ (loss) recognised in cash flow hedging reserve during the year (net) | | | |
| Changes in fair value of forward contracts | (84.50) | - | (84.50) |
| Changes in fair value of interest rate swaps | - | (5.35) | (5.35) |
| Gain/ (loss) transferred to statement of profit and loss | (113.87) | (2.65) | (116.52) |
| Income tax on amount recognised in hedging reserve | 69.31 | 2.80 | 72.11 |
| **As at March 31, 2020** | **(46.70)** | **0.03** | **(46.67)** |

## 41. 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, 2020 | As at March 31, 2019 |
|---|---|---|
| Net debt (total borrowings (including current maturities) and lease liabilities net of cash and cash equivalents, other bank balances and current investments) | 2,492.91 | 2,407.77 |
| Total equity | 15,604.11 | 16,370.09 |
| **Net debt equity ratio** | **0.16** | **0.15** |

The net debt to equity ratio for the current year increased from 0.14 to 0.16 times following the adoption of Ind AS 116.

**Loan covenants**

The Company has complied with all the loan covenants applicable, mainly debt service coverage ratio, debt equity ratio and fixed assets coverage ratio attached to the borrowings.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(II) Dividend**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Equity Share** | | |
| Final dividend for the year ended March 31, 2019 of ₹ 0.50 (March 31, 2018 - ₹ 0.50) per fully paid shares | 132.61 | 132.61 |
| The Board of Directors have declared interim dividend of ₹ 10/- per fully paid equity share having nominal value of ₹ 5/-. | 2,608.70 | - |
| **Dividend not recognised at the end of the reporting period** | | |
| Directors have recommended the payment of a final dividend of ₹ 0.50 per fully paid equity share (March 31, 2019 - ₹ 0.50). This proposed dividend is subject to the approval of shareholders in the ensuring annual general meeting. | 130.44 | 132.61 |

## 42. Related party transactions

a) **Entities having significant influence**

| Name | Type | Effective proportion of ownership interest (%) | |
|---|---|---|---|
| | | As at March 31, 2020 | As at March 31, 2019 |
| Welspun Pipes Limited | Significant influence | - | 41.64% |
| Balkrishan Goenka, trustee of Welspun Group Master Trust | Shareholder (Pursuant to the Scheme of Amalgamation of Welspun Pipes Limited with the Company. Refer note 51) | 42.34% | - |

b) List of related parties:

| Relationships | Principal place of business | Effective proportion of ownership interest (%) | |
|---|---|---|---|
| | | As at March 31, 2020 | As at March 31, 2019 |
| **Subsidiaries** | | | |
| Welspun Pipes Inc. | USA | 100.00% | 100.00% |
| Welspun Tradings Limited | India | 100.00% | 100.00% |
| Welspun Mauritius Holdings Limited | Mauritius | 89.98% | 89.98% |
| Welspun Middle East DMCC (till February 10, 2020) | Dubai | - | 100.00% |
| Welspun Tubular LLC | USA | 100.00% | 100.00% |
| Welspun Global Trade LLC | USA | 100.00% | 100.00% |
| **Joint ventures** | | | |
| Welspun Wasco Coatings Private Limited | India | 51.00% | 51.00% |
| **Joint ventures of Welspun Mauritius Holdings Limited** | | | |
| Welspun Middle East Pipes LLC | Kingdom of Saudi Arabia | 50.01% | 50.01% |
| Welspun Middle East Pipes Coating LLC | Kingdom of Saudi Arabia | 50.01% | 50.01% |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

c) **Key management personnel**

| **Name** | **Nature of relationship** |
|---|---|
| Mr. Balkrishan Goenka | Chairman |
| Mr. Rajesh Mandawewala | Director |
| Mr. Vipul Mathur | Managing Director & Chief Executive Officer |
| Mr. S. Krishnan | Executive Director & Chief Executive Officer of Plate & Coil Mill Division (till July 31, 2018) and Chief Financial Officer till (June 11, 2018) |
| Mr. Percy Birdy | Chief Financial Officer (w.e.f. June 11, 2018) |
| Mr. K.H.Viswanathan | Director |
| Mr. Rajkumar Jain | Director |
| Mr. Ram Gopal Sharma | Director (till September 05, 2018) |
| Mr. Mintoo Bhandari | Director (till August 01, 2018) |
| Mr. Utsav Baijal | Director (till November 06, 2019) |
| Mr. Atul Desai | Director (till September 30, 2019) |
| Mrs. Revathy Ashok | Director |
| Mr. Desh Raj Dogra | Director |
| Mr. Kaushik Subramaniam | Director (w.e.f. August 21, 2018 till November 06, 2019) |
| Mr. Dhruv Kaji | Director (w.e.f. September 05, 2018 till August 09, 2019) |
| Mrs. Amita Misra | Director (w.e.f. August 07, 2019) and Ceased by Law (w.e.f August 12, 2019) and reappointed (w.e.f October 22, 2019) |
| 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 year:

| |
|---|
| Welspun India Limited |
| Welspun Steel Limited |
| Welspun Speciality Solutions Limited (formerly known as RMG Alloy Steel 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 |
| AYM Syntex Limited |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## e) Disclosure in respect of significant transactions with related parties during the year:

| | | Transactions | |
|---|---|---|---|
| | | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
| **1)** | **Sale of goods** | | |
| | Welspun Tradings Limited | 2,360.86 | 8,356.17 |
| | Welspun Tubular LLC | 847.30 | 29.60 |
| | Others | 212.37 | 577.66 |
| | **Total sale of goods** | **3,420.53** | **8,963.43** |
| **2)** | **Other income** | | |
| | Welspun Pipes Inc. | 2,855.07 | 107.29 |
| | Welspun Middle East Pipes LLC | 68.01 | 28.31 |
| | Welspun Wasco Coatings Private Limited | 35.81 | 47.13 |
| | Others | 134.26 | 18.30 |
| | **Total other income** | **3,093.15** | **201.03** |
| **3)** | **Purchase of goods and expenses incurred** | | |
| | Welspun Captive Power Generation Limited | 570.89 | 344.76 |
| | Welspun Realty Private Limited | 53.37 | 53.37 |
| | Welspun India Limited | 53.60 | 103.18 |
| | Welspun Wasco Coatings Private Limited | 109.34 | 43.20 |
| | Others | 22.65 | 40.06 |
| | **Total purchase of goods and expenses incurred** | **809.85** | **584.57** |
| **4)** | **Purchase of property, plant and equipment property and investment property** | | |
| | Welspun India Limited | 43.39 | 0.51 |
| | Welspun Anjar SEZ Private Limited | 214.98 | - |
| | Welspun Tubular LLC | - | 2.05 |
| | Total of purchase of property, plant and equipment and investment property | 258.37 | 2.56 |
| | 5) Corporate social responsibility expenses | | |
| | Welspun Foundation for Health and Knowledge | 42.72 | 20.98 |
| | **Total of Corporate social responsibility expenses** | **42.72** | **20.98** |
| **6)** | **Sale of disposal group** | | |
| | Welspun Captive Power Generation Limited | 711.53 | - |
| | **Total sale of disposal group** | **711.53** | **-** |
| **7)** | **Purchase of non-current investments** | | |
| | Welspun Captive Power Generation Limited | - | 384.19 |
| | **Total purchase of investments** | **-** | **384.19** |
| **8)** | **Sale/ redemption of non-current investments** | | |
| | Welspun Captive Power Generation Limited | - | 383.77 |
| | Welspun Mauritius Holdings Limited | 1,629.04 | - |
| | **Total sale/redemption of investments** | **1,629.04** | **383.77** |
| 9) | Reimbursement of expenses (paid)/ recovered | | |
| | Welspun Tubular LLC | 19.00 | 18.34 |
| | Welspun Tradings Limited | 11.26 | (0.60) |
| | Welspun Middle East Pipes LLC | 14.25 | 6.39 |
| | Welspun Wasco Coatings Private Limited | 16.93 | 24.97 |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | Transactions | |
|---|---|---|---|
| | | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
| | Welspun Global Brands Limited | 1.75 | 0.26 |
| | Welspun Captive Power Generation Limited | 0.65 | 0.55 |
| | Welspun India Limited | 2.25 | (1.74) |
| | Welspun Steel Limited | 8.76 | 0.02 |
| | Welspun Pipes Inc. | 38.26 | - |
| | Others | 6.38 | 2.52 |
| | **Total reimbursement of expenses (paid)/ recovered** | **119.49** | **50.71** |
| **10)** | **Loans and deposit given** | | |
| | Welspun Anjar SEZ Limited | 66.76 | - |
| | Others | - | 0.53 |
| | **Total loans and deposit given** | **66.76** | **0.53** |
| **11)** | **Loans and deposit received back** | | |
| | Welspun Realty Private Limited | 22.62 | 22.62 |
| | **Total loans and deposit received back** | **22.62** | **22.62** |
| **12)** | **Advance refunded** | | |
| | Welspun Anjar SEZ Limited | 395.87 | 200.00 |
| | **Total advance received** | **395.87** | **200.00** |
| **13)** | **Conversion of loan into equity shares** | | |
| | Welspun Wasco Coatings Private Limited | - | 107.10 |
| | **Total Conversion of loan into equity shares** | **-** | **107.10** |
| **14)** | **Addition of corporate guarantee** | | |
| | Welspun Middle East Pipes LLC | 5,549.77 | 5,532.40 |
| | **Total addition of corporate guarantee** | **5,549.77** | **5,532.40** |
| **15)** | **Release of corporate guarantee** | | |
| | Welspun Wasco Coatings Private Limited | - | 54.24 |
| | Welspun Middle East Pipes Coating LLC | 380.80 | - |
| | **Total release of corporate guarantee** | **380.80** | **54.24** |
| **16)** | **Provision for doubtful loans** | | |
| | Welspun Wasco Coatings Private Limited | 247.01 | - |
| | Total Provision for doubtful loans | 247.01 | - |
| **17)** | **Impairment loss of equity investment** | | |
| | Welspun Wasco Coatings Private Limited | 254.65 | - |
| | **Total Impairment loss of equity investment** | **254.65** | **-** |
| **18)** | **Key management personnel compensation** | | |
| | Mr. Balkrishan Goenka | | |
| | Short-term employee benefit | 19.73 | 18.61 |
| | Mr. Vipul Mathur | | |
| | Short-term employee benefit | 45.91 | 45.48 |
| | Mr. S. Krishnan | | |
| | Short-term employee benefit | 10.01 | 34.85 |
| | Mr. Percy Birdy | | |
| | Short-term employee benefit | 15.49 | 12.08 |
| | Mr. Pradeep Joshi | | |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Transactions | |
|---|---|---|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Short-term employee benefit | 4.77 | 4.35 |
| **Total key management personnel compensation** | **95.91** | **115.37** |
| **19) Directors' sitting fees** | | |
| Mr. K.H.Viswanathan | 1.18 | 1.44 |
| Mr. Rajkumar Jain | 1.13 | 1.31 |
| Mr. Ram Gopal Sharma | - | 0.32 |
| Mr. Mintoo Bhandari | - | 0.05 |
| Mr. Utsav Baijal | 0.17 | 0.31 |
| Mr. Atul Desai | 0.15 | 0.55 |
| Mrs. Revathy Ashok | 0.33 | 0.47 |
| Mr. Desh Raj Dogra | 0.95 | 0.70 |
| Mr. Kaushik Subramaniam | 0.15 | 0.25 |
| Mr. Dhruv Kaji | 0.08 | 0.27 |
| Mrs. Amita Misra | 0.23 | - |
| **Total directors' sitting fees** | **4.37** | **5.67** |

Note : Amount is inclusive of applicable taxes

**f) Disclosure of significant closing balances:**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **1) Trade and other receivables** | | |
| Welspun Tradings Limited | - | 485.67 |
| Welspun Tubular LLC | - | - |
| Welspun Middle East Pipes LLC | 22.04 | 28.68 |
| Welspun Pipes Inc. | 29.00 | - |
| Welspun Middle East Pipes Coating LLC | 1.16 | 12.42 |
| Welspun Anjar SEZ Limited | - | 395.87 |
| Welspun Wasco Coatings Private Limited | 16.92 | 0.24 |
| Welspun Steel Limited | 8.30 | 18.28 |
| Others | 5.83 | 7.31 |
| **Total trade and other receivables** | **83.25** | **948.47** |
| **2) Trade payables** | | |
| Welspun Captive Power Generation Limited | 132.23 | - |
| Welspun India Limited | 20.80 | 0.79 |
| Welspun Global Brands Limited | - | 4.42 |
| Others | 10.98 | - |
| **Total trade payables** | **164.01** | **5.21** |
| **3) Trade Advance (other current liabilities)** | | |
| Welspun Tubular LLC | 225.90 | 632.20 |
| Welspun Tradings Limited | 450.00 | - |
| **Total trade advance** | **675.90** | **632.20** |
| **4) Advance to suppliers (other current assets)** | | |
| Welspun Tubular LLC | 0.21 | 0.18 |
| Welspun Middle East Pipes LLC | 0.39 | - |
| **Total trade advance** | **0.60** | **0.18** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **5)** | **Loans and deposits given (Loans and Other assets)** | | |
| | Welspun Wasco Coatings Private Limited (before impairment) | 247.01 | 247.01 |
| | Welspun Realty Private Limited | 109.40 | 198.65 |
| | Welspun Anjar SEZ Limited | 66.76 | - |
| | Others | 26.77 | 27.93 |
| | **Total loans and deposits given** | **449.94** | **473.59** |
| **6)** | **Provision for doubtful loans** | | |
| | Welspun Wasco Coatings Private Limited | 247.01 | - |
| | **Total Provision for doubtful loans** | **247.01** | **-** |
| **7)** | **Provision for impairment in equity investment** | | |
| | Welspun Wasco Coatings Private Limited | 254.65 | - |
| | **Total Provision for impairment in equity investment** | **254.65** | **-** |
| **8)** | **Corporate guarantees given (to the extent of outstanding loan amount/ export obligation to custom authority) refer note 45 (ii)** | | |
| | Welspun Middle East Pipes LLC | 10,173.41 | 4,728.03 |
| | Welspun Middle East Pipes Coating LLC | - | 69.65 |
| | Welspun Pipes Inc. | 1,891.63 | 5,186.62 |
| | Welspun Wasco Coatings Private Limited | 54.25 | 54.25 |
| | **Total corporate guarantees given** | **12,119.29** | **10,038.55** |
| **9)** | **Employee dues payable (other current liabilities)** | | |
| | Mr. Balkrishan Goenka | 19.73 | 18.61 |
| | Mr. Vipul Mathur | 3.77 | 3.75 |
| | Mr. S. Krishnan | - | 1.88 |
| | Mr. Percy Birdy | 1.38 | - |
| | Mr. Pradeep Joshi | 0.44 | - |
| | **Total other current liabilities** | **25.32** | **24.24** |
| **10)** | **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 |
| | **Total equity investments** | **603.76** | **603.76** |
| **11)** | **Non-current investments** | | |
| | Welspun Mauritius Holdings Limited (Investments in preference shares) | - | 1,515.57 |
| | Welspun Captive Power Generation Limited (Investments in equity and preference shares) | 604.94 | 656.71 |
| | **Total non-current investments** | **604.94** | **2,172.28** |
| **12)** | **Deposits received (other financial liabilities)** | | |
| | Welspun Enterprises Limited | 0.66 | 0.66 |
| | Others | 0.02 | 0.02 |
| | Total other Financial Liabilities | 0.68 | 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 figure for both continuing and discontinued operations.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees 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, 2020 | As at March 31, 2019 |
|---|---|---|
| Principal amount due to suppliers under MSMED Act | 31.35 | 6.09 |
| Interest accrued and due to suppliers under MSMED Act, on the above amount | 0.36 | - |
| | **31.71** | **6.09** |
| Payment made to suppliers (other than interest) beyond the appointed day, during the year | 697.47 | 228.21 |
| Interest due and payable to suppliers under MSMED Act, for payments already made | 0.54 | 0.72 |
| Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act | 0.90 | 0.72 |

## 44. Contingent liabilities

The Company has contingent liabilities as at the year end in respect of:

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Claims against the Company not acknowledged as debts | 122.45 | 117.20 |
| Disputed direct taxes | 192.70 | 2.33 |
| **Disputed indirect taxes:** | | |
| Central Sales Tax | 5.31 | 6.87 |
| Service Tax | 103.78 | 65.06 |
| Sales tax/ Value Added Tax | 1,436.71 | 1,433.48 |
| Duty of Excise | 463.55 | 302.92 |
| Duty of Customs | 2.71 | 92.42 |

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.

## 45. 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, 2020 | As at March 31, 2019 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account (net of advances): | | |
| Property, plant and equipment | 365.68 | 280.75 |
| Intangible assets under development | 0.90 | 0.90 |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**ii) Other commitments**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Corporate guarantees given by the company for loans of subsidiaries and joint ventures. Loan/ liabilities outstanding against these guarantees aggregate to ₹ 12,119.28 (March 31, 2019: ₹ 10,038.55) (refer note 42) | 28,158.54 | 21,037.14 |
| Outstanding letters of credit (net) | 3,371.84 | 3,955.49 |
| Custom duty liabilities on duty free import of raw materials (export obligations) | 616.26 | 109.38 |

iii) The Company has committed to provide continued need based financial support to its subsidiaries and joint ventures.

## 46. Operating lease

**(i) As a lessee**

The Company has operating leases for premises and equipments. These lease arrangements range for a period within one year to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

a) Rent expense with respect to all operating leases:

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Lease payment recognised in the statement of profit and loss during the year | - | 96.25 |

b) With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Not later than one year** | **-** | **22.81** |
| Later than one year but not later than five years | - | 38.57 |

**(ii) 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.

a) Rental income with respect to all operating leases

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Rental income recognised in the statement of profit and loss during the year | 29.40 | 26.26 |

b) With respect to non-cancellable operating leases, refer note 4 for the future minimum lease receivables.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**47. Segment information**

In accordance with the paragraph 4 of Ind AS 108 "Operating segments", the Company has presented segmental information only in the consolidated financial statements (refer note 48 of the Consolidated financial statements).

**48.** The operations of the Company were impacted, due to shutdown of all plants and offices following lockdown imposed by the government authorities to contain spread of COVID-19 pandemic. The Company has resumed operations in a phased manner as per the directives from the respective government authorities. The Company has made detailed assessments of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, has concluded that no significant impact on its financial statement as at 31st March, 2020. However, the impact assessment of COVID19 will be a continuing process given the uncertainties associated with its nature and duration.

**49. Equity settled share based payments (ESOP) (refer note 30 and 16(b)(v))**

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 sharebased payment in the current year is ₹ 49.33 (March 31, 2019: ₹ 41.94)."

**Natue and characteristics of ESOP plans existed during year as tabulated below:**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| 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, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Opening balance | 2,350,000 | - |
| Granted during the year | - | 2,350,000 |
| Exercised during the year | 15,000 | - |
| Forfeited during the year | - | - |
| Expired/ lapsed during the year | - | - |
| Closing balance | 2,335,000 | 2,350,000 |
| Exercisable at the end of the year | 690,000 | - |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**Weighted-average exercise prices of options as tabulated below:**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Opening balance | ₹ 100.00 | - |
| Granted during the year | - | ₹ 100.00 |
| Exercised during the year | ₹ 100.00 | - |
| Forfeited during the year | - | - |
| 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, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Exercise Price | | |
| WELSOP Plan | ₹ 100.00 | ₹ 100.00 |
| Weighted average remaining contractual life (Years) | | |
| WELSOP Plan | 3.43 | 1.43 |

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 annualised volatility.

Fair value and underlying assumptions for stock options granted as tabulated below

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| 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 |
| 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 | 2,350,000 | 2,350,000 |

## 50. Discontinued operations

**i) Description**

On March 30, 2019, the Company approved the sale of its Plates & Coils Mills Division (PCMD) and entered into a Business Transfer Agreement dated March 31, 2019 (BTA).

The Company also approved the sale of its 43 MW power plant (Power plant) and entered into a separate Business Transfer Agreement dated March 30, 2019. (PCMD and Power plant together are called the "disposal groups"). The disposal groups were reported as discontinued operations in the financial statements for the year ended March 31, 2019. The assets of the disposal groups and the liabilities directly associated with such disposal groups were presented as held for sale as at March

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

31, 2019.

a) During the year ended March 31, 2020 the Company sold Power plant and recognised a gain of ₹ 13.6 under "loss from discontinued operations".

b) For sale of PCMD, the parties to the BTA agreement have reiterated their commitment to consummate the transaction stipulated in the BTA agreement and have mutually decided to extend currently, the long stop date from March 31, 2020 to March 31, 2021. Further, the Company has received 50% of the advance, as stipulated in the BTA agreement. The financial information relating to discontinued operations is given below."

**ii) Financial performance and cash flow information**

The financial performances and cashflow information presented for the year ended March 31, 2020 and March 31, 2019 respectively

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Total income | 5,463.05 | 15,701.84 |
| Total expenses (refer note iii below) | 6,011.44 | 17,898.08 |
| **Loss before tax** | **(548.39)** | **(2,196.24)** |
| Income tax expense | (167.76) | (1,381.31) |
| **Loss after tax** | **(380.63)** | **(814.93)** |
| **Loss from discontinued operations** | **(380.63)** | **(814.93)** |
| Net cash flow used in operating activities | (666.70) | (677.51) |
| Net cash flow from investing activities | 654.03 | 670.17 |
| Net cash flow used in financing activities | - | - |

iii) The total expenses (including provisons) includes impairment loss of ₹ Nil (March 31, 2019: ₹ 3,373.08) pertaining to disposal group.

**iv) Details of disposal groups classified as held for sale and liabilities directly associated with disposal groups classified as held for sale**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Disposal groups classified as held for sale** | | |
| Carrying amount of Property, plant and equipment (net) | 8,353.50 | 8,948.87 |
| Capital work-in-progress | - | 1.47 |
| Inventories | 1,093.72 | 4,343.34 |
| Trade receivables | 342.81 | 1,171.18 |
| Other current assets | 9.68 | 31.66 |
| **Total disposal groups classified as held for sale** | **9,799.71** | **14,496.52** |
| **Liabilities directly associated with disposal groups classified as held for sale** | | |
| Trade payables | 1,475.96 | 2,771.27 |
| Other current liabilities | 59.42 | 85.34 |
| **Total Liabilities directly associated with disposal groups classified as held for sale** | **1,535.38** | **2,856.61** |

v) Government grants relates to the amount invested to set up the manufacturing units of disposal groups. These grants were included in the liabilities as 'government grants' and were credited to profit or loss in 'other operating revenue/ income' as 'VAT income' on a straight-line basis over the expected lives of the related assets of disposal groups. The deferred balance of ₹ 2,168.16 as at March 31, 2019 of the disposal group had been written back and is included under the 'Loss from discontinued operation'. There is no such write back in the current year.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

51. The Hon'ble National Company Law Tribunal, Ahmedabad Bench vide its Order pronounced on May 10, 2019 (the ""Order"") sanctioned the Scheme of Amalgamation of Welspun Pipes Limited ('WPL' or 'the Transferor Company') and Welspun Corp Limited ('WCL' or 'the Transferee Company'). The amalgamation of WCL and WPL is merely a combination of entities and not a ""business combination"" and hence the amalgamation has been accounted on effective date of receipt of the Order.

The assets and liabilities recognised as a result of this amalgamation, are as follows:

| | |
|---|---|
| Current Investments | 111.82 |
| Cash and cash equivalents | 0.16 |
| Other Current Financial assets | 0.11 |
| Other Current Liabilities | (110.30) |
| Net assets acquired classified under capital reserves | 1.79 |

Pursuant to the Scheme, on effective date, the entire shareholding of WPL of 50,000 equity shares held by Welspun Group Master Trust and WPL's investment of 110,449,818 equity shares in the Company were cancelled and 110,449,818 equity shares of the Company were reissued to the shareholders of WPL on May 10, 2019. There is no change in the promotor's shareholding in the Company. Also, as per the scheme, the authorised share capital of the Company has been increased by 100,000 shares w.e.f the effect from May 10, 2019.

**52. Assessment of impairment of carrying value of investments and recoverability of loans given to joint venture.**

Welspun Wasco Coatings Private Limited ("WWCPL" or "joint venture") is engaged in providing coating services and other services having operating facility in India.

The Company has investment in equity shares of ₹ 254.65 of joint venture carried at cost, as at March 31, 2020. The Company has also granted loans to the joint venture with a carrying value of ₹ 247.01 carried at amortised cost, as at March 31, 2020.

Consequent to the negative net worth and continued losses of the joint venture, there are indicators of potential impairment of the investments in joint venture; and non-recoverability of loans granted to joint venture.

The Management has assessed the impairment of its investment in joint venture by reviewing the business forecasts of joint venture using discounted cash flow valuation model (the "model") and noted that provision for impairment of ₹ 254.65 is required to be made in respect of the investment in joint venture.

The Management has assessed the recoverability of loans granted to joint venture based on expected credit loss model ("ECL") and has recorded the impairment loss of ₹ 247.01.

Significant assumptions used in the model are discount rate and terminal growth rate.

**53**. The Company had made an offer for buy-back of fully paid-up equity shares of ₹ 5 each of the Company, not exceeding 28,888,888 equity shares (representing approximately 10.89% of the total number of equity shares in the issued, subscribed and paid up equity capital) at a price of ₹ 135 per equity share, not exceeding ₹ 3,900 on a proportionate basis by way of tender offer in accordance with the provisions of Companies Act, 2013 and SEBI (Buy-Back of Securities) Regulations, 2018. The tendering period for the buyback offer opened on October 22, 2019 and closed on November 05, 2019. Total 4,356,714 equity shares were bought back at a price of ₹ 135 per equity share and total amount utilised in buy-back was ₹ 588.16 . Accordingly, 4,356,714 equity shares were extinguished and the number of equity shares in the issued, subscribed and paid up equity capital reduced from 265,226,109 of aggregate face value of ₹ 1,326.13 to 260,869,395 of aggregate face value of ₹ 1,304.35

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 54. Changes in accounting policies

**(a) IndAS 115**

This note explains the impact of the adoption of Ind AS 115 'Revenue from Contracts with Customers' on the Company's financial statements.

Effective April 01, 2018, the Company adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 01, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The adoption of Ind AS 115 did not have any material impact on the financial performance of the Company.

**Revenue recognised in relation to contract liabilities**

Contract liabilities relating to sale of products as at March 31, 2020 aggregated to ₹ 9,242.66 (March 31, 20219 ₹ 890.33) has been included under 'Other current liabilities' as Trade advances. It shall be recognised as revenue in the subsequent reporting period.

**Contract assets**

Contract assets relating to sale of products as at March 31, 2020 aggregated to ₹ 1031.12 (March 31, 20219 ₹ 287.56) is included under 'Other current assets' as Contract assets.

**(b) IndAS 116**

This note explains the impact of the adoption of Ind AS 116 Leases on the Company’s financial statements.

As indicated in note 1(b), the Company has adopted Ind AS 116 retrospectively from April 01, 2019, using the modified approach at transition. Accordingly the Company has not restated comparatives for the year ended March 31, 2019, as permitted under as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 01, 2019. The new accounting policies are disclosed in note 1.

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of Ind AS 17 Leases after applying practical expedients for short-term leases and low value assets as detailed in (i) below. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of April 01, 2019.

The Weighted average lessee’s incremental borrowing rate applied to the lease liabilities on April 01, 2019 was 9.5%.”

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability respectively at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

**(i) Practical expedients applied**

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review-there were no onerous contracts as at April 01, 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at April 01, 2019 as short-term leases

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

**(ii) Measurement of lease liabilities**

| | Amount |
|---|---|
| Operating lease commitments disclosed as at March 31, 2019 | 61.38 |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | 59.42 |
| Add: Contracts reassesd as lease contracts | 358.48 |
| (Less): Short-term lease not recognised as a liabilty | (2.76) |
| (Less); Low Value assets not recognised as a liabilty | (25.22) |
| **Lease liability recognised as at April 01, 2019** | **389.92** |
| **Of which are:** | |
| Current lease liabilities | 62.86 |
| Non-current lease liabilities | 327.06 |

**(iii) Measurement of right-of-use assets**

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any previously recognised prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

**(iv) Adjustments recognised in the balance sheet on April 01, 2019**

The change in accounting policy affected the following items in the balance sheet on April 01, 2019:

| | Amount |
|---|---|
| Property, plant and equipment - decreased by | (32.45) |
| Right-of-use assets – increased by | 475.52 |
| Other non-current assets - decreased by | (40.27) |
| Other current assets - decreased by | (12.88) |
| Current lease liabilities – increased by | 62.86 |
| Non-current lease liabilities – increased by | 327.06 |

There was no impact on the retained earnings on April 01, 2019 as the Company has applied modified approach

**(v) Lessor Accounting**

The Company did not make any adjustments to the accounting for assets held as lessor under operating lease (refer note 4) as a result of the adoption of Ind AS 116.

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 55. Exchange differences on long term foreign currency monetary items outstanding (refer note 3 and 16(b)(iv))

In accordance with para D13AA of Ind AS 101 First time adoption of Indian Accounting Standards and the option available in the Companies (Accounting Standards) (Second Amendment) Rules, 2011, vide notification dated December 29, 2011 issued by the Ministry of Corporate Affairs, the Company has adjusted the exchange rate difference arising on long term foreign currency monetary items, in so far as they relate to the acquisition of a depreciable capital asset, to the cost of the asset. 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. Accordingly, the Company has adjusted exchange loss of ₹ Nil (March 31, 2019: loss of ₹ 81.12) to the cost of property, plant and equipment as the long term monetary items relate to depreciable capital asset. Exchange loss of ₹ 6.79 (March 31, 2019: loss of ₹ 45.09) has been transferred to ""Foreign Currency Monetary Item Translation Difference Account (FCMITDA)"" to be amortised over the balance period of such long term liabilities. Out of the FCMITDA, loss of ₹ 21.04 (March 31, 2019: loss of ₹ 66.38) has been adjusted in the current year and balance of ₹ Nil (March 31, 2019: loss of ₹ 14.25) has been carried over and included in reserves and surplus."

## 56. Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to SEBI Listing Regulations, 2015 (refer note 42)

| | As at March 31, 2020 | As at March 31, 2019 | Maximum amount outstanding during the year | |
|---|---|---|---|---|
| | | | As at March 31, 2020 | As at March 31, 2019 |
| Loans and advances in the nature of loans to joint venture and subsidiary: | | | | |
| Welspun Wasco Coatings Private Limited (joint venture) (Before provision for impairment in equity investment) | 247.01 | 247.01 | 247.01 | 354.11 |

## 57. Disclosure pursuant to section 186 of the Companies Act, 2013 for loans and guarantees 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, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **i) Loans given (before impairment) (refer note 8(a)):** | | | |
| Welspun Wasco Coatings Private Limited | Working capital and project funding of joint venture | 247.01 | 247.01 |
| **ii) Guarantees:** | | | |
| Welspun Middle East Pipes LLC | Corporate guarantee given for joint venture's debt | 10,173.41 | 4,728.03 |
| Welspun Middle East Pipes Coating LLC | Corporate guarantee given for joint venture's debt | - | 69.65 |
| Welspun Wasco Coatings Private Limited | Corporate guarantee given to custom authorities for joint venture | 54.25 | 54.25 |
| Welspun Pipes Inc. | Corporate guarantee given for subsidiary's debt | 1,891.63 | 5,186.62 |
| | | **12,119.29** | **10,038.55** |

# Notes

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 58. Fair valuation loss on investments (net

Fair valuation loss on investments (net) under the head "Other expenses" includes fair value loss (net) on current investments in bonds aggregating to Rs. 349.50 (March 31, 2019 Rs. 2,574.16) for the year ended March 31, 2020.

## 59. Earnings per share

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Nominal value of an equity share | 5.00 | 5.00 |
| Profit after tax attributable to the equity holders of the Company from continuing operations | 3,062.03 | (1,957.14) |
| Profit after tax attributable to the equity holders of the Company from discontinuing operations | (380.63) | (814.93) |
| Profit after tax attributable to the equity holders of the Company | 2,681.40 | (2,772.07) |
| **Basic earnings per share:** | | |
| Weighted average number of equity shares used as denominator for calculating basic EPS | 263,465,279 | 265,226,109 |
| Basic earnings per share (₹) from continuing operations | 11.62 | (7.38) |
| Basic earnings per share (₹) from discontinuing operations | (1.44) | (3.07) |
| Basic earnings per share (₹) from total continuing and discontinuing operations | 10.18 | (10.45) |
| **Diluted earnings per share:** | | |
| Weighted average number of equity shares used as denominator for calculating diluted EPS | 264,065,484 | 265,507,019 |
| Diluted earnings per share (₹) from continuing operations | 11.59 | (7.38) |
| Diluted earnings per share (₹) from discontinuing operations | (1.44) | (3.07) |
| Diluted earnings per share (₹) from total continuing and discontinuing operations | 10.15 | (10.45) |
| **Reconciliation of weighted average number of shares outstanding** | | |
| Weighted Average number of equity shares used as denominator for calculating basic EPS | 263,465,279 | 265,226,109 |
| Total weighted average potential equity shares | 600,205 | 280,910 |
| Weighted average number of equity shares used as denominator for calculating diluted EPS | 264,065,484 | 265,507,019 |

## 60. Specified bank notes

The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020 and March 31, 2019.

**61.** The figures for the previous year have been regrouped wherever necessary.

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: June 17, 2020

**For and on behalf of the 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

# 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") and its subsidiaries (Holding Company and its subsidiaries together referred to as the "Group") and its joint ventures; (refer Note 44 to the attached consolidated financial statements), which comprise the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the statement of consolidated cash flows for the year then 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") 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 and its joint ventures as at March 31, 2020, 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 and its joint ventures 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 ICAI 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 14 and 15 of the other matters paragraph below is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

4. 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. These matters were 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 these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Assessment of recoverability of loans to a joint venture</td></tr>
<tr><td>(Refer note 52 and 64 to the consolidated financial statements)<br><br>The Company has granted loans to the Welspun Wasco Coatings Private Limited (“joint venture”) with carrying value of ₹ 247.01 million as at March 31, 2020 which is significant to the consolidated financial statements.<br><br>Consequent to the negative net worth and continued losses of the joint venture, the Company has assessed the carrying value of the loans granted to it for potential impairment.<br><br>Based on the expected credit loss model (“model”), the Management has recorded an impairment loss of ₹ 247.01 million against the loans granted to joint venture.<br><br>We considered this as a key audit matter due to significant judgement involved in estimating the future cash flows and significant assumptions of discount rate, terminal growth rate, etc. used in the model.</td><td>Our procedures included, amongst others, the following:<br><br>• Understanding and evaluating the design and testing the operating effectiveness of the Company’s controls over expected credit loss model for loans and recognition of provision against the same;<br><br>• Considered the results of the below procedures in evaluating the recoverability of loans to “joint venture”.<br><br>(a) Understanding of the operating parameters used in the model and assessing consistency of our understanding of parameters with those considered in the model;<br><br>(b) assessing reasonableness of the Management’s historical business forecasts by comparing the business forecasts used in the prior year with the actual performance in the current year;<br><br>(c) Reviewing the reasonableness of the assumptions/ information considered in the models by examining source data and supporting documentation in light of the relevant economic and industry indicators;<br><br>(d) Comparing the business forecasts with the latest Board approved budgets;<br><br>(e) Assessing the work of the Management’s external valuation expert including their independence and objectivity;<br><br>(f) Testing the mathematical accuracy of the underlying model;<br><br>(g) Performing sensitivity tests on the model by analysing the impact of using alternate assumptions for discount rates, terminal growth rates, etc. within a reasonable and foreseeable range.<br>Based on the above procedures performed, we found assessment of recoverability of loans to a joint venture to be reasonable.</td></tr>
</table>

## Other information

5. 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, and Directors report including Annexures thereto, for two subsidiaries, one incorporated in India and other incorporated outside India and its joint venture incorporated in India, 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 paragraphs 14 and 15 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**

6. 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 joint ventures 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 joint ventures 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.

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures 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 and its joint ventures or to cease operations, or has no realistic alternative but to do so.

8. The respective Board of Directors of the companies included in the Group and its joint ventures are responsible for overseeing the financial reporting process of the Group and of its joint ventures.

**Auditors' responsibilities for the audit of the consolidated financial statements**

9. 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.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 joint ventures 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 joint ventures 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 and its joint ventures 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.

11. We communicate with those charged with governance of the Holding Company, its subsidiary and its joint venture, which are companies incorporated in India, 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.

12. 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.

13. 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 matters

14. The consolidated financial information include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹ 2,137.17 million for the year ended March 31, 2020 as considered in the consolidated financial statements, in respect of 2 joint ventures located outside India whose financial information have not been audited by us. These financial information in respect of 2 joint ventures have been audited by other auditors whose reports have been furnished to us by the other auditors, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these joint ventures 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 joint ventures, is based solely on the reports of the other auditors.

15. The financial statement of 1 subsidiary located outside India, as included in the consolidated financial statements, which constitute total assets of ₹ 4,349.19 million and net assets of ₹ 3,744.38 million as at March 31, 2020, total revenue of ₹ Nil, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 13.31 million and net cash inflows amounting to ₹ 46.34 million 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 statement 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 and the reports of the other auditors and the financial statement certified by the Management.

16. Since it was impracticable for us to attend the physical verification of inventory conducted by the Management of Holding Company; one subsidiary incorporated outside India and its joint venture incorporated in India, under the current lock-down and other restrictions imposed by the Government of India and other conditions related to the

COVID-19 pandemic situation, we have relied on the alternate audit procedure to obtain comfort over the existence and condition of inventory at year end. Our opinion is not modified in respect of this matter.

## Report on other legal and regulatory requirements

17. 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.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Statement of Consolidated 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 as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary and joint ventures which are companies incorporated in India, none of the directors of the Holding Company, its subsidiary and joint venture which are companies incorporated in India is disqualified as on March 31, 2020 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 Holding Company, its subsidiary and its joint venture, which are companies incorporated in India, 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, 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 and its joint ventures– Refer Note 45 to the consolidated financial statements.

        ii. The Group and its joint ventures had long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Group and its joint ventures did not have any long-term derivative contracts as at March 31, 2020.

        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 subsidiary and joint venture, which are companies incorporated in India, during the year ended March 31, 2020.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Holding Company, its subsidiary and its joint venture, which are companies incorporated in India for the year ended March 31, 2020.

18. The Holding Company has 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. The subsidiary incorporated in India has not paid/ provided for managerial remuneration and the joint venture incorporated in India is not a public company and accordingly the provisions of Clause 3(xi) of the Order are not applicable to the subsidiary and joint venture incorporated in India.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Neeraj Sharma**
Partner
Membership Number: 108391
UDIN: 20108391AAAADR6875

Place: Pune
Date: June 17, 2020

# 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 consolidated financial statements for the year ended March 31, 2020**

### 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 Company as of and for the year ended March 31, 2020, 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 and joint venture, 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 and its joint venture, which are companies incorporated in India, 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 is sufficient and appropriate to provide a basis for our audit opinion on the Holding 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 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

# 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 consolidated financial statements for the year ended March 31, 2020**

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 and its joint venture, 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, 2020, 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.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Neeraj Sharma**
Partner
Membership Number: 108391
UDIN: 20108391AAAADR6875

Place: Pune
Date: June 17, 2020

# Consolidated balance sheet
## as at March 31, 2020

*(All amounts in Rupees million, unless otherwise stated)*

| | Notes | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3(a) | 15,210.05 | 15,518.04 |
| Capital work-in-progress | 3(a) | 816.94 | 464.74 |
| Right-of-use asset | 3(b) | 796.90 | - |
| Investment property | 4 | 75.38 | 50.58 |
| Intangible assets | 5 | 88.89 | 105.13 |
| Intangible assets under development | 5 | 8.13 | 5.02 |
| Investments accounted for using the equity method | 6 | 2,723.21 | 595.81 |
| Financial assets | | | |
| Investments | 7(a) | 617.29 | 672.87 |
| Loans | 8(a) | 1,276.03 | 2,571.25 |
| Other financial assets | 9(a) | 23.11 | 24.06 |
| Deferred tax assets (net) | 10 | 1.19 | 3.02 |
| Other non-current assets | 11(a) | 433.66 | 428.18 |
| **Total non-current assets** | | **22,070.78** | **20,438.70** |
| **Current assets** | | | |
| Inventories | 12 | 22,682.00 | 22,227.62 |
| Financial assets | | | |
| Investments | 7(b) | 4,495.04 | 3,487.32 |
| Trade receivables | 13 | 11,439.16 | 11,806.87 |
| Cash and cash equivalents | 14 | 4,408.43 | 5,847.25 |
| Bank balances other than cash and cash equivalents | 15 | 727.43 | 856.95 |
| Loans | 8(b) | 730.26 | 176.96 |
| Other financial assets | 9(b) | 201.94 | 797.59 |
| Current tax assets (net) | 16 | 3.55 | - |
| Other current assets | 11(b) | 2,844.22 | 1,862.47 |
| Assets or disposal groups classified as held for sale | 17(a) | 9,828.86 | 14,498.60 |
| **Total current assets** | | **57,360.89** | **61,561.63** |
| **Total assets** | | **79,431.67** | **82,000.33** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 18(a) | 1,304.43 | 1,326.13 |
| **Other equity** | | | |
| Reserves and surplus | 18(b) | 29,109.61 | 26,065.61 |
| Other reserves | 18(c) | 1,738.36 | 584.69 |
| **Equity attributable to owners of Welspun Corp Limited** | | **32,152.40** | **27,976.43** |
| Non-controlling interests | 44(b) | 141.18 | (50.66) |
| **Total equity** | | **32,293.58** | **27,925.77** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 19(a) | 5,107.55 | 10,777.55 |
| Lease liability | 3(b) | 461.25 | - |
| Other financial liabilities | 20(a) | 0.69 | 2.31 |
| Provisions | 21(a) | 677.95 | 532.29 |
| Deferred tax liabilities (net) | 22 | 2,663.93 | 2,181.10 |
| Government grants | 23 | 1,113.11 | 1,317.87 |
| **Total non-current liabilities** | | **10,024.48** | **14,811.12** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 19(b) | 2,692.73 | 1,750.00 |
| Trade payables | | | |
| - total outstanding dues of micro and small enterprises | 25 | 32.26 | 6.81 |
| - total outstanding dues of creditors other than micro and small enterprises | 25 | 14,388.47 | 15,789.87 |
| Lease liability | 3(b) | 194.77 | - |
| Other financial liabilities | 20(b) | 3,354.80 | 1,989.36 |
| Provisions | 21(b) | 355.78 | 258.83 |
| Government grants | 23 | 319.51 | 204.73 |
| Current tax Liabilities (net) | 26 | 2,767.02 | 1,979.77 |
| Other current liabilities | 24 | 11,472.89 | 14,427.46 |
| Liabilities directly associated with disposal groups classified as held for sale | 17(b) | 1,535.38 | 2,856.61 |
| **Total current liabilities** | | **37,113.61** | **39,263.44** |
| **Total liabilities** | | **47,138.09** | **54,074.56** |
| **Total equity and liabilities** | | **79,431.67** | **82,000.33** |

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: June 17, 2020

**For and on behalf of the 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

# Consolidated statement of profit and loss
## as at March 31, 2020

*(All amounts in Rupees million, unless otherwise stated)*

| | Notes | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue from operations | 27 | 97,590.25 | 86,750.63 |
| Other operating revenue | 28 | 1,977.34 | 2,784.12 |
| Other income | 29 | 1,158.88 | 1,346.49 |
| **Total income** | | **100,726.47** | **90,881.24** |
| **Expenses** | | | |
| Cost of materials consumed | 30 | 73,582.89 | 62,874.62 |
| Changes in inventories of work-in-progress and finished goods | 31 | (8,234.88) | (107.07) |
| Employee benefit expense | 32 | 6,365.02 | 5,719.62 |
| Depreciation and amortisation expense | 33 | 2,332.90 | 2,597.33 |
| Other expenses | 34 | 16,254.98 | 15,316.74 |
| Finance costs | 35 | 1,440.15 | 1,773.71 |
| **Total expenses** | | **91,741.06** | **88,174.95** |
| **Profit before share of gain/ (loss) of joint ventures accounted for using the equity method and tax** | | **8,985.41** | **2,706.29** |
| Share of gain/ (loss) of joint ventures accounted for using the equity method (net) | 44(d) | 2,060.33 | (885.32) |
| **Profit before tax from continuing operations** | | 11,045.74 | 1,820.97 |
| **Income tax expense** | 36 | | |
| Current tax | | 3,485.86 | 1,216.01 |
| Deferred tax | | 638.56 | 6.54 |
| **Total income tax expense** | | **4,124.42** | **1,222.55** |
| **Profit from continuing operations** | | **6,921.32** | **598.42** |
| **Discontinued operations** | | | |
| Loss before tax from discontinued operation | 53 | (548.39) | (2,196.24) |
| Tax expenses of discontinued operations | 36 | (167.76) | (1,381.31) |
| **Loss from discontinued operation** | | **(380.63)** | **(814.93)** |
| **Profit/ (loss) for the year (A)** | | **6,540.69** | **(216.51)** |
| **Other comprehensive income** | | | |
| **Items that may be reclassified to profit or loss** | | | |
| Gains/ (loss) on cash flow hedges (net) | | (214.87) | 120.88 |
| Income tax relating to this item | | 74.54 | (42.19) |
| Exchange differences on translation of foreign operations (including non-controlling interests) | | 1,301.38 | 388.20 |
| | | **1,161.05** | **466.89** |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of post employment benefit obligations | | (61.55) | 6.30 |
| Income tax relating to this item | | 11.24 | (2.23) |
| Share of other comprehensive income of joint ventures accounted for using the equity method | | (15.07) | (15.13) |
| | | **(65.38)** | **(11.06)** |
| **Other comprehensive income for the year, net of tax (B)** | | **1,095.67** | **455.83** |
| **Total comprehensive income for the year (A+B)** | | **7,636.36** | **239.32** |
| **Profit/ (loss) is attributable to:** | | | |
| Owners of Welspun Corp Limited | | 6,354.73 | (132.58) |
| Non-controlling interests | | 185.96 | (83.93) |
| | | **6,540.69** | **(216.51)** |
| **Total comprehensive income is attributable to:** | | | |
| Owners of Welspun Corp Limited | | 7,444.52 | 323.19 |
| Non-controlling interests | | 191.84 | (83.87) |
| | | **7,636.36** | **239.32** |
| **Earnings per equity share for (loss)/ profit from continuing operation attributable to owners of Welspun Corp Limited:** | 58 | | |
| Basic earnings per share (in Rupees) | | 25.56 | 2.57 |
| Diluted earnings per share (in Rupees) | | 25.50 | 2.57 |
| **Earnings per equity share for (loss) from discontinued operation attributable to owners of Welspun Corp Limited:** | 58 | | |
| Basic earnings per share (in Rupees) | | (1.44) | (3.07) |
| Diluted earnings per share (in Rupees) | | (1.44) | (3.07) |
| **Earnings per equity share for (loss)/ profit from continuing and discontinued operation attributable to owners of Welspun Corp Limited:** | 58 | | |
| Basic earnings per share (in Rupees) | | 24.12 | (0.50) |
| Diluted earnings per share (in Rupees) | | 24.06 | (0.50) |

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: June 17, 2020

**For and on behalf of the 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

# Consolidated statement of cash flows

*(All amounts in Rupees million, unless otherwise stated)*

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **A.** | **Cash flow from operating activities** | | |
| | Profit/ (loss) before tax | | |
| | Continuing operations | 11,045.74 | 1,820.97 |
| | Discontinued operations | (548.39) | (2,196.24) |
| | **Profit/ (loss) before tax** | **10,497.35** | **(375.27)** |
| | **Adjustments for :** | | |
| | Depreciation and amortisation expense | 2,332.90 | 3,745.75 |
| | Employee share-based expense | 49.33 | 41.94 |
| | Profit (net) on sale or redemption of | | |
| | Current investments | (113.30) | (3.01) |
| | Non-current investment | - | (125.96) |
| | Loss on disposal of property, plant and equipment (net) | 15.87 | 32.95 |
| | Gain on sale of disposal groups classified as held for sale | (13.63) | - |
| | Impairment loss on disposal group | - | 3,373.08 |
| | Goodwill on consolidation written off | - | 4.68 |
| | Share of (gain)/ loss of joint ventures accounted for using the equity method (net) | (2,060.33) | 885.32 |
| | Fair valuation loss on investments (net) | 391.91 | 2,387.35 |
| | Allowance for doubtful debts (net) | 74.90 | 101.52 |
| | Provision for litigation, disputes and other matters (net) | 139.35 | 3.46 |
| | Provision for doubtful advances written back | - | (1.18) |
| | Liabilities/ Provisions no longer required written back | (157.76) | (204.12) |
| | Allowance for doubtful loans | 247.01 | - |
| | Dividend income | (0.46) | (0.34) |
| | Interest income and commission income | (435.31) | (768.54) |
| | Interest expenses | 901.34 | 1,139.54 |
| | Unrealised net exchange differences | 193.67 | 246.33 |
| | **Operating profit before changes in operating assets and liabilities** | **12,062.84** | **10,483.50** |
| | **Changes in operating assets and liabilities** | | |
| | Movement in other non-current assets | (74.37) | 361.27 |
| | Movement in inventories | 2,795.24 | (11,452.39) |
| | Movement in trade receivables | 1,097.89 | (595.39) |
| | Movement in other current financial assets | 368.63 | (314.59) |
| | Movement in other current assets | (1,101.20) | 600.95 |
| | Movement in other non-current financial liabilities | (1.62) | 0.82 |
| | Movement in trade payables | (2,929.17) | (2,549.31) |
| | Movement in other current financial liabilities | 226.84 | (286.52) |
| | Movement in other current liabilities | (3,199.11) | 13,188.45 |
| | Movement in provisions | 46.99 | 220.70 |
| | Movement in government grants | (89.98) | (2,590.33) |
| | **Total changes in operating assets and liabilities** | **(2,859.86)** | **(3,416.34)** |
| | **Cash flow from operations** | **9,202.98** | **7,067.16** |
| | Income taxes paid (net of refund received) | (2,721.73) | (833.87) |
| | **Net cash from operating activities (A)** | **6,481.25** | **6,233.29** |
| | | | |
| **B)** | **Cash flow from/ (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) | (1,749.48) | (602.75) |
| | Proceeds from property, plant and equipment and investment property | 10.92 | 19.98 |
| | Proceeds from assets of disposal group | 669.00 | - |
| | Advance against disposal group held fro sale | 250.00 | - |
| | Investment in joint ventures | - | - |
| | Proceeds from long term investments | 1.79 | 383.77 |
| | Purchase other long term investments | - | (384.19) |
| | Purchase of current investments | (86,421.57) | (286,234.96) |
| | Proceeds from current investments | 85,174.05 | 283,548.89 |
| | Proceeds from/ (Investments in) maturity of fixed deposits (net) | 130.20 | (97.40) |
| | Interest and commission received | 573.77 | 689.53 |
| | Dividend received | 0.46 | 0.34 |
| | Loan to/ (loan repaid by) other parties | 11.35 | (145.00) |
| | Loan repaid by joint venture | 575.51 | - |
| | **Net cash used in investing activities (B)** | **(774.00)** | **(2,821.79)** |

# Consolidated statement of cash flows

*(All amounts in Rupees million, unless otherwise stated)*

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **C.** | **Cash flow used in financing activities** | | |
| | Payment on buyback of equity share capital | (588.16) | - |
| | Proceeds from issue of equity share capital | 1.50 | - |
| | Transactions with non-controlling interests | - | (1,323.34) |
| | Repayment of long term borrowings | (3,876.34) | (2,260.87) |
| | Proceeds from short term borrowings | 8,556.68 | 8,000.00 |
| | Repayment of short term borrowings | (7,613.95) | (6,375.67) |
| | Interest paid | (941.94) | (1,064.36) |
| | Dividend paid (including dividend distribution tax) | (2,739.01) | (160.16) |
| | Payment of Lease liabilities (March 31, 2019 payment of finance lease liabilities) | (229.69) | (168.55) |
| | **Net cash used in financing activities (C)** | **(7,430.91)** | **(3,352.95)** |
| | **Net (decrease)/ increase in cash and cash equivalents (A+B+C)** | **(1,723.66)** | **58.55** |
| | Cash and cash equivalents at the beginning of the financial year | 5,847.25 | 5,526.29 |
| | Gain on exchange rate changes on cash and cash equivalents | 285.11 | 275.35 |
| | **Cash and cash equivalents at the end of year** | | |
| | From continued operations | 4,408.43 | 5,847.25 |
| | From discontinued operations | 0.27 | 12.94 |
| | Net (decrease)/ increase in cash and cash equivalents | (1,438.55) | 333.90 |
| | **Non-cash investing activities:** | | |
| | - Acquisition of right-of-use assets (net) | 196.22 | - |

The above consolidated statement of cash flow 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: June 17, 2020

**For and on behalf of the 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

# Consolidated statement of changes in equity

*(All amounts in Rupees million, unless otherwise stated)*

## A. Equity Share Capital

| Particulars | Notes | Amount |
|---|---|---|
| **Balance as at April 01, 2018** | | 1,326.13 |
| Changes in equity share capital during the year | 18(a) | - |
| **Balance as at March 31, 2019** | | 1,326.13 |
| Changes in equity share capital during the year | 18(a) | (21.70) |
| **Balance as at March 31, 2020** | | **1,304.43** |

## B. Other equity [refer note 16(b) and (c)]

| | Attributable to owners of Welspun Corp Limited | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves and surplus | | | | | | | | Other reserves | | Total other equity | Non-controlling interests | Total |
| | Capital reserve | Securities premium | Debenture redemption reserve | General reserve | Foreign currency monetary Item translation difference account | Equity settled share based payments | Capital redemption reserve | Retained earnings | Cash flow hedging reserve | Foreign currency translation reserve | | | |
| **Balance as at April 01, 2018** | **152.92** | **7,769.82** | **505.84** | **353.59** | **(35.54)** | **-** | **-** | **18,348.17** | **11.21** | **108.17** | **27,214.18** | **566.12** | **27,780.30** |
| Loss for the year | - | - | - | - | - | - | - | (132.58) | - | - | (132.58) | (83.93) | (216.51) |
| Other comprehensive income | - | - | - | - | - | - | - | (9.54) | 78.69 | 386.62 | 455.77 | 0.06 | 455.83 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(142.12)** | **78.69** | **386.62** | **323.19** | **(83.87)** | **239.32** |
| Movement during the year (net) | - | - | - | - | 21.29 | - | - | - | - | - | 21.29 | - | 21.29 |
| **Movement in debenture redemption reserve (net)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Movement in general reserve | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transactions with owners in their capacity as owners: | | | | | | | | | | | | | |
| Premium on redemption of NCI's share | - | - | - | - | - | - | - | (790.43) | - | - | (790.43) | (532.91) | (1,323.34) |
| Dividends paid (including dividend distribution tax) | - | - | - | - | - | - | - | (159.87) | - | - | (159.87) | - | (159.87) |
| Employee share-based expenses | - | - | - | - | - | 41.94 | - | - | - | - | 41.94 | - | 41.94 |
| **Balance as at March 31, 2019** | **152.92** | **7,769.82** | **505.84** | **353.59** | **(14.25)** | **41.94** | **-** | **17,255.75** | **89.90** | **494.79** | **26,650.30** | **(50.66)** | **26,599.64** |
| Profit for the year | - | - | - | - | - | - | - | 6,354.73 | - | - | 6,354.73 | 185.96 | 6,540.69 |
| Other comprehensive income | - | - | - | - | - | - | - | (63.88) | (140.33) | 1,294.00 | 1,089.79 | 5.88 | 1,095.67 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | | **-** | **-** | **-** | **6,290.85** | **(140.33)** | **1,294.00** | **7,444.52** | **191.84** | **7,636.36** |
| Movement during the year (net) | - | - | - | - | 14.25 | - | - | - | - | - | 14.25 | - | 14.25 |
| Movement in debenture redemption reserve (net) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Movement in general reserve | - | - | - | 268.14 | - | - | - | (268.14) | - | - | - | - | - |
| Capital Reserve on merger of Welspun Pipes limited | 1.79 | - | - | - | - | - | - | - | - | - | 1.79 | - | 1.79 |
| Transfer from FCTR on liquidation of subsidiary | - | - | - | - | - | - | - | (5.96) | - | - | (5.96) | - | (5.96) |
| **Transactions with owners in their capacity as owners:** | | | | | | | | | | | | | |
| Premium on redemption of NCI's share | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | (2,741.31) | - | - | (2,741.31) | - | (2,741.31) |
| Employee share-based expenses | - | - | - | - | - | 48.71 | - | - | - | - | 48.71 | - | 48.71 |
| Options exercised | - | 2.05 | - | - | - | - | - | - | - | - | 2.05 | - | 2.05 |
| Amount transferred upon buyback | - | (21.78) | - | - | - | - | 21.78 | - | - | - | - | - | - |
| Shares bought back | - | (566.38) | - | - | - | - | - | - | - | - | (566.38) | - | (566.38) |
| **Balance as at March 31, 2020** | **154.71** | **7,183.71** | **505.84** | **621.73** | **-** | **90.65** | **21.78** | **20,531.19** | **(50.43)** | **1,788.79** | **30,847.97** | **141.18** | **30,989.15** |

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: June 17, 2020

**For and on behalf of the 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

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees 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 June 17, 2020.

## 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] 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) New and amended standards adopted by the Group**

The Group has applied the following standards and its amendments for the first time for annual reporting period commencing April 1, 2019.

**(i) Ind AS 116 Leases:**

The Group had to change its accounting policies following the adoption of Ind AS 116. This is disclosed in Note 1.9 and Note 54(b).

**(ii) Other Amendments**

**a) Appendix C to Ind AS 12, Income Taxes (Uncertainty over Income Tax Treatments):**

The Appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirements to provide information about judgements and estimates made in preparing the financial statements.

b) **Prepayment features with Negative Compensation – Amendments to Ind AS 109:**
The amendment made to Ind AS 109, Financial Instruments enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit and loss.

To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

c) **Long-term Interests in Associates and Joint Ventures – Amendments to Ind AS 28:**
The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under Ind AS 109 before applying the loss allocation and impairment requirements in Ind AS 28, Investments in Associates and Joint Ventures.

d) **Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19:**
The amendments to Ind AS 19, Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling
- separately recognise any changes in the asset ceiling through other comprehensive income.

e) **Ind AS 103, Business Combinations:**
Clarified that obtaining control of business that is joint operation is a business combination achieved in stages.

f) **Ind AS 111, Joint Arrangements:**
Clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

g) **Ind AS 12, Income Taxes:**
Clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognized.

h) **Ind AS 23, Borrowing Costs:**
Clarified that, if a specific borrowing remains outstanding after the qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Other amendments listed above did not have any impact on the amounts recognized in the prior periods and are not expected to significantly affect the current and future periods

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 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.

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, 2020 | As at March 31, 2019 |
| **Direct Subsidiaries** | | | |
| Welspun Pipes Inc. | USA | 100% | 94.79% |
| Welspun Tradings Limited | India | 100% | 100% |
| Welspun Mauritius Holdings Limited | Mauritius | 89.98% | 89.98% |
| **Indirect Subsidiaries** | | | |
| **Held through Welspun Pipes Inc.** | | | |
| Welspun Tubular LLC | USA | 100% | 100% |
| Welspun Global Trade LLC | USA | 100% | 100% |
| **Held through Welspun Tradings Limited** | | | |
| Welspun Middle East DMCC (Liquidated w.e.f. 11th Feb '2020) | Dubai, UAE | - | 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, 2020 | As at March 31, 2019 |
| Welspun Wasco Coatings Private Limited | India | 51% | 51% |
| Welspun Middle East Pipes Company LLC | Kingdom of Saudi Arabia | 50.01% | 50.01% |
| Welspun Middle East Pipes Coating Company LLC | Kingdom of Saudi Arabia | 50.01% | 50.01% |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees 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 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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 Managing Director and Chief Executive Officer (CEO) of the Company assess the financial performance and position of the Group, and makes strategic decisions. The chief operating decision makers are Managing Director and CEO 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.

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

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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

**Till March 31, 2019**

**a) As a lessee**

Assets taken on lease by the Group in its capacity as lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**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 unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**With effective from April 01, 2019**

**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

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 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 equipements.

**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** | |
| Buildings and land improvements | Ranging between 15 to 39 years |
| Residential and other buildings | 60 |
| Road, fencing, etc. | Ranging between 3 to 15 years |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | |
|---|---|
| **Office and other equipments** | |
| Office Equipment | Ranging between 3 to 10 years |
| Computer | 1 years except Networking equipment's which are depreciated over useful life of 5 years |
| **Vehicles** | Ranging between 5 to 8 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 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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**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 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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 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.

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

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 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 debt instruments is recognised using the effective interest rate method. The effective interest rate 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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(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 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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 Payable includes acceptances arrangement where operational suppliers of goods are paid by banks while Company 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 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,

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

### 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.

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

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 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

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 Recent Accounting Pronouncements

There are no other new updates or standards issued through the date of issuance of these financial statements that have not yet been adopted by the Group.

## 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 39 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 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.

Write-downs of inventories to net realisable value amounted to ₹ 664.96 (March 31, 2019: ₹ 223.63). These were recognised as an expense during the year and included in 'cost of material consumed' and 'changes in the inventories of work-in-progress and finished goods' in statement of Profit and Loss.

**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

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 38)

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 41)

vi) **Impairment of carrying value of investments and recoverability of loans and other receivables in Investee Companies**
Determining whether the impairment of carrying value of investments in joint ventures, recoverability of loans to joint ventures including accrued interest and recoverability of other receivables from joint ventures are impaired requires an estimate of the value in use of investments, other receivables and loans (collectively the entities described above are referred as Investee Companies).

In considering the value in use, the board of directors of respective Investee Companies have anticipated the future sales prices, capacity utilisation of plants, operating margins, other expenses, availability of raw materials, discount rates, terminal growth rate, payment of taxes, working capital norms, inflation rate, growth rate of economy and other factors of the underlying businesses / operations of the Investee Companies. Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments and recoverability of loans and other receivables in Investee Companies. (refer note 7 and 52)

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 3(a). Property, plant and equipment

| Carrying amounts | Freehold land | Leasehold land | Land Improvements | Buildings | Plant and machinery | Office and other equipments | Vehicles | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2019** | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | |
| **Balance as at April 01, 2018** | **757.06** | **-** | **1,315.33** | **8,414.09** | **30,539.97** | **495.18** | **35.63** | **89.07** | **41,646.33** |
| Additions | - | 32.53 | - | 62.35 | 272.79 | 325.44 | 2.36 | 2.46 | 697.93 |
| Exchange differences (refer note 47) | - | - | - | - | 81.12 | - | - | - | 81.12 |
| Exchange differences on translation of foreign operations | 19.03 | - | 80.32 | 225.05 | 429.24 | 25.26 | 0.73 | 0.48 | 780.11 |
| Disposals | - | - | - | - | 81.82 | 33.93 | 2.41 | 0.19 | 118.35 |
| Reclassification as investment property (refer note 4) | - | - | - | 51.20 | - | - | - | - | 51.20 |
| Disposal groups classified as held for sale (refer note 53) | 75.05 | - | - | 1,470.55 | 15,714.41 | 12.19 | 1.76 | 12.10 | 17,286.06 |
| **Gross carrying amount as at March 31, 2019** | **701.04** | **32.53** | **1,395.65** | **7,179.74** | **15,526.89** | **799.76** | **34.55** | **79.72** | **25,749.88** |
| **Year ended March 31, 2020** | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | |
| Additions | 273.69 | - | 32.23 | 496.71 | 501.53 | 213.16 | 5.23 | 18.52 | 1,541.07 |
| Exchange differences on translation of foreign operations | 31.13 | - | 131.38 | 372.42 | 705.97 | 68.18 | 1.18 | 0.78 | 1,311.04 |
| Disposals | 0.30 | - | - | 25.49 | 40.06 | 11.71 | - | 0.94 | 78.50 |
| Reclassification as investment property (refer note 4) | 27.18 | | - | - | - | - | - | - | 27.18 |
| Assets classified as held for sale (Refer note 17(a)) | 28.02 | - | - | - | - | - | - | - | 28.02 |
| Assets classified as right-of-use asset (refer note 3(b)) | - | 32.53 | - | - | - | 306.33 | - | - | 338.86 |
| **Gross carrying amount as at March 31, 2020** | **950.36** | **-** | **1,559.26** | **8,023.38** | **16,694.33** | **763.06** | **40.96** | **98.08** | **28,129.43** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| Carrying amounts | Freehold land | Leasehold land | Land Improvements | Buildings | Plant and machinery | Office and other equipments | Vehicles | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2019** | | | | | | | | | |
| **Balance as at April 01, 2018** | - | - | 349.75 | 904.96 | 9,731.46 | 274.48 | 16.18 | 43.37 | 11,320.20 |
| **Depreciation charge during the year (refer note (i) below)** | **-** | **0.08** | **128.94** | **290.73** | **3,180.04** | **93.71** | **4.69** | **11.27** | **3,709.46** |
| Disposals | - | - | - | - | 42.24 | 24.94 | 2.03 | 0.17 | 69.38 |
| Exchange differences on translation of foreign operations | - | - | 20.00 | 17.90 | 193.43 | 12.43 | 0.40 | 0.32 | 244.48 |
| Reclassification as investment property (refer note 4) | - | - | - | 8.81 | - | - | - | - | 8.81 |
| Disposal groups classified as held for sale (refer note 53) | - | - | - | 240.02 | 4,709.32 | 5.66 | 1.44 | 7.67 | 4,964.11 |
| **Accumulated depreciation as at March 31, 2019** | **-** | **0.08** | **498.69** | **964.76** | **8,353.37** | **350.02** | **17.80** | **47.12** | **10,231.84** |
| **Year ended March 31, 2020** | | | | | | | | | |
| Depreciation charge during the year (refer note (i) below) | - | - | 131.09 | 249.73 | 1,648.45 | 79.19 | 4.66 | 8.86 | 2,121.98 |
| Disposals | - | - | - | 4.37 | 35.82 | 11.57 | - | 0.88 | 52.64 |
| Exchange differences on translation of foreign operations | - | - | 55.80 | 49.54 | 491.88 | 30.88 | 0.86 | 0.70 | 629.66 |
| Reclassification as investment property (refer note 4) | - | - | - | 2.38 | - | - | - | - | 2.38 |
| Assets classified as right-of-use asset (refer note 3(b)) | - | 0.08 | - | - | - | 9.00 | - | - | 9.08 |
| **Accumulated depreciation as at March 31, 2020** | **-** | **-** | **685.58** | **1,257.28** | **10,457.88** | **439.52** | **23.32** | **55.80** | **12,919.38** |
| **Net carrying amount of property, plant and equipment** | | | | | | | | | |
| As at March 31, 2019 | 701.04 | 32.45 | 896.96 | 6,214.98 | 7,173.52 | 449.74 | 16.75 | 32.60 | 15,518.04 |
| **As at March 31, 2020** | **950.36** | **-** | **873.68** | **6,766.10** | **6,236.45** | **323.54** | **17.64** | **42.28** | **15,210.05** |

| **Capital work-in-progress** | |
|---|---|
| **Opening balance as at April 01, 2018** | **144.36** |
| Additions | 615.74 |
| Disposals | 293.89 |
| Disposal groups classified as held for sale (refer note 53) | 1.47 |
| **Closing balance as at March 31, 2019** | **464.74** |
| **Opening balance as at April 01, 2019** | **464.74** |
| Additions | 1,613.31 |
| Disposals | 1,261.11 |
| **Closing balance as at March 31, 2020** | **816.94** |

Capital work-in-progress mainly comprises of buildings and various plant and machinery at Bhopal unit.

**Notes**

(i) Depreciation for the year includes depreciation for discontinued operation of ₹ Nil (March 31, 2019: ₹ 1,147.72)
(ii) For property, plant and equipment pledged as security (refer note 19).
(iii) Contractual obligations:
Refer note 46 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 3(b)Right-of-use assets

**As at March 31, 2019, Lease hold land and office and other equipments included the following amounts where the Group was a lessee under finance lease.**

| | As at Mar 31, 2020 | As at Mar 31, 2019 |
|---|---|---|
| **Cost:** | | |
| Leasehold land | - | 32.53 |
| Office & other equipments | - | 181.04 |
| **Accumulated depreciation:** | | |
| Leasehold land | - | (0.08) |
| Office & other equipments | - | (9.00) |
| **Net Carrying amount** | - | **204.49** |

Pursuant to the adoption of Ind AS 116, leased assets are presented as separate line item in the balance sheet as at March 31, 2020. Refer to note 54(b) for details about changes in accounting policy.

As at March 31, 2019, the assets acquired under finance leases have a lease term expiring within two to ninety nine year.

**Leases**

**(i) Amount recognised in balance sheet**

| | As at March 31, 2020 | As at April 01, 2019 |
|---|---|---|
| **Right-of-use assets** | | |
| Leasehold land | 40.43 | 41.35 |
| Plant and machinery | 34.35 | 92.34 |
| Buildings | 288.32 | 244.70 |
| Vehicle | 93.28 | 126.09 |
| Office & other equipments | 309.89 | 217.54 |
| Others | 30.63 | 54.03 |
| **Total Right-of-use assets** | **796.90** | **776.05** |
| **Lease Liabilities** | | |
| Current | 194.77 | 165.33 |
| Non Current | 461.25 | 521.31 |
| **Total Lease Liabilities** | **656.02** | **686.64** |

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as "finance lease" under Ind AS 17, Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings and other financial liabilities. For adjustments recognised on adoption of Ind AS 116 on April 01, 2019, refer to note 54(b).

Net addition to right-of-use assets during the year ₹ 196.22

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:

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**
*(All amounts in Rupees million, unless otherwise stated)*

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**

| | Year ended March 31, 2020 |
|---|---|
| **Depreciation charge of Right-of-use assets** | |
| Leasehold land | 0.84 |
| Plant and machinery | 42.32 |
| Buildings | 47.02 |
| Vehicle | 31.34 |
| Office & other equipments | 30.99 |
| Others | 23.39 |
| **Total** | **175.90** |
| **Interest and other expense** | |
| Interest expense on leases (included in finance cost) | 47.94 |
| Expense relating to short-term leases (included in other expenses) | 106.42 |
| Expense relating to lease of low value assets that are not shown above as short-term leases (included in other expenses) | 5.53 |
| Expenses relating to other leases (included in other expenses) | 28.29 |
| **Total** | **188.18** |

The total cash outflow for the leases for the year ended March 31, 2020 is ₹ 229.69

## 4. Investment property

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Investment property - land | 28.41 | 1.23 |
| Investment property - building | 46.97 | 49.35 |
| **Total investment property** | **75.38** | **50.58** |

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Gross carrying amount** | | |
| Opening balance | 60.21 | 9.01 |
| Transferred from property, plant and equipment (refer note 3(a)) | 27.18 | 51.20 |
| **Closing balance** | **87.39** | **60.21** |
| **Gross carrying amount** | | |
| Opening balance | 60.21 | 9.01 |
| Transferred from property, plant and equipment (refer note 3(a)) | 27.18 | 51.20 |
| **Closing balance** | **87.39** | **60.21** |
| **Accumulated Depreciation** | | |
| Opening balance | 9.63 | 0.82 |
| Transferred from property, plant and equipment (refer note 3(a)) | 2.38 | 8.81 |
| **Closing balance** | **12.01** | **9.63** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(i) Amount recognised in statement of profit and loss under the head "Other income"**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Rental Income | 13.74 | 11.37 |
| | **13.74** | **11.37** |

There are no direct operating expenses (including repairs and maintenance) on investment properties recognised in statement of profit and loss.

**(ii) Leasing arrangements**

The Group has given flat on operating lease. This lease arrangement is for a term of 3 years which is non-cancellable for a period of 2 years is tabulated as below.

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Within one year | - | 1.40 |
| Later than one year but not later than five years | - | - |
| | **-** | **1.40** |

**(iii) Fair Value**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Investment property - land | 175.77 | 154.39 |
| Investment property - building | 162.09 | 188.74 |
| | **337.86** | **343.13** |

**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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 5. Intangible assets

| Carrying amounts | Intangible assets (Software) |
|---|---|
| **Year ended March 31, 2019** | |
| **Gross carrying amount** | |
| Balance as at April 01, 2018 | 254.86 |
| Additions | 22.47 |
| Disposals | 0.14 |
| Disposal groups classified as held for sale (refer note 53) | 86.67 |
| **Gross carrying amount as at March 31, 2019** | **190.52** |
| **Year ended March 31, 2020** | |
| Gross carrying amount | |
| Additions | 18.78 |
| **Gross carrying amount as at March 31, 2020** | **209.30** |
| **Accumulated amortisation** | **Intangible assets (Software)** |
| **Year ended March 31, 2019** | |
| Balance as at April 01, 2018 | 135.89 |
| Amortisation charge during the year (refer note (i) below) | 36.29 |
| Disposals | 0.12 |
| Disposal groups classified as held for sale (refer note 53) | 86.67 |
| **Accumulated amortisation as at March 31, 2019** | **85.39** |
| **Year ended March 31, 2020** | |
| Amortisation charge during the year (refer note (i) below) | 35.02 |
| **Accumulated amortisation as at March 31, 2020** | **120.41** |

| | |
|---|---|
| **Net carrying amount of other intangible assets** | |
| As at March 31, 2019 | 105.13 |
| **As at March 31, 2020** | **88.89** |

| | |
|---|---|
| **Intangible assets under development** | |
| As at March 31, 2019 | 5.02 |
| **As at March 31, 2020** | **8.13** |

**Notes:**

(i) Amortisation for the year includes amortisation for discontinued operation of ₹ Nil (March 31, 2019: ₹0.70)

(ii) Contractual obligations:
Refer note 46 for disclosure of contractual commitments for the acquisition of intangible assets.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **6. Investments accounted for using the equity method (refer note 44 (d))** | | |
| **Unquoted** | | |
| **Investments in equity instruments of joint ventures (fully paid up) (refer note 50 and 52)** | | |
| Welspun Wasco Coatings Private Limited | | |
| 25,465,014 (March 31, 2019: 25,465,014) equity shares of ₹10 each (refer note below) | - | 91.91 |
| Welspun Middle East Pipes Company LLC | 2,723.21 | 503.90 |
| 38,031,042 (March 31, 2019: 38,031,042) equity shares of SAR 1 each | | |
| Welspun Middle East Pipes Coatings Company LLC (refer note 20(b)) | - | - |
| 16,886,189 (March 31, 2019: 16,886,189) equity shares of SAR 1 each | | |
| **Total investments accounted for using the equity method** | **2,723.21** | **595.81** |

**Note:**

The shareholders' of Welspun Wasco Coatings Private Limited ("WWCPL") at its meeting held on March 19, 2019 approved partial conversion of unsecured shareholders' loans in to equity shares and accordingly, WWCPL allotted 10,710,000 fully paid-up equity shares of ₹ 10 each at par value aggregating to ₹ 107.10 on March 28, 2019. The part of unsecured shareholders' loan given by the Company to WWCPL which was converted in to equity shares i.e. ₹ 107.10 had been transferred to Equity investments in subsidiaries and joint venture with effect from March 28, 2019.

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **7. Investments** | | |
| **7(a) Non-current investments** | | |
| **Unquoted (refer note 50)** | | |
| **Investment carried at fair value through profit and loss (fully paid up)** | | |
| **I. Investment in equity instruments of other entity** | | |
| Welspun Captive Power Generation Limited | | |
| 5,833,500 (March 31, 2019: 5,833,500) equity shares of ₹ 10 each | 414.88 | 462.19 |
| **Total investment in equity instruments of other entity** | **414.88** | **462.19** |
| **II. Investment in preference shares of other entity** | | |
| Welspun Captive Power Generation Limited | | |
| 19,443,186 (March 31, 2019: 19,443,186) 10% non-cumulative, redeemable preference shares of ₹ 10 each | 190.06 | 194.52 |
| **Total investment in preference shares of other entity** | **190.06** | **194.52** |
| **Quoted** | | |
| **Investment carried at fair value through profit or loss (fully paid up)** | | |
| **Investment in other entity** | | |
| Standard Chartered Bank PLC Indian Depository Receipt | | |
| 334,331 (March 31, 2019: 334,331) Indian Depository Receipt of ₹ 100 each | 12.35 | 16.16 |
| **Total investment in other entity** | **12.35** | **16.16** |
| **Total non-current investments** | **617.29** | **672.87** |
| Aggregate amount of quoted investments and market value thereof | 12.35 | 16.16 |
| Aggregate amount of unquoted investments | 604.94 | 656.71 |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**Note:**

The Management of Holding Company has assessed the impairment of Group's investments in joint venture namely namely Welspun Middle East Pipes LLC (WMEP) by reviewing the business forecasts of WMEP, using discounted cash flow valuation model. The Management of Holding Company has also assessed the recoverability of loans given to; and other receivables from WMEP and Group's another joint venture Welspun Middle East Pipes Coatings LLC (WMEPC) based on expected credit loss model (ECL).

The Management noted that no provision for impairment is required to be made in respect of these investment, loans and other receivables.

Significant assumptions used in the model are discount rate and terminal growth rate.

**7(b) Current investments**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Bonds | 577.98 | 3,137.34 |
| Mutual funds | 3,917.06 | 349.98 |
| **Total current investments** | **4,495.04** | **3,487.32** |

**Quoted**

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

**I. Investments in bonds**

| | Face Value in Rupees | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 0.00% Andhra Pradesh Expressway Limited 15/10/2025 | 1,000,000 | 56 | 113.61 | 56 | 111.64 |
| 10.99% Andhra Bank Perpetual | 1,000,000 | - | - | 409 | 407.06 |
| 9.35% Avanse Financial Services Limited 27/12/2027 | 1,000,000 | 29 | 14.51 | 29 | 25.55 |
| 9.40% Dewan Housing Finance Corporation Limited 08/05/2026 | 1,000,000 | 189 | - | 189 | 158.12 |
| 10.75% Dewan Housing Finance Corporation Limited Perpetual | 1,000,000 | 100 | - | 100 | 86.90 |
| 9.00% Dewan Housing Finance Corporation Limited 04/07/2028 | 1,000 | 9,000 | - | 9,000 | 7.53 |
| 9.00% Dewan Housing Finance Corporation Limited 04/07/2023 | 1,000 | 15,000 | - | 15,000 | 12.93 |
| 9.00% Dewan Housing Finance Corporation Limited 04/07/2025 | 1,000 | 33,000 | - | 33,000 | 28.14 |
| 8.07% Energy Efficiency Services Limited 20/09/2021 | 1,000,000 | - | - | 5 | 4.95 |
| 8.15% Energy Efficiency Services Limited 10/02/2021 | 1,000,000 | - | - | 18 | 17.90 |
| 10.25% ECL Finance Limited Perpetual | 1,000,000 | 50 | 25.00 | 50 | 47.50 |
| 10.45% Gujarat State Petroleum Corporation Limited 28/09/2072 | 1,000,000 | - | - | 101 | 108.83 |
| 9.40% IFCI Limited 13/02/2025 | 1,000 | 10,000 | 9.41 | 10,000 | 9.21 |
| 9.75% IFCI Limited 26/04/2028 | 1,000,000 | 201 | 190.95 | 206 | 185.73 |
| 9.90% IFCI Limited 05/11/2037 | 25,000 | 5,170 | 118.22 | 5,170 | 112.60 |
| 9.90% IFCI Limited 05/11/2032 | 25,000 | 14 | 0.32 | 14 | 0.31 |
| 8.45% Indiabulls Commercial Credit Limited 05/01/2028 | 100,000 | - | - | 600 | 54.85 |
| 9.50% IL&FS Energy Development Company Limited 14/05/2025 | 1,000,000 | 292 | - | 292 | - |
| 9.05% IL&FS 27/06/2023 | 1,000,000 | 400 | - | 400 | - |
| 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 | - |
| 9.70% Jodhpur Vidyut Vitran Nigam Limited 30/03/2031 | 100,000 | - | - | 317 | 30.79 |
| 8.50% Mahindra Rural Housing Finance Limited 15/06/2027 | 1,000,000 | 3 | 2.85 | 3 | 2.82 |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Face Value in Rupees | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 8.91% Nagpur Seoni Expressway Limited 01/02/2027 | 100,000 | - | - | 120 | 11.92 |
| 9.00% PNB Housing Finance Ltd 30/08/2022 | 1,000,000 | - | - | 400 | 387.69 |
| 10.90% Punjab and Sind Bank | 1,000,000 | - | - | 409 | 410.59 |
| 7.99% Rural Electrification Corporation Limited 23/02/2023 | 1,000,000 | - | - | 20 | 19.89 |
| 7.70% Rural Electrification Corporation Limited 10/12/2027 | 1,000,000 | - | - | 387 | 366.14 |
| 8.30% REC Limited 25/03/2029 | 1,000,000 | - | - | 400 | 400.74 |
| 8.25% Reliance Capital Limited 14/04/2020 | 1,000,000 | 264 | - | 264 | - |
| 8.85% Reliance Capital Limited 02/11/2026 | 1,000,000 | 664 | - | 664 | - |
| 9.10% Reliance General Insurance Company Limited 17/08/2026 | 1,000,000 | 5 | - | 5 | - |
| 9.40% Reliance Home Finance Limited 03/06/2032 | 1,000 | 255,700 | - | 255,700 | - |
| 9.00% Shriram Transport Finance Company Limited 28/03/2028 | 1,000,000 | 102 | 51.00 | 102 | 91.55 |
| 8.20% Shriram Transport Finance Company Limited 15/10/2027 | 1,000,000 | 2 | 0.98 | 2 | 1.75 |
| 8.25% The Great Eastern Shipping Company Limited 25/05/2027 | 1,000,000 | - | - | 32 | 31.60 |
| 10.50% United Bank of India 27/09/2027 | 1,000,000 | - | - | 1 | 1.02 |
| 9.70% U.P. Power Corporation 26/09/2031 | 1,000,000 | 500 | 48.50 | - | - |
| 7.50% Water & Sanitation Pooled Fund 09/09/2020 | 100,000 | 27 | 2.63 | 27 | 1.09 |
| **Total Investments in bonds** | | **335,521** | **577.98** | **338,245** | **3,137.34** |

**Unquoted**

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

**II. Investments in mutual funds**

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Units | Amount | Units | Amount |
| SBI Liquid Fund - Overnight - Growth | 157,070 | 511.06 | 55,006 | 170.10 |
| SBI Liquid Fund - Direct - Growth | 635,085 | 1,974.50 | - | - |
| Reliance Liquid Fund - NL - Growth | - | - | 5,000,000 | 55.48 |
| ICICI Prudential Overnight Fund - Direct Plan - Growth | 2,138,113 | 230.38 | - | - |
| HDFC Liquid - DP - Growthoption | 205,755 | 803.81 | - | - |
| HDFC Overnight Fund - Growth | 75,984 | 225.60 | - | - |
| SBI Overnight Fund Direct Growth | 52,772 | 171.71 | 40,228 | 124.40 |
| **Total investments in mutual funds** | **3,264,779** | **3,917.06** | **5,095,234** | **349.98** |
| Aggregate amount of quoted investments and market value thereof | | **577.98** | | **3,137.34** |
| Aggregate amount of unquoted investments | | **3,917.06** | | **349.98** |
| | | **4,495.04** | | **3,487.32** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **8. Loans** | | |
| **8(a) Non-current** | | |
| **Unsecured, considered good** | | |
| Loans to joint ventures (refer note 50 and 52) | 1,315.52 | 2,283.80 |
| Less: Allowance for doubtful loans | (247.01) | - |
| | **1,068.51** | **2,283.80** |
| **Security deposits** | | |
| Related parties (refer note 50) | 113.55 | 157.66 |
| Other parties | 93.97 | 129.79 |
| **Total non-current loans** | **1,276.03** | **2,571.25** |
| **8(b) Current** | | |
| **Unsecured, considered good** | | |
| Loans to joint ventures (refer note 50) | 484.70 | - |
| Loans to employees | 3.02 | 4.79 |
| **Security deposits** | | |
| Related parties (refer note 50) | 22.62 | 22.62 |
| Other parties | 219.92 | 149.55 |
| **Total current loans** | **730.26** | **176.96** |
| **Total loans** | **2,006.29** | **2,748.21** |

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **9. Other financial assets** | | |
| **9(a) Non-current** | | |
| Term deposits with more than 12 months maturity | | |
| Margin money deposits (refer note 15 (b)) | 23.11 | 21.49 |
| Derivatives not designated as hedges | | |
| Coupon only swap | - | 2.57 |
| **Total non-current other financial assets** | **23.11** | **24.06** |
| **9(b) Current** | | |
| **Interest accrued on** | | |
| Loans to joint ventures (refer note 50) | 32.26 | 12.60 |
| Current investments | 23.80 | 167.41 |
| | **56.06** | **180.01** |
| **Other receivables from** | | |
| Related parties (refer note 50) | 64.74 | 447.41 |
| Other parties | 3.55 | 5.98 |
| | **68.29** | **453.39** |
| **Derivatives designated as hedges** | | |
| Forward contracts | 25.74 | 139.97 |
| Interest rate swap | - | 8.00 |
| **Derivatives not designated as hedges** | | |
| Forward contracts | 35.00 | 15.79 |
| | **60.74** | **163.76** |
| Unapplied advance with asset management company for purchase of mutual funds units | 16.77 | - |
| Receivable towards claim | 0.08 | 0.43 |
| **Total current other financial assets** | **201.94** | **797.59** |
| **Total other financial assets** | **225.05** | **821.65** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **10.** | **Deferred tax assets (net) (refer note 37)** | | |
| | **The balance comprises temporary differences attributable to:** | | |
| | **Deferred tax asset** | | |
| | Employee benefits obligations | 0.19 | 2.20 |
| | Allowance for doubtful debts and advances | 0.22 | 1.87 |
| | Cash flow hedging reserve | 1.26 | - |
| | Property, plant and equipment | 0.16 | 0.15 |
| | Lease liability (net of right-of-use asset) | 0.08 | - |
| | Others | 0.08 | - |
| | | **1.99** | **4.22** |
| | **Set-off of deferred tax liabilities pursuant to set-off provisions** | | |
| | **Deferred tax liabilities** | | |
| | Cash flow hedging reserve | - | 1.17 |
| | Fair valuation on investment | 0.80 | 0.03 |
| | | **0.80** | **1.20** |
| | **Total deferred tax assets (net)** | **1.19** | **3.02** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **11.** | **Other assets** | | |
| | **11(a) Non-current** | | |
| | **Capital advances** | | |
| | Related parties (refer note 50) | 66.76 | - |
| | Other parties | 105.24 | 255.21 |
| | Less: Allowance for doubtful capital advances | (0.90) | (0.90) |
| | | **171.10** | **254.31** |
| | Balance with statutory authorities | 435.05 | 407.44 |
| | Less: Allowance for doubtful balance with statutory authorities | (333.19) | (306.09) |
| | | **101.86** | **101.35** |
| | Advance to suppliers | 8.83 | 40.19 |
| | Less: Allowance for doubtful balance with vendors | (8.83) | (8.85) |
| | | **-** | **31.34** |
| | Government grant receivable (refer note 62) | - | 8.64 |
| | Prepaid expenses | 46.18 | 32.54 |
| | Others* | 114.52 | - |
| | **Total other non-current assets** | **433.66** | **428.18** |

*Represents amount recoverable from employees towards employees' contribution for provident fund (refer note 40)

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **11(b) Current** | | |
| Balance with statutory authorities | 421.95 | 420.76 |
| **Advance to suppliers** | | |
| Related parties (refer note 50) | 0.39 | - |
| Others | 460.30 | 629.19 |
| Less: Allowance for doubtful balance with vendors | (20.11) | (18.38) |
| | **440.58** | **610.81** |
| Contract assets (refer note 13 (i), 54 (a)) | 1,031.12 | 287.56 |
| Prepaid expenses | 713.32 | 137.45 |
| Advance to employees | 2.02 | 2.52 |
| Government grant receivable (refer note 62) | - | 74.28 |
| Export benefit receivable | 235.23 | 227.40 |
| Others | - | 101.69 |
| **Total other current assets** | **2,844.22** | **1,862.47** |
| **Total other assets** | **3,277.88** | **2,290.65** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **12.** | **Inventories (refer note below)** | | |
| | Raw materials | 5,055.70 | 7,037.72 |
| | Goods-in-transit for raw materials | 2,964.97 | 9,105.80 |
| | Work-in-progress | 244.60 | 318.86 |
| | Finished goods | 12,965.60 | 4,357.46 |
| | Stores and spares | 1,451.13 | 1,407.78 |
| | **Total inventories** | **22,682.00** | **22,227.62** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **13.** | **Trade receivables (refer note below)** | | |
| | Trade receivables from related parties (refer note 50) | 4.78 | 27.04 |
| | Trade receivables from others | 11,652.65 | 11,923.20 |
| | Less: Allowance for doubtful debts (net) | (218.27) | (143.37) |
| | **Total trade receivables** | **11,439.16** | **11,806.87** |
| | **Break-up of security details** | | |
| | Unsecured, considered good | 11,439.16 | 11,806.87 |
| | Unsecured, credit impaired | 218.27 | 143.37 |
| | **Total** | **11,657.43** | **11,950.24** |
| | Less: Allowance for doubtful debts (net) | (218.27) | (143.37) |
| | **Total trade receivables** | **11,439.16** | **11,806.87** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **14.** | **Cash and cash equivalents** | | |
| | Cash on hand | 0.36 | 0.16 |
| | Balances with banks | | |
| | In current accounts | 4,408.07 | 5,797.08 |
| | Deposits with maturity of less than three months | - | 50.01 |
| | **Total cash and cash equivalents** | **4,408.43** | **5,847.25** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **15.** | **Bank balances other than cash and cash equivalents** | | |
| | Deposits with original maturity of more than three months but less than twelve months | 160.37 | - |
| | Unclaimed dividend (refer note (a) below) | 4.97 | 2.67 |
| | Margin money deposits (refer note (b) below) | 562.09 | 854.28 |
| | **Total bank balances other than cash and cash equivalents** | **727.43** | **856.95** |

(a) 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.

(b) Fixed deposits of ₹ 585.20 (March 31, 2019: ₹ 875.77) represent earmarked balances with banks (refer note 9(a)).

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **16.** | **Current tax assets (net)** | | |
| | Opening balance of current tax liability transferred (refer note 26) | (7.76) | 204.95 |
| | Less: Current tax payable for the year | (0.39) | - |
| | Less: Refund received during the year | (0.03) | (204.95) |
| | Add: Taxes paid (including tax deducted at source) | 11.73 | - |
| | **Closing balance** | **3.55** | **-** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **17.** | **(a) Assets or disposal groups classified as held for sale** | | |
| | Disposal groups classified as held for sale (refer note 53) | 9,799.71 | 14,496.52 |
| | Assets classified as held for sale* | 29.15 | 2.08 |
| | **Total assets or disposal groups classified as held for sale** | **9,828.86** | **14,498.60** |
| | *It includes land and office and other equipments | | |
| | | | |
| | **(b) Liabilities directly associated with disposal groups classified as held for sale (refer note 53)** | | |
| | Liabilities directly associated with disposal groups classified as held for sale | 1,535.38 | 2,856.61 |
| | **Total liabilities directly associated with disposal groups classified as held for sale** | **1,535.38** | **2,856.61** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | Equity shares | | | Preference shares | | |
|---|---|---|---|---|---|---|---|
| | | Number of Shares | Par value | Amount | Number of Shares | Par value | Amount |
| **18.** | **Equity share capital and other equity** | | | | | | |
| | **18(a) Share capital** | | | | | | |
| | **Authorised share capital** | | | | | | |
| | As at April 01, 2018 | 304,000,000 | 5 | 1,520.00 | 98,000,000 | 10 | 980.00 |
| | Increase/ (decrease) during the year | - | | - | - | | - |
| | **As at March 31, 2019** | **304,000,000** | **5** | **1,520.00** | **98,000,000** | **10** | **980.00** |
| | Increase/ (decrease) during the year (refer note 55) | 100,000 | 5 | 0.50 | - | | - |
| | **As at March 31, 2020** | **304,100,000** | **5** | **1,520.50** | **98,000,000** | **10** | **980.00** |

| i) Movement in equity shares capital | Number of shares | Amount |
|---|---|---|
| **Issued, subscribed and paid up capital** | | |
| As at April 01, 2018 | 265,226,109 | 1,326.13 |
| **Increase/ (decrease) during the year** | - | - |
| **As at March 31, 2019** | **265,226,109** | **1,326.13** |
| **Increase/ (decrease) during the year (refer note 55)** | - | - |
| Buyback of equity shares (refer note 61) | (4,356,714) | (21.78) |
| Share issued on exercise on employee stock options (refer note 57) | 15,000 | 0.08 |
| **As at March 31, 2020** | **260,884,395** | **1,304.43** |

**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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

### iii) Details of shareholders holding more than 5% shares in the Company

| As at March 31, 2020 | No. of shares | % holding |
|---|---|---|
| **Equity shares held by** | | |
| Balkrishan Goenka, Trustee of Welspun Group Master Trust (refer note 55) | 110,449,818 | 42.34% |

| As at March 31, 2019 | No. of shares | % holding |
|---|---|---|
| **Equity shares held by** | | |
| Welspun Pipes Limited | 110,449,818 | 41.64% |
| Granele Limited | 19,127,584 | 7.21% |

### iv) Aggregate number of shares issued for consideration other than cash

In FY 2014-15, the Company issued 227,781 equity shares of ₹ 5 each as sweat equity in compliance with applicable laws including the Securities and Exchange Board of India (issue of sweat equity) Regulations, 2002.

### v) Aggregate number and class of buyback of shares (refer note 61)

| | Class of Shares | No. of Shares |
|---|---|---|
| Buyback of equity shares during the year | Equity Shares | 4,356,714 |
| | | **4,356,714** |

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Other equity** | | |
| **18(b) Reserves and surplus** | | |
| (i) Capital reserve | 154.71 | 152.92 |
| (ii) Securities premium | 7,183.71 | 7,769.82 |
| (iii) Debenture redemption reserve | 505.84 | 505.84 |
| (iv) General reserve | 621.73 | 353.59 |
| (v) Foreign currency monetary item translation difference account | - | (14.25) |
| (vi) Equity settled share based payments | 90.65 | 41.94 |
| (vii) Capital redemption reserve | 21.78 | - |
| (viii) Retained earnings | 20,531.19 | 17,255.75 |
| **Total reserves and surplus** | **29,109.61** | **26,065.61** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **(i)** | **Capital reserve** | | |
| | Opening balance | 152.92 | 152.92 |
| | Capital Reserve on merger of Welspun Pipes limited (refer note 55) | 1.79 | - |
| | **Closing balance** | **154.71** | **152.92** |
| **(i)** | **Securities premium** | | |
| | Opening balance | 7,769.82 | 7,769.82 |
| | Buyback of equity shares (refer note 61) | (566.38) | - |
| | Amount transferred to Capital redemption reserve on buyback of equity shares (refer note 61) | (21.78) | |
| | Share issued on exercise on employee stock options (refer note 57) | 2.05 | - |
| | **Closing balance** | **7,183.71** | **7,769.82** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **(ii)** | **Debenture redemption reserve** | | |
| | Opening balance | 505.84 | 505.84 |
| | Transfer from retained earnings | - | - |
| | **Closing balance** | **505.84** | **505.84** |
| **(iii)** | **General reserve** | | |
| | Opening balance | 353.59 | 353.59 |
| | Transfer from retained earnings | 268.14 | - |
| | **Closing balance** | **621.73** | **353.59** |
| **(iv)** | **Foreign currency monetary item translation difference account (refer note 47)** | | |
| | Opening balance | (14.25) | (35.54) |
| | Additions during the year | (6.79) | (45.09) |
| | Amortisation during the year | 21.04 | 66.38 |
| | **Closing balance** | **-** | **(14.25)** |
| **(v)** | **Equity settled share based payments (refer note 57)** | | |
| | Opening balance | 41.94 | - |
| | Add: Employee share-based expense | 49.33 | 41.94 |
| | Less: Transfer to securities premium account on exercise of option | (0.62) | - |
| | **Closing balance** | **90.65** | **41.94** |
| **(vi)** | **Capital redemption reserve** | | |
| | Opening balance | - | - |
| | Amount transferred upon buyback (refer note 53) | 21.78 | - |
| | **Closing balance** | **21.78** | **-** |
| **(viii)** | **Retained earnings** | | |
| | Opening balance | 17,255.75 | 18,348.17 |
| | Profit for the year | 6,354.73 | (132.58) |
| | Items of other comprehensive income recognised directly in retained earnings | | |
| | Remeasurements of post employment benefit obligations, net of tax (refer note 37) | (50.31) | 4.07 |
| | Share of OCI of joint ventures (excluding share of NCI ₹ 1.50 (March 31, 2019: ₹ 1.52)) | (13.57) | (13.61) |
| | Dividend on equity shares | (2,741.31) | (132.61) |
| | Dividend distribution tax | - | (27.26) |
| | Premium on redemption of NCI's share (refer note 60) | - | (790.43) |
| | Transfer from foreign currency translation reserve on liquidation of subsidiary | (5.96) | - |
| | Transfer to general reserve | (268.14) | - |
| | **Closing balance** | **20,531.19** | **17,255.75** |
| **Other reserves** | | | |
| **18(c) Other reserves** | | | |
| (i) | Cash flow hedging reserve | (50.43) | 89.90 |
| (ii) | Foreign currency translation reserve | 1,788.79 | 494.79 |
| **Total other reserves** | | **1,738.36** | **584.69** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **(i) Cash flow hedging reserve** | | |
| Opening balance | 89.90 | 11.21 |
| Amount recognised in cash flow hedging reserve during the year (net) | (92.82) | 143.44 |
| Loss transferred to statement of profit and loss (net) | (122.05) | (22.56) |
| Income tax on amount recognised in cash flow hedging reserve | 74.54 | (42.19) |
| **Closing balance** | **(50.43)** | **89.90** |
| **(ii) Foreign currency translation reserve** | | |
| Opening balance | 494.79 | 108.17 |
| Movement during the year (net) (refer note 63) | 1,294.00 | 386.62 |
| **Closing balance** | **1,788.79** | **494.79** |

**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 is a free reserve and is available for distribution as dividend, issue of bonus shares, buyback of the Group's securities. It was created by transfer of amounts out of distributable profits.

**(v) Foreign currency monetary item translation difference account**

Foreign exchange differences on long term foreign currency monetary items which relates to other than depreciable assets, are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term assets / liabilities.

**(vi) 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.

**(vii) Equity settled share based payments (refer note 57)**

Share options outstanding account is used to recognise the grant date fair value of options issued to employees under "WELSOP" Employee stock option plan.

**(viii) 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.

**(ix) 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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **19.** | **Borrowings** | | |
| | **19(a) Non-current borrowings (refer note 19(b) (iii))** | | |
| | **Secured** | | |
| | **Measured at amortised cost** | | |
| | Redeemable non-convertible debentures [refer note (i) below] | 5,106.43 | 5,370.96 |
| | Non-convertible bonds - City of Little Rock, Arkansas, Series 2015 [refer note (ii) below] | - | 137.31 |
| | Term loan from a bank [refer note (iv) and (v) below] | 1.12 | 5,135.13 |
| | Finance lease obligations [refer note (vi) below] | - | 134.15 |
| | **Total non-current borrowings** | **5,107.55** | **10,777.55** |

(i) The debentures are secured by first charge ranking pari passu by way of mortgage of all movable and immovable property, plant and equipment situated at Anjar and Dahej plant locations of the Company.

| No. of debentures | Face value (₹) | Redemption date (last instalment) | Rate of interest per annum | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|---|---|
| 2,000 (March 31, 2018: 2,000) | 1,000,000 | August 2025 | 9.55% | 2,000 | 2,000 |
| 900 (March 31, 2019: 900) | 1,000,000 | November 2022 | 11.00% | 900* | 900 |
| 2,500 (March 31, 2019: 2500) | 1,000,000 | February 2024 | 8.90% | 2,500** | 2,500 |
| **Total#** | | | | **5,400** | **5,400** |

* it includes amount of ₹ 270 which is transferred to current maturities of long term borrowings due in November 2020.

** The Company has subsequently repaid the total principal amount payable for the debenture of ₹ 2,500 before the due date.

# the above is excluding effective interest rate resulting in decrease in borrowing by ₹ 23.57 (March 31, 2019: ₹ 29.04).

**(ii) Non-convertible bonds -** City of Little Rock, Arkansas, Series 2015: Non-convertible bonds guaranteed by the Arkansas Development Finance Authority and the Arkansas Economic Development Commission ₹ Nil (March 31, 2019: ₹ 256.34) were due through May 2021; payable monthly which carry interest @ 3.50%, secured against property, plant and equipment of Welspun Pipes Inc, the subsidiary of the Company. The Bonds of ₹ Nil (March 31, 2019: ₹ 119.03) is transferred to Current maturities of long-term borrowings. Welspun Pipes Inc. repaid the aggregate remaining balance of ₹ 256.34 in full during the year ended March 31, 2020.

**(iii) External commercial borrowings (ECB)** of USD Nil (March 31, 2019: USD 5.30 million) was secured by first charge ranking pari passu by way of mortgage/ hypothecation of all movable and immovable property, plant and equipment of the Company. The ECB outstanding as at March 31, 2019 carried interest rate of LIBOR plus 4.5%. This ECB was classified as current maturities of long term borrowing as at March 31, 2019.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

The ECB in Rupees is repayable as follows

| Repayment schedule | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| October 2019 | - | 366.52 |
| **Total*** | **-** | **366.52** |

* the above is excluding impact of effective interest rate resulting in decrease in borrowing by ₹ Nil (March 31, 2019: ₹ 1.14).

**(iv) Term loan**

Term loan from Banks of ₹ 1,880.43 (March 31, 2019: ₹ 5,133.46) secured against property, plant and equipment of the group. The Loan carry interest @ three-month LIBOR + 325 basis point. The loan of ₹ 1,880.43 (March 31, 2019: ₹ Nil) is transferred to Current maturities of long-term borrowings. The outstanding current maturities of long-term borrowings is repayable on August 31, 2020.

**(v)** Vehicle term loan from Bank of ₹ 1.83 (March 31, 2019: ₹ 2.29) secured against vehicle for the group. The loan carry interest @ 4.50% per annum. The loan is repayable in equal monthly instalment till September 25, 2022. The loan of ₹ 0.71 (March 31, 2019: ₹ 0.62) is transferred to Current maturities of long-term borrowings.

**(vi) Finance Lease Obligations**

Obligations of Welspun Pipes Inc., the Subsidiary of the Company, are secured against property, plant and equipment under finance lease agreements. Welspun Pipes Inc. has obtained certain equipment under several capital lease agreements which have terms ranging from 24 to 60 monthly instalments (also refer note 3(b) and note 54(b)).

In respect of finance lease obligations, future minimum lease payments and their present value are following:

| | Gross Obligation | Present Value | Interest |
|---|---|---|---|
| **As at March 31, 2020** | | | |
| Not later than one year | - | - | - |
| Later than one year but not later than five years | - | - | - |
| **As at March 31, 2019** | | | |
| Not later than one year | 42.56 | 34.40 | 8.16 |
| Later than one year but not later than five years | 147.46 | 134.15 | 13.31 |

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **19(b) Current borrowings (refer note (iii) below)** | | |
| **Secured** | | |
| **Measured at amortised cost** | | |
| **Loans repayable on demand** | | |
| Working capital loan from banks (refer note (i) and (ii) below) | 192.73 | - |
| Unsecured | | |
| Measured at amortised cost | | |
| Commercial papers (refer note (ii) below) | 2,500.00 | 1,750.00 |
| **Total current borrowings** | **2,692.73** | **1,750.00** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees 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 a subsidiary of the Company and second charge on all movable and immovable property, plant and equipment of the Company both present and future."

Trade receivables including contract assets and inventories with a carrying amount to the extent of ₹ 1.90 (March 31, 2019: ₹ Nil) have been hypothecated against working capital loan outstanding as at March 31, 2020. As at March 31, 2020, outstanding working capital loan is ₹ 1.90 (March 31, 2019: ₹ Nil). In case of Welspun Pipes Inc., the subsidiary of the Company

Trade receivables and inventories with a carrying amount to the extent of ₹ 190.83 (March 31, 2019: ₹ Nil) have been hypothecated against working capital loan outstanding as at March 31, 2020. As at March 31, 2020, outstanding working capital loan is ₹ 190.83 (March 31, 2019: ₹ Nil)."

**(ii) Terms of repayment and interest**

(a) Working capital loan from banks includes cash credit which are repayable on demand and carries an interest rate of six month LIBOR plus 375 points per annum.

(b) Commercial papers carries an interest of 7.25% (March 31, 2019: 8.40% - 8.55%) and are repayable on June 03, 2020 - ₹ 1,500 and on June 30, 2020 - ₹ 1,000 (March 31, 2019: April 18, 2019 - ₹ 750 and on May 20, 2019 - ₹ 1,000).

**(iii) Net debt reconciliation**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Cash and cash equivalents | 4,408.43 | 5,847.25 |
| Current investments | 4,495.04 | 3,487.32 |
| Non-current borrowings* | (7,258.69) | (11,296.98) |
| Current borrowings | (2,692.73) | (1,750.00) |
| Lease liabilities (current and non-current) | (656.02) | - |
| | **(1,703.97)** | **(3,712.41)** |

| | Financial assets | | Financial liabilities | | | Total (F) |
|---|---|---|---|---|---|---|
| | Cash and cash equivalents [A] | Current investments [B] | Non-current borrowings* [C] | Current borrowings (D) | Lease liabilities [E] | = (A)+(B)-(C)-(D)-[E] |
| **Net debts as at April 01, 2018** | **5,526.29** | **3,366.75** | **(13,738.62)** | **(125.67)** | **-** | **(4,971.25)** |
| **Interest accrued as at April 01, 2018** | | | **(128.89)** | | | **(128.89)** |
| Cash flow (net) | 320.96 | 2,689.08 | 2,555.62 | (1,624.33) | - | 3,941.33 |
| Foreign exchange adjustments (net) | - | - | (105.11) | - | - | (105.11) |
| Interest expenses | - | - | (1,021.02) | (118.52) | - | (1,139.54) |
| Interest paid | - | - | 945.84 | 118.52 | - | 1,064.36 |
| Other non cash adjustments | | | | | | |
| Fair value adjustment | - | (2,568.51) | - | - | - | (2,568.51) |
| Unrealised portion of foreign exchange adjustments (net) | - | - | (21.09) | - | - | (21.09) |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Financial assets | | Financial liabilities | | | Total (F) |
|---|---|---|---|---|---|---|
| | Cash and cash equivalents [A] | Current investments [B] | Non-current borrowings* [C] | Current borrowings (D) | Lease liabilities [E] | = (A)+(B)-(C)-(D)-[E] |
| **Net debts as at March 31, 2019** | **5,847.25** | **3,487.32** | **(11,296.98)** | **(1,750.00)** | **-** | **(3,712.41)** |
| **Interest accrued as at March 31, 2019** | | | **(216.29)** | | | **(216.29)** |
| | | | | | | |
| Recognised on adoption of Ind AS 116 | - | - | - | - | (686.64) | (686.64) |
| Cash flow (net) | (1,438.82) | 1,360.82 | 3,876.34 | (942.73) | 229.69 | 3,085.30 |
| Acquisition - leases | - | - | - | - | (151.13) | (151.13) |
| Foreign exchange adjustments (net) | - | - | 28.48 | (21.87) | - | 6.61 |
| Interest expenses | - | - | (728.72) | (124.68) | (47.94) | (901.34) |
| Interest paid | - | - | 795.39 | 146.55 | - | 941.94 |
| Other non cash adjustments | | | | | | |
| Fair value adjustment | - | (336.33) | - | - | - | (336.33) |
| Finance lease regrouped to Lease liability | - | - | 168.55 | - | - | 168.55 |
| Unapplied advance with asset management company for purchase of mutual funds units | - | (16.77) | - | - | - | (16.77) |
| Others | - | - | (6.61) | - | - | (6.61) |
| **Net debts as at March 31, 2020** | **4,408.43** | **4,495.04** | **(7,258.69)** | **(2,692.73)** | **(656.02)** | **(1,703.97)** |
| **Interest accrued as at March 31, 2020** | | | **(121.15)** | | | **(121.15)** |

* Includes current maturities of long-term borrowings and finance lease obligations

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **20. Other financial liabilities** | | |
| **20(a) Non-current** | | |
| Deposits received | | |
| Related parties (refer note 50) | 0.68 | 0.68 |
| Others | 0.01 | 1.63 |
| **Total other non-current financial liabilities** | **0.69** | **2.31** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **20(b) Current** | | |
| Current maturities of long-term borrowings | 2,151.14 | 485.03 |
| Current maturities of finance lease obligations | - | 34.40 |
| Interest accrued but not due on borrowings | 81.03 | 104.63 |
| Interest accrued but not due on acceptances and others | 33.45 | 148.92 |
| Interest accrued and due on borrowings | 40.12 | 111.66 |
| Unclaimed dividend (refer note 15) | 4.97 | 2.67 |
| Trade deposits | 14.97 | 11.55 |
| Deposits received | 1.62 | - |
| Capital creditors | 79.25 | 81.60 |
| Liability towards claims | 377.87 | - |
| Derivatives not designated as hedges | | |
| Forward contracts | 2.94 | 469.76 |
| Derivatives designated as hedges | | |
| Forward contracts | 102.51 | 9.87 |
| Share of loss of joint venture (refer note 6, 44(d) and 50) | 463.85 | 524.23 |
| Other payables | 1.08 | 5.04 |
| **Total other current financial liabilities** | **3,354.80** | **1,989.36** |
| **Total other financial liabilities** | **3,355.49** | **1,991.67** |

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **21. Provisions** | | |
| **21(a) Non-current** | | |
| **Employee benefit obligations** | | |
| Gratuity (refer note 38) | 175.47 | 96.77 |
| **Other provisions** | | |
| Provision for litigation/ disputes (refer note 39 and 40) | 502.48 | 435.52 |
| **Total non-current provisions** | **677.95** | **532.29** |
| **21(b) Current** | | |
| **Employee benefit obligations** | | |
| Gratuity (refer note 38) | 58.12 | 51.01 |
| Leave obligations (refer note 38) | 83.15 | 65.70 |
| **Other provisions** | | |
| Provision for claims | 163.54 | 142.12 |
| Provision for litigation/ disputes (refer note 39 and 40) | 50.97 | - |
| **Total current provisions** | **355.78** | **258.83** |
| **Total provisions** | **1,033.73** | **791.12** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **22.** | **Deferred tax liabilities (net) (refer note 37)** | | |
| | **The balance comprises temporary differences attributable to** | | |
| | **Deferred tax liabilities** | | |
| | Property, plant and equipment | 2,874.38 | 2,997.73 |
| | Foreign currency monetary item translation difference account | - | 4.97 |
| | Effective rate of interest on borrowings | 6.52 | 10.54 |
| | Cash flow hedging reserve | - | 47.03 |
| | Undistributed profit of subsidiary and joint venture | 802.38 | - |
| | Others | 3.50 | 119.52 |
| | | **3,686.78** | **3,179.79** |
| | **Set-off of deferred tax assets pursuant to set-off provisions** | | |
| | **Deferred tax asset** | | |
| | Employee benefit obligations | 79.53 | 72.29 |
| | Allowance for doubtful debts and advances | 368.03 | 326.36 |
| | Fair valuation of investments | 19.92 | 17.38 |
| | Government grants | 351.71 | 576.95 |
| | Cash flow hedging reserve | 25.08 | - |
| | Unrealised profit on stock reserve | - | 0.20 |
| | Lease liability (net of right-of-use-asset) | 3.46 | - |
| | Others | 175.12 | 5.51 |
| | | **1,022.85** | **998.69** |
| | **Total deferred tax liabilities (net)** | **2,663.93** | **2,181.10** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **23.** | **Government grants** | | |
| | **VAT Income (refer note 1 below)** | | |
| | Opening balance | 1,522.60 | 4,112.93 |
| | Grants during the year | 33.36 | 93.06 |
| | Less: Recognised in the statement of profit and loss* (refer note 28) | 238.12 | 2,683.39 |
| | **Closing balance** | **1,317.84** | **1,522.60** |
| | Export benefits (refer note 2 below) | 114.78 | - |
| | **Total government grants** | **1,432.62** | **1,522.60** |
| | Non Current | 1,113.11 | 1,317.87 |
| | Current | 319.51 | 204.73 |
| | **Total government grants** | **1,432.62** | **1,522.60** |

*Recognised in the statement of profit and loss includes ₹ Nil (March 31, 2019: ₹ 2,450.70) for discontinued operation.

Note 1 : 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.

Note 2: Represents government grants in the nature of sales related export incentives.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **24.** | **Other current liabilities** | | |
| | Trade advances (refer note 54(a)) | 10,267.70 | 13,925.93 |
| | Statutory dues including provident fund and tax deducted at source | 747.38 | 281.37 |
| | Employee dues payable | 207.81 | 220.16 |
| | Advance against disposal group held for sale (refer note 53) | 250.00 | - |
| | **Total other current liabilities** | **11,472.89** | **14,427.46** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **25.** | **Trade payables** | | |
| | **Current** | | |
| | Trade payables dues of micro and small enterprises | 32.26 | 6.81 |
| | | | |
| | Trade payables for acceptances | 7,689.55 | 8,686.21 |
| | Trade payables to related parties (refer note 50) | 153.58 | 5.29 |
| | Trade payables others | 6,545.34 | 7,098.37 |
| | | **14,388.47** | **15,789.87** |
| | **Total trade payables** | **14,420.73** | **15,796.68** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **26.** | **Current tax liabilities (net)** | | |
| | Opening balance | 1,979.77 | 1,798.73 |
| | Add: Current tax payable for the year (refer note 36) | 3,485.86 | 1,216.01 |
| | Add: Refund received | 0.03 | 0.92 |
| | Add: Exchange difference | 19.57 | 3.85 |
| | Less: Taxes paid (including tax deducted at source) | (2,721.76) | (1,039.74) |
| | | **2,763.47** | **1,979.77** |
| | Shown under Current tax assets (refer note 16) | 3.55 | - |
| | **Closing balance** | **2,767.02** | **1,979.77** |

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **27.** | **Revenue from operations** | | |
| | Revenue from contracts with customers (refer note 54(a)) | | |
| | Sale of products | | |
| | Finished goods | 97,067.10 | 85,670.65 |
| | Sale of services | 523.15 | 1,079.98 |
| | **Total revenue from operations** | **97,590.25** | **86,750.63** |
| | Reconciliation of revenue recognised with contract price: | | |
| | Contract price | 97,686.44 | 87,079.01 |
| | Adjustments for: | | |
| | Discount | (0.07) | (24.28) |
| | Liquidated damages | (96.12) | (304.10) |
| | **Total revenue from operations** | **97,590.25** | **86,750.63** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **28. Other operating revenue** | | |
| Government grants | | |
| VAT income | 238.12 | 232.69 |
| Export benefits | 487.45 | 412.84 |
| Payroll incentive income (refer note 62) | - | 247.51 |
| Scrap sale | 1,074.89 | 1,283.66 |
| Insurance claim received | - | 156.24 |
| Standby charges received | - | 155.23 |
| Provision no longer required written back | 157.76 | 204.12 |
| Others | 19.12 | 91.83 |
| **Total other operating revenue** | **1,977.34** | **2,784.12** |

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **29. Other income** | | |
| **Interest income (refer note 41)** | | |
| Loan to related party | 114.25 | 127.86 |
| Current investments | 180.21 | 550.14 |
| Fixed deposits | 70.62 | 59.28 |
| Income tax refund | 12.24 | 3.04 |
| Others | 118.18 | 121.05 |
| **Dividend income on** | | |
| Non-current investments | 0.46 | 0.34 |
| Net gain on sale/ redemption of | | |
| **Non-current investments** | - | 125.96 |
| Current investments | 113.30 | 3.01 |
| Other non-operating income | | |
| **Rental income (refer note 49(ii))** | 29.40 | 26.26 |
| Net exchange differences | - | 263.61 |
| Commission income | 70.23 | 31.26 |
| Fair value gain on derivatives (net) | 437.30 | - |
| Allowance for doubtful debts written back | - | 1.18 |
| Miscellaneous income | 12.69 | 33.50 |
| **Total other income** | **1,158.88** | 1,346.49 |

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **30. Cost of materials consumed** | | |
| Raw materials at the beginning of the year | 16,143.52 | 7,461.01 |
| Add: Purchases | 64,813.77 | 72,931.92 |
| Less: Raw materials at the end of the year | 8,020.67 | 16,143.52 |
| Exchange differences on translation of foreign operations | 646.27 | (1,374.79) |
| **Total cost of materials consumed** | **73,582.89** | **62,874.62** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **31.** | **Changes in inventories of work-in progress and finished goods** | | |
| | **Opening Balance** | | |
| | Work-in-progress | 318.86 | 862.62 |
| | Finished goods | 4,357.46 | 4,802.64 |
| | **Total opening balance** | **4,676.32** | 5,665.26 |
| | **Closing Balance** | | |
| | Work-in-progress | 244.60 | 318.86 |
| | Finished goods | 12,965.60 | 4,357.46 |
| | **Total closing balance** | **13,210.20** | **4,676.32** |
| | Exchange differences on translation of foreign operations | 299.00 | (1,096.01) |
| | **Total changes in inventories of work-in progress and finished goods** | **(8,234.88)** | **(107.07)** |

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **32.** | **Employee benefit expense** | | |
| | Salaries, wages and bonus | 6,013.44 | 5,414.42 |
| | Contribution to provident and other funds (refer note below) | 192.42 | 148.80 |
| | Employee share-based payment expenses (refer note 57) | 49.33 | 41.94 |
| | Gratuity expense (refer note 39) | 31.13 | 30.33 |
| | Staff welfare expenses | 78.70 | 84.13 |
| | Total employee benefit expense | **6,365.02** | **5,719.62** |

**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

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| During the year, the Group has recognised the following amounts in the statement of profit and loss | | |
| Employer's contribution to Provident Fund | 90.87 | 72.49 |
| Employer's contribution to Employees State Insurance | 0.87 | 0.84 |
| Employer's contribution to Employees Pension Scheme | 11.73 | 10.07 |
| Employer's contribution to Superannuation Fund | 6.19 | 5.23 |
| Contribution to 401 (k) retirement savings plan | 82.76 | 60.17 |
| **Total expenses recognised in the statement of profit and loss** | **192.42** | **148.80** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **33. Depreciation and amortisation expense** | | |
| Depreciation of property, plant and equipment and Investment Property (refer note 3(a) and 4) | 2,121.98 | 2,561.74 |
| Amortisation of intangible assets (refer note 5) | 35.02 | 35.59 |
| Depreciation of right-of-use assets (refer note 3(b)) | 175.90 | - |
| **Total depreciation and amortisation expense** | **2,332.90** | **2,597.33** |

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **34. Other expenses** | | |
| Consumption of stores and spares | 2,214.25 | 1,886.24 |
| Labour charges | 813.04 | 906.84 |
| Coating and other job charges | 223.00 | 201.18 |
| Power, fuel and water charges | 1,223.10 | 1,132.81 |
| Freight, material handling and transportation | 7,959.88 | 5,866.21 |
| Rental charges (refer note 3(b), 49(i) and 54(b)) | 140.24 | 309.26 |
| Rates and taxes | 105.45 | 110.49 |
| Repairs and maintenance | | |
| Plant and machinery | 142.50 | 135.40 |
| Buildings | 26.95 | 25.96 |
| Others | 348.39 | 473.99 |
| Travelling and conveyance expenses | 221.16 | 247.24 |
| Communication expenses | 31.85 | 28.48 |
| Legal and professional fees | 305.64 | 370.66 |
| Insurance | 152.77 | 129.90 |
| Directors' sitting fees | 5.30 | 6.80 |
| Printing and stationery | 71.67 | 47.72 |
| Security charges | 30.39 | 31.61 |
| Membership and subscription | 44.56 | 33.65 |
| Vehicle expenses | 7.20 | 7.74 |
| Net exchange differences | 606.42 | - |
| Payment to auditors | 26.26 | 20.20 |
| Product compensation and claims | 218.74 | - |
| Sales promotion expenses | 21.55 | 18.15 |
| Commission on sales to agents | 252.97 | 209.24 |
| Allowance for doubtful debts (net) | 74.90 | 101.52 |
| Provision for litigation, disputes and other matters (Net) | 34.64 | 3.46 |
| Provision for doubtful loans (refer note 52) | 247.01 | - |
| Goodwill on consolidation written off (refer note 56) | - | 4.68 |
| Loss on disposal of property, plant and equipment (net) | 15.87 | 18.50 |
| Expenditure towards corporate social responsibility (refer note 50) | 45.13 | 23.98 |
| Fair valuation loss on investments (net) (refer note 59) | 391.91 | 2,387.35 |
| Fair value losses on derivatives not designated as hedges (net) | - | 413.78 |
| Donation (refer note (i) below) | 70.00 | - |
| Miscellaneous expenses | 182.24 | 163.70 |
| **Total other expenses** | **16,254.98** | **15,316.74** |

**Note:**

(i) It represents donation in electoral bonds to political party.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **35. Finance cost** | | |
| **Interest on financial liabilities not at fair value through profit and loss** | | |
| Term borrowings | 200.53 | 414.95 |
| External commercial borrowings | 8.86 | 84.67 |
| Redeemable non-convertible debentures | 519.29 | 517.48 |
| Current borrowings | 124.68 | 118.52 |
| Others | 0.04 | 3.92 |
| Interest on acceptances and charges on letter of credit | 362.50 | 436.02 |
| Interest on Income tax | 10.00 | 0.37 |
| Interest and finance charges on lease liability (refer note 3(b)) | 47.94 | - |
| Others finance cost | 166.31 | 197.78 |
| **Total finance cost** | **1,440.15** | **1,773.71** |

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **36. Income tax expense** | | |
| **(i) Income tax expense** | | |
| **Current tax** | | |
| Current tax on profits for the year | 3,359.95 | 1,216.01 |
| Tax provision for earlier year | 125.91 | - |
| **Total Current tax** | **3,485.86** | **1,216.01** |
| Continuing operations | 3,485.86 | 1,216.01 |
| Discontinued operations | - | - |
| **Deferred tax (refer note 37)** | | |
| Decrease in deferred tax assets | 15.63 | 894.08 |
| Increase/ (decrease) in deferred tax liabilities | 455.17 | (2,268.85) |
| **Total deferred tax charge/ (benefit)** | **470.80** | **(1,374.77)** |
| Continuing operations | 638.56 | 6.54 |
| Discontinued operations | (167.76) | (1,381.31) |
| **Total income tax expense** | **3,956.66** | **(158.76)** |
| **(ii) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate** | | |
| Profit before tax from continuing operations | 11,045.74 | 1,820.97 |
| Loss before tax from discontinued operation | (548.39) | (2,196.24) |
| **Profit/ (loss) for the year** | **10,497.35** | **(375.27)** |
| Tax rate | 34.944% | 34.944% |
| **Tax at normal rate** | 3,668.19 | (131.13) |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income | | |
| Dividend income | (0.16) | (0.12) |
| Expense on which no deferred tax was required to be recognised | 344.16 | 919.83 |
| Eligible donation allowed under section 80G of Income Tax Act, 1961 | 8.07 | 4.17 |
| Items subject to differential tax rate | (158.12) | (543.65) |
| Tax provision for earlier year | 125.91 | - |
| Change in tax rate (basis adjustment) (refer note 37) | 106.68 | 0.18 |
| State Tax Deductions | (122.43) | - |
| Incentive credit | - | (129.15) |
| Tax on distributed earning relating to subsidiaries and joint ventures | 793.49 | - |
| Tax on undistributed earning relating to subsidiaries and joint ventures | 479.55 | (29.53) |
| Differences in overseas tax rates | (1,288.68) | (249.36) |
| **Total income tax expense** | **3,956.66** | **(158.76)** |

(iii) 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

**annexed to and forming part of the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 37. Movement in deferred tax liabilities and deferred tax assets (refer note 20) :

| | Deferred tax liabilities | | | | | | | | Deferred tax assets | | | | | | | | | | Net |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Property, plant and equipment | Foreign currency monetary item translation difference account | Fair value of investments | Effective rate of interest on borrowings | Cash flow hedging reserve | Undistributed profit of subsidiary and joint venture | Others | Total Deferred tax liabilities | Employee benefits obligations | Allowance for doubtful debts and advances | Unabsorbed business losses | Fair value of investments | Government grants | Cash flow hedging reserve | Unrealised Profit on Stock Reserve | Lease Liability (Net of Right-of-Use Asset) | Others | Total Deferred tax assets | Deferred tax liabilities |
| **As at April 01, 2018** | **5,233.25** | **12.41** | **35.26** | **15.08** | **6.01** | **27.55** | **0.38** | **5,329.94** | **71.99** | **287.28** | **90.23** | **-** | **1,437.22** | **-** | **9.00** | **-** | **0.74** | **1,896.46** | **3,433.48** |
| Charged/ (Credited) | | | | | | | | | | | | | | | | | | | |
| to profit and loss | (2,306.32) | (7.44) | (35.26) | (4.54) | - | (27.55) | 112.26 | (2,268.85) | 4.73 | 40.95 | (92.81) | 17.35 | (860.27) | - | (8.80) | - | 4.77 | (894.08) | (1,374.77) |
| to other comprehensive income | - | - | - | - | 42.19 | - | - | 42.19 | (2.23) | - | - | - | - | - | - | - | | (2.23) | 44.42 |
| Exchange difference on translation of foreign operations | 70.65 | - | - | - | - | - | 6.88 | 77.53 | - | - | 2.58 | - | - | - | - | - | - | 2.58 | 74.95 |
| **As at March 31, 2019** | **2,997.58** | **4.97** | **-** | **10.54** | **48.20** | **-** | **119.52** | **3,180.81** | **74.49** | **328.23** | **-** | **17.35** | **576.95** | **-** | **0.20** | **-** | **5.51** | **1,002.73** | **2,178.08** |
| Charged/ (Credited) | | | | | | | | | | | | | | | | | | | |
| to profit and loss | (206.54) | (4.97) | 0.80 | (4.02) | - | 802.38 | (132.48) | 455.17 | (6.01) | 40.02 | - | 2.57 | (225.24) | - | (0.20) | 3.54 | 169.69 | (15.63) | 470.80 |
| to other comprehensive income | - | - | - | - | (48.20) | - | - | (48.20) | 11.24 | - | - | - | - | 26.34 | - | - | - | 37.58 | (85.78) |
| Exchange difference on translation of foreign operations | 83.18 | - | - | - | - | - | 16.46 | 99.64 | - | - | - | - | - | - | - | - | - | - | 99.64 |
| **As at March 31, 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** | **175.20** | **1,024.68** | **2,662.74** |

**Note:**

The Group intends to exercise the option of lower tax rate of 22% (plus applicable surcharge and cess) instead of the normal rate of 30% (plus applicable surcharge and cess) under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Based on management's assessment, the Group has determined that exercising the option of lower rate will be beneficial only from financial year April 01, 2021 onwards.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 37. 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.

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, 2018** | **225.15** | **(95.24)** | **129.91** |
| Current service cost | 23.03 | - | 23.03 |
| Interest expense/ (income) | 17.69 | (7.49) | 10.20 |
| **Total amount recognised in profit or loss*** | **40.72** | **(7.49)** | **33.23** |
| **Remeasurements** | | | |
| Return on plan assets excluding amount included in interest expense | - | 2.31 | 2.31 |
| Experience (gains)/ losses | (10.38) | 0.01 | (10.37) |
| Gain from change in financial assumptions | 1.76 | - | 1.76 |
| **Total amount recognised in other comprehensive income** | **(8.62)** | **2.32** | **(6.30)** |
| Employer's Contribution | - | (0.39) | (0.39) |
| Benefit payments | (13.22) | 13.22 | - |
| **March 31, 2019**** | **244.03** | **(87.58)** | **156.45** |

| | Present value of obligations | Fair value of plan assets | Net amount |
|---|---|---|---|
| **April 01, 2019** | **244.03** | **(87.58)** | **156.45** |
| Current service cost | 23.55 | 0.27 | 23.82 |
| Interest expense/ (income) | 18.48 | (6.79) | 11.69 |
| **Total amount recognised in profit or loss*** | **42.03** | **(6.52)** | **35.51** |
| **Remeasurements** | | | |
| Return on plan assets excluding amount included in interest income | - | 1.10 | 1.10 |
| Experience losses/ (gains) | 26.45 | (0.39) | 26.06 |
| Loss from change in financial assumptions | 24.43 | - | 24.43 |
| Loss from change in demographics assumptions | 9.96 | - | 9.96 |
| **Total amount recognised in other comprehensive income** | **60.84** | **0.71** | **61.55** |
| Benefit payments | (14.79) | 14.79 | - |
| Employer's contribution | - | (4.14) | (4.14) |
| Adjustment due to transfer out | (6.80) | 4.09 | (2.71) |
| **March 31, 2020**** | **325.31** | **(78.65)** | **246.66** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**The net liability disclosed above relating to funded and unfunded plans are as follows**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Present value of funded obligations | 325.31 | 244.03 |
| Fair value of plan assets | (78.65) | (87.58) |
| **Deficit of funded plan** | **246.66** | **156.45** |
| **Non-current provision (refer note 21(a))** | 175.47 | 96.77 |
| **Current provision (refer note 21(b))**** | **71.19** | **59.68** |

**(iv) Significant actuarial assumptions are as follows:**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Discount rate | 6.87% - 6.92% | 7.68% - 7.79% |
| 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

**(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, 2020 | As at March 31, 2019 | | As at March 31, 2020 | As at March 31, 2019 | | As at March 31, 2020 | As at March 31, 2019 |
| Discount rate | 0.50% to 1.00% | 0.50% to 1.00% | Decrease by | 25.90 | 24.00 | Increase by | 29.86 | 28.02 |
| Salary growth rate | 0.50% to 1.00% | 0.50% to 1.00% | Increase by | 29.82 | 28.30 | Decrease by | 26.33 | 24.53 |

**(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 IndiaFirst Employee Benefit Plan wholly with IndiaFirst 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.

**(vii) Defined benefit liability and employer contributions**

Expected contribution to post-employment benefit plans for the year ended March 31, 2021 is ₹ 58.12 (March 31, 2020: ₹ 50.97). The weighted average duration of the defined benefit obligation is 10 years (March 31, 2019 - 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, 2020** | | | | | |
| Defined benefit obligations- Gratuity | 34.28 | 14.89 | 56.81 | 134.09 | 240.07 |
| **March 31, 2019** | | | | | |
| Defined benefit obligations- Gratuity | 17.54 | 10.01 | 24.25 | 87.43 | 139.23 |

*Gratuity expenses includes ₹ 4.38 (March 31, 2019 ₹ 2.90) for discontinued operation

**Provision for gratuity as at March 31, 2020 to the extent of ₹ 13.07 (March 31, 2019 ₹ 8.67) is included in liabilities of disposal groups classified as held for sale.

## 39. Movements in provision for litigation/ disputes (refer note 19 (a) and (b))

Movements in each class of provisions during the financial year ended March 31, 2020 are set out below:

| | As at March 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **GST** | **Excise Duty** | **Service Tax** | **Value Added Tax** | **Provident Fund (Refer note 40)** | **Others** | **Total** |
| Opening balance as at April 01, 2019 | - | 120.17 | 101.83 | 7.93 | 204.39 | 143.32 | 577.64 |
| Provided during the year | 0.47 | - | - | 53.14 | 26.74 | 64.26 | 144.61 |
| Provision reversed during the year | - | (0.17) | (3.89) | - | - | (1.20) | (5.26) |
| **Closing balance as at March 31, 2020** | **0.47** | **120.00** | **97.94** | **61.07** | **231.13** | **206.38** | **716.99** |

Movements in each class of provisions during the financial year ended March 31, 2019 are set out below:

| | As at March 31, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | **Excise Duty** | **Service Tax** | **Value Added Tax** | **Provident Fund (Refer note 40)** | **Others** | **Total** |
| Opening balance as at April 01, 2018 | 120.17 | 95.88 | 7.93 | - | 159.59 | 383.57 |
| Provided during the year | - | 5.95 | - | 204.39 | 21.55 | 231.89 |
| Provision reversed during the year | - | - | - | - | (37.82) | (37.82) |
| **Closing balance as at March 31, 2019** | **120.17** | **101.83** | **7.93** | **204.39** | **143.32** | **577.64** |

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.

**40.** 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 and Welspun Tradings Limited, the subsidiary incorporated in India has assesses the impact and on conservative basis made provision (presented under Non-current) of ₹ 217.14 (March 31, 2019: ₹ 204.39). The Company and Welspun Tradings Limited has also determined and discharged the provident fund liability from September 1, 2019 considering the impact of the judgement. Additional payment of ₹13.99 has been made after March 31, 2020 and has been disclosed under Current Provisions.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 41. Fair Value Measurements

**Financial instruments by category**

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | **FVPL** | **Amortised cost** | **FVPL** | **Amortised cost** |
| **Financial assets** | | | | |
| **Investments** | | | | |
| Equity instruments | 414.88 | - | 462.19 | - |
| Preference shares | 190.06 | - | 194.52 | - |
| Bonds | 577.98 | - | 3,137.34 | - |
| Mutual funds | 3,917.06 | - | 349.98 | - |
| Others | 12.35 | - | 16.16 | - |
| **Loans** | | | | |
| Loans to joint venture | - | 1,553.21 | - | 2,283.80 |
| Security deposits | - | 450.06 | - | 459.62 |
| Loans to employees | - | 3.02 | - | 4.79 |
| Trade Receivables | - | 11,439.16 | - | 11,806.87 |
| Cash and cash equivalents | - | 4,408.43 | - | 5,847.25 |
| Bank balances other than cash and cash equivalents | - | 727.43 | - | 856.95 |
| **Other financial assets** | | | | |
| Term deposits with maturity more than 12 months | - | 23.11 | - | 21.49 |
| **Derivatives designated as hedge** | | | | |
| Forward contracts | 25.74 | - | 139.97 | - |
| Interest rate swaps | - | - | 8.00 | - |
| **Derivatives not designated as hedge** | | | | |
| Forward contracts | 35.00 | - | 15.79 | - |
| Coupon only swap | - | - | 2.57 | - |
| Others | - | 141.20 | - | 633.83 |
| **Total financial assets** | **5,173.07** | **18,745.62** | **4,326.52** | **21,914.60** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | - | 10,072.57 | - | 13,263.27 |
| Trade payables | - | 14,420.73 | - | 15,796.68 |
| Other financial liabilities | | | | |
| **Deposits received** | - | 0.69 | - | 2.31 |
| **Derivatives designated as hedge** | | | | |
| Forward contracts | 102.51 | - | 9.87 | - |
| **Derivatives not designated as hedge** | | | | |
| Forward contracts | 2.94 | - | 469.76 | - |
| Others | - | 977.06 | - | 774.01 |
| **Total financial liabilities** | **105.45** | **25,471.05** | **479.63** | **29,836.27** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(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.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial Investments at FVPL** | | | | |
| Equity instruments | - | - | 414.88 | 414.88 |
| Preference shares | - | - | 190.06 | 190.06 |
| Bonds | - | 577.98 | - | 577.98 |
| Mutual fund | - | 3,917.06 | - | 3,917.06 |
| Others | 12.35 | - | - | 12.35 |
| **Derivatives designated as hedges** | | | | |
| Forward contracts | - | 25.74 | - | 25.74 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 35.00 | - | 35.00 |
| **Total financial assets** | **12.35** | **4,555.78** | **604.94** | **5,173.07** |
| **Financial liabilities** | | | | |
| **Derivatives designated as hedges** | | | | |
| Forward contracts | - | 102.51 | - | 102.51 |
| **Derivatives designated not as hedges** | | | | |
| Forward contracts | - | 2.94 | - | 2.94 |
| **Total financial liabilities** | **-** | **105.45** | **-** | **105.45** |

**Assets and liabilities which are measured at amortised cost for which fair value are disclosed as at March 31, 2020**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Loans | | | | |
| Loans to joint venture | - | - | 1,553.21 | 1,553.21 |
| Security deposits | - | - | 450.06 | 450.06 |
| **Loans to employees** | - | - | 3.02 | 3.02 |
| Other financial assets | | | | |
| Term deposits with maturity more than 12 months | - | - | 23.11 | 23.11 |
| Others | - | - | 141.20 | 141.20 |
| **Total financial assets** | **-** | **-** | **2,170.60** | **2,170.60** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | - | - | 10,072.57 | 10,072.57 |
| **Other financial liabilities** | | | | |
| Others | - | - | 977.75 | 977.75 |
| **Total financial liabilities** | **-** | **-** | **11,050.32** | **11,050.32** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2019**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial Investments at FVPL** | | | | |
| Equity instruments | - | - | 462.19 | 462.19 |
| Preference Shares | - | - | 194.52 | 194.52 |
| Bonds | - | 3,137.34 | - | 3,137.34 |
| Mutual Fund | - | 349.98 | - | 349.98 |
| Others | 16.16 | - | - | 16.16 |
| **Derivatives designed as hedges** | | | | - |
| Forward contracts | - | 139.97 | - | 139.97 |
| Interest rate swap | - | 8.00 | - | 8.00 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 15.79 | - | 15.79 |
| Coupon only swap | - | 2.57 | - | 2.57 |
| **Total financial assets** | **16.16** | **3,653.65** | **656.71** | **4,326.52** |
| **Financial liabilities** | | | | |
| **Derivatives designed as hedges** | | | | |
| Forward contracts | - | 9.87 | - | 9.87 |
| **Derivatives not designated as hedges** | | | | |
| Forward contracts | - | 469.76 | - | 469.76 |
| **Total financial liabilities** | **-** | **479.63** | **-** | **479.63** |

**Assets and Liabilities which are measured at amortised cost for which fair value are disclosed at March 31, 2019**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Loans** | | | | |
| Loans to joint venture | - | - | 2,283.80 | 2,283.80 |
| Security deposits | - | - | 459.62 | 459.62 |
| Loans to employees | - | - | 4.79 | 4.79 |
| **Other financial assets** | | | | |
| Term deposits with maturity more than 12 months | - | - | 21.49 | 21.49 |
| Others | - | - | 633.83 | 633.83 |
| **Total financial assets** | **-** | **-** | **3,403.53** | **3,403.53** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | - | - | 13,263.27 | 13,263.27 |
| **Other financial liabilities** | | | | |
| Others | - | - | 776.32 | 776.32 |
| **Total financial liabilities** | **-** | **-** | **14,039.59** | **14,039.59** |

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. This includes investment in Standard Chartered Bank PLC Indian Depository Receipt.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 designated as hedges and which are not designated as hedges, bonds 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 and unlisted preference shares.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- investment in Standard Chartered Bank PLC Indian Depository Receipt is valued using the closing price at National Stock Exchange (NSE) at the reporting period.
- the fair value of forward contracts is determined using forward exchange rates prevailing with Authorised Dealers dealing in foreign exchange.
- the fair value of interest rate swaps and coupon only swap is calculated as the present value of the estimated future cash flows based on observable yield curves.
- 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 quoted bonds are derived based on the indicative quotes of price and yields prevailing in the market or latest available prices.

**(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, 2020 and March 31, 2019:

| | Unlisted equity shares | Unlisted preference shares | Total |
|---|---|---|---|
| **As at April 01, 2018** | 150.90 | 194.52 | 345.42 |
| Acquisition (refer note 50) | 384.19 | - | 384.19 |
| Disposal (refer note 50) | (383.77) | - | (383.77) |
| Gain recognised in profit or loss* | 310.87 | - | 310.87 |
| **As at March 31, 2019** | **462.19** | **194.52** | **656.71** |
| Net loss recognised in profit or loss* | (47.31) | (4.46) | (51.77) |
| **As at March 31, 2020** | **414.88** | **190.06** | **604.94** |
| *Includes unrealised gain/ (loss) recognised in profit or loss related to assets held at the end of the reporting period | | | |
| Year ended March 31, 2020 | (47.31) | (4.46) | (51.77) |
| Year ended March 31, 2019 | 64.63 | - | 64.63 |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

### (iv) Valuation inputs and relationships to fair value

| | Fair value | | Significant unobservable inputs* | Probability weighted average | | Sensitivity |
|---|---|---|---|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 | | As at March 31, 2020 | As at March 31, 2019 | |
| Unlisted equity shares | 414.88 | 462.19 | Risk adjusted discount rate | 15.42% | 14.00% | The estimated fair value would increase/ (decrease) if -Discount rate were lower/ (higher) |
| Unlisted preference shares | 190.06 | 194.52 | Risk adjusted discount rate | 10.00% | 10.00% | 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, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial assets** | | | | |
| **Loans** | | | | |
| Loans to joint venture | 1,553.21 | 1,553.21 | 2,283.80 | 2,283.80 |
| Security deposits | 450.06 | 450.06 | 459.62 | 459.62 |
| Loans to employees | 3.02 | 3.02 | 4.79 | 4.79 |
| Other financial assets | | | | |
| Term deposits with maturity more than 12 months | 23.11 | 23.11 | 21.49 | 21.49 |
| Others | 141.20 | 141.20 | 633.83 | **633.83** |
| **Total** | **2,170.60** | **2,170.60** | **3,403.53** | **3,403.53** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accrued and current maturities of long-term debt) | 10,072.57 | 10,072.57 | 13,263.27 | 13,263.27 |
| **Other financial liabilities** | | | | |
| Others | 977.75 | 977.75 | 776.32 | 776.32 |
| **Total** | **11,050.32** | **11,050.32** | **14,039.59** | **14,039.59** |

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 fair value, due to their short-term nature.

b) The fair values and carrying value of loans, term deposits with maturity period more than 12 months, borrowings and other financial liabilities (other than those covered in above note (a)) are materially the same.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(vii) Classification of interest income by instrument category**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Interest income at amotised cost:** | | |
| Loans to related party | 114.25 | 127.86 |
| Fixed deposits | 70.62 | 59.28 |
| Interest on customers | 47.91 | 29.03 |
| Others | 25.79 | 23.74 |
| **Interest income at FVTPL:** | | |
| Current investments | 180.21 | 550.14 |
| **Other interest income** | | |
| Income tax refund | 12.24 | 3.04 |
| Interest on VAT refund | 40.80 | 67.17 |
| Others | 3.68 | 1.11 |

## 42.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 and interest rate swaps to hedge variable interest rate 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 – interest rate risk | Borrowings | Sensitivity analysis | Interest rate swaps |
| 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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(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.

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 below:

| | 0-120 Days | More than 120 Days | Total |
|---|---|---|---|
| March 31, 2020 | 10,696.73 | 742.43 | **11,439.16** |
| March 31, 2019 | 11,562.24 | 244.63 | **11,806.87** |

**Reconciliation of allowance for doubtful debts on trade receivables**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Opening balance | 143.37 | 60.23 |
| Changes in allowance for doubtful debts | 74.90 | 83.14 |
| **Closing balance** | **218.27** | **143.37** |

**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.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**a) Financing arrangements**

The Company had access to the following undrawn borrowing facilities for working capital at the end of the reporting period:

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Floating rate** | | |
| Expiring within one year | 6,670.42 | 6,717.75 |
| **Total** | **6,670.42** | **6,717.75** |

**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.

**As at March 31, 2020**

| 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) | 7,740.36 | 1,828.03 | 953.11 | 419.15 | 10,940.65 | 10,072.57 |
| Lease liabilities | 231.25 | 367.19 | 135.14 | 65.25 | 798.82 | 656.02 |
| Trade payables | 14,420.73 | - | - | - | 14,420.73 | 14,420.73 |
| Other financial liabilities | 977.06 | 0.69 | - | - | 977.75 | 977.75 |
| **Total non-derivative liabilities** | **23,369.40** | **2,195.91** | **1,088.25** | **484.40** | **27,137.95** | **26,127.07** |
| **Derivatives** | | | | | | |
| Forward contracts | 105.45 | - | - | - | 105.45 | 105.45 |
| **Total derivative liabilities** | **105.45** | **-** | **-** | **-** | **105.45** | **105.45** |

**As at March 31, 2019**

| 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) | 2,906.80 | 10,921.67 | 724.45 | 876.71 | 15,429.63 | 13,263.27 |
| Trade payables | 15,796.68 | - | - | - | 15,796.68 | 15,796.68 |
| Other financial liabilities | 774.01 | 2.39 | - | - | 776.40 | 776.32 |
| **Total non-derivative liabilities** | **19,477.49** | **10,924.06** | **724.45** | **876.71** | **32,002.71** | **29,836.27** |
| **Derivatives** | | | | | | |
| Forward contracts | 479.63 | - | - | - | 479.63 | 479.63 |
| **Total derivative liabilities** | **479.63** | **-** | **-** | **-** | **479.63** | **479.63** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(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.

**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, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | USD | EUR | Others | USD | EUR | Others |
| **Financial Assets** | | | | | | |
| Trade receivables | 570.10 | - | - | 3,511.94 | - | 47.63 |
| Other financial assets | 52.20 | - | - | 33.92 | - | - |
| Derivatives not designated as hedges | | | | - | - | - |
| Forward contracts (Sell foreign currency) | (439.59) | - | - | (1,521.91) | - | - |
| Derivatives designated as hedges | | | | - | - | - |
| Forward contracts (Sell foreign currency) | (3,566.05) | - | - | (6,094.24) | - | - |
| **Net exposure to foreign currency risk (assets)** | **(3,383.34)** | **-** | **-** | **(4,070.29)** | **-** | **47.63** |
| **Financial liabilities** | | | | | | |
| **Borrowing** | - | - | - | 365.38 | - | - |
| Trade payables | 3,768.77 | 506.23 | 394.29 | 11,281.00 | 5.66 | 94.43 |
| Other financial liabilities | 17.47 | 0.14 | - | 208.47 | - | - |
| Derivatives not designated as hedges | | | | | | |
| Forward contracts (Buy foreign currency) | (758.05) | (497.30) | (108.12) | (9,863.78) | (1,529.07) | - |
| Derivatives designated as hedges | | | | | | |
| Forward contracts (Buy foreign currency) | (456.98) | - | (662.69) | (1,575.98) | - | - |
| **Net exposure to foreign currency risk (liabilities)** | 2,571.21 | 9.07 | (376.52) | 415.09 | (1,523.41) | 94.43 |
| **Total Net exposure to foreign currency risk** | **(2,845.48)** | **(9.07)** | **(286.17)** | **32.88** | **1,523.41** | **(46.80)** |
| **Net Derivatives designated as hedges** | **(3,109.07)** | **-** | **662.69** | **(4,518.26)** | **-** | **-** |

**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, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| **USD sensitivity** | | | | |
| INR/USD - Increase by 1% (March 31, 2019 - 1%)* | (28.45) | 0.33 | (31.09) | (45.18) |
| INR/USD - Decrease by 1% (March 31, 2019 - 1%)* | 28.45 | (0.33) | 31.09 | 45.18 |
| **EURO sensitivity** | | | | |
| INR/EURO - Increase by 1% (March 31, 2019 - 1%)* | (0.09) | 15.23 | - | - |
| INR/EURO - Decrease by 1% (March 31, 2019 - 1%)* | 0.09 | (15.23) | - | - |
| **CAD sensitivity** | | | | |
| INR/CAD - Increase by 1% (March 31, 2019 - 1%)* | (2.86) | - | 6.63 | - |
| INR/CAD - Decrease by 1% (March 31, 2019 - 1%)* | 2.86 | - | (6.63) | - |

* Holding all other variables constant

Note:- All figures in note 40 (III) (a), (b) and (c) covers both continuing and discontinued operations.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(IV) Market risk - 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. Group policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During March 31, 2020 and March 31, 2019, 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.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

**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, 2020 | As at March 31, 2019 |
|---|---|---|
| Fixed rate borrowings | 7,880.16 | 7,548.15 |
| Floating rate borrowings | 2,071.26 | 5,498.83 |
| **Total borrowings** | **9,951.42** | **13,046.98** |

As at the end of the reporting period, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Floating rate borrowings | 2,071.26 | 5,498.83 |
| Interest rate swaps (notional principal amount) | - | (366.52) |
| **Net exposure to cash flow interest rate risk** | **2,071.26** | **5,132.31** |

**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.

| | Impact on profit before tax | | Net impact on other reserve | |
|---|---|---|---|---|
| | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Increase by 10 basis points (March 31, 2019 - 10 basis points)* | 2.07 | 5.13 | - | (0.01) |
| Decrease by 10 basis points (March 31, 2019 - 10 basis points)* | (2.07) | (5.13) | - | 0.01 |

* Holding all other variables constant

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

### (V) Market risk – security prices

**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 increase/ decrease of 1% increase in price of bonds and mutual funds

| | Impact on profit before tax | |
|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 |
| Increase in rate 1% (March 31, 2019 - 1% ) | 44.95 | 34.87 |
| Decrease in rate 1% (March 31, 2019 - 1% ) | (44.95) | (34.87) |

### (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, 2020**

| 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 | 730.75 | 3,954.97 | 25.74 | 102.51 | Apr 20 - Dec 20 | 1:1 |

**As at March 31, 2019**

| 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 | 6,764.34 | 905.88 | 139.97 | 9.87 | Apr 19 - Jan 20 | 1:1 |
| **Interest rate risk** | | | | | | |
| Interest rate swap | 366.52 | - | 8.00 | - | Oct 19 | 1:1 |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**March 31, 2020**

| 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 | (87.46) | - | (119.37) | Revenue and COGS |
| Interest Risk | (5.36) | - | (2.68) | Finance Cost |

**March 31, 2019**

| 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 | 143.54 | - | (9.23) | Revenue and COGS |
| Interest Risk | (0.10) | - | (13.33) | Finance Cost |

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 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, 2020 and March 31, 2019.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**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, 2018** | **(2.74)** | **13.95** | **11.21** |
| Gain recognised in Cash flow hedging reserve during the year (net) | | | |
| Changes in fair value of forward contracts | 143.54 | - | 143.54 |
| Changes in fair value of interest rate swaps | - | (0.10) | (0.10) |
| Loss transferred to statement of profit and loss | (9.23) | (13.33) | (22.56) |
| Income tax on amount recognised in hedging reserve | (46.88) | 4.69 | (42.19) |
| **As at March 31, 2019** | **84.69** | **5.21** | **89.90** |
| Gain/ (loss) recognised in Cash flow hedging reserve during the year (net) | | | |
| Changes in fair value of forward contracts | (87.46) | - | (87.46) |
| Changes in fair value of interest rate swaps | - | (5.36) | (5.36) |
| Loss transferred to statement of profit and loss | (119.37) | (2.68) | (122.05) |
| Income tax on amount recognised in hedging reserve | 71.74 | 2.80 | 74.54 |
| **As at March 31, 2020** | **(50.40)** | **(0.03)** | **(50.43)** |

## 43. 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, 2020 | As at March 31, 2019 |
|---|---|---|
| Net debt (total borrowings (including current maturities) and lease liabilities net of cash and cash equivalents, other bank balances and current investments) | 976.54 | 2,855.46 |
| Total equity (including non-controlling interests) | 32,293.58 | 27,925.77 |
| **Net debt to equity ratio** | **0.03** | **0.10** |

The net debt to equity ratio for the current year increased from 0.01 to 0.03 times following the adoption of Ind AS 116.

**Loan covenants**

The Group has complied with all the loan covenants applicable, mainly debt service coverage ratio, debt equity ratio and fixed assets coverage ratio attached to the borrowings.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(II) Dividend**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Equity share** | | |
| Final dividend for the year ended March 31, 2019 of ₹ 0.50 (March 31, 2018 - ₹ 0.50) per fully paid shares | 132.61 | 132.61 |
| The Board of Directors have declared interim dividend of ₹ 10/- per fully paid equity share having nominal value of ₹ 5/-. | 2,608.70 | - |
| **Dividend not recognised at the end of the reporting period** | | |
| Directors have recommended the payment of a final dividend of ₹ 0.50 per fully paid equity share (March 31, 2019 - ₹ 0.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. | 130.44 | 132.61 |

## 44. Interests in other entities

**(a) Subsidiaries**

The Group's subsidiaries at March 31, 2020 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, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | |
| | | % | % | % | % | |
| Welspun Pipes Inc. | USA | 100.00 | 100.00 | - | - | Manufacturing of steel pipes |
| Welspun Tradings Limited | India | 100.00 | 100.00 | - | - | Trading in steel pipes |
| 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 which are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

| Summarised balance sheet | Welspun Mauritius Holdings Limited | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Current Assets | 557.48 | 18.63 |
| Current liabilities | 512.39 | 0.84 |
| **Net current assets** | **45.09** | **17.79** |
| Non-current Assets | 3,327.87 | 2,135.79 |
| Non-current Liabilities | 1,963.84 | 2,659.29 |
| **Net non-current assets** | **1,364.03** | **(523.50)** |
| Net assets | 1,409.12 | (505.71) |
| **Accumulated NCI** | **141.18** | **(50.66)** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| Summarised statement of profit and loss | Welspun Mauritius Holdings Limited | | Welspun Pipes Inc | |
|---|---|---|---|---|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Revenue | 87.62 | 89.79 | 57,833.31 | 48,432.13 |
| Profit/ (loss) for the year | 1,975.52 | (751.90) | 5,211.12 | 3,231.51 |
| **Total Profit/ (loss) for the year** | **1,975.52** | **(751.90)** | **5,211.12** | **3,231.51** |
| Profit/ (loss) allocated to NCI (including deferred tax on share of profit) | 185.96 | (75.33) | - | (8.60) |
| Dividends paid to NCI | - | - | - | - |

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Profit allocated to NCI | 185.96 | (83.93) |
| Other comprehensive income | 58.64 | 0.60 |
| Other comprehensive income allocated to NCI | 5.88 | 0.06 |

| Summarised cash flows | Welspun Mauritius Holdings Limited | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Cash flows from operating activities | (32.69) | (4.78) |
| Cash flows from investing activities | - | - |
| Cash flows from financing activities | 78.46 | 1.82 |
| **Net increase/ (decrease) in cash and cash equivalents** | **45.77** | **(2.96)** |

**(c) Transactions with non-controlling interests (refer note 18 (b) (viii) and 60)**

During the year 2018-19, the Group has bought back non-controlling interest share in Welspun Pipes Inc resulting in increase in stake from 94.79% to 100.00%.

**(d) Interest in joint ventures**

Set out below are the joint ventures of the group as at March 31, 2020 which, in the opinion of the directors, are material to the group. 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.

| Name of entity | Place of business | % of ownership interest | Relationship | Accounting method | Carrying amount | |
|---|---|---|---|---|---|---|
| | | | | | March 31, 2020 | March 31, 2019 |
| Welspun Wasco Coatings Private Limited | India | 51% | Joint Venture | Equity | - | 91.91 |
| Welspun Middle East Pipes Company LLC | Kingdom of Saudi Arabia | 50.01% | Joint Venture | Equity | 2,723.21 | 503.90 |
| Welspun Middle East Pipes Coatings Company LLC | Kingdom of Saudi Arabia | 50.01% | Joint Venture | Equity | (463.85) | (524.23) |
| **Total equity accounted investments** | | | | | **2,259.36** | **71.58** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(i) Summarised financial information for joint ventures**

The tables below provide summarised financial information for those joint ventures that are material to 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 | | Welspun Middle East Pipes Company LLC | | Welspun Middle East Pipes Coatings Company LLC | |
|---|---|---|---|---|---|---|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| **Current assets** | | | | | | |
| Cash and cash equivalents and other bank balances | 86.59 | 102.38 | 1,394.91 | 1,221.56 | 33.51 | 4.59 |
| Other assets | 65.98 | 48.12 | 16,525.77 | 9,323.12 | 2,483.97 | 278.48 |
| **Total current assets** | **152.57** | **150.50** | **17,920.68** | **10,544.68** | **2,517.48** | **283.07** |
| **Total non-current assets** | **475.91** | **630.61** | **5,269.85** | **4,736.41** | **-** | **1,621.64** |
| **Current liabilities** | | | | | | |
| Financial liabilities (excluding trade payables) | 214.01 | 23.87 | 10,381.03 | 4,797.15 | 1,055.23 | 733.78 |
| Other liabilities | 24.77 | 12.79 | 4,327.42 | 6,207.35 | 2,365.74 | 707.13 |
| **Total current liabilities** | **238.78** | **36.66** | **14,708.45** | **11,004.50** | **3,420.97** | **1,440.91** |
| **Non-current liabilities** | | | | | | |
| Financial liabilities (excluding trade payables) | 434.02 | 494.54 | 2,643.36 | 2,644.49 | - | 1,471.55 |
| Other liabilities | 81.89 | 70.03 | 257.73 | 877.72 | - | 40.50 |
| **Total non-current liabilities** | **515.91** | **564.57** | **2,901.09** | **3,522.21** | **-** | **1,512.05** |
| **Net assets/ (liabilities)** | **(126.21)** | **179.88** | **5,580.99** | **754.38** | **(903.49)** | **(1,048.25)** |
| **Contingent liabilities** | **2.28** | **2.28** | **-** | **-** | **-** | **-** |

Reconciliation to carrying amounts

| Summarised balance sheet | Welspun Wasco Coatings Private Limited | | Welspun Middle East Pipes Company LLC | | Welspun Middle East Pipes Coatings Company LLC | |
|---|---|---|---|---|---|---|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Opening net assets/ (liabilities) | 179.88 | 105.41 | 754.38 | 1,939.23 | (1,048.25) | (668.34) |
| Investment during the year | - | 210.00 | - | - | - | - |
| Profit/ (loss) for the year | (305.98) | (135.59) | 4,478.61 | (1,293.88) | 234.34 | (338.12) |
| Other comprehensive income | (0.11) | 0.06 | (24.07) | (25.39) | (5.97) | (4.92) |
| Dividends paid | - | - | - | - | - | - |
| Exchange differences (net) | - | - | 372.07 | 134.42 | (83.61) | (36.87) |
| **Closing net assets** | **(126.21)** | **179.88** | **5,580.99** | **754.38** | **(903.49)** | **(1,048.25)** |
| Group's share in % | 51.00% | 51.00% | 50.01% | 50.01% | 50.01% | 50.01% |
| Group's share | (64.37) | 91.91 | 2,791.05 | 377.26 | (451.83) | (524.23) |
| Share of tax not applicable to the group as per applicable laws | - | - | (67.84) | 126.64 | (12.02) | - |
| Share of loss not recognised owing to no legal or constructive obligation | 64.37 | - | - | - | - | - |
| **Carrying amount** | **-** | **91.91** | **2,723.21** | **503.90** | **(463.85)** | **(524.23)** |
| **Share of contingent liabilities of the joint ventures** | **1.16** | **1.16** | **-** | **-** | **-** | **-** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**Excerpts of statement of profit and loss**

| Summarised balance sheet | Welspun Wasco Coatings Private Limited | | Welspun Middle East Pipes Company LLC | | Welspun Middle East Pipes Coatings Company LLC | |
|---|---|---|---|---|---|---|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Revenue | 116.36 | 42.26 | 31,604.83 | 13,204.06 | 2,309.00 | 886.59 |
| Interest income | 4.40 | 12.31 | 1.03 | 4.19 | - | - |
| Depreciation and amortisation | 55.48 | 50.84 | 639.08 | 487.82 | 161.10 | 157.61 |
| Interest expense | 44.75 | 53.42 | 208.27 | 185.90 | 73.52 | 77.34 |
| Income tax expense | - | - | 559.82 | (56.90) | 29.63 | - |
| **Profit/ (loss) from continuing operations** | **(305.98)** | **(135.59)** | **4,478.61** | **(1,293.88)** | **234.34** | **(338.12)** |
| Profit from discontinued operations | - | - | - | - | - | - |
| **Profit/ (loss) for the year** | **(305.98)** | **(135.59)** | **4,478.61** | **(1,293.88)** | **234.34** | **(338.12)** |
| Other comprehensive income | (0.11) | 0.06 | (24.07) | (25.39) | (5.97) | (4.92) |
| **Total comprehensive income** | **(306.09)** | **(135.53)** | **4,454.54** | **(1,319.27)** | **228.37** | **(343.04)** |
| Dividends received | - | - | - | - | - | - |

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Share of loss from joint ventures (including exchange differences & income tax) | 2,060.33 | (885.32) |
| Share of other comprehensive income from joint ventures | (15.07) | (15.13) |
| **Total share of gain/ (loss) of joint ventures (net)** | **2,045.26** | **(900.45)** |

(ii) Basis legal or constructive obligation the Group's share of losses has not been recognised for Welspun Wasco Coatings Private Limited and has been recognised for Welspun Middle East Pipes Coating Company LLC.

(iii) Subsequent to March 31, 2020, the Shareholders of Joint venture ('Welspun Middle East Pipes Coating Company' or 'WMEPC')) signed an agreement on May 14, 2020 to merge its operations and all its assets, rights, liabilities and obligations with another Joint venture ('Welspun Middle East Pipes Company' or 'WMEP')) . Under the terms of this agreements and as both WMEPC and WMEP are under common control, there is no consideration to be paid and the carrying values of assets and liabilities of the WMEPC will be transferred to WMEP on the effective date of merger. The event does not have any impact on the consolidated financial statements. The legal formalities relating to the merger activities are in progress.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 45. Contingent liabilities

The Company has contingent liabilities as at the year end in respect of:

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Claims against the Company not acknowledged as debts | 122.45 | 117.20 |
| Disputed direct taxes | 192.70 | 2.33 |
| **Disputed indirect taxes:** | | |
| Central Sales Tax | 5.31 | 6.87 |
| Service Tax | 103.78 | 65.06 |
| Sales tax/ Value Added Tax | 1,436.71 | 1,433.48 |
| Duty of Excise | 463.55 | 302.92 |
| Duty of Customs | 2.71 | 92.42 |

Refer note 44(d) for Group's share of contingent liabilities of its joint ventures.

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 proceedings.

The Group does not expect any reimbursements 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, 2020 | As at March 31, 2019 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account (net of advances) | | |
| Property, plant and equipment | 468.83 | 364.65 |
| Intangible assets under development | 0.90 | 0.90 |

**ii) Other commitments**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Corporate guarantees given by the group for loans to joint ventures and others. Loan/ liability outstanding against these guarantees aggregate to ₹ 10,227.66 (March 31, 2019: ₹ 4,851.92) (refer note 50) | 14,444.94 | 8,503.42 |
| Outstanding letters of credit (net) | 3,505.62 | 3,955.49 |
| Custom duty liabilities on duty free import of raw materials (export obligations) | 616.26 | 109.38 |

**iii)** The Company has committed to provide continued need based financial support to its subsidiaries and joint ventures.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 47. Exchange differences on long term foreign currency monetary items outstanding (refer note 3(a) and 18(b)(v))

In accordance with para D13AA of Ind AS 101 First time adoption of Indian Accounting Standards and the option available in the Companies (Accounting Standards) (Second Amendment) Rules, 2011, vide notification dated December 29, 2011 issued by the Ministry of Corporate Affairs, the Company has adjusted the exchange rate difference arising on long term foreign currency monetary items, in so far as they relate to the acquisition of a depreciable capital asset, to the cost of the asset. 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.

Accordingly, the Company has adjusted unrealised exchange loss of ₹ Nil (March 31, 2019: loss of ₹ 81.12) to the cost of property, plant and equipment as the long term monetary items relate to depreciable capital asset.

Exchange loss of ₹ 6.79 (March 31, 2019: loss of ₹ 45.09) has been transferred to ""Foreign Currency Monetary Item Translation Difference Account (FCMITDA)"" to be amortised over the balance period of such long term liabilities. Out of the FCMITDA, loss of ₹ 21.04 (March 31, 2019: loss of ₹ 66.38) has been adjusted in the current year and balance of ₹ Nil (March 31, 2019: loss of ₹ 14.25) has been carried over and included in reserves and surplus.

## 48. Segment reporting

**(i) Description of segments and principle activities**

The Group's chief operating decision maker consists of the managing director and chief executive officer 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 pipes.

(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, 2020 | 4 | 60,631.09 | 62.13% |
| March 31, 2019 | 4 | 42,153.19 | 48.59% |

(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 revenue from external customers broken down by location of the customers is shown in the table below:

| Revenue and other operating revenue from external customers | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Outside India | 68,996.23 | 56,833.94 |
| Within India | 30,571.36 | 32,700.81 |
| **Total revenue from external customers** | **99,567.59** | **89,534.75** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**
*(All amounts in Rupees million, unless otherwise stated)*

(v) 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, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Outside India | 8,215.82 | 8,066.22 |
| Within India | 9,214.13 | 8,505.47 |
| **Total non-current assets** | **17,429.95** | **16,571.69** |

## 49. Operating lease

**(i) As a lessee**

The Company and subsidiaries of the Company have operating leases for premises and equipments. These lease arrangements range for a period within eleven months to ten years which includes cancellable and non-cancellable leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

**a) With respect to all operating leases**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Lease payments recognised in the statement of profit and loss during the year | - | 309.26 |

b) With respect to non-cancellable operating leases, the future minimum lease payments are as follows

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Not later than one year | - | 70.71 |
| Later than one year but not later than five years | - | 48.25 |
| Later than five years | - | - |

On adoption of Ind AS 116 from April 01, 2019, assets acquired on operating lease have been transferred to Right-of-use asset, refer note 3(b).

**(ii) 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.

a) Rental income with respect to all operating leases

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Rental income recognised in the statement of profit and loss during the year | 29.40 | 26.26 |

b) With respect to non-cancellable operating leases, refer note 4 for the future minimum lease receivables.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 50. Related party disclosures

### a) Entities having significant influence

| Name | Type | Effective proportion of ownership interest (%) | |
|---|---|---|---|
| | | As at March 31, 2020 | As at March 31, 2019 |
| Welspun Pipes Limited | Significant influence | - | 41.64% |
| Balkrishan Goenka, trustee of Welspun Group Master Trust | Shareholder (Pursuant to the Scheme of Amalgamation of Welspun Pipes Limited with the Company. Refer note 55) | 42.34% | - |

### b) List of Related parties

| Relationships | Effective proportion of ownership interest (%) | |
|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 |
| Welspun Wasco Coatings Private Limited | 51.00% | 51.00% |
| Welspun Middle East Pipes Company LLC | 50.01% | 50.01% |
| Welspun Middle East Pipes Coating Company LLC | 50.01% | 50.01% |

Interest in subsidiaries are set out in note 44

### c) Key management Personnel

| Name | Nature of relationship |
|---|---|
| Mr. Balkrishan Goenka | Chairman |
| Mr. Rajesh Mandawewala | Director |
| Mr. Vipul Mathur | Managing Director & Chief Executive Officer |
| Mr. S. Krishnan | Executive Director & Chief Executive Officer of Plate & Coil Mill Division (till July 31, 2018) and Chief Financial Officer till (June 11, 2018) |
| Mr. Percy Birdy | Chief Financial Officer (w.e.f. June 11, 2018) |
| Mr. K.H.Viswanathan | Director |
| Mr. Rajkumar Jain | Director |
| Mr. Ram Gopal Sharma | Director (till September 05, 2018) |
| Mr. Mintoo Bhandari | Director (till August 01, 2018) |
| Mr. Utsav Baijal | Director (till November 06, 2019) |
| Mr. Atul Desai | Director (till September 30, 2019) |
| Mrs. Revathy Ashok | Director |
| Mr. Desh Raj Dogra | Director |
| Mr. Kaushik Subramaniam | Director (w.e.f. August 21, 2018 till November 06, 2019) |
| Mr. Dhruv Kaji | Director (w.e.f. September 05, 2018 till August 09, 2019) |
| Mrs. Amita Misra | Director (w.e.f. August 07, 2019) and Ceased by Law (w.e.f August 12, 2019) and reappointed (w.e.f October 22, 2019) |
| Mr. Pradeep Joshi | Company Secretary |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

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 Steel Limited |
| Welspun Speciality Solutions Limited (formerly known as RMG Alloy Steel 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 |
| AYM Syntex Limited |
| Welspun USA Inc |
| MGN Agro Properties Private Limited |

e) **Disclosure in respect of significant transactions with related parties during the year**

| | Transactions | |
|---|---|---|
| | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
| **1) Sale of goods and services** | | |
| Welspun India Limited | 10.90 | 130.96 |
| Welspun Steel Limited | 140.25 | 184.64 |
| Welspun Captive Power Generation Limited | 58.80 | 129.40 |
| Welspun Enterprises Limited | - | 59.26 |
| Others | 2.41 | 73.40 |
| **Total sale of goods and services** | **212.37** | **577.66** |
| **2) Other income** | | |
| Welspun Middle East Pipes Coating Company LLC | 36.51 | 40.03 |
| Welspun Middle East Pipes Company LLC | 120.53 | 79.95 |
| Welspun Wasco Coatings Private Limited | 35.81 | 47.13 |
| Others | 19.38 | 16.44 |
| **Total other income** | **212.22** | **183.53** |
| **3) Purchase of property, plant and equipment and investment property** | | |
| Welspun India Limited | 43.39 | 0.51 |
| Welspun Anjar SEZ Limited | 214.98 | - |
| **Total of purchase of property, plant and equipment and investment property** | **258.37** | **0.51** |
| **4) Purchase of goods and expenses incurred** | | |
| Welspun Captive Power Generation Limited | 570.89 | 344.76 |
| Welspun Realty Private Limited | 57.98 | 57.98 |
| Welspun Steel Limited | 10.18 | 25.62 |
| Welspun Wasco Coatings Private Limited | 109.34 | 43.20 |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | Transactions | |
|---|---|---|---|
| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
| | Welspun India Limited | 53.60 | 103.18 |
| | Others | 12.56 | 14.97 |
| | **Total purchase of goods and expenses incurred** | **814.54** | **589.70** |
| **5)** | **Sale of disposal group** | | |
| | Welspun Captive Power Generation Limited | 711.53 | - |
| | **Total sale of disposal group** | **711.53** | **-** |
| **6)** | **Corporate social responsibility expenses** | | |
| | Welspun Foundation for Health and Knowledge | 45.13 | 23.98 |
| | **Total corporate social responsibility expenses** | **45.13** | **23.98** |
| **7)** | **Purchase of non-current investment** | | |
| | Welspun Captive Power Generation Limited (Equity) | - | 384.19 |
| | **Total purchase of non-current investment** | **-** | **384.19** |
| **8)** | **Sale of non-current investment** | | |
| | Welspun Captive Power Generation Limited (Equity) | - | 383.77 |
| | **Total sale of non-current investment** | **-** | **383.77** |
| **9)** | **Advance refunded** | | |
| | Welspun Anjar SEZ Limited | 395.87 | 200.00 |
| | **Total advance refunded** | **395.87** | **200.00** |
| **10)** | **Reimbursement of expenses (paid)/ recovered** | | |
| | Welspun Middle East Pipes Company LLC | 14.25 | 6.39 |
| | Welspun Wasco Coating Private Limited | 16.93 | 24.97 |
| | Welspun Captive Power Generation Limited | 0.65 | 0.55 |
| | Welspun India Limited | 2.25 | (1.74) |
| | Welspun Steel Limited | 8.76 | 0.02 |
| | Welspun USA Inc. | **25.54** | **11.65** |
| | Others | 8.12 | 2.78 |
| | **Total reimbursement of expenses (paid) / recovered** | **76.52** | **44.62** |
| **11)** | **Loans and deposits given** | | |
| | Welspun Anjar SEZ Limited | **66.76** | **-** |
| | Others | - | 0.53 |
| | **Total loans, advances and deposits given** | **66.76** | **0.53** |
| **12)** | **Loans and deposit received back** | | |
| | Welspun Realty Private Limited | 22.62 | 22.62 |
| | **Total refund of security deposit given** | **22.62** | **22.62** |
| **13)** | **Conversion of loan into equity shares** | | |
| | Welspun Wasco Coatings Private Limited | - | 107.10 |
| | **Total conversion of loan into equity shares** | **-** | **107.10** |
| **14)** | **Addition of corporate guarantee** | | |
| | Welspun Middle East Pipes Company LLC | 5,549.77 | 5,532.40 |
| | **Total addition of corporate guarantee** | **5,549.77** | **5,532.40** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | Transactions | |
|---|---|---|
| | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
| **15) Release of corporate guarantee** | | |
| Welspun Wasco Coatings Private Limited | - | 54.24 |
| Welspun Middle East Pipes Coating LLC | 380.80 | - |
| **Total release of corporate guarantee** | **380.80** | **54.24** |
| **16) Provision for doubtful loans** | | |
| Welspun Wasco Coatings Private Limited | 247.01 | - |
| **Total conversion of loan into equity shares** | **247.01** | **-** |
| **17) Key management personnel compensation** | | |
| Mr. Balkrishan Goenka | | |
| Short-term employee benefit | 19.73 | 18.61 |
| Mr. S. Krishnan | | |
| Short-term employee benefit | 10.01 | 34.85 |
| Mr. Vipul Mathur | | |
| Short-term employee benefit | 45.91 | 45.48 |
| Mr. Percy Birdy | | |
| Short-term employee benefit | 15.49 | 12.08 |
| Mr. Pradeep Joshi | | |
| Short-term employee benefit | 4.77 | 4.35 |
| **Total key management personnel compensation** | **95.91** | **115.37** |
| **18) Directors' sitting fees** | | |
| Mr. K.H.Viswanathan | 1.18 | 1.44 |
| Mr. Rajkumar Jain | 1.13 | 1.31 |
| Mr. Ram Gopal Sharma | **-** | **0.32** |
| Mr. Mintoo Bhandari | - | 0.05 |
| Mr. Utsav Baijal | 0.17 | 0.31 |
| Mr. Atul Desai | 0.15 | 0.55 |
| Mrs. Revathy Ashok | 0.33 | 0.47 |
| Mr. Desh Raj Dogra | 0.95 | 0.70 |
| Mr. Kaushik Subramaniam | 0.15 | 0.25 |
| Mr. Dhruv Kaji | 0.08 | 0.27 |
| Mrs. Amita Misra | 0.23 | - |
| **Total directors' sitting fees** | **4.37** | **5.67** |

**f) Disclosure of significant closing balances with related parties**

| | **As at March 31, 2020** | **As at March 31, 2019** |
|---|---|---|
| **1) Trade and other receivables** | | |
| Welspun Steel Limited | 8.30 | 18.28 |
| Welspun Middle East Pipes Company LLC | 35.96 | 41.28 |
| Welspun Middle East Pipes Coating Company LLC | 7.50 | 12.42 |
| Welspun Anjar SEZ Limited | - | 395.87 |
| Welspun Wasco Coatings Private Limited | 16.92 | 0.24 |
| Welspun USA INC. | 27.27 | 11.65 |
| Others | 5.83 | 7.31 |
| **Total trade and other receivables** | **101.78** | **487.05** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **2)** | **Trade payables** | | |
| | Welspun Captive Power Generation Limited | 132.23 | - |
| | Welspun Global Brands Limited | 0.01 | 4.51 |
| | Welspun India Limited | 20.80 | 0.79 |
| | Others | 0.54 | - |
| | **Total trade payables** | **153.58** | **5.29** |
| **4)** | **Advance to suppliers (other current assets)** | | |
| | Welspun Middle East Pipes LLC | 0.39 | - |
| | **Total trade payables** | **0.39** | **-** |
| **5)** | **Loans and deposits given (loans and other assets)** | | |
| | Welspun Middle East Pipes Company LLC | 1,068.50 | 975.93 |
| | Welspun Middle East Pipes Coating Company LLC | 484.70 | 1,060.86 |
| | Welspun Wasco Coatings Private Limited (before allowance for doubtful loans) | 247.01 | 247.01 |
| | Welspun Realty Private Limited | 109.40 | 198.65 |
| | Others | 93.54 | 27.93 |
| | **Total loans, advances and deposits given** | **2,003.15** | **2,510.38** |
| **6)** | **Allowance for doubtful loans** | | |
| | Welspun Wasco Coatings Private Limited | 247.01 | - |
| | **Total provision for doubtful loans** | **247.01** | **-** |
| **7)** | **Corporate guarantees given (to the extent of outstanding loan amount/ export obligation to custom authority) refer note 46 (ii)** | | |
| | Welspun Middle East Pipes Company LLC | 10,173.41 | 4,728.03 |
| | Welspun Middle East Pipes Coating Company LLC | - | 69.65 |
| | Welspun Wasco Coatings Private Limited | 54.25 | 54.25 |
| | **Total corporate guarantees given** | **10,227.66** | **4,851.92** |
| **8)** | **Employee dues payable (other current liabilities)** | | |
| | Mr. Balkrishan Goenka | 19.73 | 18.61 |
| | Mr. Vipul Mathur | 3.77 | 3.75 |
| | Mr. S. Krishnan | - | 1.88 |
| | Mr. Percy Birdy | 1.38 | - |
| | Mr. Pradeep Joshi | 0.44 | - |
| | **Total other current liabilities** | **25.32** | **24.24** |
| **9)** | **Non-current investments** | | |
| | Welspun Captive Power Generation Limited | 604.94 | 656.71 |
| | Welspun Wasco Coatings Private Limited | - | 91.91 |
| | Welspun Middle East Pipes Company LLC | 2,723.21 | 503.90 |
| | **Total non-current investments** | **3,328.15** | **1,252.52** |
| | | | |
| **8)** | **Deposit received and share of loss (other financial liabilities)** | | |
| | Welspun Middle East Pipes Coating Company LLC | 463.85 | 524.23 |
| | Others | 0.68 | 0.68 |
| | **Total other financial liabilities** | **464.53** | **524.91** |
| **11)** | **Non-current investments** | | |
| | Welspun Mauritius Holdings Limited (Investments in preference shares) | - | 1,515.57 |
| | Welspun Captive Power Generation Limited (Investments in equity and preference shares) | 604.94 | 656.71 |
| | **Total non-current investments** | **604.94** | **2,172.28** |
| **12)** | **Deposits received (other financial liabilities)** | | |
| | Welspun Enterprises Limited | 0.66 | 0.66 |
| | Others | 0.02 | 0.02 |
| | **Total other Financial Liabilities** | **0.68** | **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 figure for both continuing and discontinued operations.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 51. 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 net assets (%) | Amount | As % of consolidated net assets (%) | Amount | As % of consolidated net assets (%) | Amount |
| **Parent** | | | | | | | | |
| **Welspun Corp Limited** | | | | | | | | |
| March 31, 2020 | 48.32 | 15,604.11 | 41.00 | 2,681.40 | (16.87) | (184.79) | 32.69 | 2,496.61 |
| March 31, 2019 | 58.62 | 16,370.09 | 1,280.34 | (2,772.07) | 17.91 | 81.63 | (1,124.20) | (2,690.44) |
| **Subsidiaries (group's share)** | | | | | | | | |
| **Indian** | | | | | | | | |
| **Welspun Tradings Limited** | | | | | | | | |
| March 31, 2020 | 2.65 | 856.30 | 0.03 | 1.83 | (0.53) | (5.86) | (0.05) | (4.03) |
| March 31, 2019 | 3.08 | 860.33 | (22.67) | 49.08 | 0.25 | 1.15 | 20.99 | 50.23 |
| **Foreign** | | | | | | | | |
| Welspun Pipes Inc. | | | | | | | | |
| March 31, 2020 | 47.88 | 15,463.44 | 79.67 | 5,211.12 | 133.23 | 1,459.81 | 87.36 | 6,670.93 |
| March 31, 2019 | 42.13 | 11,766.15 | (1,492.55) | 3,231.51 | 79.40 | 361.93 | 1,501.52 | 3,593.44 |
| **Welspun Middle East DMCC (Investment through Welspun Tradings Limited)** | | | | | | | | |
| March 31, 2020 | - | - | - | - | - | - | - | - |
| March 31, 2019 | 0.02 | 5.46 | 7.61 | (16.47) | 0.47 | 2.12 | (6.00) | (14.35) |
| **Welspun Mauritius Holdings Limited** | | | | | | | | |
| March 31, 2020 | (2.63) | (850.24) | (2.70) | (176.67) | 6.72 | 73.66 | (1.35) | (103.01) |
| March 31, 2019 | (1.74) | (485.38) | (29.68) | 64.26 | 3.46 | 15.76 | 33.44 | 80.02 |
| **Non-controlling interests in all subsidiaries** | | | | | | | | |
| March 31, 2020 | - | 141.18 | - | 185.96 | - | 5.88 | - | 191.84 |
| March 31, 2019 | - | (50.66) | - | (83.93) | 0.01 | 0.06 | - | (83.87) |
| **Joint ventures (Investment as per equity method)** | | | | | | | | |
| **Indian** | | | | | | | | |
| **Welspun Wasco Coatings Private Limited** | | | | | | | | |
| March 31, 2020 | - | - | (1.40) | (91.86) | (0.00) | (0.05) | (1.20) | (91.91) |
| March 31, 2019 | 0.33 | 91.91 | 31.94 | (69.16) | 0.01 | 0.03 | (28.89) | (69.13) |
| **Foreign** | | | | | | | | |
| **Welspun Middle East Pipes Company LLC (Investment through Welspun Mauritius Holdings Limited)** | | | | | | | | |
| March 31, 2020 | 8.43 | 2,723.21 | 31.29 | 2,046.42 | (1.10) | (12.03) | 26.64 | 2,034.39 |
| March 31, 2019 | 1.80 | 503.90 | 298.86 | (647.07) | (2.79) | (12.70) | (275.69) | (659.77) |
| **Welspun Middle East Pipes Coating Company LLC (Investment through Welspun Mauritius Holdings Limited)** | | | | | | | | |
| March 31, 2020 | (1.44) | (463.85) | 1.62 | 105.77 | (0.27) | (2.99) | 1.35 | 102.78 |
| March 31, 2019 | (1.88) | (524.23) | 78.10 | (169.09) | (0.54) | (2.46) | (71.68) | (171.55) |
| **Inter-company eliminations and consolidation adjustments** | | | | | | | | |
| March 31, 2020 | (3.22) | (1,039.39) | (49.50) | (3,237.32) | (21.18) | (232.08) | (45.43) | (3,469.40) |
| March 31, 2019 | (2.37) | (662.46) | (51.96) | 112.50 | 1.84 | 8.37 | 50.51 | 120.87 |
| **Total** | | | | | | | | |
| **March 31, 2020** | **100.00** | **32,293.58** | **100.00** | **6,540.69** | **100.00** | **1,095.67** | **100.00** | **7,636.36** |
| **March 31, 2019** | **100.00** | **27,925.77** | **100.00** | **(216.51)** | **100.00** | **455.83** | **100.00** | **239.32** |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 52. Assessment of recoverability of loans given to a joint venture

Welspun Wasco Coatings Private Limited (“WWCPL” or “joint venture”) is engaged in providing coating services and other services having operating facility in India. The Holding Company has granted loans to the joint venture with a carrying value of ₹ 247.01 carried at amortised cost, as at March 31, 2020. Consequent to the negative net worth and continued losses of the joint venture, there are indicators of non-recoverability of loans granted to joint venture. The Holding Company’s Management has assessed the recoverability of loans granted to joint venture based on expected credit loss model (“ECL”) and has recorded the impairment loss of ₹ 247.01. Significant assumptions used in the model are discount rate and terminal growth rate."

## 53. Discontinued operations

**i) Description**

On March 30, 2019, the Company approved the sale of its Plates & Coils Mills Division (PCMD) and entered into a Business Transfer Agreement dated March 31, 2019 (BTA). The Company also approved the sale of its 43 MW power plant (Power plant) and entered into a separate Business Transfer Agreement dated March 30, 2019. (PCMD and Power plant together are called the "disposal groups"). The disposal groups were reported as discontinued operations in the financial statements for the year ended March 31, 2019. The assets of the disposal groups and the liabilities directly associated with such disposal groups were presented as held for sale as at March 31, 2019.

a) During the year ended March 31, 2020 the Company sold Power plant and recognised a gain of ₹ 13.6 under ""loss from discontinued operations"".

b) For sale of PCMD, the parties to the BTA agreement have reiterated their commitment to consummate the transaction stipulated in the BTA agreement and have mutually decided to extend currently, the long stop date from March 31, 2020 to March 31, 2021. Further, the Company has received 50% of the advance, as stipulated in the BTA agreement. The financial information relating to discontinued operations is given below.

**ii) Financial performance and cash flow information**

The financial performances and cashflow information presented for the year ended March 31, 2020 and March 31, 2019 respectively

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Total income | 5,463.05 | 15,701.84 |
| Total expenses (refer note iii below) | 6,011.44 | 17,898.08 |
| **Loss before tax** | **(548.39)** | **(2,196.24)** |
| Income tax expense | (167.76) | (1,381.31) |
| **Loss after tax** | **(380.63)** | **(814.93)** |
| **Loss from discontinued operations** | **(380.63)** | **(814.93)** |
| Net cash flow used in operating activities | (666.70) | (677.51) |
| Net cash flow from investing activities | 654.03 | 670.17 |
| Net cash flow used in financing activities | - | - |

iii) The total expenses (including provisions) includes impairment loss of ₹ Nil (March 31, 2019: ₹ 3,373.08) pertaining to disposal group.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

iv) Details of disposal groups classified as held for sale and liabilities directly associated with disposal groups classified as held for sale

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Disposal groups classified as held for sale** | | |
| Carrying amount of Property, plant and equipment (net) | 8,353.50 | 8,948.87 |
| Capital work-in-progress | - | 1.47 |
| Inventories | 1,093.72 | 4,343.34 |
| Trade receivables | 342.81 | 1,171.18 |
| Other current assets | 9.68 | 31.66 |
| **Total disposal groups classified as held for sale** | **9,799.71** | **14,496.52** |
| **Liabilities directly associated with disposal groups classified as held for sale** | | |
| Trade payables | 1,475.96 | 2,771.27 |
| Other current liabilities | 59.42 | 85.34 |
| **Total Liabilities directly associated with disposal groups classified as held for sale** | **1,535.38** | **2,856.61** |

v) Government grants relates to the amount invested to set up the manufacturing units of disposal groups. These grants were included in the liabilities as 'government grants' and were credited to profit or loss in 'other operating revenue/ income' as 'VAT income' on a straight-line basis over the expected lives of the related assets of disposal groups. The deferred balance of ₹ 2,168.16 as at March 31, 2019 of the disposal group had been written back and is included under the 'Loss from discontinued operation'. There is no such write back in the current year.

## 54. Changes in accounting policies

**(a) IndAS 115**

This note explains the impact of the adoption of Ind AS 115 'Revenue from Contracts with Customers' on the Group's financial statements.

Effective April 01, 2018, the group adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 01, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The adoption of Ind AS 115 did not have any material impact on the financial performance of the Group.

**Revenue recognised in relation to contract liabilities**

Contract liabilities relating to sale of products as at March 31, 2020 aggregated to ₹ 10,267.70 (March 31, 2019 ₹ 13,925.93) has been included under 'Other current liabilities' as Trade advances. It shall be recognised as revenue in the subsequent reporting period.

**Contract assets**

Contract assets relating to sale of products as at March 31, 2020 aggregated to ₹ 1,031.12 (March 31, 2019 ₹ 287.56) is included under 'Other current assets' as Contract assets.

**(b) IndAS 116**

This note explains the impact of the adoption of Ind AS 116 Leases on the Group's financial statements.

As indicated in note 1.9, the Group has adopted Ind AS 116 retrospectively from 1 April 2019, using the modified approach at transition. Accordingly the Group has not restated comparatives for the year ended March 31, 2019, as permitted under as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

On adoption of Ind AS 116, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases after applying practical expedients for short-term leases and low value assets as detailed in (i) below. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 01, 2019.

The Weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 01, 2019 was 9.5% for India and 5.8% for USA."

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability respectively at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

**(i) Practical expedients applied**

In applying Ind AS 116 for the first time, the Group has used the following practical expedients permitted by the standard, as applicable:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review-there were no onerous contracts as at 1 April 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

**(ii) Measurement of lease liabilities**

| Particulars | **Amount** |
|---|---|
| Operating lease commitments disclosed as at March 31, 2019 | 118.96 |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | 104.91 |
| Add: Contracts reassessed as lease contracts | 441.58 |
| (Less): Short-term lease not recognised as a liability | (3.18) |
| (Less); Low Value assets not recognised as a liability | (25.22) |
| Add: finance lease liabilities recognised as at 31 March 2019 | 168.55 |
| **Lease liability recognised as at April 01, 2019** | **686.64** |
| **of which are:** | |
| Current lease liabilities | 165.33 |
| Non-current lease liabilities | 521.31 |

**(iii) Measurement of right-of-use assets**

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any previously recognised prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**(iv) Adjustments recognised in the balance sheet on April 01, 2019**

The change in accounting policy affected the following items in the balance sheet on April 01, 2019:

| Particulars | Amount |
|---|---|
| Property, plant and equipment - decreased by | (204.49) |
| Right-of-use assets – increased by | 776.05 |
| Other non-current assets - decreased by | (40.59) |
| Other current assets - decreased by | (12.88) |
| Non current borrowings - decreased by | (134.15) |
| Other financials liabilities - current - decreased by | (34.40) |
| Current lease liabilities – increased by | 165.33 |
| Non-current lease liabilities – increased by | 521.31 |

There was no impact on the retained earnings on April 01, 2019 as the Group has applied modified approach.

**(v) Lessor Accounting**

The Company did not make any adjustments to the accounting for assets held as lessor under operating lease (refer note 4) as a result of the adoption of Ind AS 116.

**55.** The Hon'ble National Company Law Tribunal, Ahmedabad Bench vide its Order pronounced on May 10, 2019 (the ""Order"") sanctioned the Scheme of Amalgamation of Welspun Pipes Limited ('WPL' or 'the Transferor Company') and Welspun Corp Limited ('WCL' or 'the Transferee Company'). The amalgamation of WCL and WPL is merely a combination of entities and not a ""business combination"" and hence the amalgamation has been accounted on effective date of receipt of the Order.

The assets and liabilities recognised as a result of this amalgamation, are as follows:

| | |
|---|---|
| Current Investments | 111.82 |
| Cash and cash equivalents | 0.16 |
| Other Current Financial assets | 0.11 |
| Other Current Liabilities | (110.30) |
| Net assets acquired classified under capital reserves | 1.79 |

Pursuant to the Scheme, on effective date, the entire shareholding of WPL of 50,000 equity shares held by Welspun Group Master Trust and WPL's investment of 110,449,818 equity shares in the Company were cancelled and 110,449,818 equity shares of the Company were reissued to the shareholders of WPL on May 10, 2019. There is no change in the promotor's shareholding in the Company. Also, as per the scheme, the authorised share capital of the Company has been increase by 100,000 shares w.e.f the effect from May 10, 2019.

**56.** On November 30, 2018, the Board of Directors of one of the subsidiary of the Company named Welspun Tradings Limited (""WTL"") approved closure of business operation of its subsidiary i.e. Welspun Middle East DMCC (""WME DMCC"") operating in the United Arab Emirates. WTL had taken necessary steps to voluntarily wind up business operations of WME DMCC. WME DMCC had no assets and liabilities at Group level and WTL had undertaken the responsibility to fulfil and settle any liability that may arise after closure of WME DMCC. Accordingly, goodwill on consolidation amounting to ₹ 4.68 had written off in year ended March 31, 2019. During the current year, WME DMCC has been liquidated voluntarily w.e.f. February 11, 2020."

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 57. Equity settled share based payments (ESOP) (refer note 18 (b) (vi) 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 ₹ 49.33 (March 31, 2019: ₹ 41.94)."

**Nature and characteristics of ESOP plans existed during year as tabulated below**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| 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, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Opening balance | 2,350,000 | - |
| Granted during the year | - | 2,350,000 |
| Exercised during the year | 15,000 | - |
| Forfeited during the year | - | - |
| Expired during the year | - | - |
| Closing balance | 2,335,000 | 2,350,000 |
| Exercisable at the end of the year | 690,000 | - |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

**Weighted-average exercise prices of options as tabulated below**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Opening balance | ₹ 100.00 | - |
| Granted during the year | - | ₹ 100.00 |
| Exercised during the year | ₹ 100.00 | - |
| Forfeited during the year | - | - |
| 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, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Exercise Price** | | |
| WELSOP Plan | ₹ 100.00 | ₹ 100.00 |
| **Weighted average remaining contractual life (Years)** | | |
| WELSOP Plan | 3.43 | 1.43 |

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 (January 2013 to August 2018) annualized volatility.

**Fair value and underlying assumptions for Stock options Granted as tabulated below**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| 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 | 2,350,000 | 2,350,000 |

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

## 58. Earnings per share (EPS)

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Nominal value of an equity share | 5.00 | 5.00 |
| Profit after tax attributable to the equity holders of the Company from continuing operations | 6,735.36 | 682.35 |
| Profit after tax attributable to the equity holders of the Company from discontinuing operations | (380.63) | (814.93) |
| Profit after tax attributable to the equity holders of the Company | 6,354.73 | (132.58) |
| **Basic earnings per share:** | | |
| Weighted average number of equity shares used as denominator for calculating basic EPS | 263,465,279 | 265,226,109 |
| Basic earnings per share (₹) from continuing operations | 25.56 | 2.57 |
| Basic earnings per share (₹) from discontinuing operations | (1.44) | (3.07) |
| Basic earnings per share (₹) from total continuing and discontinuing operations | 24.12 | (0.50) |
| **Diluted earnings per share:** | | |
| Weighted average number of equity shares used as denominator for calculating diluted EPS | 264,065,484 | 265,507,019 |
| Diluted earnings per share (₹) from continuing operations | 25.50 | 2.57 |
| Diluted earnings per share (₹) from discontinuing operations | (1.44) | (3.07) |
| Diluted earnings per share (₹) from total continuing and discontinuing operations | 24.06 | (0.50) |
| **Reconciliation of weighted average number of shares outstanding** | | |
| Weighted average number of equity shares used as denominator for calculating basic EPS | 263,465,279 | 265,226,109 |
| Total weighted average potential equity shares | 600,205 | 280,910 |
| Weighted average number of equity shares used as denominator for calculating diluted EPS | 264,065,484 | 265,507,019 |

## 59. Fair valuation loss on investments (net)

Fair valuation loss on investments (net) under the head “Other expenses” includes fair value loss (net) on current investments in bonds aggregating to ₹ 349.50 (March 31, 2019 ₹ 2,574.16) for the year ended March 31, 2020.

## 60. Convertible preferred stock

On December 18, 2013, Welspun Pipes Inc, (WPI) the Subsidiary of the Company issued 95 shares of Series A Convertible Preferred Stock for USD 17,322,877.

On December 22, 2016, WPI issued a Call Option Tranche 1 letter requiring the holders to sell WPI 48 Series A Convertible Preferred Stock held by the holders (“Call Shares Tranche 1”), on or prior to May 05, 2017 (“Call Option Tranche Date 1”) at an aggregate price of USD 21,240,000 including call option premium (“Call Option Tranche 1 Price”). The Call Option Tranche 1 was exercised and paid by WPI on May 12, 2017. The payment consisted of USD 21,240,000 Call Option Tranche 1 Price, plus a mutually agreed upon additional premium of USD 667,000 for an extension of time from the original execution date of May 05, 2017 to May 12, 2017.

On December 22, 2016, WPI issued a Call Option Tranche 2 letter requiring the holders to sell WPI 47 Series A Convertible Preferred Stock held by the holders (“Call Shares Tranche 2”), on or prior to May 05, 2018 (“Call Option Tranche Date 1”) at an aggregate price of USD 20,000,000 including call option premium (“Call Option Tranche 2 Price”). The Call Option Tranche 2 was exercised and paid by WPI on May 04, 2018.

WPI has no outstanding Preferred Stock issued as at March 31, 2020 and March 31, 2019.

**61.** The Company had made an offer for buy-back of fully paid-up equity shares of ₹ 5 each of the Company, not exceeding 28,888,888 equity shares (representing approximately 10.89% of the total number of equity shares in the issued, subscribed and paid up equity capital) at a price of ₹ 135 per equity share, not exceeding ₹ 3,900 on a proportionate basis by way of tender offer in accordance with the provisions of Companies Act, 2013 and SEBI (Buy-Back of Securities) Regulations, 2018. The tendering period for the buyback offer opened on October 22, 2019 and closed on November 05, 2019. Total 4,356,714 equity shares were bought back at a price of ₹ 135 per equity share and total amount utilised in buy-back was

# Notes

**annexed to and forming part of the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss for the year ended March 31, 2020**

*(All amounts in Rupees million, unless otherwise stated)*

₹ 588.16. Accordingly, 4,356,714 equity shares were extinguished and the number of equity shares in the issued, subscribed and paid up equity capital reduced from 265,226,109 of aggregate face value of ₹ 1,326.13 to 260,869,395 of aggregate face value of ₹ 1,304.35

## 62. Government grant receivable (refer note 11)

Welspun Pipes Inc. (WPI), the Subsidiary of the Company 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 the Company's expansion and building of their small diameter pipe manufacturing plant. The AEDC provides WPI with a cash incentive based on the amount of new full-time permanent employees. The grant is specifically for capital expansion.

In 2013, WPI received a $4,500,000 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, WPI will be tested by the City through December 31, 2016 to determine if the job creation required by the grant has taken place. If WPI fails to meet the grant's employment thresholds at any testing date, they will be required to repay the City $22,500 for each unfilled position on that date, with the repayment not to exceed the original $4,500,000 grant received. As of March 31, 2019, WPI has met the grant's employment thresholds.

The amount listed as "Government grant receivable" on the consolidated balance sheet represents WPIs accrual for AEDC incentive benefits related to the fiscal year ended March 31, 2019. These benefits have been received as at March 31, 2020.There is no such grant income in the current year ended March 31, 2020.

## 63. Foreign currency translation reserve

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Exchange differences on translation of foreign operations | 1,301.38 | 388.20 |
| Attributable to: | | |
| Owners of Welspun Corp Limited | 1,294.00 | 386.62 |
| Non-controlling interests | 7.38 | 1.58 |

**64.** The operations of the Group were impacted, due to shutdown of all plants and offices following lockdown imposed by the government authorities to contain spread of COVID-19 pandemic. The Group has resumed operations in a phased manner as per the directives from the respective government authorities. The Group has made detailed assessments of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, has concluded that no significant impact on its financial statement as at 31st March, 2020. However, the impact assessment of COVID19 will be a continuing process given the uncertainties associated with its nature and duration.

**65.** The figures for the previous year have been regrouped wherever necessary.

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: June 17, 2020

**For and on behalf of the 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

# 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, Plates, Coils and Coating

**Registered Capital:** ₹ 2,500.50 million

**Paid-up Capital:** ₹ 1,304.42 million divided in to 260,884,395 equity shares of ₹ 5 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

## 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 - 370110 (Pipes, Plates & Coils)
- 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)

## Manufacturing Units of the Subsidiaries
- 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)

**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 - 400 001

## Board of Directors
Mr. Balkrishan Goenka - Chairman, Non-Executive

Mr. Vipul Mathur - Managing Director & CEO

Ms. Amita Misra -Independent Director

Mr. Deshraj Dogra - Independent Director

Mr. K. H. Viswanathan - Independent Director

Mr. Rajesh R. Mandawewala - Director

Mr. Raj Kumar Jain - Independent Director

Mrs. Revathy Ashok - Independent Director

## Chief Financial Officer
Mr. Percy Birdy

## CompanySecretary
Mr. Pradeep Joshi

## Auditors
Price Waterhouse Chartered Accountants LLP

## Key Management Team
Mr. Rajesh R. Mandawewala - Group Managing Director

Mr. Vipul Mathur - Managing Director & CEO

Mr. Akhil Jindal - Group CFO & Head Strategy

Mr. Godfrey John - BU Head, India & APAC, EMENA

Mr. T. S. Kathayat - President - Head QA & TS, India & KSA

Mr. Piyush Thakore - Sr Vice President, India Manufacturing Head

Mr. Hisham Abdullatif Alhmili - CEO - Welspun Middle East LLC

## Bankers
Bank of Baroda

Axis Bank Ltd

Bank of India

Export-Import Bank of India

ICICI Bank

IDBI Bank

IDFC First Bank Ltd

Oriental Bank of Commerce

Punjab National Bank

State Bank of India

WELSPUN CORP
Pipes and Plates


**Welspun Corp Limited**

Welspun House, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai 400 013, India
Tel: +91 22 66136000/24908000 Fax: +91 22 24908020/24908021
www.welspuncorp.com


**Member of Welspun Group www.welspun.com**

/TheWelspunGroup

/WelspunGroup

/welspungroup

/company/welspun-group

WELSPUN GROUP
Leading Tomorrow Together

HOME TEXTILES | PIPES & PLATES | INFRASTRUCTURE | FLOORING | WAREHOUSING