15th Annual Report 2009-10

WELSPUN Corp Ltd

Formerly known as

Welspun Gujarat Stahl Rohren Ltd.

You must be the

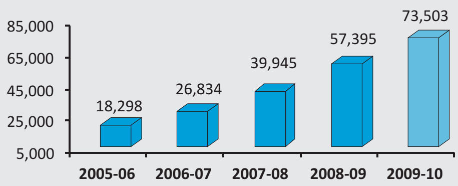
CHANGE

you wish to see in the World

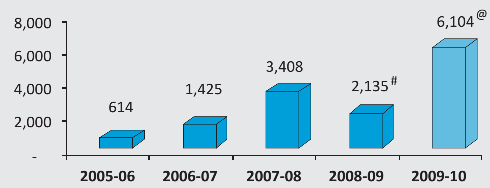
- Mahatma Gandhi

Financial Highlights (Consolidated)

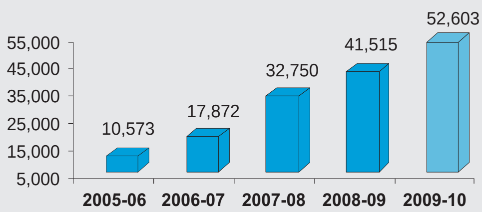
Revenue (Rs. Mn)



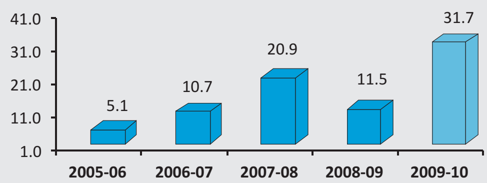
PAT (Rs. Mn)



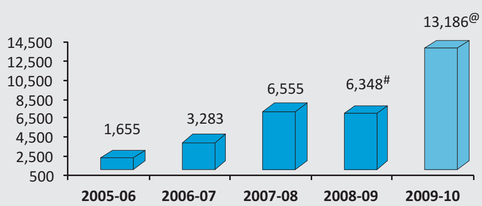
Exports/Overseas Revenue* (Rs. Mn)



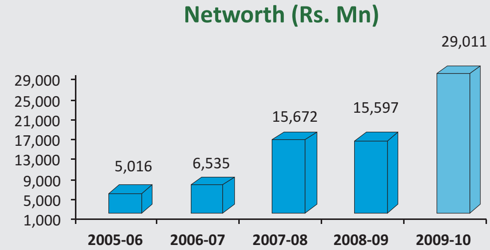
EPS (Rs/ Share.)



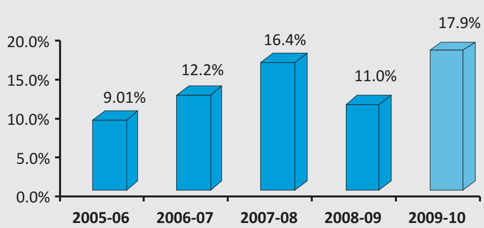
EBITDA (Rs. Mn)



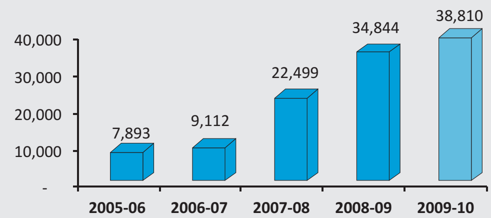
Networth (Rs. Mn)



EBITDA Margin (%)



Fixed Asset (Gross Block) - Rs. Mn



'@ FY 10 : Forex Provisoning made in the previous year were recovered during the year

** Includes Deemed Exports*

 # FY 09 : Figures are excluding the extraordinary item :Forex provision of Rs.1,256 mn, Provision on ECB of Rs.178 mn and Inventory write down of Rs. 385 mn during FY 2008-09.

You must be the
CHANGE
you wish to see in the World
- Mahatma Gandhi

Welspun Corp Ltd

'Change' as we know is the essence of life and the only thing that's constant. At Welspun too, we have been experiencing 'Change' every year and 2009-10 was no exception.

The year marked Welspun's foray into the world of infrastructure through Welspun Infratech Ltd. followed by the landmark agreement with a Middle-East Pipe company having a state-of-the-art Spiral pipe and Coating facility enabling Welspun full operational control in the company to cater to the large Middle-East and North - African market. The fund-raising of US$ 250 million during the economic downturn and an outstanding order-book (Crossing $ 1.3 billion) further reaffirms the trust that our investors and clients have expressed in Welspun.

During this year, our name also went through a transformation. Welspun Gujarat Stahl Rohren Ltd., which began in 1995 today is changed to WELSPUN CORP LTD. The new identity embodies Welspun's global reach and reinstates the commitment of the Company to achieve utmost customer satisfaction by understanding the needs of global markets.

With our growth pace and our will to acclimatise to the ever-changing scenario, we believe that Welspun Corp Ltd. will pave way to fulfil our dream of being one of the most respectable Company in the World.

Contents

Forward looking statement

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

Corporate Information

Company Identification Number : L27100GJ1995PLC025609
Date of Incorporation: 26th April 1995
Date of Being Listed in Stock Exchange : BSE: 27th March 1997
NSE: 4th December 2003
Type of Business : Manufacturing of Steel Pipes
Registered Capital : Rs. 2500 million
Paid Up Capital : Rs. 1021.61 million divided into 204,322,410 equity shares of Rs.5/- each fully paid-up

Par Value / Share : Rs.5/- each
Securities Registrar & Transfer Agent
: Link Intime India Private Ltd.
C- 13, Pannalal Silk Mills
Compound, LBS Marg,
Bhandup (west),
Mumbai - 400078

Board of Directors

Mr. Balkrishan Goenka
(Chairman & Managing Director)

Mr. Murarilal Mittal
(Executive Director Finance)

Mr. N. Shankar
(Nominee Director of Exim Bank Ltd.)

Mr. Asim Chakraborty
(Director -Whole time)

Mr. Rajesh R. Mandawewala
(Director)

Mr. Raj Kumar Jain
(Director)

Mr. K.H. Viswanathan
(Director)

Mr. Ram Gopal Sharma
(Director)

Mr. Nirmal Gangwal
(Director)

Chief Executive Officer

Mr. Lauri Malkki

Company Secretary

Mr. Pradeep Joshi

Auditors

MGB & Co., Chartered Accountants

Registered Office

"Welspun City",
Village Versamedi, Tal. Anjar, Dist Kutch,
Gujarat - 370110
Tel: +91-2836-661111
Fax: +91-2836-279060

Corporate Office

Welspun House, 5th Floor,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013, INDIA
Tel: +91-22-6613 6000/ 2490 8000
Fax. +91-22-2490 8020/21
E-mail: CompanySecretary_WGSRL@welspun.com
Website: http://www.welspuncorp.com

Stock exchanges where the Company's securities are listed

Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 051

The National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 001

Bankers

Andhra Bank
Bank of Baroda
Bank of India
Canara Bank
Citibank N.A.
Corporation Bank
Export Import Bank of India
ICICI Bank Limited
Industrial Development Bank of India Limited
Oriental Bank of Commerce
Punjab National Bank
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Indore
State Bank of Patiala
State Bank of Travancore
The Hongkong and Shanghai Banking Corporation Limited
Union Bank of India
United Bank of India

Manufacturing Units

i. Village Jolva & Vadadla, Near Dahej, Taluka : Vagra, Dist. Bharuch, Gujarat - 392 130.

ii. Village Versamedi, Tal - Anjar, Dist.- Kutch, Gujarat - 370110

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

Subsidiary

iv. 9301, Frazier Pike, Little Rock , Arkansas 72205, USA

v. 2nd Ind City Dammam, Kingdom of Saudi Arabia, P. O. Box 12943, Postal Code 31483

Important Changes and Developments

YEAR		
2010	-	Awarded "EEPC India National Award" for Export Excellence.
	-	Initiated capacity expansion in India of LSAW by 350 KMT in Anjar, Gujarat, HSAW by 100 KMT in Mandeya near Bangalore and another planned expansion of 100 KMT, HSAW in Central India.
	-	Fund raising of US$ 250 mn of which US$ 150 mn was raised through FCCB (Foreign Convertible Currency Bonds) in Oct 2009 and $ 100 mn through QIP (Qualified Institutional Placement) in Nov 2009.
	-	Foray into the world of infrastructure by way of investment in MSK Projects India Ltd.
	-	Proposed investment in a Middle East facility with HSAW capacity of 270,000 tonnes.
	-	Change in name of Welspun Gujarat Stahl Rohren Ltd to "Welspun Corp Ltd" w.e.f 27/04/2010.
2009	-	Commissioning of the US Pipe Mill in Little Rock Arkansas, with the capacity of 350,000 tons of HSAW pipes.
	-	Commissioning of the Coil Mill at Anjar, Gujarat.
2008	-	Recognized as 2nd Largest (Large Diameter) Pipe producer in the World by The Financial Times, UK.
	-	Plate Mill got operational from 28th March 2008. Achieved Level II automation, Rolled X-70 API Grade of 4.5 mtrs wide.
	-	Double Jointing & Coating facility commissioned at the Little Rock facility in Arkansas U.S.
	-	Awarded "Emerging Company of the Year" for Corporate Excellence 2008 by Economic Times.
	-	Commissioning of additional HSAW Mill with the capacity of 150,000 MTPA at Anjar, Gujarat.
2007	-	Trail run of Plate Mill producing X 70 grade with widest plate of 4.5 mts and 45 mm thickness.
	-	43 MW captive Power Plant Commercially Operational from Sept 2007.
	-	Initiated HSAW pipe facility at the Little Rock, Arkansas US.
	-	Largest Ever Order Received by any pipe company i.e. Order from TransCanada Pipelines Ltd. US.
	-	Ranked amongst India's Top 100 Corporate, 2007 by S&P and CRISIL.
	-	Recognized as the "Fastest Growing Company" by Business Today.
	-	Amongst the top 20 companies to watch out for in 2008 by Business Today.
	-	Recognized as the top 3 SAW Pipe companies in the World by CLSA Asia Pacific Markets.
	-	Recognition as "Fastest Growing Steel Products Company" by Construction World NICMAR.
2006	-	Setting up of 2 New HSAW Plants with a total capacity of 350,000 MTPA at Anjar, Gujarat, India.
	-	Setting up of the Bending Facility at Anjar, Gujarat.
	-	Additional Coating Plants at Anjar, Gujarat.
2005	-	The Joint Venture with Eupec Pipe Coatings GmBH got merged with the Company to provide complete pipe solutions under one roof.
	-	Commissioning of ERW mill at the new location in Anjar with a capacity of 200,000 MTPA.
	-	Initiated Backward Integration project of Plate-Cum-Coil stackel Mill at Anjar to meet internal requirements and external sale for critical applications.
2004	-	Recognised as " Fastest Growing Steel Companies" by the Construction World Magazine.
2002	-	First Company from India to supply Pipes for the offshore Projects in the US.
2000	-	Joint Venture with world's largest pipe Coating company Eupec Pipe Coatings GmBH, Germany to provide Pipe Coating solutions at Dahej, Gujarat, India.
1999	-	Commissioning of state-of-art LSAW Mill at Dahej, Gujarat, India with a capacity of 350,000 MTPA.
1997	-	HSAW Capacity was enhanced from 30,000 MTPA to 50,000 MTPA.
	-	Foray into the Steel Business in SAW pipes with the commissioning of the first HSAW mill at Dahej, Gujarat, India.

FINANCIALS AT A GLANCE

(Rs. in Million)

Particulars	Year ended 31 March (Consolidated)			
	2010	2009	2008	2007
Income Statement Data				
Income from Operations	**73,503**	**57,395**	**39,945**	**26,834**
Operating Expenses (COGS, Mfg and Other Expenses)	60,317	51,048	33,389	23,552
EBITDA	**13,186****	**6,348***	**6,555**	**3,283**
Depriciation	2,061	1,433	609	476
Gross Profit {EBITDA - Interest Expenses (Net)}	**11,115**	**4,581**	**5,737**	**2,545**
EBIT	**11,126**	**4,915**	**5,946**	**2,807**
Interest Expenses (Net)	2,071	1,766	818	738
PAT	**6,104****	**2,135***	**3,408**	**1,425**
Balance Sheet Data				
Current Assets	51,471	45,848	26,121	16,354
Current Liabilties	33,510	39,555	18,092	10,558
Net Current Assets	**17,961**	**6,293**	**8,029**	**5,796**
Fixed Assets***	**38,283**	**37,190**	**26,807**	**16,493**
Investments	**1,596**	**1,140**	**3,250**	**256**
Gross Debt	**25,476**	**26,538**	**20,677**	**15,146**
Cash and Bank Balance	17,028	9,470	2,703	3,573
Net Debt	**8,448**	**17,068**	**17,974**	**11,573**
Shareholders Fund	**29,011**	**15,597**	**15,672**	**6,535**
Deffered Tax Liability	**3,352**	**2,488**	**1,738**	**794**
Capital Employed	**57,839**	**44,623**	**38,087**	**22,475**
Cash Flow Data				
Net Cash Flows by Operating Activities	3,821	13,195	2,855	(265)
Net Cash Flows by Investing Activities	(3,863)	(7,438)	(14,998)	(6,503)
Net Cash Flows by Financing Activities	2,767	1,010	11,273	7,274

Financial Ratios				
EPS - Basic (Rs/share)	31.7	11.5	20.9	10.7
EPS - Diluted (Rs/share)	28.4	11.4	18.3	8.7
EBITDA Margin (%)	17.94%	11.06%	16.41%	12.23%
PAT Margin (%)	8.30%	3.72%	8.53%	5.31%
Net Debt to Shareholders Fund	0.29	1.09	1.15	1.77
Net Debt to EBITDA	0.64	2.69	2.74	3.53
Return on Shareholders Fund	21.04%	13.69%	21.74%	21.81%
ROCE [EBIT/ (Capital Employed - Cash)]	27.26%	13.98%	16.81%	14.85%

** FY 2008-09 :EBITDA would have been higher at Rs.8,167 million which was impacted by Forex provision at Rs.1,256 million Provision on ECB of Rs.178 million and Inventory write down of Rs. 385 million during the year and Net Income would have been higher at Rs.3,336 million.*

*** FY 2009-10 : Forex Provisioning made in the previous year were recovered during the year*

*** *includes Capital Work-In-Progress, Misc. Expenditure (to the extent not written off) and Foreign Currency Monetary item transalation difference account*

FINANCIALS AT A GLANCE

(USD in Million)

Particulars	Year ended 31 March (Consolidated)			
	2010	2009	2008	2007
Income Statement Data				
Income from Operations	**1,548**	**1,250**	**992**	**593**
Operating Expenses (COGS, Mfg and Other Expenses)	1,271	1,112	829	520
EBITDA	**278****	**138***	**163**	**72**
Depriciation	43	31	15	11
Gross Profit {EBITDA - Interest Expenses (Net)}	**234**	**100**	**142**	**56**
EBIT	**235**	**107**	**148**	**62**
Interest Expenses (Net)	44	38	20	16
PAT	**129****	**47***	**85**	**31**
Balance Sheet Data				
Current Assets	1,146	904	652	375
Current Liabilties	746	780	451	242
Net Current Assets	**400**	**124**	**200**	**133**
Fixed Assets***	**853**	**733**	**669**	**378**
Investments	**36**	**22**	**81**	**6**
Gross Debt	**567**	**523**	**516**	**347**
Cash and Bank Balance	379	187	67	82
Net Debt	**188**	**337**	**448**	**265**
Shareholders Fund	**646**	**308**	**391**	**150**
Deffered Tax Liability	**75**	**49**	**43**	**18**
Capital Employed	**1,288**	**880**	**950**	**516**
Cash Flow Data				
Net Cash Flows by Operating Activities	80	287	71	(6)
Net Cash Flows by Investing Activities	(81)	(162)	(372)	(144)
Net Cash Flows by Financing Activities	58	22	280	161

Financial Ratios				
EPS - Basic (US $/share)	0.67	0.25	0.52	0.24
EPS - Diluted (US $/share)	0.60	0.25	0.45	0.19
EBITDA Margin (%)	17.94%	11.06%	16.41%	12.23%
PAT Margin (%)	8.30%	3.72%	8.53%	5.31%
Net Debt to Shareholders Fund	0.29	1.09	1.15	1.77
Net Debt to EBITDA	0.64	2.69	2.74	3.53
Return on Shareholders Fund	21.04%	13.69%	21.74%	21.81%
ROCE [EBIT/ (Capital Employed - Cash)]	27.26%	13.98%	16.81%	14.85%

** FY 2008-09:EBITDA would have been higher at US $ 177.89 million which was impacted by Forex provision at US $ 27.35 million Provision on ECB of US $ 3.51 million and Inventory write down of US $ 7.59 million during the year and Net Income would have been higher at US $ 72.66 million.*
***FY 2009-10 : Forex Provisioning made in the previous year were recovered during the year*
****includes Capital Work-In-Progress, Misc. Expenditure (to the extent not written off) and Foreign Currency Monetary item transalation difference account*

Exchange rates used for Balance Sheet Items is Closing rate as on 31 March	44.90	50.72	40.08	43.59
Exchange rates used for Profit & Loss Items is Average rate for the year	47.47	45.91	40.29	45.29

Message from Chairman and Managing Director

My dear fellow stakeholders,

What an eventful year this has been! When we began the year, the World was at its lowest ebb. Continuous slide in commodity markets and stock markets worldwide was causing nervousness all around us, people were behaving as if there was no tomorrow. I remember my theme of last year's message was 'TRUST'. I had mentioned, "In these testing times, we believe that only 'Trust' can take the world out of this financial maize". I also said, "'Trust' is the nucleus of earnest hope and we at Welspun will come out much stronger and better corporate out of this challenging period".

Chartering New Territories

Dear Friends, I am happy that we have completely outperformed ourselves on all counts. As regards to customer trust, we bagged multiple orders mostly from our renowned Oil & Gas customers enabling us to finish this year at a healthy order book of Rs. 6400 Crore no mean achievement - considering the fact that in the first 6 months there were hardly any orders. I believe that the recovery in the commodity prices, particularly oil which is now hovering around $80 a barrel will lead to flurry of new orders for the high-end pipes that we specialize in. We are arguably one of the largest line pipe company in the world and I always get motivated by this leadership position for an Indian Company which is global in all respect.

Global Reach

Our U.S. plant got commissioned last year with a motivating message of Mr. Mike Beebe, Governor, State of Arkansas, who said, "The commitment that Welspun made to Arkansas has not only been met, its been exceeded. They have actually invested more money and hired more people than they had committed to do and we are very very grateful to them". This facility is truly an American Corporation hiring local people (almost around 600), using local transportation for its inward and outward movement, paying local taxes and thus enabling all-round socio-economic growth of the State of Arkansas. The facility has clearly shown its mettle in its first year of operations itself, with remarkable contribution in top-line and bottom-line.

New initiatives - Our Growth drivers

Our better-than-expected performance of the U.S. plant has cemented our belief that Welspun need to provide local solutions from its global experience. To cater to the very large Middle-East and North-African market, Welspun signed a landmark agreement - wherein Welspun will own over 50 percent equity in a state-of-the art Spiral Pipe and Coating Mill with full operational control - Another step in our journey to become a Global Company with regional production facilities.

The year also witnessed another significant development in the form of our foray into the 'World of Infrastructure'. Our subsidiary Welspun Infratech Ltd. acquired a majority stake in MSK Projects India Ltd. (MSK). This acquisition will enable Welspun to move a step forward towards complete integration by being a one-stop-solution - from Manufacturing of Plate & Coil to Line Pipe and finally to Pipe laying. The Vadodara (Gujarat, India) based MSK has three decades of rich experience in working with some of the large PSU's mostly from Oil & Gas industry. MSK's business model includes EPC projects in roads, industrial construction, PPP (Public Private Partnership) and ownership of several BOOT (Build Own Operate Transfer). We truly believe that our Company is now a 'Pipe Infrastructure Company' with a vision to not only supply pipes but also lay them and wherever economically viable, own and operate them.

Financial Scorecard

An exceptional year against all odds where our revenue increased by 28% but more importantly EBITDA became almost twice and significantly net profit almost three times with respect to last year, a mirror reflection of our profitable growth.

Human Capital

I take this opportunity to compliment our human resources who withstood the difficult times and all our extra-ordinary results had not been possible without this hardworking and dedicated team. To strengthen our management, we have inducted a new CEO, Mr. Lauri Antero Malkki. This is another step to make our management band much more wider and ready to transcend our Company to the next level.

Our new look

All the above would have been incomplete without my mention of 'CHANGE', the theme of this Annual Report. To reflect our multitude businesses, our magnitude of operations across multiple locations, we adopted a new name and a new logo. As someone rightly said, “Only change is constant”, I believe this new identity will reflect our new positioning in the global arena.

Friends, finally my sincere thanks to all the stakeholders for trusting us and for their earnest support which enabled us to achieve so much in such a short period of time.

We promise to make Welspun Corp one of the most respected Companies in the World! And for that, I humbly solicit your continued support and well wishes.

“**Welspun** has been metamorphosing itself from a small Pipe Company in 1997 to a full service Global Company in 2010.”

Yours sincerely,

B. K. Goenka
Chairman & Managing Director

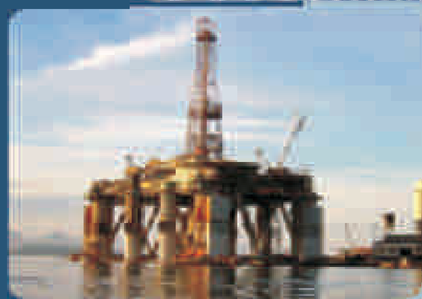
With single step ....

Steel pipes

...the journey continues

Infrastructure

Energy



Oil & Gas

Plate & Coil

Bending

Coating

WITH A SINGLE STEP ...
THE JOURNEY CONTINUES

What began as a HSAW pipe manufacturer in 1995, has today resulted in Welspun providing a one-stop solution to international Oil & Gas majors. Today we have the world wide experience to produce the best of LSAW, HSAW, ERW, Coating, Bends, Double jointing and now also Pipe laying.

DIRECTORS' REPORT

To,
The Members,
Welspun Corp Limited

Your directors have pleasure in presenting the 15th Annual Report of your Company along with Audited Financial Statement for the financial year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. in million)

Particulars	For the year ended	
	31.03.2010	31.03.2009
Income from operations & other income (Total Income)	66,267.09	58,961.93
Profit before interest, depreciation & tax	11,226.14	6,525.23
Less : Interest / Finance costs	1,661.70	1,734.96
Gross Profit / (Loss)	9,564.44	4,790.27
Less: Depreciation	1,479.20	1,254.19
Profit before tax for the year	8,085.24	3,536.08
Less : Provision for current taxation	2,216.24	439.47
Provision for deferred taxation	467.05	749.75
Fringe benefit tax	-	11.18
Profit after tax for the year ("PAT")	5,401.96	2,335.68
Add : balance brought forward from previous year	6,795.96	5,305.60
Profit available for appropriation	12,197.92	7,641.28
Transfer to General Reserve	540.00	234.00
Transfer to Debenture Redemption Reserve	106.25	268.75
Proposed Dividend on equity shares & tax	476.51	327.28
Equity dividend & tax of earlier years	0.26	15.28
Balance carried forward to next year	11,074.89	6,795.96

PERFORMANCE

During the year under report, your Company produced 686,226 MT of pipes as compared to 734,352 MT in the preceding year which was slightly lower compared to the preceding year due to change in the product mix. In the Plate cum Coil Mill, the Company registered almost 100% growth in Plate production to 383,577 MT as compared to 192,569 MT in the preceding year showing stabilization of production throughout the year whereas, the coil mill which commenced production at the end of the year under report, recorded production of 2,691 MT. On the coating side, the Company registered manifold growth of 7.5 times to 5,036K sqm as compared to 688K sqm in the preceding year mainly due to higher ratio of coated pipes to bare pipes. On the revenue side, the Company achieved growth of 12.38% in the Total Income mainly due to higher realization.

DIVIDEND

The Board recommends a dividend @40% for the year ended 31st March 2010 i.e. Rs.2/- per Equity Share of Rs.5/- each. In respect of dividend declared for the previous financial years Rs.3.11 million remained unclaimed as on 31st March 2010.

EXPANSION STATUS

- **Pipe Mill in USA**

  The pipe manufacturing and coating facilities in the US are working in full swing.

- **Pipe Mill in Anjar**

  The Board considered that it would be appropriate to have the new LSAW pipe manufacturing facilities, earlier planned in Special Economic Zone ("SEZ") by the Company's wholly owned subsidiary, to be taken outside the SEZ to enable flexibility to supply pipes in domestic market as well.

- **Spiral Pipe Project in Southern India for water application**

  Considering the increased need for water transportation in Southern India, your directors foresee that the demand for pipes for transportation of water from reservoir to end user would increase in the years to come. To tap this opportunity, your directors decided to set up a Spiral Pipe Plant for water application in Southern India. The Project is planned to be completed by September 2010.

- **Spiral Pipe (API Grade) Project in Central India**

  Considering the demand for pipes in the domestic market, your company is also initiating to set up a Spiral Pipe Mill in Central India.

  The total capacity after completion of the above mentioned projects, has been mentioned in the Management Discussion and Analysis which forms a part of this Report.

WITHDRAWAL OF PETITION FOR TRANSFER OF PLATE & COIL MILL DIVISION

Due to change in the circumstances since when the Board of your Company had initially approved the Scheme of Arrangement in the nature of demerger and transfer of Plate and Coil Mill Division of the Company to its then wholly owned subsidiary viz. Welspun Steel Plates and Coil Mills Pvt. Ltd. (the "Scheme"), your directors opined that going ahead with the Scheme would not be in the overall interest of the Company. Hence, your directors decided not to pursue the Scheme and it was accordingly withdrawn.

FUNDS UTILIZATION

During the year under report the Company has issued Foreign Currency Convertible Bonds and equity shares to QIB's on private placement basis. Status of application of the funds is as under:

- Proceeds from FCCB's of US$150 mn (2009-10) were utilized partly for meeting capital expenditure on Plate Cum Coil Mill at Anjar (US$23.73 mn), Spiral Pipe Project in Southern India (US$0.59 mn) and LSAW Project at Anjar (US$1.62 mn) and pending utilization, the issue proceeds of US$122.35 mn have been invested in short term deposits with banks abroad. The entire amount of FCCB is outstanding as at the end of the year under Report.
- Proceeds from QIP Issue of US$100 mn (2009-10) were utilized for general corporate purpose.

DIRECTORS

Since the last Annual Report of the Company no change in the directors of the Company took place except resignation of Mr. Braja K. Mishra w.e.f. 03.10.2009.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. M.L.Mittal,

Mr. K.H.Viswanathan and Mr. Rajkumar Jain retire by rotation at the forthcoming Annual General Meeting and being eligible, have been recommended for re-appointment.

Details about these directors are given in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with the Annual Report

CHANGE OF NAME OF THE COMPANY

With effect from 27th April 2010, the name of the Company has been changed from Welspun-Gujarat Stahl Rohren Limited to Welspun Corp Limited.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your directors hereby confirm that:

i) in the preparation of the accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) they have prepared the accounts for the financial year ended 31st March, 2010 on a going concern basis.

AUDITORS

Your Company's Auditors M/s. MGB & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, have given their consent to act as the Auditors of the Company for the forthcoming tenure. Members are requested to consider their re-appointment as the Auditors of the Company and to fix their remuneration by passing an ordinary resolution under Section 224 of the Companies Act, 1956.

AUDITORS' REPORT

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

EMPLOYEE STOCK OPTION SCHEME

The Company has granted Stock Options to eligible directors and employees of the Company and its subsidiary companies.

The particulars required to be disclosed pursuant to Clause 12 of SEBI (ESOS and ESPS) Guidelines 1999 are given below:

Difference in employees compensation cost based on intrinsic value and fair value:

The Company has adopted intrinsic value method for valuation and accounting of the aforesaid Stock Options as per SEBI guidelines, and accordingly has accounted Rs. 13.06 mn as employee compensation for the year ended 31st March 2010.

Had the Company valued and accounted the aforesaid Stock Options as per the Black Scholes Model, the net profit for the year would have been lower by Rs. 10.12 mn and the diluted earnings per share would have been Rs. 25.13 instead of Rs. 25.18 per share.

Black Scholes Model captures all the variables with their respective appropriateness which influences the fair value of stock options. The significant assumptions to estimate the fair value of options as per Black Scholes Model are as under:

	Grant Date 20th April 2009		
	Vest 1	Vest 2	Vest 3
	20th April 2010	20th April 2011	20th April 2012
Variables	30%	35%	35%
Stock Price (Rs.)	89.85	89.85	89.85
Volatility	71.15%	65.42%	64.07%
Risk Free Rate	4.26%	5.08%	5.75%
Exercise Price (Rs.)	66.75	66.75	66.75
Time to Maturity	2.50	3.50	4.50
Dividend Yield	0.75%	0.75%	0.75%
Option Fair Value (Rs.)	47.29	50.66	54.61
Weighted Average Option Fair Value (Rs.)		51.03	

Details of Stock Options as required to be disclosed pursuant to Clause 12 of SEBI (ESOS and ESPS) Guidelines, 1999 are given below:

a	Options granted		47,500 Options : during the year
b	Options vested (excluding vested portion of lapsed Options)		2,160,625
c	Options exercised		1,136,500
d	Total number of equity shares arising as a result of exercise of Options		1,136,500
e	Options lapsed		195,250
f	Total number of Options in force		944,500
g	Money realized by exercise of Options		Rs. 90,920,000
h	The pricing formula		Exercise price is to be at 25% discount to the latest available closing market price of the equity shares of the Company, prior to the date of grant.
i	Variation of terms and conditions		N.A.
j	Employee wise details of options granted to	Whole Time Directors Mr. M.L.Mittal Mr. Asim Chakraborty	 o 150,000 o 50,000
		Employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	o Nil
		Employees, who were granted option, during one year, equal to or exceeding 1% of the issued capital (excluding o/s warrants & conversions) :	o Nil
k	Diluted EPS	Rs. 25.18 as compared to Rs. 12.50 of last year	

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

In terms of the above Rules, your Directors are pleased to give the particulars as prescribed therein in the Annexure, which forms a part of the Directors' Report.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report.

However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Asst. Company Secretary at the Registered Office of the Company.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of the Directors' Report.

SUBSIDIARY COMPANIES

The Company has applied for exemption from attaching a copy of Balance Sheet, Profit and Loss Account and other documents of its subsidiary companies as required to be attached under Section 212 of the Companies Act, 1956 to the Balance Sheet of the Company. Therefore, upon receipt of the exemption, the said documents of the subsidiary companies viz. (1) Welspun Tradings Ltd. (2) Welspun Natural Resources Pvt. Ltd. (3) Welspun Pipes Ltd. (4) Welspun Plastics Private Ltd. (5) Welspun Infratech Limited (6) Welspun Pipes Inc. USA (7)Welspun Tubular LLC, USA and (8) Welspun Global Trade LLC, USA will not be attached to the Annual Report. However, the aforesaid documents relating to the subsidiary companies and the related detailed information will be made available upon request by any member or investor of the Company. Further, the Annual Accounts of the subsidiary companies will be kept open for inspection by a member or an investor at the Registered Office of the Company or the respective subsidiary company.

As may be required under the exemption, a statement containing the requisite information for each subsidiary will be attached with the Annual Report.

FIXED DEPOSITS

The Company has not accepted any public deposit within the meaning of the Companies (Acceptance of Deposit) Rules, 1975 and, as such, no amount on account of principal or interest on public deposit was outstanding on the date of the Balance Sheet.

LISTING WITH STOCK EXCHANGES

The Company's equity shares are listed on the Bombay Stock Exchange Ltd., (BSE) and the National Stock Exchange of India Ltd. (NSE). The Foreign Currency Convertible Bonds are listed at Singapore Securities Trading Limited (SGX-ST).

Annual listing fees for the year 2010-11 have been paid to BSE, NSE and SGX-ST

CORPORATE GOVERNANCE

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

CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards issued by The ICAI. The Audited Consolidated Financial Statements together with Auditors' Report thereon forms a part of the Report.

ACKNOWLEDGEMENT

Your Directors expresses and place on records their gratitude for the faith reposed in, and co-operation extended to, and interest shown in operations of, the Company by the Financial Institutions, Banks, Government Authorities, Customers, Suppliers and Shareholders of the Company. Your Directors also wish to place on record their sincere appreciation of the dedicated services of the employees of the Company at all levels but for whose hard work, solidarity and profuse support your Company's achievement would not have been possible.

For and on behalf of the Board

Place: Mumbai

Date: 27th April 2010

B.K.Goenka

Chairman and Managing Director

Form – A

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

			2009-2010	2008-2009
A. POWER AND FUEL CONSUMPTION				
1	**ELECTRICITY**			
(A)	Purchased			
	Unit (In '000s) MWH		3,417.21	6,137.42
	Total Amount (Rs. In Lacs)		290.24	687.08
	Rate/Unit (Rs)		8.49	11.19
(B)	Own Generation			
	(I)	Through D.G. Set (CPP)		
		Generated Unit (In '000s) MWH	21,258.46	18,903.79
		Units Generated Per Unit Of Fuel	*	*
		Cost/Unit (Rs)	5.12	4.21
	(II)	Through Steam Turbine / Generator		
		Generated Unit (In '000) MWH	305,462.00	286,867.00
		Total Amount (Rs. in Lacs)	8,249.05	9,616.85
		Rate / Unit (Rs.)	2.70	3.35
2	**COAL**			
	Unit (In '000) Kg.		218,839.40	239,969.00
	Total Amount (Rs. in Lacs)		7,401.57	9,844.50
	Rate (Rs./Kg.)		3.38	4.10
	OTHER – LIGNITE & LIME STONE			
	Unit (In '000) Kg.		89,740.85	31,620.00
	Total Amount (Rs. in Lacs)		1,659.88	590.81
	Rate (Rs./Kg.)		1.85	1.87
3	**FURNACE OIL**			
	Quantity (K. Ltrs.)		23,218.69	14,760.23
	Total Amount (Rs. in Lacs)		4,788.93	3,304.15
	Rate (Rs./Ltr.)		20.63	22.39
4	**OTHERS/INTERNAL GENERATION**		Nil	Nil

B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCTS	STANDARD	2009-2010	2008-2009
Name of Product - **Welded Pipes**			
Electricity- (KWH)	-	150.34	149.38
Name of Product – **M.S. Pipes (ERW)**			
Electricity- (KWH)	-	98.91	110.09
Name of Product – **Power**			
Electricity- (KWH)	-	4.49	4.38
Name of Product – **M.S.Plates**			
Electricity- (KWH)	-	220.68	255.00
Furnace Oil (K.Ltrs.)	-	60.53	77.00
Name of Product – **H.R.Coils**			
Electricity- (KWH)	-	185.49	-
LPG (MT)	-	18.93	-
FURNACE OIL (K.LTRS)	-	60.53	-

* The Captive Power Plant (CPP) is dual fuel operated and diesel is used as pilot and gas as main fuel. Consumption ratio varies according to load. Therefore individual output fuel wise can not be worked out.

FORM B

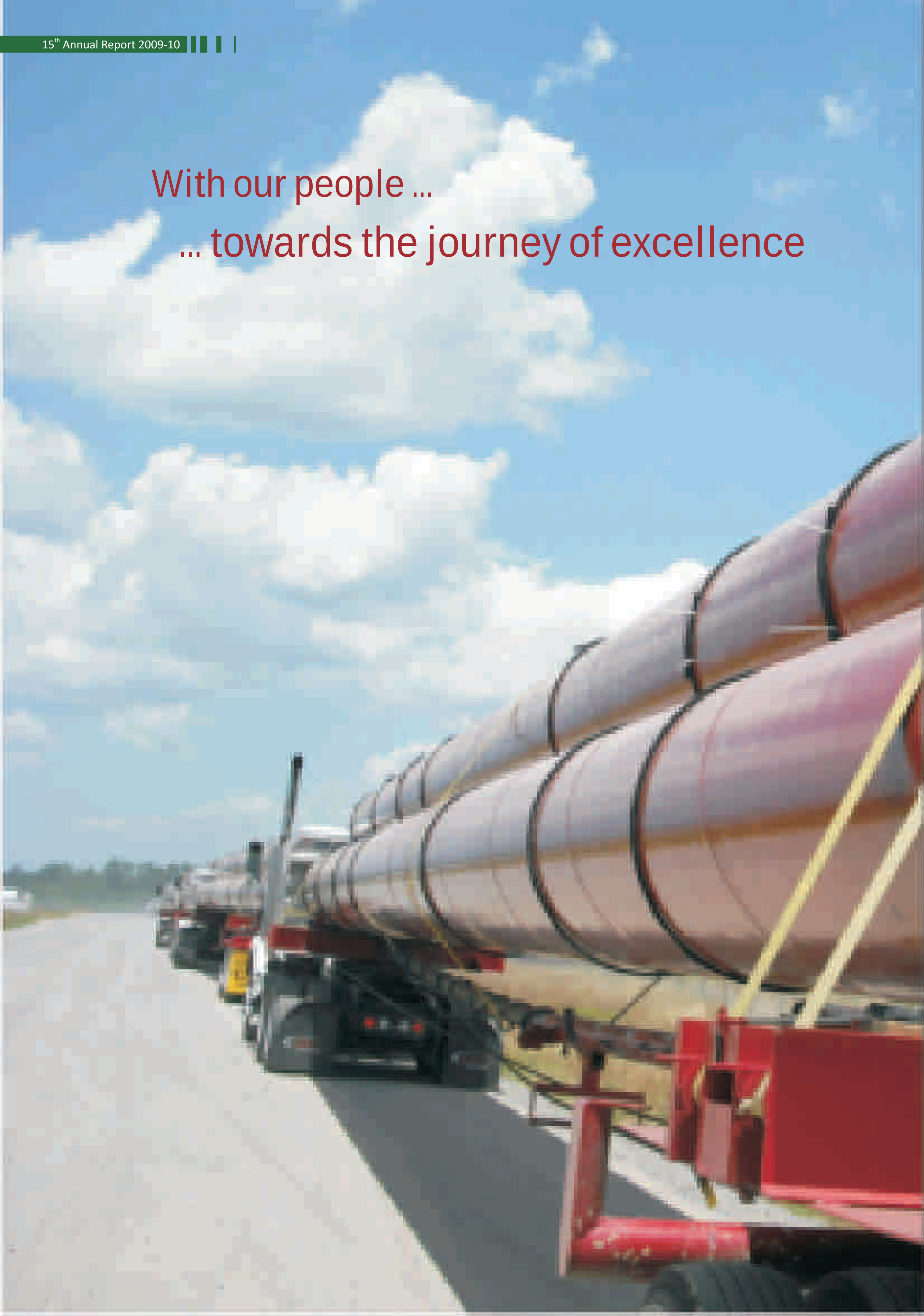
(See Rule 2)

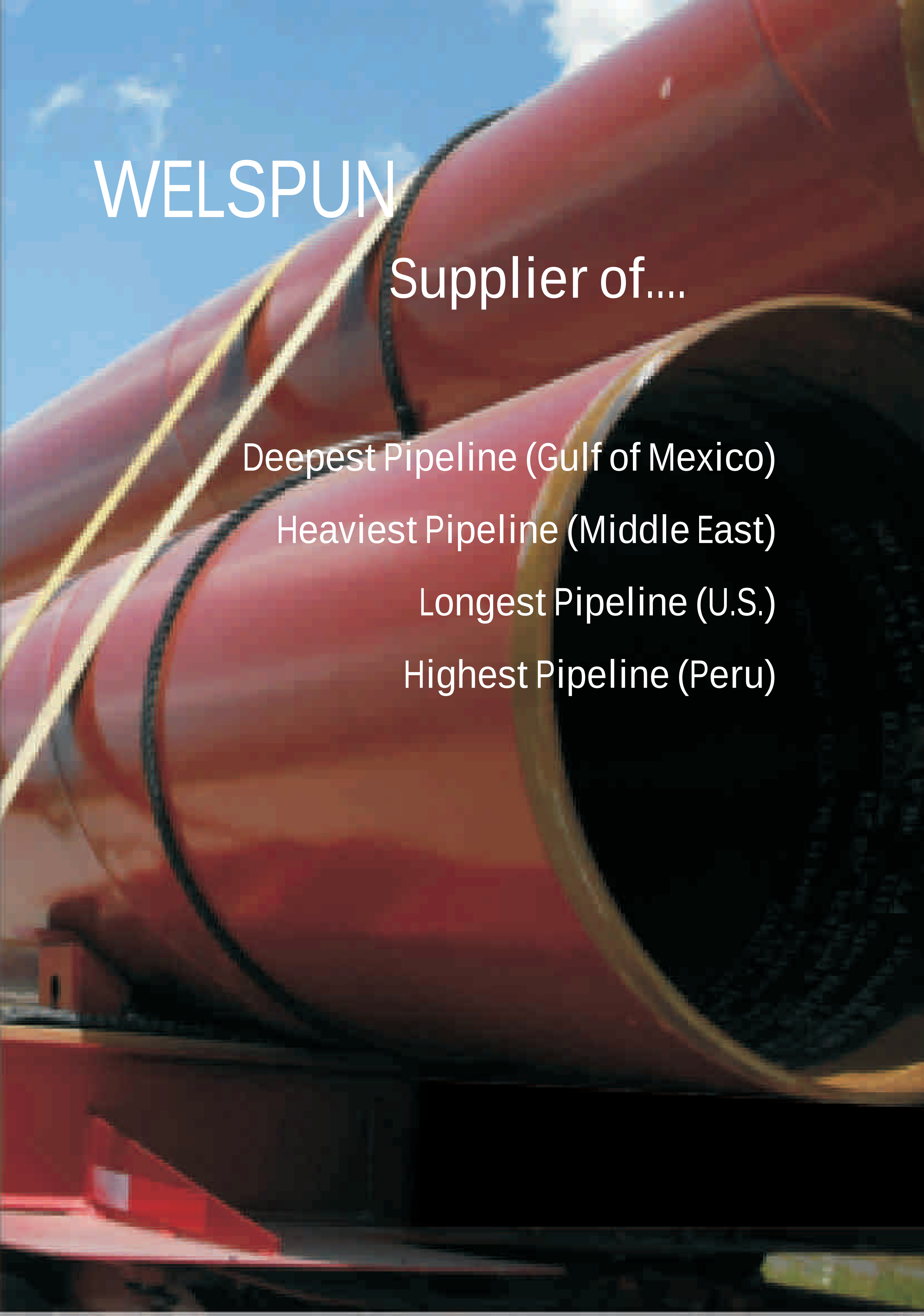
Form for disclosure of particulars with respect to absorption.

Research and Development (R&D)

01	Specific areas in which R&D is carried out by the Company	**Bharuch Pipe Mill:** During the year the company carried out R&D activities in the area of product development including developing API X-70 & X -80 sour service and it's higher wall thick sour service pipe. **Anjar Pipe/Plate Mill:** During the year, the Company carried out R&D activities in the area of: (i) Designing of lean chemistry slab, for IS 2062 Grade rolling by controlling mill process parameters. (ii) Executed API-X-70 grade order in 18.31X3261 mm from lean chemistry. (iii) Introduced coil as additional product range.
02	Benefits derived as a result of the above R&D.	**Bharuch & Anjar Pipe Mill:** The R&D activity resulted in increase product range available. **Anjar Plate Mill**: The R&D activity resulted in reducing the raw material cost.
03	Future plan of action	**Bharuch & Anjar Pipe Mill:** The Company has an ongoing program for carrying out research and development which helps the Company to improve production processes and to innovate higher grade products. The Company seeks to enhance its position as a leading pipe manufacturing company by further developing and improving its products for oil, gas and other applications with a special emphasis on LSAW and HSAW pipes and pipe coating. **Anjar Plate Mill:** The Company has an ongoing program for carrying out research and development which helps the Company to improve production processes and to innovate higher grade products. Development for grade API –X-80 and sour gas application.
04	Expenditure on R&D (a) Capital (b) Recurring (c) Total (d) Total R&D expenditure as a percentage of total turnovers.	 Rs. NIL mn Rs. 3.12 mn Rs. 3.12 mn 0.004%
	Technology absorption, adaptation and innovation.	
01	Efforts, in brief, made towards technology absorption, adaptation and innovation.	-
02	Benefits derived as a result of the above efforts, etc. Product improvement, cost reduction, product development, import substitution, etc.	-
03	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: (a) Technology imported (b) Year of import (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	-
	Foreign exchange earnings and outgo :	
	Activities relating to exports;	Development of new Markets like Mexico; Australia, Czech Republic, Yemen etc.
	Initiatives taken to increase exports;	More then 20 Clients visited, audited and approved the mill for future jobs especially clients approving the Plate & Coil mill Division. Names include TOTAL, SHELL, ADCO, KPO, NGC, Saudi Aramco (for Spiral Mill), Air Product, Acergy.
	Development of new export markets for products and services and export plans;	Development of products for higher strength sour service requirements.
	Total foreign exchange used and earned.	Used : Rs. 27.10 bn Earned : Rs. 23.06 bn

With our people ...
... towards the journey of excellence




WELSPUN
Supplier of....
Deepest Pipeline (Gulf of Mexico)
Heaviest Pipeline (Middle East)
Longest Pipeline (U.S.)
Highest Pipeline (Peru)

Key Management Team

Mr. B.K. Goenka
Chairman & Managing Director

Mr. R.R. Mandawewala
Director

Mr. M.L. Mittal
Executive Director (Finance)

Mr. Lauri Malkki
Chief Executive Officer

Mr. B.R. Jaju
Director & Chief Financial Officer

Mr. Prashant Mukherjee
Director, Welded Pipes

Mr. L. T. Hotwani
Director, Supply Chain Management

Mr. Asim Chakraborty
Director (Whole time)

Mr. Akhil Jindal
Director, Corporate Affairs

Mr. Vipul Mathur
Senior Vice President,
Plate & Coil Mill

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

II. BOARD OF DIRECTORS.

The Company's Board comprises individuals with considerable experience and expertise across a range of field such as finance & accounts, general management and business strategy.

Composition and category of directors; attendance of each director at the board meetings and the last AGM; number of other companies on the Board or Committees of which, a director is a Director, Member or Chairperson; and number of board meetings, dates on which held, are as under:

Name of the Director	Category	Board Meeting Attended during the Year 2009-10	Attendance at the Last AGM	No. of other Directorship (as last declared to the Company)			Member / Chairperson in No. of Board Committees including other Companies (as last declared to the Company)!
				Pub.	Pvt	Other	
(01) Mr. B.K.Goenka -Chairman & Managing Director	P, E	7	No	14	5	4	6M
(02) Mr. Braja K.Mishra -Director$	NE, NI	1	No	-	1	-	-
(03) Mr. M.L.Mittal – Executive Director-Finance	E	8	No	11	3	3	5M
(04) Mr. R.R.Mandawewala	P, NE	5	No	13	2	16	1C, 4M
(05) Mr. K.H.Viswanathan	NE, I	8	No	2	3	-	4C, 1M
(06) Mr. Rajkumar Jain	NE, I	8	Yes	2	2	-	3C, 1M
(07) Mr. Ram Gopal Sharma	NE, I	8	No	4	-	-	1C, 3M
(08) Mr. Nirmal Gangwal	NE, I	6	No	3	2	-	4M
(09) Mr. N.Shankar -Nominee EXIM Bank	NE, I, L	4	No	1	-	-	1M
(10) Mr. Asim Chakraborty - Whole time	E, NI	3	Yes	-	1	-	-

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

$ Ceased to be a director due to resignation w.e.f. 3rd October 2009.

Abbreviations:

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

8 meetings of the Board of Directors were held during the financial year 2009-10 on the following dates: 20th April 2009, 29th May 2009, 16th July 2009, 3rd October 2009, 26th October, 2009, 31st December 2009, 21st January 2010 and 18th March 2010.

III. AUDIT COMMITTEE

a) **Terms of reference:** The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under clause 49 of the Listing Agreement.

b) **Composition**

The Audit Committee was constituted by the Board of Directors at its meeting held on 23rd August, 1997 and was re-constituted from time to time. The Committee comprises 4 non-executive independent directors. The Chairman of the Committee is an independent director. The composition of the Committee and attendance of the members is given hereunder:

Name of the Member	Member/ Chairman	Number of Meetings Attended
Mr. Rajkumar Jain	Chairman	8
Mr. K.H.Viswanathan	Member	8
Mr. Ram Gopal Sharma	Member	8
Mr. N. Shankar	Member	3

8 meetings of the Audit Committee of the Board of Directors were held during the financial year 2009-10 on following dates: 29th May 2009, 16th July 2009, 20th July 2009, 26th October, 2009, 5th November 2009, 17th November 2009, 21st January 2010 and 1st February 2010.

IV. REMUNERATION COMMITTEE

The Company has duly constituted Remuneration Committee consisting of independent, non-executive directors. During the year under review, 1 meeting of the Committee was held on 20th April 2009. Terms of Reference, composition, remuneration paid to executive and non-executive directors are as under:

a) Terms of reference

To recommend appointment of, and remuneration to, Managerial Personnel and review thereof from time to time.

b) Composition of the committee

The Committee comprises of 3 independent and non-executive directors as on date of this Report viz. Mr. Rajkumar Jain, Mr. K.H. Viswanathan and Mr.Ramgopal Sharma.

c) Remuneration policy:

Particulars of pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company and remuneration to Executive Directors including the details of remuneration and sitting fees paid/ payable to the directors for the financial year 2009-10 are as under:

Name of the Director	Salary & Allowance	Perquisites	Commission	Service Contract/ Tenure	Notice Period	Severance Fees	Stock Option	Sitting Fees
(01) Mr. B.K.Goenka Chairman & Managing Director	Rs.5. 50 million	Nil	1% commission on profits as computed u/s. 349 & 350 of the Act.	Yes / 5 years ending 30th June 2012	1 month	Nil	Nil	Nil
(02) Mr. M.L.Mittal Executive Director-Finance	Rs.9.0 million	Nil	Nil	Yes/ 5 years ending 30th June 2013	1 month	Nil	150,000	Nil
(03) Mr. Asim Chakraborty Director (Whole time)	Rs.5.74 million	Rs.0 .76 million	Nil	Yes/ 5 years ending 19th April 2014	1 month	Nil	50,000	Nil

No remuneration, perquisite or sitting fees was paid to, no service contract was entered in to with, and no stock options have been granted to Mr. R. R. Mandawewala.

No remuneration or perquisite was paid to, and no service contract was entered into with, but the sitting fees were paid to the following directors/ nominating institutions for attending meetings of Board / Committees.

Name of the Director	Sitting Fees
(01) Mr. K.H.Viswanathan	Rs.109,000
(02) Mr. Rajkumar Jain	Rs.178,000
(03) Mr. Ram Gopal Sharma	Rs.109,000
(04) Mr. Nirmal Gangwal	Rs.48,000
(05) Mr. N.Shankar (Nominee EXIM Bank)	Rs.47,000
(06) Mr. Braja K.Mishra	Rs.8,000

None of the directors had any transaction with the Company. However, transactions have taken place with some of the companies in which a director holds directorship. These transactions took place at the prevailing market value as normal commercial transaction and the same were disclosed to the Board.

V. SHARE TRANSFER AND INVESTOR'S GRIEVANCE COMMITTEE

a) Composition

The Share Transfer and Investor Grievance Committee was constituted in accordance with the Clause 49 of the Listing Agreement. The Chairman of the Committee is a non-executive director. The composition of the Committee is given hereunder:

Name of the Member	Member/ Chairman
Mr. K.H.Viswanathan	Chairman
Mr. B.K.Goenka	Member
Mr. R.R.Mandawewala	Member
Mr. M.L.Mittal	Member

Compliance Officer: Mr. Pradeep Joshi - Company Secretary

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

During the year under review, total 121 investor's complaints / requests were received. Break-up and number of complaints / requests received under different category is given hereunder:

1. Payment of Dividend : 78
2. Non-Transfer / delay in transfer / split etc. of Shares : 19
3. Non receipt of Annual Report : 10
4. Non receipt of Duplicate / Exchange Share Certificates : 5
5. Others : 9

All the complaints / requests received during the year under report were resolved within the time to the satisfaction of the investors/shareholders and no complaints were pending as on 31st March 2010 for more than 30 days. All the shares received for transfer / transmission have been transferred / transmitted and no transfer is pending as on 31st March 2010.

VI. GENERAL BODY MEETINGS

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

Meeting	Day & Date of Meeting	Time	Place
12th Annual General Meeting	Wednesday, 29th August 2007	12.30 pm	Registered Office: Village Jolva and Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat – 392 130
13th Annual General Meeting	Thursday, 4th September 2008	12.30 pm	Same as above
14th Annual General Meeting	Friday, 4th September 2009	11.30 am	Registered Office : Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat – 370110

During the year under report, the following resolutions were passed as a special resolution:

- Resolution dated 4th September 2009 u/s 198, 269, 309, 310 and Schedule XIII of the Companies Act, 1956 for appointment of, and fixing of remuneration to Mr. Asim Chakraborty as the Director (whole time); and
- Resolution dated 25th June 2009 u/s 81(1A) of the Companies Act, 1956 authorizing issue of further capital to persons other than existing shareholders of the Company.

VII. MANAGEMENT

a) Management Discussion and Analysis

Management Discussion and Analysis of various businesses of the Company is separately given in the Annual Report.

b) Disclosures by management to the Board

All details relating to financial and commercial transactions where directors may have a pecuniary interest are provided to the Board, and the interested directors neither participate in the discussion, nor do they vote on such matters.

VIII. DISCLOSURE

a) Related Party Transactions

For related party transactions, refer Note No. 18 of Notes to Accounts annexed to the Balance Sheet and Profit & Loss Account.

b) Non-Compliance

There were no non-compliance by the Company during the year under report and hence no penalties and stricture were imposed on the Company by the Stock Exchange or SEBI or any authority on any matter related to capital market during last 3 years.

c) Whistle Blower Policy

The Company has a Whistle Blower Policy and no personnel have been denied access to the Audit Committee.

d) Code of Conduct

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

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

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

"I hereby confirmed that all Board members and senior management personnel have affirmed compliance with the Code of Conduct of the Company."

B. K. Goenka
Chairman & Managing Director

e) Certification by Chief Financial Officer

A certificate obtained from Chief Financial Officer on the Financial Statements of the Company in terms of Clause 49 of the Listing Agreement was placed before the Board, who took note of it and took the same on record.

f) Secretarial Audit

A qualified practicing Company Secretary carried out the Secretarial Audit on quarterly basis to reconcile the share capital with National Securities Depository Services Ltd. ("NSDL") and Central Depository Services Ltd. ("CDSL") and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with total number of shares in physical forms and total number of demat shares held with NSDL and CDSL.

g) Brief resume of Director being appointed / re-appointed.

A brief resume, nature of expertise in specific functional areas, names of companies in which the person already holds directorship and membership of committees of the Board and his shareholdings in the Company forms part of the Notice of the Annual General Meeting, annexed to this Annual Report.

h) Accounting Standards

The Accounting Standards laid down by the Institute of Chartered Accountants of India and applicable to the Company were followed by the Company in preparation of accounts of the Company.

i) Details (in aggregate) of shares in the suspense account including freeze on their voting rights:

There are no unclaimed shares and hence no suspense account is required to be opened and credited with such shares and also there is no freeze on voting rights of any shares.

IX. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent out to the Stock Exchanges immediately after they are approved by the Board. The Company published its un-audited / audited financial results in Western Times (English and Gujarati editions), Financial Express (English Edition).

These results are simultaneously posted on the website of the Company at www.welspunpipes.com and the website of Securities and Exchange Board of India at www.sebiedifar.nic.in. The official press release is also available on the website of the Company.

X. GENERAL SHAREHOLDER INFORMATION.

1. Annual General Meeting shall be held on Tuesday, 31st August 2010 at 10:00 a.m. at the Registered Office of the Company at "Welspun City", Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat - 370110.
2. Financial Year of the Company is 1st April to 31st March.
3. Date of Book Closure: Friday, 7th May 2010 to Tuesday, 11th May 2010 (both days inclusive).
4. Dividend payment date: Friday, 3rd September 2010.
5. Listing on Stock Exchanges: National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd., Mumbai (BSE), Singapore Securities Trading Ltd. (SGX-ST)

   Annual listing fees for the year 2010-11 have been paid to BSE, NSE and SGX-ST.

   Stock Code /Symbol:

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

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

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April-2009	108.85	74.15	108.70	74.10
May-2009	175.00	99.85	175.75	99.65
June-2009	243.70	171.30	240.90	170.00
July-2009	239.50	170.05	239.95	170.00
August-2009	249.90	200.20	249.80	200.00
September-2009	278.00	226.00	278.00	225.55
October-2009	289.50	251.50	289.90	251.00
November-2009	296.35	244.00	296.30	243.50
December-2009	283.90	255.50	282.90	255.30
January-2010	286.95	250.00	286.85	249.00
February-2010	269.90	229.15	270.00	228.15
March-2010	284.35	241.60	284.90	241.50

7. Performance in comparison to broad-based indices i.e. BSE- Sensex and NSE- S&P Nifty is as under:

Month	BSE Index (Sensex)	Closing price of Shares (Rs.)	NSE (S&P Nifty)	Closing price of Shares (Rs.)
April-2009	11,403.25	100.60	3473.95	100.60
May-2009	14,625.25	168.85	4448.95	169.00
June-2009	14,493.84	192.65	4291.10	192.65
July-2009	15,670.31	226.80	4636.45	226.95
August-2009	15,666.64	234.35	4662.10	234.40
September-2009	17,126.84	260.00	5083.95	260.05
October-2009	15,896.28	256.20	4711.70	257.20
November-2009	16,926.22	276.60	5032.70	277.45
December-2009	17,464.81	270.05	5201.05	270.05
January-2010	16,357.96	262.70	4882.05	262.45
February-2010	16,429.55	240.90	4922.30	240.30
March-2010	17,527.77	273.25	5249.10	272.20

8. Registrar and Transfer Agent: The Company has appointed Registrar and Transfer Agent to handle the share /debenture transfer work and to resolve the complaints of shareholders/ debenture holders. Name, Address and telephone number of Registrar and Transfer Agent is given hereunder:

M/s. Link Intime India Pvt. Ltd.
Unit : Welspun Corp Limited
(Formerly known as : Welspun-Gujarat Stahl Rohren Ltd.)
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai 400 078

Email : rnt.helpdesk@linkintime.co.in
Tele. No.: +91-022-25946970
Fax No. : +91-022-25946969

9. Debentures and Debenture Trustee

The Secured Non Convertible Debentures issued by the Company are listed on BSE with the following identification numbers:

BSE Scrip Code	ISIN Nos.
945649	INE 191B07030
945650	INE 191B07048
945651	INE 191B07055
945652	INE 191B07063

Debenture Trustee:
IDBI Trusteeship Services Ltd.,
Asian Building, Ground floor,
17, R. Kamani Marg, Ballard Estate,
Near Custom House, Mumbai-400 023

10. Share / Debenture Transfer System: Our Registrar and Transfer Agent registers shares sent for transfer in physical form within 15 days from the receipt of the documents, if the same are found in order. Shares under objection are returned within two weeks.

11. Distribution of Shareholding:
Shareholding Pattern as on 31st March, 2010

Number of Shares	No. of shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares held
Upto – 500	68,514	92.44	6,801,513	3.33
501-1,000	2,896	3.91	2,260,410	1.11
1,001-2,000	1,201	1.62	1,815,067	0.89
2,001-3,000	448	0.60	1,144,244	0.56
3,001-4,000	222	0.30	793,751	0.39
4,001-5,000	155	0.01	733,366	0.36
5,001-10,000	250	0.34	1,847,777	0.90
10,001 and above	433	0.58	188,926,282	92.47
Total	**74,119**	**100.00**	**204,322,410**	**100.00**

12. Shareholding of the Directors of the Company as on 31st March, 2010

Name of the Director	No of shares	%
Mr. B.K.Goenka	140	0.00
Mr. R.R.Mandawewala	140	0.00
Mr. Asim Chakraborty	50,700	0.02

Besides above, the following directors of the Company have been granted Stock Options pursuant to Employees Stock Option Scheme entitling to subscribe for equity shares in the Company:

Name of the Director	No of Options
Mr. Braja K. Mishra (net of Options exercised)	195,000*
Mr. M.L.Mittal	150,000#
Mr. Asim Chakraborty	50,000#

* Lapsed due to resignation.

Entire Options exercised during financial year 2009-10.

Apart from the above, none of the directors hold any share or convertible securities in the Company.

13. De-materialization of shares and liquidity: As on 31st March 2010, 92.95% shares have been dematerialized and have reasonable liquidity on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

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

Outstanding as on 31.03.2010	Impact on equity share capital
897,000 Options vested but not exercised representing equal number of equity shares to be exercised during 08.01.2008 – 08.01.2010	Increase in equity capital by 897,000 equity shares of Rs.5/-each at a premium of Rs. 75.00 per share
47,500 Options not vested and not exercised representing equal number of equity shares to be exercised during 20.04.2010 – 20.04.2012	Increase in equity capital by 47,500 equity shares of Rs.5/-each at a premium of Rs. 61.75 per share
1,500 Foreign Currency Convertible Bonds of US$100,000 each convertible in to 24,010,000 equity shares during 27.11.2009 - 17.10.2014	Increase in equity capital by 24,010,000 equity shares of Rs.5/-each at a premium of Rs. 295 per share

15. Disclosure of Shares held in suspense account under Clause 5A of the Listing Agreement.

Disclosure under Clause 5A of the Listing Agreement is not applicable as none of the shares of the Company are lying under suspense account.

16. Plant locations
    i) Village Versamedi, Tal-Anjar, Dist.-Kutch, Gujarat 370110

    ii) Village Jolva and Vadadla, Near Dahej, Tal: Vagra, Dist: Bharuch, Gujarat 392130

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

    iv) 9301, Frazier Pike, Little Rock, Arkansas 72205 USA (Subsidiary's plant)

17. Address for correspondence
    The Company Secretary,
    Welspun Corp Limited
    (Formerly Known as Welspun-Gujarat Stahl Rohren Ltd.),
    5th Floor, Welspun House,
    Kamala Mills Compound,
    Senapati Bapat Marg, Lower Parel,
    Mumbai - 400 013.

    Tel: +91-22-66136000; +91-22-24908000, Fax: +91-22-24908020 /21
    e-mail: companysecretary_wgsrl@welspun.com

Certificate of Practicing Company Secretary on Corporate Governance Report

To the Members of
Welspun Corp Limited
(Formerly Known as Welspun-Gujarat Stahl Rohren Limited),

We have examined the compliance of conditions of Corporate Governance by Welspun Corp Limited (Formerly known as Welspun-Gujarat Stahl Rohren Ltd.), for the year ended on 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March 2010, the Registrars of the Company have certified that as at 31st March 2010, there were no investor grievances remaining unattended/pending for more than 30 days.

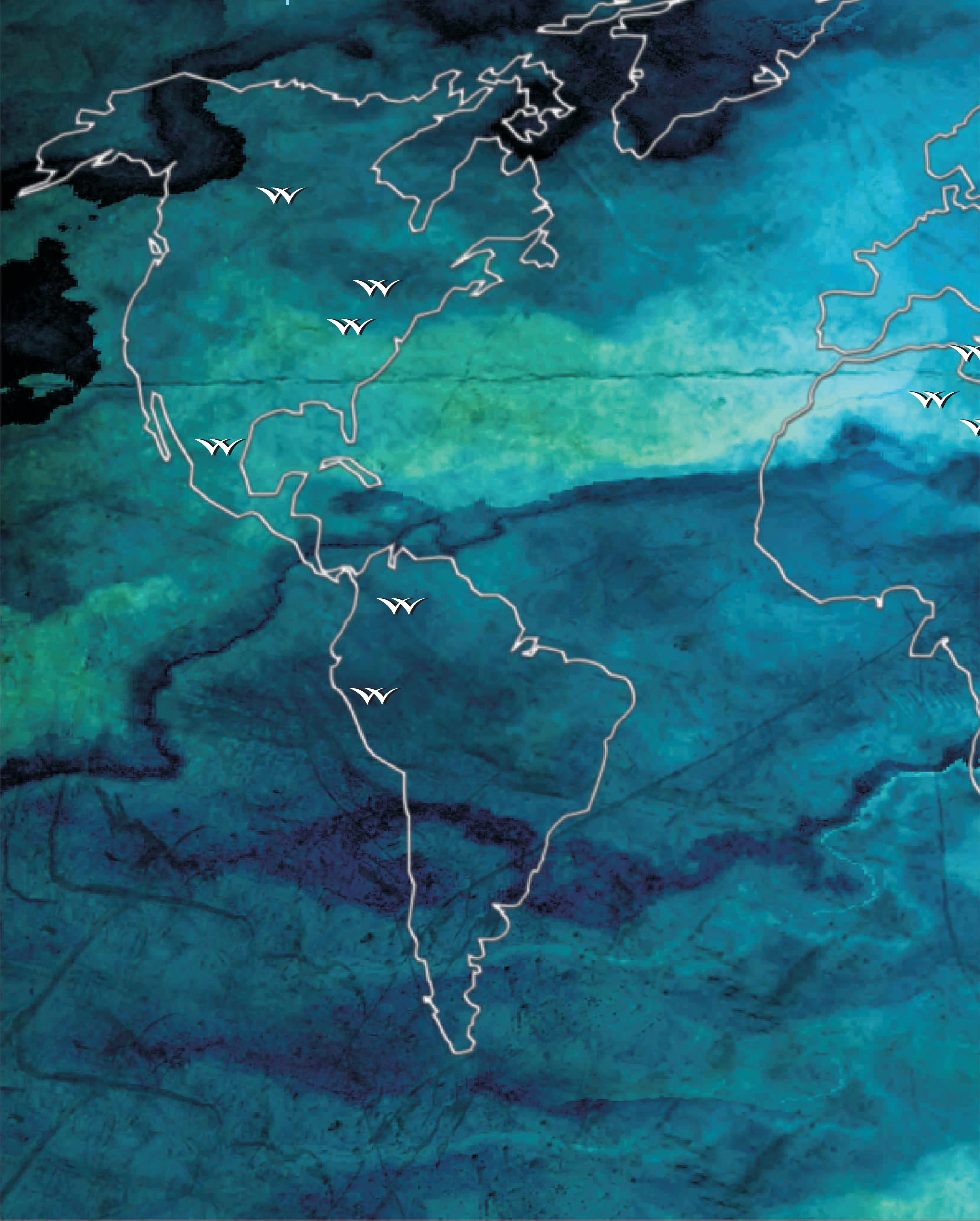
We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.S.Risbud & Co.**
Company Secretaries

Sanjay Risbud
Proprietor
Certificate of Practice No. 5117

Mumbai
27th April 2010

From local expertise ...



...To global reach

FROM LOCAL EXPERTISE - TO GLOBAL REACH

It all began fifteen years back at Dahej, Gujarat, India. The first Line Pipe facility was commissioned, marking the beginning of a journey which today capitulates and caters to clients across 35 countries worldwide. These clients are the who's who of the Oil and Gas industries across the globe and Welspun is “Making India Proud” by offering the best in - class products to its customers.

Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) should be read in conjunction with the Audited Consolidated Financial Statement of Welspun Corp Limited (formerly known as Welspun-Gujarat Stahl Rohren Limited) ("Welspun" or the "Company"), and the notes thereto for the year ended 31 March, 2010. This MD&A covers Welspun's financial position and operations for the year ended 31 March, 2010. Amounts are stated in Indian Rupees unless otherwise indicated. Abbreviations and acronyms used in this MD&A are identified in the Glossary of Terms in Welspun's Annual Report of 2010. The numbers used in the analysis are on a consolidated basis, the corresponding number for the previous year has been regrouped and reclassified, wherever necessary.

Forward-Looking Statements

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

Company Overview

We have developed unmatched expertise to manufacture pipes of varying qualities, grades and sizes that are used in long distance transportation of oil & gas for critical purposes and in complex regions. We can produce pipes ranging from ½ inches to 100 inches in outer diameter and up to 40 mm wall thickness. The Company is among the few, having the capability to manufacturer high grade pipes of upto X 80. We had also supplied pipes for "The Independence Trail" project- world's deepest pipeline, laid below 8,000 ft of water. On account of these capabilities the Company has become approved supplier to over 50 major oil and gas companies across the world. These include not only Indian oil and gas companies like Reliance Industries Limited, GAIL, ONGC and Indian Oil Corporation, but also international oil and gas companies like British Petroleum, Golden Pass Pipeline LP (Exxon Mobil), Enterprise, Peru LNG S.R.L. (Hunt Oil), Saudi Arabian Oil Company (Saudi Aramco), Ruby (Elpaso), Qatar Petro DOW and Gazprom (Stroytransgaz). In global pipeline industry, approval from clients acts as a major entry barrier as this process can take up to 2-3 years. With a total production capacity of 1.5 million MTPA, we are one of the largest pipe producers in the world and has supplied high quality pipes for critical projects from deep oceans to tough mountainous terrain. We are currently involved in supplying pipes for many of the ongoing projects in the U.S. This gives us an edge over a number of our peer companies, as approvals are the pre-requisite for getting short-listed for more orders from customers and our oil and gas customers prefer to deal with larger entities. Today, we are one of the very few suppliers in the world who are qualified for many of the significant pipe contracts across the globe.

The state-of-the-art Plate cum Coil mill in India (Anjar) with a capacity of 1.5 million MT can produce API grade of Plates and Coils. This backward integration assures high grade plate and coil availability for pipe manufacturing.

In the last 12 years, we have expanded our operations to more than 30 countries, covering most of the locations where oil and gas assets are located across the World.

Global Economy

Global Steel Pipes Industry and Demand

Globally pipeline demand is closely linked with the growth in the energy consumption and investments in the sector which in turn depends on level of economic activities in oil and gas upstream. Energy investment worldwide has plunged over past year in the face of a tougher financing environment, weakening final demand for energy and lower cash flow. All these factors stem from the financial and economic crisis. Energy companies are drilling fewer oil and gas wells and cutting back spending on refineries, pipelines and power stations. Many ongoing projects have been slowed and a number of planned projects have been either postponed or cancelled. In the oil and gas sector, most companies have announced cutbacks in capital spending, as well as project delays and cancellations, mainly as a result of lower cash flow. International Energy Agency (IEA) in its World Energy Outlook 2009 estimated that global upstream oil and gas investment budgets for 2009 have been cut by around 19% compared with 2008- a reduction of over US$ 90 billion.

World primary energy demand to grow @1.5% per year between 2007 and 2030

The IEA's recent report estimates that for the first time since 1981, energy use is set to fall in 2009 as a result of the financial and economic crisis but also says that with current liberal economic policies of governments across the world, it would quickly resume its long term upward trend once economic recovery is underway. As per IEA estimates, world primary energy demand is projected to increase by 1.5% per year between 2007 and 2030, from just over 12,000 million tonnes of oil equivalent (Mtoe) to 16,800 Mtoe- an over all increase of 40%. Developing Asian countries are the main drivers of this growth, followed by Middle East. The new estimates are a decline over its last year estimates on account of the global economic meltdown, on an average, the demand declined marginally in 2007-10 by 2%. Demand growth will rebound thereafter, averaging 2.5% per year in 2010-15. The pace of demand growth slackens progressively after 2015, as emerging economies mature and global population slows. IEA projects global oil demand at 83.2 million barrels per day ("mb/d") (-3.0 percent or -2.6 mb/d when compared with 2008).

Over half of all energy investment worldwide is required in developing countries, where demand and production are projected to increase fastest. Oil & natural gas are expected to remain primary sources and are expected to meet 52% of the global demand. IEA estimates that the world requires investment to the tune of $12 trillion in oil & gas sector in next 20 years, implying an annual investment of over $500 billion.

Global Oil Demand (2007-2009)
(million barrels per day)

	1Q07	2Q07	3Q07	4Q07	2007	1Q08	2Q08	3Q08	4Q08	2008	1Q09	2Q09	3Q09	4Q09	2009
Africa	3.0	3.0	3.0	3.1	3.0	3.1	3.1	3.1	3.1	3.1	3.2	3.1	3.0	3.2	3.1
America	31.1	31.0	31.3	31.2	31.2	30.5	30.5	29.8	30.0	30.2	29.2	28.8	29.2	29.0	29.1
Asia/Pacific	25.7	25.2	24.7	25.9	25.4	26.6	25.6	24.9	25.0	25.5	25.4	25.6	24.0	24.6	24.7
Europe	15.9	15.6	16.1	16.3	16.0	15.9	15.5	16.0	15.9	15.8	15.4	14.7	15.3	15.3	15.2
FSU	4.1	3.9	4.1	4.2	4.1	4.3	4.2	4.3	4.2	4.2	3.9	3.9	4.1	4.0	4.0
Middle East	6.3	6.4	6.6	6.3	6.4	6.6	7.0	7.4	6.8	7.0	6.7	7.3	7.7	7.1	7.2
World	**86.0**	**85.0**	**85.8**	**87.2**	**86.0**	**86.9**	**85.8**	**85.4**	**85.0**	**85.8**	**83.8**	**82.3**	**83.4**	**83.3**	**83.2**
Annual Change (%)	0.3	1.4	1.0	1.3	1.0	1.0	0.9	-0.5	-2.5	-0.3	-3.6	-4.0	-2.4	-1.9	-3.0
Annual Change (mb/d)	0.3	1.1	0.9	1.1	0.9	0.9	0.8	-0.4	-2.2	-0.2	-3.1	-3.4	-2.1	-1.7	-2.6
Changes from last OMR (mb/d)	-0.16	-0.02	-0.11	-0.09	-0.09	-0.05	-0.06	-0.08	-0.08	-0.07	-0.06	-0.50	-0.25	-0.23	-0.23

Source: International Energy Agency/OECD; Oil Market Report May 2009

With the assumed resumption of global economic growth from 2010, demand for natural gas worldwide is set to resume its long-term upward trend. Low carbon content of gas relative to oil will act as a supportive factor to gas demand as world shifts more towards greener technologies. IEA estimates global gas demand to rise from 3.0 trillion cubic metres (tcm) in 2007 to 4.3 tcm in 2030, an average increase of 1.5% per year. The share of gas in the global primary energy mix is expected to increase marginally, from 20.9% in 2007 to 21.2% in 2030. Over 80% of the increase in gas use between 2007 and 2030 is expected to occur in non-OECD countries, with the biggest rise occurring in the Middle East. India and China will see the most rapid rates of increase.

Global Pipe Demand

As discussed in the previous section demand for energy will continue to grow over the years and the new supply must be connected to growing markets. Similarly, aging infrastructure must be replaced.

Existing pipeline projects

Based on the existing pipeline projects, the global pipeline requirements is expected to be ~ 65 mn MT with a total of 714 projects with an opportunity of more than $78 bn across the globe for the next five years (Source: Simdex data, March 2010 update) refer the table given below:

International Demand Outlook till 2015

Region	No. of Projects	Total Length (kms)	Quantity (MMT)(1)	Business Potential (US$ Bn)(2)
North America	193	67,225	13.45	16.13
Latin America	44	32,561	6.51	7.81
Europe	102	43,232	8.65	10.38
Africa	57	22,594	4.52	5.42
Middle East	115	50,067	10.01	12.02
Asia	156	92,085	18.42	22.10
Australasia	47	16,537	3.31	3.97
Total	**714**	**324,301**	**64.86**	**77.83**

Note
1. Conversion rate of 200 tonnes /km
2. Conversion rate of $ 1,200 / ton

Replacement of the old pipelines

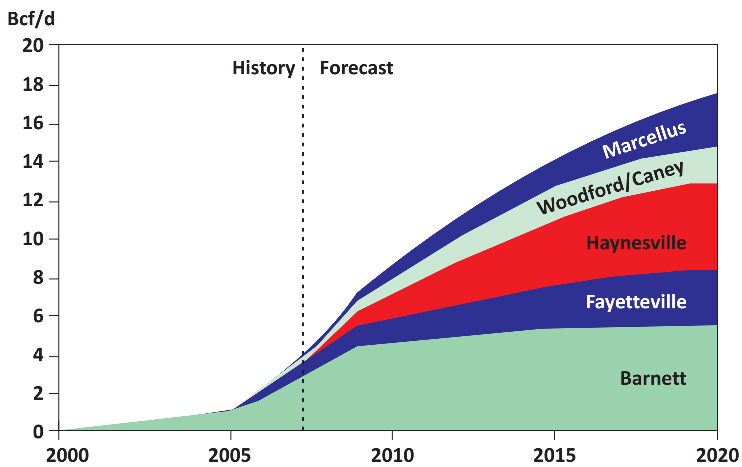
Another growth driver is the replacement of the old pipelines in USA. More than 1 mn miles of the total 1.5 mn miles of USA pipelines were laid during the 1960's and 1970's. Since most of the pipelines have an economic life of ~ 30 years, there is a pressing need to replace them in order to avoid systematic failure and supply disruptions. Considering that the annual production of pipes have been over 16 - 17 mn tonnes, the replacement of even half of 1 mn miles of pipelines would take at least 10-12 years to complete.

New Gas is required to replace annual decline in existing gas supplies in North America, which shall enhance demand for new pipelines

The Annual daily production in U.S and Canada of 70 Bcf/d is witnessing a decline at the rate of 20% p.a. This annual decline volume that needs to be replaced each year is 14.0 Bcf/d. Over the next five years a total of 70 Bcf/d of new gas needs to be brought on-stream to maintain production at current rates.

Shale Gas

Shale gas is expected to gradually increase its share in total gas requirement over the next few years. US Shale Gas Supply is expected to reach over 14 bcf/d from nearly 5 Bcf/d in 2008. Shale gas addition to the supplies provides a huge potential for increase in pipelines demand over years



(Source : TCPL Brochure 2010)

Alaska Pipeline project

TransCanada and Exxon Mobil are working together on the Alaska Pipeline Project and cost estimates are in the range of $ 20 billion to $ 41 billion depending upon the option selected. The first option is a pipeline from Alaska's North Slope to Alberta, Canada, a distance of approximately 1,700 miles (2,737 kilometres) and shall require 48-inch diameter pipes with a capacity of 4.5 Bcf/d. The second option would transport natural gas from the North Slope to Valdez, Alaska, a distance of approximately 800 miles (1,287 kilometres). This scale of project shall provide another boost to the demand for pipes.

Indian Steel Pipe Demand overview

Low pipeline penetration in India provides huge potential

Currently India is developing pipeline infrastructure, with total gas pipeline length of less than 15,000 km, which compares grimly with 56,400 km in Pakistan and 18.3 lac km in USA. India has also one of the lowest pipelines spread per sq km of land at 0.003 km/sq km, compared with 1.08 km/sq for UK and 0.19 km/sq for US. This is mainly on account of lower share of natural gas in the primary energy mix of the country; it contributes only 9% to the primary energy basket of the country, compared with 21% for world and 24% for OECD countries.

Natural Gas as a source of energy is growing at a rapid pace and shall grow the demand for pipelines

At the time of independence, natural gas in India started with a negligible part in the total energy basket. Presently it has grown to about 160 million standard cubic meters per day (MMSCMD). The major domestic producers of natural gas are Reliance Industries Limited, Oil & Natural Gas Corporation Limited (ONGC), Oil India Limited (OIL) and JVs of Tapti, Panna-Mukta and Ravv. Government have also offered blocks under New Exploration Licensing Policy (NELP) to private and public sector companies with the right to market gas at market determined prices. New explorations along with favorable policies of the government would increase a demand for gas transportation infrastructure.

Pipeline transport is the most cost effective mode of transportation of petroleum products compared to road and railways. Despite this, only limited quantities of the total petroleum products are transported through pipelines in India. This has been on account of low level of investments in the past in laying of pipelines in India. However, this is expected to change in the coming years with large capex lined up by hydrocarbon companies and pipelines emerging as the preferred mode of transportation due to its inherent advantages such as lower operational cost, safety and protection against pilferage.

Major Gas pipeline players have firmed plans

Major oil & gas pipeline players, GAIL, GSPL and RGTIL (Reliance Gas Transportation Infrastructure Ltd.) plan to lay around 13,066 km of pipelines over the next 3-4 years. At a rate of 200 tonnes/km and conversion rate of US$ 1200/tonne, these three players are expected to create a total business potential of US$ 3.2 bn. GAIL currently has total gas pipeline length of 7,220 km across India and by FY13, it is planning to take it to 13,825 km with total capital expenditure of around US$ 2.7 bn.

Domestic Demand for Pipes

Company	Total Length (kms)	Quantity (KMT)[(1)]	Business Potential (US$ in Bn)[(2)]
GAIL	6,725	1,345	1.6
RGTIL	3,630	726	0.9
GSPL	2,711	542	0.7
Total	**13,066**	**2,613**	**3.2**

Note: *(1) Conversion rate of 200 tonnes /km* *(2) Conversion rate of $1,200 / ton*

Proposed pipeline of GAIL

Phase I by 2011 (Under Execution)

Name of Pipeline	Length (Kms)	Cost (Rs in Cr)
Dahej - Vijaipur / Grep Upgradation	1,108	10,329
Dadri - Bawana - Nangal	621	2,340
Chainsa - Jhajjhar - Hissar	443	1201
Sub Total	**2,172**	**13,870**

Phase II by 2012 (Approved in 2009)

Name of Pipeline	Length (Kms)	Cost (Rs in Cr)
Jagdishpur - Haldia	2,050	7,596
Dabhol - Bangalore	1,389	4,543
Kochi - Mangalore - Bangalore	1,114	3,032
Sub Total	**4,553**	**15,171**
Grand Total	**6,725**	**29,041**

Source : GAIL India Investor Presentation, Nov 2009

Formation of the Petroleum & Natural Gas Regulatory Board to give boost to trunk pipelines

The Petroleum & Natural Gas Regulatory Board (PNGRB) was formed by an Act of Parliament in 2006. The board was assigned to be the nodal agency to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas excluding production of crude oil and natural gas.

With the setting up of the PNGRB and new gas finds on India's eastern coast, heavy investment is being lined up for laying pipelines across the country. As per plans, the length of trunk pipelines is set to triple to 33,000 kms in the next 4-5 years. The PNGRB is currently evaluating Expression of Interests (EOI) from various companies for about 26 per cent of proposed pipe length and has already invited EOI for around 2,500 km of the total capacity.

City Gas Distribution set to take-off

The PNGRB issued a number of regulations pertaining to pipeline and CGD such as exclusivity, open access, tariffs, common carrier principal and approval for new projects.

Once Section 16 of the PNGRB Act is notified, which is expected shortly, the board is expected to aggressively auction out licenses for City Gas Distribution (CGD) networks in about 200 cities. This section authorizes PNRGB to issue licenses for City Gas Distribution (CGD) networks. Indraprastha Gas Ltd, which had a pre- PNGRB authorization for Compressed Natural Gas (CNG) operations in Ghaziabad, and Voice-of-India, a non-government organization, challenged PNGRB's move in the Delhi High Court. In January 2010 the Court, ruled that PNGRB had no powers to issue licenses for retailing CNG and piped gas in cities as Section 16 had not been notified and authorizations issued till then were not valid. The government now plans to notify Section 16 of the PGNRB Act which gives the regulatory board the authority to issue licenses for CGD networks which it plans to expand to more than 200 cities.

In the first round of bidding, PGNRB issued licenses for CGD networks in 6 cities (Sonipat, Meerut, Kakinada, Dewas, Kota and Mathura). In the next round it was to award licenses to another 7 cities but deferred the process due to the court order. Twelve more cities will be up for bidding in the third round.

Liquefied Natural Gas (LNG) terminals projects to enhance pipe demand

India is importing LNG, which provides the energy security to the country. Players like Petronet LNG Limited, Shell and others have created and are creating large LNG terminals at various locations across the country (like Dahej, Hazira, Dabhol, Kochi, Ennore). This provides another opportunity for pipe demand.

Water Infrastructure projects: A Key driver for HSAW pipes

Economic growth, population expansion and the influx of people into cities have sharply raised India's water requirements. Asian Development Bank (ADB) has doubled its investment on water from U$1.2 bn in 1999 to U$2 bn in 2010 in the South and Southeast Asia region. In order to improve the sanitation levels as also to make available water to common man, the Government of India (GOI) launched the reform linked Jawaharlal Nehru National Urban Renewal Mission (JNNURM) along with Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) in December 2005. The total outlay for the Urban Infrastructure and Governance component of JNNURM is Rs. 315 bn for the mission period 2005-2012. Water and sanitation sector which covers water supply, sewage, solid waste management and storm water drainage accounts for about 73.4 % of the total number of projects sanctioned under JNNURM as on date and 80.8% of the total cost of projects sanctioned. In the absolute terms, the number of such projects sanctioned is 340 out of a total of 463 projects sanctioned under the scheme. Further under the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), out of a total of 969 projects, the water and sanitation sector accounts for 828 projects. The share of water and sanitation sector in terms of cost is around 92% i.e. Rs. 184 bn out of Rs. 198 bn. Looking at the quantum of spend under the aforesaid schemes, this provides a huge opportunity for HSAW pipe industry.

SWOT Analysis of the Indian Pipe Industry

Strengths

- **Most economical mode of transport for liquids and gases.**

  Logistics forms an important part of the cost for most of the oil and gas companies and the cost of transportation through pipe lines is now being encouraged. Market surveys show that transportation through pipelines is significantly more cost effective in comparison to transportation by railways and roads.
- **Indian players are globally cost effective and competitive**

  The cost of manufacturing is comparatively lower in India due to low labour and power cost as compared to the developed countries.
- **Indian companies have won accreditations from major oil and gas companies across the Globe**

  Some of the Indian companies have won the accreditations from major oil & gas giants across the globe which gives a potential strength to the players to get orders.
- **Positive flow of orders for Indian pipe companies**

  The Indian pipe companies are continuously getting orders across the globe based on its quality and timely delivery.

Weaknesses

- Working capital-intensive industry as projects are of long duration in terms of execution. Average execution period for an order is about 9-12 months.
- Higher dependence on government spending for pipeline network development.
- The large number of unorganized players leading to tough competition.

Opportunities

- Low pipeline penetration in India compared to developed nations provides a huge opportunity in the domestic market.
- Government thrust on infrastructure development, irrigation & water supply leading to the boom in the pipe demand.
- Rising oil and gas exploration activities in difficult and distant locations provides an opportunity for pipe laying across the finds for transporting the oil & gas to the refineries and consumers.
- City gas pipe projects provide an opportunity in the domestic market.
- Replacement of old pipelines in USA.

Threats/ Risks

- Volatility in Steel Prices
- Global Economic Environment
- Crude oil prices
- Regulations affecting the pipe industry
- Ability to acquire raw materials at reasonable costs
- Foreign exchange fluctuations

Welspun's Highlights

- **Expansion Plans :**

The increase in the global demand for pipes has led us to embark upon an expansion plan to add another 0.55 mn tonnes of line pipe to its existing capacity of 1.5 mn tonnes. The total outlay for the expansion has been marked at Rs 7 bn. Post expansion LSAW capacity will increase to 0.70 mn tonnes from the current 0.35 mn tonnes and similarly HSAW capacity will increase to 1.1 mn tonnes from the current 0.9 mn tonnes. Commercial production is expected to commence by the end of FY11. Proposed investment in Middle East facility with HSAW capacity of 0.27 mn tonnes. The Final capacity would be as under:

(in '000 metric tonnes)

LOCATION / PRODUCT	DAHEJ	ANJAR	OTHER INDIA	U.S.	MIDDLE EAST (Proposed)	TOTAL
LSAW (Existing)	350					350
LSAW (New)		350				350
LSAW(Total)	**350**	**350**				**700**
HSAW (Existing)	50	500		350		900
HSAW (New)			200		270	470
HSAW(Total)	**50**	**500**	**200**	**350**	**270**	**1,370**
HFIW / ERW		**200**				**200**
TOTAL PIPES	**400**	**1,050**	**200**	**350**	**270**	**2,270**
PLATES/COILS		**1,500**				

- **Entering new markets in India**

As discussed above, in view of domestic opportunities, the Company is expanding it's HSAW capacity by 0.2mn tonnes by setting up two manufacturing facilities each of 0.1 mn tonne in Bangalore and another at Central India respectively. The first mill is expected to become operational by H1 FY11. The spiral plant will be located in Mandya near Bangalore in Southern India and will cater largely to the needs of the water segment. The second plant is expected to become operational by the end of FY11, which will be located at Central India and will cater to the oil & gas segment. With the increased capacities, we are well poised to tap the opportunities arising from the domestic market as well as the international market.

- **Strong order book position**

The order book has around 90% export orders with major part from premium market of North America. The current order book stands at Rs. 64,300 Mn (US$ 1.3 bn) (as at 27th April 2010) which includes orders for both pipes and plates.

- **Enhanced visibility for new orders**

Acccording to the current scenario there shall be an improvement in demand for pipes from the US, Europe and the Middle East. The Company is currently participating in several bids, both globally and domestically.

- **Plate cum Coil Mill:**

The Plate prices used to command higher premium over the slab prices over the years. During FY 09-10, the prices of the slab have moved up but plate prices yet to see recovery as demand for plates from shipping industry and other applications (heavy construction, bridges, boiler plates, wind mill blade and others) is yet to recover. However, we are poised to manage the volume growth by bagging new orders from external clients in the domestic and international market. We have created a pool of trained manpower for producing API grade plates and are optimistic of improving the performance going forward. The initiative taken to open 12 depots in major cities is helping to enhance the reach to the OEM's and trade sales. During the year we have supplied API grade plates to external customers, which establishes our ability in the international market.

Welspun - A SWOT analysis

Strengths

Well-entrenched player in the global and domestic market

We are, an accredited supplier to over 50 major oil and gas companies including British Petroleum, Golden Pass Pipeline LP (Exxon-Mobil), Enterprise, Peru LNG S.R.L. (Hunt Oil), Saudi Arabian Oil Company (Saudi Aramco), Ruby (Elpaso), Qatar Petro DOW and Gazprom (Stroytransgaz) and having one of the largest pipe production capacities internationally. Accreditation by oil & gas companies in most cases is the pre-requisite for getting short-listed, which in turn helps to secure orders from such customers. Today, we have become one of the few suppliers in the world who are approved as producer of pipes and plates.

Cost efficiency

We gain cost efficiencies as a result of the benefits associated with the scale. In addition, India's geographical proximity to the potential markets of the Middle East, South East Asia and Africa gives us significant freight advantage over our competitors from Europe, Japan and Russia. Besides, our plant facilities are located in close proximity to the major seaports on the Western coast of India which minimises our inward and outward inland transportation costs making us internationally competitive. We also have an advantage over our international peers in respect of our India operations due to cheaper labor costs. We have been able to minimise importation costs of steel plates, the primary input for the manufacture of pipes, by integrating backwards with the plate and coil mill, adjacent to our pipe facility at Anjar. The plate and coil mill, is supplying wider-width and high-grade steel plates. The production of plates commenced in March 2008 whereas, the production of coils commenced in the current year.

Manufacturing capabilities

Our ability to manufacture pipes with low diameter-to-thickness (D/t) ratios and compliance with API requirements enable us to participate in a competitive environment and do challenging pipeline projects, such as in the Gulf of Mexico. We are one of the few manufacturers globally that has capacity to supply 56" diameter pipelines. Our technology and stringent quality and testing standards allow us to produce and make us eligible to supply pipes for use in the offshore and deep-sea oil and gas applications.

Strong management team

Our management team consists of individuals with strong academic backgrounds related to the industry. They hold qualifications in engineering, architectural, business management and accounting. In a addition, our management team has considerable experience with some members of this team having associate with the industry for over 2 decades. Members of the management have diverse skills which has helped us to emerge as a global player. The skill sets varies from sourcing, supply chain management, cross-border and domestic capital raising and possess experience in funding expansion projects as well.

Technological edge

Our thrust on continuous R&D has helped us improve production process with innovation of higher grade products and specialty products for offshore as well as deep water projects. With the state-of-the-art technology, we have been able to offer a complete range of pipes for all applications and solutions. Under strategic relationship with key vendors, we have undertaken a program for developing high grade pipes for critical application. Our ability to make wide range of pipes from ½" to 100" in diameter, gives us a competitive advantage over other manufacturers. Our manufacturing facilities employ the latest J-C-O process (for LSAW), a 3-stage process for pipe fabrication and Capello Tubi technology (for HSAW). Our state-of-the-art plate and coil mill is capable of producing high quality plates and coils which are required to produce pipes.

Fully integrated pipe manufacturer: Slabs to Plates and Plates & Coils to Pipes

The Plate cum Coil Mill of 1.5 mn tones capacity which had become operational in March 2008 is capable of producing American Petroleum Institute (API)-grade plates of width upto 4.5m and thickness up to 25 mm. The mill is capable to provide internal flexibility to take short gestation orders. The mill not only offers high end products to manufacture pipes, but also assures steel plates supply even when global market conditions are tight. Similarly, the coil mill will assure supply of coil for the manufacture of HSAW & ERW pipes. This integration not only enhances margin but also assures constant supply of quality products which is critical for the business.

Access to Port Facilities

As we have access to port facilities our production facilities additionally provide strategic advantages due to their proximity to national highways, seaports of Dahej, Kandla, Mundra and Mumbai in India; and Little Rock Port in USA through its own dedicated jetty.

Weaknesses

Heavy reliance on export markets

We have been exporting a major part of our production to countries like North America, South East Asia, Middle East, etc. exhibiting dependence on these markets. Nevertheless the domestic market which is growing with the recent new projects announced by domestic giants like GAIL and potential of newer projects shall provide larger opportunity in the domestic market.

Reliance on bought-in slabs for plate production

Raw material for the products is steel slabs which is subject to market volatility in terms of price as well as availability leaving the Company with some kind of uncertainty. The Company's policy to synchronize and book the raw material back-to-back to meet pipe production program mitigates the risk to a large extent.

Opportunity

- **Strong Demand in Middle east and Asian Markets**

  With the increase in the activity in oil & gas refineries as well as its transportation throughout the geography from the oil & gas fields, new projects are coming up in Middle East and Asian markets. This provides tremendous potential to tap these markets.

- **The huge replacement market in the US**

  North America, which is having a huge network of pipelines which are more than 30-40 years old is a strong market for pipe replacement. As per studies, the current capacity would take about 25 years to meet replacement demand foreseen in the US alone. This with potential of new infrastructure projects excess of demand over supply in the years to come leaving great opportunity for established suppliers to fully utilize capacity and also enhance it to achieve growth.

Key US pipe projects

Project	Owner/Operator	Type	Lenght (km)	Commission date	Project size(US$ bn)
Bison	TransCanada	Gas	483	2010	1.00
Fayetteville Express	Kinder Morgan	Gas	299	2011	1.30
Horn River Mainline	TransCanada	Gas	72	2012	0.34
Palomar Gas	TransCanada	Gas	347	2011	1.30
Rockies Express	Kinder Morgan	Gas	1,021	2012	6.00
Southern Lights	Enbridge	Gas	1,078	2010	2.20
Sunstone	TransCanada	Gas	936	2011	2.34
North Central Corridor	TransCanada	Gas	300	2010	0.92
Kestone Gulf Coast	TransCanada	Oil	3,168	2012	7.00
Keystone	TransCanada	Oil	3,437	2010	7.00
North Dakota	Enbridge	Oil	1,520	2010	0.15
Texas Access	Enbridge	Oil	1,229	2012	2.60
Gateway pipeline	Enbridge	Oil Sands	1,150	2014	1.93

Source: Downstream Today, Anand Rathi Research

- **Large International projects planned 2011-2015**

  Large projects are planned in various parts of the World for the period 2011-2015 which will provide various opportunities.

- **Backward integration into plates/coils to boost margins**

  Our backward integration with its state-of-the-art plate cum coil mill is adding to our margins by supplying plates internally to manufacture the LSAW pipes and capture the value chain to boost the margins on the final product i.e. line pipes.

- **Better margins and capacity utilization**

  The margins of the Company are improving with better capacity utilization .

Threats / Risk Factors

Fall in crude oil prices

Investment in pipeline infrastructure depends on the level of E&P activities which in turn are dependent on crude oil prices. In 2008 when the crude oil prices fell to US$ 35 per barrel level on account of global economic downturn, investments in building pipeline infrastructure were deferred by global oil & gas majors leading to shrinking of order book of pipe manufacturers. But with improving outlook of global economy, crude oil prices have recovered significantly from their lows and we expect them to remain stronger. However, experts are of the opinion that the oil prices above US$ 60 per barrel makes most of the projects profitable and expect oil price to be in a range of US$ 60 to US$ 80 per barrel.

Forex fluctuations

With more than 80% of our revenues coming from the export market, sharp fluctuation in Rs-US$ exchange rate is a cause of concern for the Company. But, as significant portion of current raw material requirement is fulfilled through imports, it provides a natural hedge. Besides the company follows prudent hedging policies to substantially mitigate the risk of forex volatility in respect of open exposure. As a risk mitigation strategy, the company enters into back to back raw material supply agreements on receipt of sales order to eliminate the impact of steel price volatility.

Entry of new overseas players.

The new players may impact the competitive advantage of the Indian pipe manufacturers and reduce their chances of clinching export orders, the global markets for line pipes is sizeable enough to accommodate competition. Foreign pipe manufacturers setting up local operations in India would also need to go through the mandatory accreditation procedures and obtain customer's approvals. The accreditations and approvals are likely to take around 2-3 years.

Volatile raw material prices

Steel is the primary raw material used in the production of pipes. We are exposed to volatility in the price of steel, which represents the largest component of the cost of our products. Steel prices are highly volatile and cyclical in nature. Numerous factors drive the cycles of the steel industry and influence steel prices. Some of these factors include general economic conditions, worldwide production capacity, capacity-utilization rates, downturns in purchase by traditional bulk steel end users or their customers, a slowdown in basic manufacturing industries, import duties and other trade restrictions and currency exchange rates.

Welspun's Strategy

Consolidate our existing market share

We intend to continue our focus on delivering quality products and services to our customers. We strive to obtain repeat orders from our customers by continuing to satisfy them with consistent high-quality products and services. We currently have a significant share of the production capacity of high-grade submerged and welded pipes in India and seek to gain a larger share of the domestic and global market. We believe our reputation for high quality products will enable us to grow our market share in the developing global markets, and to attain a leadership position in each of our product segment. In February 2009, as part of our long-standing commitment to the North American market, which is one of our key markets, we commenced commercial production in our spiral pipe production facility in Little Rock, Arkansas. This facility has the capacity to produce up to approximately 350,000 MTPA of HSAW pipes and also has coating and double joining capabilities. By increasing our presence in North America and providing our customers there a 'one stop purchase' facility, we will strengthen our relationship with the local customers in the US and thereby increase our market share. The plate cum coil mill adds to our ability to source raw material for delivery of all type of pipes.

Leverage our approach and accreditations with international majors

Our technical qualifications are demonstrated by approvals from almost all the major oil and gas giants. Obtaining approvals typically takes 2-3 years and therefore the pre-qualification status provide us with a significant advantage over our global peers. This gives us capability to handle projects expected to commence in the medium term and provides an edge to participate in such projects.

The research and development initiatives on high grade pipes will further improve our ability to participate in the highest value segments of our markets. We seek to enhance its position as a leading pipe manufacturing company by:

- further developing and improving its products for oil, gas and other applications with a special emphasis on LSAW and HSAW pipes and pipe coating;
- providing quality support to all the existing and potential customers and offering the right solutions to them.

Explore inorganic growth opportunities to increase market reach

We intend to seek opportunities across the product segments and geographies to supplement our comprehensive product portfolio and international footprint. To enhance our existing business, we intend to seek opportunities to acquire, or partner with other pipe manufacturing companies to access new markets or distribution zones that have growth potential. Pursuing selective acquisitions, partnerships, or alliances would improve our competitiveness, further broaden offerings and strengthen our market position globally. The company has taken steps to invest in Middle East pipe manufacturing facility having a capacity of 270 K MTPA for HSAW pipes.

Further penetrate new markets

We have received orders from new and growing markets such as Peru, Venezuela, Algeria, Middle East among others. We further intend to develop and maintain a continuing relationship with our existing customers and to further penetrate countries like North Africa, Caribbean and Latin American regions.

Growth through further integration

We have forayed into the Infrastructure Sector and Pipe laying for oil, gas and water by way of investment in MSK Projects (India) Ltd., through Welspun Infratech Ltd. a 100% subsidiary of the Company. This move will enable to capture the full value chain from manufacturing of Plate & Coils to Line Pipes and Pipe laying as well.

Welspun on the Path of Leadership through its:

- **SCALE LEADERSHIP :** Scale of operations through large economical plants across the globe.
- **COST LEADERSHIP :** Produce world class products at the least cost and maintain competitive edge.
- **TECHNOLOGY LEADERSHIP :** Adopt and innovate cutting-edge technology to satisfy stringent requirements of customers.
- **QUALITY LEADERSHIP :** Consistent focus on quality at all levels, be the best in satisfying customers.
- **PROCESS LEADERSHIP :** Most efficient and effective processes to achieve the most optimal utilizations.
- **PEOPLE LEADERSHIP :** BEST IN CLASS PEOPLE produce extraordinary results.
- **GLOBAL LEADERSHIP :** Serve globally, act locally.

OUTLOOK

From a macro perspective, the environment has turned positive with oil prices around $80 per barrel. Investments in yester-years and in future upstream oil and gas shall continue the flow of downstream pipe demands. New markets for products with stringent specifications, which a very few companies can offer besides Welspun.

In plates business, the environment continues to pose challenges as shipping industry, one of the prime consumers of plates is still to recover. We have established our credibility as a high-end supplier to pipe manufacturers and the commercial segment supplies shall enable us to increase volume. Internal consumption of plates and coils shall increase going forward.

INTERNAL CONTROL AND ADEQUACY

Management of the Company maintains its adequate internal control system, which is designed to provide reasonable assurance that the assets are safeguarded and transactions are rightly executed and recorded in accordance with management authorization and accounting policies.

All the records are adequately maintained for preparation of financial statements and other financial information. Apart from internal controls, our Company also audits the efficiency and security of its operations, its information technologies and data, in accordance with the global standards. The Audit Committee met eight times in the financial year 2009-10 to review internal audit reports as well as the internal control systems and financial disclosures.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company's strategic intent is to grow at a fast pace as defined in DISHA 2012, which sets the direction and deliverables as well as the means to achieve this growth.

To achieve strategic goals and enable business success, the Company is investing in attracting, developing and retaining highest quality of human capital. The intent is to build a high performance management culture, backed by world-class processes operating on a value framework. The twin pillars of education and systems & processes will enable us to identify high performance & high potential people and build future leadership. Thus, the underlying philosophy behind the management of human capital at Welspun is to strengthen its strategic alignment with the business. An HR-ERP package WEL-CONNECT supported by an Oracle database is in place to manage all HR related activities.

The key initiatives that are being driven are:

- Leadership development journey for the key talent comprising of high performing members is being covered through an integrated intervention ranging over a period of 12 - 15 months.
  - The intervention focuses on building a talent pool of competencies and strengths in the areas of technical, general and people management.
  - Welspun has partnered with a reputed management and research institute to groom its key talent on general management concepts.
  - A combination of developmental assignments, classroom training, e-learning, coaching and participation in special project

- Succession Planning process has been initiated to review the successors in the pipeline, available for the top 3 levels of every business.
- Talent Development initiative is aimed at building a leadership pipeline that will make the leaders available for future.
- A Balanced Scorecard based Performance Management System (PMS) is in place and operative.
- The thrust of Learning & Development efforts has been for skill enhancement and capability building. A common training curriculum has been designed under the Corporate University Framework, where around 30 different programs have been designed for employees. Technical training certification program has also been instituted.
- Welspun employees are also given an opportunity to enroll themselves into the certification courses offered by All India Management Association (AIMA).
- Other initiatives for employee engagement like reward and recognition programs (Excellence Awards), online libraries and employee engagement framework for the corporate teams has been deployed.
- The integration roadmap for the strategic acquisitions is another focus area for the Human Capital team.

In order to build a strong middle management team over the next 5 years, the Company has decided to hire candidates from top B-Schools across the country.

The Company is focused on making its people ambitious, aggressive, dynamic, flexible and resilient and with an entrepreneurial bent of mind, the act as change agents is to catapult and fast forward on its growth trajectory.

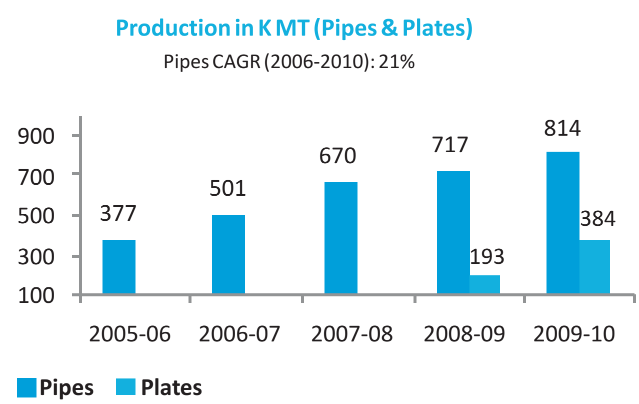
DISCUSSION OF FINANCIAL ANALYSIS

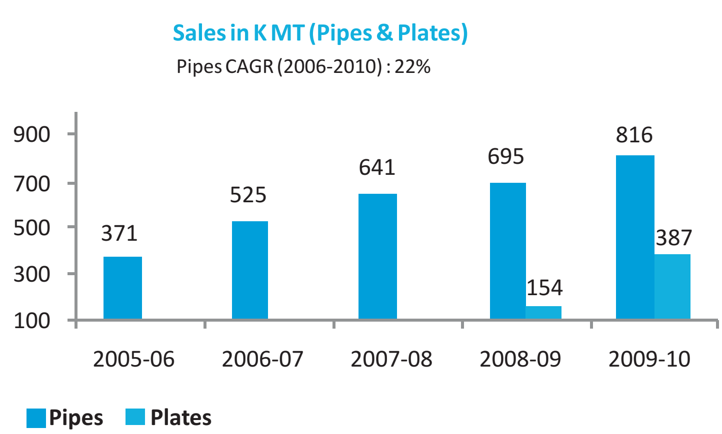
The significant developments which had major impact on financial numbers were:

- Sales volume of Pipes up by 17% and plate volumes (Internal +External) up by 151%. Resultant revenue growth is 28%.
- Pipe plant at Little Rock (Arkansas, U.S.) is in full-swing.
- Coil Mill has been commissioned.
- Net Finance cost is higher due to lower interest income and comparatively lower interest capitalization.
- Depreciation is higher in comparison to corresponding year on account of commissioning of Coil Mill and U.S plant.

Given below are highlight of financial numbers and impact of above developments on financial performance of the Company.

1. Revenue

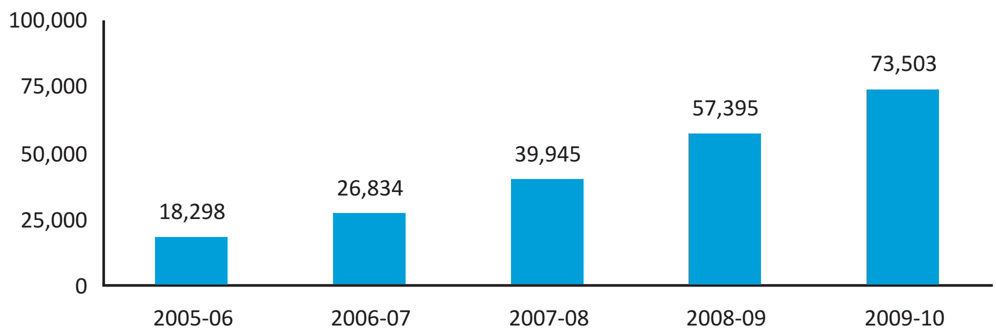




- In FY 2010, on annualized basis, our Company achieved over 54% capacity utilization. The installed Capacity is 1.5 million tons/annum, making our company one of the largest line pipe company in the World.
- Production reached all time high of 814k tons, pipe CAGR of 21% over a period of 5 years. Plate production achieved was 384k tons.
- Sales volume for pipes were 816k tons witnessing a growth of 17%, Plate division achieved an overall sale of 387 k, external sale being 309k tons and internal sale being 78k tons.

Consolidated Revenues (Rs. in Million)

CAGR (2006-2010) : 42%



- Sales increased by 28% in FY 10 compared to the previous year with a CAGR of 42% over a period of 5 years on account of high pipe volume, plate volume and improved realization.

2. Breakup of various cost items as a percentage of sales & services ("Net Sales")

Element of Cost	FY 2009-10		FY 2008-09	
	Amount (Rs Million)	(%)	Amount (Rs in Million)	(%)
Sales	**73,503**	**100.0**	**57,395**	**100.0**
Cost of goods sold	47,484	64.6	40,033	69.7
Manufacturing & Other Expenses				
- Store & spares consumed	1,835	2.5	915	1.6
- Coating & other Job charges	173	0.2	2,417	4.2
- Power, fuel & water charges	1,682	2.3	1,332	2.3
- Material handling charges	1,356	1.8	1,963	3.4
- Freight expenses	1,317	1.8	1,898	3.3
- Staff cost	2,779	3.8	1,322	2.3
Other expenses	3,690	5.0	1,168	2.0
Total Expenses	**60,317**	**82.0**	**51,048**	**89.0**
EBITDA (Operational)	**13,186**	**18.0**	**6,348**	**11.0**
Other Income	185	-	187	-
Finance Cost (Net)	2,071	2.8	1,766	3.1
Depreciation	2,061	2.8	1,433	2.5
PBT (Profit before Tax)	**9,240**	**12.6**	**3,336**	**5.8**
Provision for Tax	3,136	4.3	1,200	2.1
PAT (Profit after Tax)	**6,104**	**8.3**	**2,135**	**3.7**

Cost of goods sold as a percentage to Net Sales has decreased from 69.7% to 64.6% mainly on account of efficient raw material management. Operational cost increased mainly due to rise in power and fuel charges, staff costs and other expenses. Coating and other job charges have come down due to lower job work volume. Power, Fuel and Water Charges increased mainly due to higher energy requirement for enhanced plate mill operations and part of the energy needs were served by 43 MW Captive Power Plant. Stores and Spares cost increased on account of commissioning of pipe capacities in India, USA and higher level of Plate mill operations.

Freight Charges were lower due to better negotiations with the shipping companies and also due to direct dispatches from US facility. Staff Cost is higher due to additional employees for US facility, plate mill and the effect of capitalization in the previous year.

Net Finance Cost is higher due to lower interest income and effect of higher interest capitalization in the previous year.

Depreciation charges also increased due to increase in fixed Assets with the capitalization of Coil Mill at Anjar, and full period effect of capitalization of HSAW mill at Anjar and US Spiral Mill.

3. Margins

Operating Margins: The EBITDA margin showed a growth of 108% at Rs. 13,186 million compared to the previous year at Rs. 6,348 million. Previous year was impacted by extraordinary items like forex provisioning of Rs. 1,256 million on asset/ liability mismatch, Inventory write-down of Rs. 385 mn and forex provisioning on ECB of Rs. 178 million. The current year benefited with the reversal of forex provisioning. The EBITDA Margin for FY 10 stands at 17.9% as compared to 11.0 % in FY 09.

PAT Margins: Profit after tax shows a growth of 186% and stands at Rs. 6,104 million as compared to the FY 09 at Rs. 2,135 million (excluding the extraordinary items). The PAT Margin for the FY 10 stands at 8.3% as compared to 3.7% in FY 09.

Table: Balance Sheet (Consolidated)

(Rs. in Million)

Sources of Funds	As at 31 March 2010	As at 31 March 2009	Change
Shareholder's Funds			
Share Capital	1,022	933	89
Reserves	27,989	14,664	13,325
Total	**29,011**	**15,597**	**13,414**
Foreign Currency Monetary Item Translation Difference A/c	76	-	75
Loan Funds			
Secured Loans	18,654	26,435	(7,781)
Unsecured Loans	6,822	103	6,719
Total	**25,476**	**26,538**	**(1,062)**
Deferred Tax Liabilities (Net)	3,352	2,488	864
Total	**57,915**	**44,623**	**13,292**
Application of Funds			
Net Block & Capital Work in Progress	38,333	36,804	1,529
Investments	1,596	1,140	456
Foreign Currency Monetary Item Translation Difference A/c	-	355	(355)
Current Assets, Loans and Advances			
Income Accrued on Investments	13	113	(100)
Inventories	20,322	26,113	(5,791)
Sundry Debtors	8,077	4,601	3,476
Cash and Bank Balances	17,028	9,470	7,558
Loans and Advances	6,031	5,552	479
Total	**51,471**	**45,849**	**(5,622)**

(Rs. in Million)

Application of Funds	As at 31 March 2010	As at 31 March 2009	Change
Less : Current Liabilities and Provisions			
Current Liabilities	32,291	38,955	(6,664)
Provisions	1,219	601	618
Total	**33,510**	**39,556**	**(6,046)**
Net Current Assets	**17,961**	**6,293**	**11,668**
Deferred Revenue Expenditure	25	31	(6)
Total	**57,915**	**44,623**	**13,292**

Note: Minority interest of Rs. 0.06 (0.40) million and preliminary expenses of Rs. 0.07 (0.08) million for the current year (previous year) have not been taken in the above analysis.

4. Return on Net Worth

Return on Net worth (RoNW) is 21% in the FY 10 as compared to 13.7% in the previous year. Investments made in the Plate & Coil mill and the US project have contributed positively during the year.

5. Surplus Funds

Temporary surplus are invested in mutual funds and government securities. Nevertheless, in order to achieve higher growth and value creation for the stakeholders, our company wish to deploy funds, for debottlenecking & up-gradations, capacity enhancement by way of organic and in-organic initiatives and stronger focus on upstream Oil and Gas businesses. In future, our Company also wish to enhance the dividend payout rates and retire high cost debt to improve overall profitability.

6. Capital Deployment

During the year the capital deployment increased from Rs. 44,623 million to Rs. 57,915 million mainly due to capitalization of Coiler Mill, capital expenditure on LSAW plant & HSAW Plant and surplus cash and cash equivalents pending utilization. Management is confident that increase in size as well as range of activities would economize operations and achieve competitive advantage in the ever increasing competitive market.

7. Networth / Book value

The Networth of our Company stands at Rs. 29,011 million as at 31st March 2010. The Net Worth has increased by Rs. 13,414 million mainly on account of current year's profit of Rs. 5,627 million (net of dividend/dividend tax), QIP issue of Rs. 4,662 million, Positive movement of Rs 1,972 million in hedge reserve account and Foreign Currency Translation reserve of Rs. 969 million.

The Book Value of equity shares stands at Rs 142 per equity share as at 31st March 2010. The details of movement in various heads of net worth are as under:

a. Share Capital

During the year, issued and paid up equity share capital (no. of shares) increased from 186,491,192 to 204,322,410 equity shares (of Face Value of Rs. 5 each) as at 31st March 2010, on account of:

- 16,694,718 Equity Shares issued to Qualified Institutional Buyers (Rs. 83.5 million)
- 1,136,500 Equity shares due to exercise of option under ESOP Plans. (Rs. 5.7 million)

b. Reserves and Surplus

i) Capital Reserve: The balance as of 31st March 2010 amounted to Rs. 1,057 million which is the same as in the previous financial year .

ii) Securities Premium account: The addition to the Securities Premium account of Rs. 4,620 million during the year was mainly on account of "Qualified Institutional Placement" (QIP) issue and ESOPs.

iii) Debenture Redemption Reserve: Debenture Redemption Reserve has increased by Rs. 106 million during the year and stands at Rs. 643.75 million at the end of the year to provide for redemption of Secured Non Convertible Debentures of Rs.3,000 million issued during the year FY 08.

iv) Hedging Reserve Account and Foreign Currency Translation Reserve: Positive movement of Rs 1,972 million in Hedge reserve account and Foreign Currency Translation reserve of Rs. 969 million due to appreciation of rupee against dollar from Rs. 50.7 (31 March 2009) to Rs. 44.9 (31 March 2010).

v) General Reserve: General Reserve has increased by Rs. 540 million during the year and stands at Rs. 1,267 million at the end of the year.

vi) Profit and Loss account: The balance retained in the Profit and Loss Account as on 31st March 2010 has increased by Rs. 4,981 million to Rs. 11,470 million after providing for an equity dividend of 40%.

8. Loan funds

The Gross debts stands at Rs. 25,476 million, which has come down by Rs. 1,062 million over the previous year. Major movements during the year includes:

- Repayment of high cost term Loans of Rs. 8,137 million.
- ECB has come down by Rs. 834 million due to realignment gain.
- Raised unsecured loan of Rs. 6,735 million by way of Foreign Currency Convertible Bonds.
- Working Capital Loans has increased by Rs. 405 million.
- Loans for Joint Ventures has gone up by Rs. 867 million.

The Net debts stands at Rs. 8,448 million as at 31st March 2010 after reducing the cash of Rs. 17,028 million. Net debt to Networth is 0.29 indicating the strong financial position of the balance sheet.

9. Fixed Assets

Gross Block of Fixed Assets increased by Rs. 3,966 million to Rs. 38,810 million in FY 10. This was mainly due to capitalization of Coil Mill and Pipe mill. Capital Work in progress of Rs. 5,412 million largely reflects LSAW and HSAW Plant under construction.

10. Inventory

Inventory decreased by Rs. 5,791 million to Rs. 20,322 million, despite increase in scale of operations, reflecting lower steel prices as compared to the previous year and better inventory management. As a result, the inventory turnover days decreased from 166 days of Net Sales to 101 days of Net Sales.

11. Debtors

Sundry Debtors increased from Rs.4,601 million to Rs. 8,077 million in the FY 10. Sundry Debtors have increased to 40 days (29 days in FY 09) of Net Sales during the year.

12. Cash and Bank Balances

Cash and Bank balances as at 31st March 2010 increased to Rs.17,028 million as against Rs.9,470 million as at 31st March 2009. The funds are in fixed deposits and in margin money/ current account, which facilitates effective working capital management.

13. Loans and Advances

The loans and advances increased from Rs 5,552 million as at 31st March 2009 to Rs. 6,031 million as at 31st March 2010 due to higher level of business activity.

14. Current Liabilities

The current liabilities have decreased by Rs.6,664 million to Rs. 32,291 million in FY 2010, which is mainly due to reduction in the acceptances during the year.

Note on foreign currency hedging

Policy: The Company has major part of its revenues and expenses in foreign currency, which provides natural hedge. The value addition is hedged through forward sale of dollars with vanila products.The long term liabilities in foreign currency are kept unhedged as the Company is net foreign exchange earner. At any point of time the Company manages the net forex position to almost at the nil level.

For the stand alone results, the Note No. 7 In this annual report on page No. 71 deals with "Disclosure of Derivative Instruments and Unhedged Foreign Currency Exposure" and the table for the current year is repoduced and explained below with the help of superscripts for each numerical item.

The Outstanding foreign currency derivative contracts as on 31 March, 2010 in respect of hedging are as follows: (Rs. in Million)

Particulars	31 March, 2010	
	Amount Hedged	Amount Unhedged *
a) In respect of Short term receivables and payables		
i) In respect of Debtors		
a) Existing as on the Balance sheet date		1,389.47 (1)
b) In respect of future forecasted transactions	5,975.39 (2)	
ii) In respect of Creditors		
a) Existing as on the Balance sheet date	3,344.69 (4)	6,542.76 (3)
b) In respect of future forecasted transactions	5,544.95 (5)	
b) In respect of Short term receivables and payables existing as on the balance sheet date		
i) Other short term assets or receivables	-	6,324.36 (6)
ii) Other short term liabilities or payables	-	778.25 (7)
c) In respect of Long term receivables and payables existing as on the balance sheet date		
i) In respect of Foreign Currency Loan receivable	-	-
ii) In respect of Foreign Currency Loan payable	437.62 (8)	13,524.99 (9)
d) Other derivative Hedge instruments	4,245.00 (10)	

Note :

The Net un-hedged short term receivable as on 31 March, 2010 is Rs. 392.82 million resulting natural hedge against foreign exchange rates fluctuations.

Explanation for a) in respect of Short term receivables and payables

The above table is reproduced in the form of overall receivables and payables position and provides the net position as on 31 March, 2010,with regard to foreign currency exposure and the net unhedged position.

(Rs. in Million)

Particulars	31 March, 2010		
	Receivables	Payables	Difference
i) In respect of Trade receivables and payables			
Existing as on the Balance sheet date	1,389.47 (1)	6,542.76 (3)	
In respect of future forecasted transactions based on orders in hand	27,765.07	25,992.00	
Total Trade	**29,154.54**	**32,534.76**	**(3380.22)**
ii) Hedges			
Existing as on the Balance sheet date		3,344.69 (4)	
In respect of future forecasted transactions	5,975.39 (2)	5,544.95 (5)	
Total Hedge	**5,975.39**	**8,889.64**	**(2914.25)**
Net unhedged Trade	**23,179.15**	**23,645.12**	**(465.97)**

Conclusion: The difference between receivables and payables after including future forcasted numbers based on orders in hand and hedges in place the net unhedged position is closer to nil level,as the Company enjoys the natural hedge.

Explanation for b) in respect of Short term receivables and payables existing as on balance sheet date

6. Other short term assets or receivables includes Rs. 5,493.66 million as short term fixed deposits and foreign currency account and Rs. 830.70 million advance payment to vendors.

7. Rs. 778.25 million is towards advance received from buyers for future shipments.

Explanation for c) in respect of Long term receivables and payables existing as on balance sheet date

8. Rs. 437.62 million relates to foreign currency loan payable to the bank.

9. Rs. 135,24.99 : relates to foreign currency loan payable.
   - Rs. 6,735.00 million represents foreign currency convertible bonds.
   - Rs. 6,789.99 million represents external commercial borrowing.

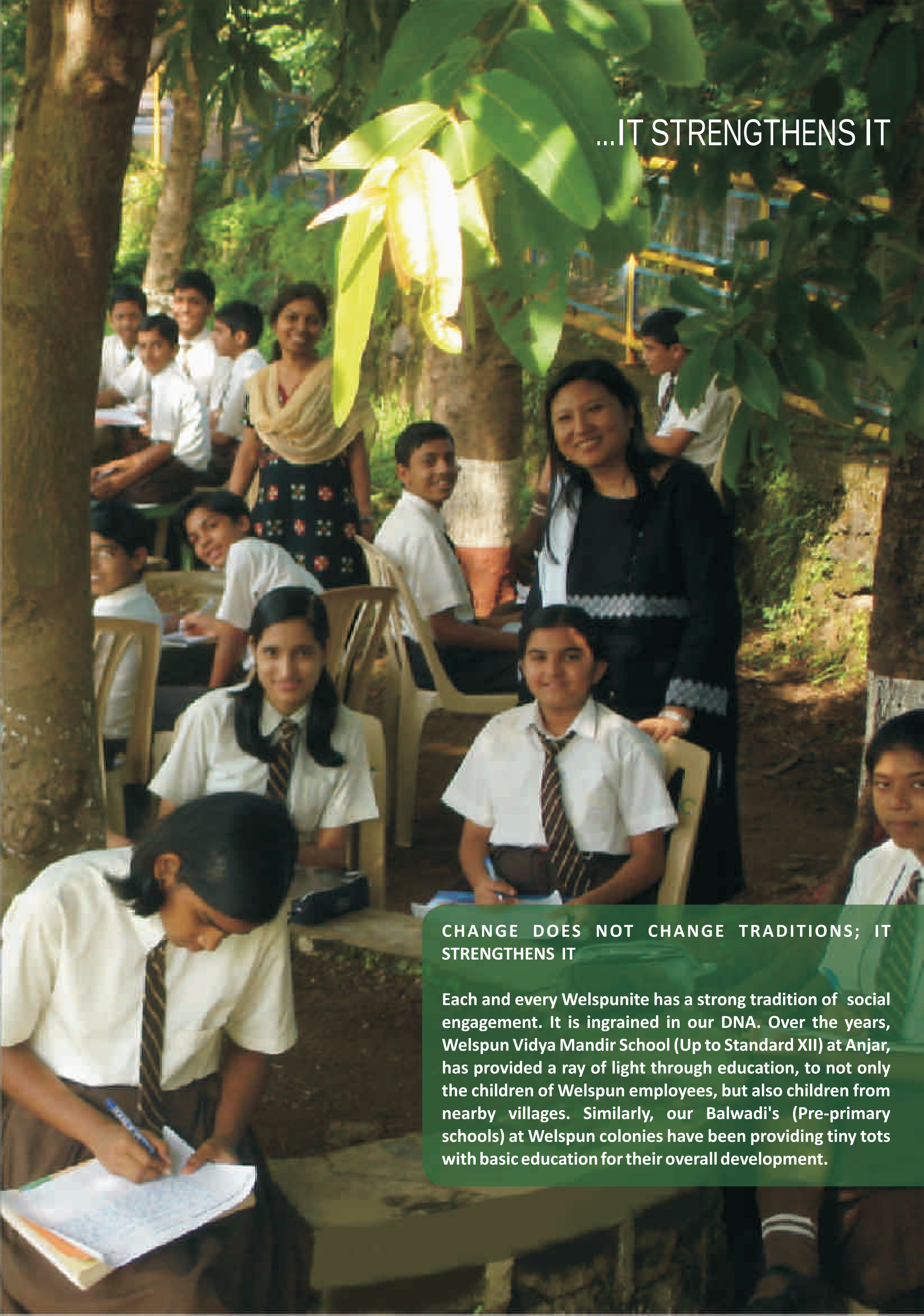
Explanation for d) in respect of other derivative Hedge instruments

10. Other hedge instruments:
    - Interest Rate Swap: US $ 50 million swap floating to fixed (2.29%) for ECB loan for partially mitigating interest rate volatility.
    - Cross Currency Swap: Equivalent US $ 40.80 million conversion of long term rupee loan into foreign currency loan on notional principal basis. This results into conversion of high cost rupee loan into cost effective LIBOR based foreign currency loan.

Cautionary Statement

Some of the statements in this Management Discussions and Analysis, describing the projections, estimates and expectations may be forward looking statements within the meaning of the applicable laws and regulations. Actual results may differ substantially from those expressed or implied. Important developments that could affect Welspun's operations include a shift in the industry structure, significant changes in political and economic environment in India and globally, tax laws, import duties, litigations and labour relations.

CHANGE DOES NOT CHANGE TRADITIONS ...



...IT STRENGTHENS IT

CHANGE DOES NOT CHANGE TRADITIONS; IT STRENGTHENS IT

Each and every Welspunite has a strong tradition of social engagement. It is ingrained in our DNA. Over the years, Welspun Vidya Mandir School (Up to Standard XII) at Anjar, has provided a ray of light through education, to not only the children of Welspun employees, but also children from nearby villages. Similarly, our Balwadi's (Pre-primary schools) at Welspun colonies have been providing tiny tots with basic education for their overall development.

Corporate Social Responsibility

Welspun, a large diversified conglomerate, believes that any organization is an extension of society and it does not function in isolation. Contributing to the economic development of the country through ethical business practices is a focused area. Carrying out its operations in diverse business verticals, Welspun Group has multi-faceted responsibilities towards its customers, employees and the communities at large.

Our vision is to light up the world by making a difference. Moving towards transformation, we have identified that sustainable community development is the very basis of empowerment. The three guiding paths for this transformation are:

1. **Education** 2. **Empowerment** 3. **Environment**

Initiatives in Education

Adult Education

Education is not a bastion for children alone, but for each individual who wants to grab an opportunity to transform his/her life. The results of a survey conducted at Welspun Grams in Anjar indicated that approximately eighty percent of the worker's wives were illiterate. In response to this, an Adult Education program was launched in association with the Jan Shikshan Sansthan. The teachers were trained by the faculty at Welspun Vidya Mandir. With our CSR personnel's continued efforts, the attendance has risen to twenty regular participants.

Anganwadi

Knowledge enables us to recognize new opportunities towards a better life. The women who have enrolled in the program are more committed towards sending their children to the Welspun Anganwadi and then to regular schools for formal education. Welspun's Anganwadi, which was launched last year has seen a remarkable increase in the number of students. Another remarkable feature is that these children have enrolled themselves into school for formal education. Welspun Vidya Mandir is the first CBSE accredited school in the region.

Employee Engagement

Every employee has a role in modeling CSR as a part of the culture within the Welspun Group. Employees are encouraged to participate in a mentor-mentee program involving children from slums through an NGO partnership with Akanksha.

Initiatives in Empowerment

Vocational Training

Empowering women is at the core of Welspun's CSR efforts. Nari Shakti was launched to achieve this objective. Under this banner, vocational training has been provided to the residents of the Weslpun Grams. Training has been imparted for candle-making, stitching & cutting. Women, although hesitant in enrolling for the program, are now more keen on attending classes and taking all the necessary steps towards becoming economically independent. Vocational training through self help groups has also been offered to them.

Monetization

Exhibitions were organized for showcasing and selling the handicraft products made by the women attending the vocational training sessions. The women have also received orders from Welspun India Ltd, supporting them in marketing and retailing their products.

Initiatives in Environment

Medical Support

Medical Centres in Welspun Grams, Anjar have been established to provide basic medical care to the residents. We have tied up with medical institutes to provide health care and medical treatment in areas where such facilities are rare. Funding for treatment of ailments is another avenue and numerous employees have benefited through this program. Free medical check-ups for workers and family have also been organized in Bharuch. A blood donation camp in association with Red Cross Blood Bank was organized in Bharuch with one hundred and fifteen employees participating.

Health Awareness Workshops

Proactive steps have been taken to provide medical knowledge and facilities to the residents and communities situated near our manufacturing facilities in Anjar. A tie up with Matrusparsh Hospital has ensured that a Gynaecologist and a Pediatrician visit the Welspun Grams every Saturday. Workshops for women conducted on vector - borne diseases, in Welspun Grams, Anjar has resulted in a drastic decrease of any further outbreaks. Numerous Sanitation and health-awareness Camps with focus on Asthma, Mother & Child, Clean water Camps and Family Planning have been organized.

Carbon Emission Reduction

We believe in caring for our environment. We take proactive actions towards being environment friendly. In order to decrease carbon footprints, one of the practices we follow is converting carbon emissions into dry ice and liquid carbon dioxide. Studies have shown a net reduction of carbon dioxide emission of 35,131 metric tons every year.

Afforestation

The once barren and acrid desert land of Anjar has been covered with lush green plantations. It now boasts of approximately 100,000 plants. The residents of Welspun Grams have actively participated in planting of saplings. The women ensure that their children offer protection and care to the plants.

Invigorating the Spirit

The 39th National Safety Week was celebrated at Welspun India Facility, emphasizing safety in every day work life. Competitions like “Spot the Hazard,” Safety Quiz etc were organized. A safety awareness program and fire fighting demonstration were held in the Welspun Gram for the families of the employees.

Celebrating Events & Festivals

A plethora of festival celebrations have been organized at our facilities for both employees and their families. On the occasion of Janmashtmi, chocolates were distributed to the Balwadi children. On a periodic basis, competitions for children and women are organized by the Ladies club to build the Welspun family spirit.

GRI Sustainability workshops have been conducted on a periodic basis for the Corporate Social Responsibility staff in Anjar.

Growth at Infinity

Revenue : Rs. 73,503 mn.

Revenue : Rs. 57,395 mn.

Revenue : Rs. 39,945 mn.

Revenue : Rs. 26,834 mn.

Revenue : Rs. 18,298 mn.

Revenue : Rs. 10,385 mn.

Revenue : Rs. 8,277 mn.

Revenue : Rs. 2,565 mn.

Revenue : Rs. 585 mn.

Revenue : Rs. 180 mn.

Incorporated 1995

Embarked on a Growth Journey

Financials Section

Standalone Accounts

Welspun Corp Ltd

Growth

- **2010** Foray into infra & pipe laying for O&G and water through MSK Projects India Ltd.
  Investment in Middle East with HSAW capacity of 270,000 MT
  550,000 MT pipe capacity addition under implementation in India
- **2009** 350,000 MT US Spiral Mill commissioned
- **2008** 150,000 MT Spiral Mill commissioned
  Commissioning of Plate Mill & 43 MW Power Plant
- **2007** Anjar Facility, *A Key Contributor*
- **2006** Approvals from O&G majors for new facility
- **2005** New Capacity at Anjar, Gujarat for HSAW & Coating
- **2004** Merger of coating J.V. with WGSRL
- **2001** Pipe Coating in JV with EUPEC of Germany at Dahej, Gujarat
- **2000** LSAW, Dahej, Gujarat
- **1998** HSAW, Dahej, Gujarat

EMBARKED ON A GROWTH JOURNEY - GROWTH AT INFINITY

The figures say it all. From a US$ 2 million Company in 1996 to a US$ 1.7 billion conglomerate in FY 09-10, the company has embarked upon a fast paced growth journey to be the most respected company in the world.

Consolidated Accounts

Auditors' Report

To the Members of Welspun Corp Limited (Formerly Welspun Gujarat Stahl Rohren Limited)

1. We have audited the attached Balance Sheet of **Welspun Corp Limited** (Formerly Welspun Gujarat Stahl Rohren Limited) ("the Company") as at 31 March 2010, and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ("the Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.

4. Further to our comments in the Annexure referred to in Paragraph (3) above, we report that:

   (a) We have 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 appears from our examination of those books;

   (c) The Balance Sheet, the Profit and Loss account and the Cash Flow statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, the Profit and Loss account and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act;

   (e) On the basis of written representations received from the Directors and taken on record by the Board, we report that none of the directors is disqualified as at 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes to accounts as per Schedule 18, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010;

      ii) In the case of the Profit and Loss account, of the Profit for the year ended on that date; and

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

For **MGB & Co.**
Chartered Accountants
Firm Registration No.: 101169W

Mohan Bhandari
Partner
Membership No. 12912
Mumbai, 27 April 2010

Annexure referred to in paragraph 3 of Auditors' Report to the members of Welspun Corp Limited (Formerly Welspun Gujarat Stahl Rohren Limited) on the accounts for the year ended 31 March 2010

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

(b) According to the information and explanations given to us, the fixed assets have been physically verified by the management in a phased program periodical manner at reasonable intervals, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.

(ii) (a) The inventories have been physically verified by the management during the year except stock lying with third parties in respect of which confirmations have been obtained. In our opinion, the frequency of verification is reasonable.

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

(c) As explained to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification of inventories as compared to the book records.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal control system.

(v) According to the information and explanations given to us, there are no contracts or arrangements the particulars of which are required to be entered into the register in pursuance of Section 301 of the Act.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year with in the meaning of section 58A and 58AA of the Act and the rules framed there under.

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

(viii) On the basis of records produced, we are of the opinion that prima facie cost accounting records prescribed by the Central Government under section 209 (1) (d) of the Act, in respect of products of the Company, have been maintained. However, we are neither required to carry out nor have carried out any detailed examination of such accounting records.

(ix) (a) According to the records of the Company, the undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues to the extent applicable have been deposited regularly with the appropriate authorities *except for delays in few cases*. There is no undisputed amounts payable in respect of the aforesaid dues outstanding as at 31 March 2010 for a period of more than six months from the date of becoming payable.

(b) There are no disputed dues on account of Wealth Tax, Income Tax, Custom Duty, and Cess. Dues on account of the disputed Sales Tax/VAT, Service Tax and Excise Duty which have not been deposited are as under:

Name of the Statute (Nature of dues)	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Sales Tax (VAT)	2.12	2000-2001 to 2002- 2003	Sales Tax Tribunal
	3.61	2001-2002 and 2005-2006	Joint Commissioner of Sales Tax (Appeals)

Name of the Statute (Nature of dues)	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Sales Tax (VAT)	214.59	2009-2010	Assessment Stage
The Central Excise Act, 1944			
- Excise Duty	0.09	2003-2004	Commissioner of Central Excise and Customs
	0.08	2007-2008	Assistant Commissioner of Central Excise and Customs
- Service Tax	31.20	2004-2005 and 2005-2006	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
	7.82	2005-2006 and 2006-2007	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
	45.90	2006-2007 to 2008-2009	Commissioner of Central Excise and Customs
	26.13	2005-2006 to 2008-2009	Commissioner / Additional Commissioner of Central Excise and Customs
	0.31	2007-2008 to 2009-2010	Deputy Commissioner of Central Excise and Customs

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society.

(xiv) The Company is not dealing or trading in securities, debentures and other investments.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loans taken by subsidiaries and others from banks and financial institutions are prima facie not prejudicial to the interest of the Company.

(xvi) According to the information and explanations given to us and records of the Company examined by us, the Company has not raised any term loan during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company and related information as made available to us, we are of the opinion that there are no funds raised on short term basis which have been used for long term investments.

(xviii) During the year, the Company has made preferential allotment of shares under the ESOP scheme to the parties covered in the register maintained under section 301 of the Companies Act, 1956. The price at which these shares were issued is not prima-facie prejudicial to the interest of the Company.

(xix) The Company has created adequate security in respect of debentures issued.

(xx) The Company has not raised any money by way of public issue during the year. Funds raised on issue of Foreign Currency Convertible Bonds (FCCB) have been utilised for the purpose for which they were raised except pending utilization have been invested in short term deposits with Banks as referred in Note 1(c).

(xxi) Based on our audit procedures performed and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year of our audit.

For **MGB & Co.**
Chartered Accountants
Firm Registration No.: 101169W

Mohan Bhandari
Partner
Membership No. 12912
Mumbai, 27 April 2010

Balance Sheet as at 31 March 2010

(Rs. in Million)

Particulars	Schedules	As at 31-Mar-10	As at 31-Mar-09
Sources of Funds			
Shareholders' Funds			
Share Capital	1	1,021.61	932.46
Reserves and Surplus	2	26,366.00	14,865.53
		27,387.61	15,797.99
Loan Funds			
Secured Loans	3	12,971.12	21,634.02
Unsecured Loans	4	6,818.46	103.41
		19,789.58	21,737.43
Foreign Currency Monetary Item Translation Difference Account (Refer Note 6(b))		75.42	-
Deferred Tax Liabilities (Net) (Refer Note 14(b))		2,954.68	2,487.63
Total		**50,207.29**	**40,023.05**
Application of Funds			
Fixed Assets			
Gross Block	5	29,691.95	26,528.82
Less:Depreciation/Amortisation		5,057.64	3,618.48
Net Block		24,634.31	22,910.34
Capital Work-In-Progress (Refer Note 12 (iv))		4,011.17	3,803.15
		28,645.48	26,713.49
Investments	6	2,796.14	1,718.37
Foreign Currency Monetary Item Translation Difference Account (Refer Note 6(b))		-	354.98
Current Assets, Loans and Advances			
Interest Accrued on Investments		13.41	25.19
Inventories	7	13,042.92	23,236.41
Sundry Debtors	8	8,040.87	5,838.55
Cash and Bank Balances	9	9,212.40	9,193.71
Loans and Advances	10	6,194.15	11,149.81
		36,503.75	49,443.67
Less : Current Liabilities and Provisions			
Current Liabilities	11	16,603.28	37,607.18
Provisions	12	1,134.80	600.28
		17,738.08	38,207.46
Net Current Assets		18,765.67	11,236.21
Total		**50,207.29**	**40,023.05**
Significant Accounting Policies and Notes to Accounts	18		

As per our attached report of even date

For and on behalf of the Board

For MGB & Co.
Chartered Accountants

B.K.Goenka
Chairman and Managing Director

M.L.Mittal
Executive Director-Finance

Mohan Bhandari
Partner
Mumbai, 27 April 2010

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Profit And Loss Account for the year ended 31 March, 2010

(Rs. in Million)

Particulars	Schedules	Year ended 31-Mar-10	Year ended 31-Mar-09
Income			
Sales and Services (Gross)	13	68,924.32	61,096.82
Less: Excise Duty		2,784.97	2,313.68
Sales and Services (Net)		66,139.35	58,783.14
Other Income	14	127.74	178.79
Total		**66,267.09**	**58,961.93**
Expenditure			
Cost of Goods	15	44,928.46	42,113.92
Manufacturing and Other Expenses	16	10,112.49	10,322.78
Finance Expenses (Net)	17	1,661.70	1,734.96
Depreciation/Amortisation		1,479.20	1,254.19
Total		**58,181.85**	**55,425.85**
Profit Before Tax		**8,085.24**	**3,536.08**
Provision For Taxation			
- Current Tax		2,216.23	439.47
- Deferred Tax		467.05	749.75
-Fringe Benefit Tax		-	11.18
Profit After Tax		**5,401.96**	**2,335.68**
Balance Brought Forward		6,795.96	5,305.60
Profit Available for Appropriation		**12,197.92**	**7,641.28**
Appropriations:			
General Reserve		540.00	234.00
Debenture Redemption Reserve		106.25	268.75
Proposed Dividend on Equity Shares		408.64	279.74
Tax on above Dividend		67.87	47.54
Dividend on Equity Shares for earlier period		0.22	13.06
Tax on Dividend		0.04	2.22
Balance carried to Balance Sheet		**11,074.89**	**6,795.96**
Earnings Per Share (Face Value Rs. 5 each) (Refer Note 19)			
- Basic		28.04	12.59
- Diluted		25.18	12.50
Weighted average no. of Shares used in computing			
Earnings Per Share - Basic		192,638,617	185,569,595
- Diluted		218,019,604	186,864,123

Significant Accounting Policies and Notes to Accounts **18**

As per our attached report of even date

For and on behalf of the Board

For MGB & Co.
Chartered Accountants

B.K.Goenka
Chairman and Managing Director

M.L.Mittal
Executive Director-Finance

Mohan Bhandari
Partner
Mumbai, 27 April 2010

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Schedules forming part of Accounts

(Rs. in Million)

Particulars	As at 31-Mar-10	As at 31-Mar-09
Schedule - 1 Share Capital		
Authorised		
304,000,000 (304,000,000) Equity Shares of Rs. 5 each	1,520.00	1,520.00
98,000,000 (98,000,000) Preference Shares of Rs. 10 each	980.00	980.00
	2,500.00	**2,500.00**
Issued, Subscribed and Paid Up (Refer Note 2 and 3)		
204, 322,410 (186,491,192) Equity Shares of Rs. 5 each fully paid up	1,021.61	932.46
Total	**1,021.61**	**932.46**
(Of the above 8,120,000 Equity Shares Rs. 5 each fully paid up are allotted for consideration other than cash, pursuant to the Scheme of Arrangement in the year 2004-05.)		
Schedule - 2 Reserves and Surplus		
Capital Reserve		
As per last Balance Sheet	1,057.26	1,057.26
Securities Premium		
As per last Balance Sheet	7,710.72	6,860.93
Add/(Less): Received during the year	4,663.76	848.14
Discount on issue of shares under Employee Stock Options Scheme (Refer Note 3)	30.40	1.65
Premium payable on redemption of Foreign Currency Convertible Bonds (Refer Note 1(b))	(15.62)	-
Utilised towards share issue expenses (Refer Note 2(b))	(58.28)	-
	12,330.99	7,710.72
Debenture Redemption Reserve		
As per last Balance Sheet	537.50	268.75
Add: Appropriated during the year	106.25	268.75
	643.75	537.50
Employee Stock Options Outstanding	25.06	60.03
Less : Deferred employee compensation	(0.70)	(18.35)
	24.36	41.68
Hedging Reserve Account (Refer Note 6(c))	(31.86)	(2,004.20)
General Reserve		
As per last Balance Sheet	726.61	501.96
Add: Appropriated during the year	540.00	234.00
Less: Transferred to Fixed Assets	-	(9.35)
	1,266.61	726.61
Profit and Loss Account	11,074.89	6,795.96
Total	**26,366.00**	**14,865.53**

Schedules forming part of Accounts

(Rs. in Million)

Particulars	As at 31-Mar-10	As at 31-Mar-09
Schedule - 3 Secured Loans (Refer Note 4)		
Debentures		
Secured Redeemable Non Convertible Debentures	3,000.00	3,000.00
Term Loan from Banks		
In Foreign Currency	398.76	68.47
In Rupee	2,782.37	10,537.85
	3,181.13	10,606.32
External Commercial Borrowings	6,789.99	7,623.87
Working Capital From Banks		
In Foreign Currency	-	303.83
In Rupee	-	100.00
	-	403.83
Total	**12,971.12**	**21,634.02**
Schedule - 4 Unsecured Loans		
Foreign Currency Convertible Bonds (Refer Note 1)	6,735.00	-
Deferred Sales Tax Loan	83.46	103.41
(Repayable in six equal annual instalments from Financial Year 2009 / 2015)		
Total	**6,818.46**	**103.41**

Schedule - 5 Fixed Assets - (at cost)

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Upto 31.03.2009	For the year	Deductions	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
a) Tangible Assets										
Land	128.43	1.95	0.76	129.63	-	-	-	-	129.63	128.43
Buildings	3,631.37	114.01	-	3,745.38	298.56	101.04	-	399.61	3,345.77	3,332.80
Plant and Machinery	22,268.27	3,329.14	381.57	25,215.83	3,205.70	1,302.88	34.68	4,473.90	20,741.93	19,062.57
Office and Other Equipments	161.46	58.58	4.30	215.75	66.99	19.96	3.17	83.78	131.97	94.48
Vehicles	42.42	9.27	0.80	50.89	12.52	4.52	0.41	16.64	34.26	29.90
Furnitures and Fixtures	67.01	28.33	2.92	92.41	26.58	6.30	1.78	31.10	61.31	40.42
b) Intangible Assets										
Software	225.52	8.07	-	233.59	8.12	44.50	-	52.62	180.97	217.40
	26,524.48	**3,549.35**	**390.35**	**29,683.48**	**3,618.48**	**1,479.20**	**40.04**	**5,057.64**	**24,625.84**	**22,906.00**
Assets held for disposal	4.34	4.13	-	8.46	-	-	-	-	8.46	4.34
Total	**26,528.82**	**3,553.48**	**390.35**	**29,691.95**	**3,618.48**	**1,479.20**	**40.04**	**5,057.64**	**24,634.31**	**22,910.34**
Previous Year	**22,324.85**	**4,522.02**	**318.05**	**26,528.82**	**2,367.67**	**1,254.19**	**3.38**	**3,618.48**	**22,910.34**	

NOTES :

1. Gross block of Plant and Machinery includes Rs. 63.49 million (Rs. 63.49 million) in respect of expenditure incurred on capital asset, ownership of which does not vest with the Company.
2. Deductions in gross block for the year includes Rs. 314.57 million on account of decapitalisation of foreign exchange as per amended AS 11.

Schedules forming part of Accounts

(Rs. in Million)

Particulars	As at 31-Mar-10	As at 31-Mar-09
Schedule - 6 Investments		
Long Term (at cost)-Unquoted		
a) Subsidiary Companies-Wholly Owned		
Welspun Pipes Inc.	0.44	0.44
10,001 Equity Shares of $1 each fully paid up		
16,000 Redeemable Preferred Stock of $ 1000 each fully paid up #	645.50	645.50
Welspun Pipes Limited	0.50	0.50
50,000 Equity Shares of Rs.10 each fully paid up #		
Welspun Infratech Limited	1,000.85	-
24,750,000 (Nil) Equity Shares of Rs.10 each fully paid up		
Welspun Tradings Limited (Formely Known as Seagull Global Private Limited)	50.21	-
5,012,002 (Nil) Equity Shares of Rs. 10 each fully paid up		
Welspun Natural Resources Private Limited	0.10	0.05
10,000 (5,100) Equity Shares of Rs.10 each fully paid up		
b) Subsidiary Company-Other		
Welspun Urja India Limited	-	0.26
Nil (25,500) Equity Shares of Rs.10 each fully paid up		
c) Joint Venture		
Dahej Infrastructure Private Limited (Extent of holding 50%)	5.00	5.00
500,000 Equity Shares of Rs.10 each fully paid up		
Less: Provision for Diminution	(5.00)	-
d) Associates		
Red Lebondal Limited (Extent of holding 25%)	0.03	0.03
450 Equity Shares of Euro 1 each		
Welspun Energy Limited (Extent of holding 26%)	0.13	-
13,000 (Nil) Equity Shares of Rs.10 each fully paid up		
e) Others		
Quoted		
Welspun India Limited	-	0.01
Nil (100) Equity Shares of Rs. 10 each fully paid up		
Welspun Syntex Limited	-	0.00
Nil (25) Equity Shares of Rs. 10 each fully paid up		
Unquoted		
Welspun Enterprises (Cyprus) Limited	0.77	0.77
11,800 Equity Shares of Euro 1 each fully paid up		
Welspun Power and Steel Limited	-	0.00
Nil (100) Equity Shares of Rs. 10 each fully paid up		
Welspun Global Brands Limited	0.00	-
* 10 (Nil) Equity Shares of Rs. 10 each fully paid up		
Welspun Investments Limited	0.00	-
* 5 (Nil) Equity Shares of Rs. 10 each fully paid up		

Schedules forming part of Accounts

(Rs. in Million)

Particulars	As at 31-Mar-10	As at 31-Mar-09
Current Investments		
Bonds - Quoted		
9.50% Delhi Transco Limited (4000 Bonds of Rs. 100,000 each)	398.55	-
9.55% IFCI Limited 2025 (279 Bonds of Rs. 1,000,000 each)	268.03	-
10.80% Lakshmi Vilas Bank Limited (108 Bonds of Rs. 1,000,000 each)	106.95	-
9.75% West Bengal State Electricity Transmission Company Limited 2019 (120 Bonds of Rs. 1,000,000 each)	124.08	-
8.64% Tamil Nadu Electricity Board (200 Bonds of Rs. 1,000,000 each)	200.00	-
11.45% Punjab Infrastructure Development Board (1018 bonds of Rs. 1,000,000 each)	-	1,018.00
10.25% Government of India (390 bonds of Rs 100,000 each)	-	47.81
Total	**2,796.14**	**1,718.37**
All the above Shares and Securities are fully paid up		
* Denotes amount less than Rs.10,000		
Aggregate Book Value of Quoted Investments	1,097.61	1,065.81
Aggregate Book Value of Unquoted Investments	1,698.53	652.56
Aggregate Market Value of Quoted Investments	1,104.06	1,167.61
# The Company has given an undertaking to banks for non disposal of its shareholding for credit facilities granted to Subsidiaries		

Mutual Fund Units bought and sold during the year Name of the Fund	Quantity (Nos. In million)	(Rs. In million) Cost
Axis Liquid Fund - IP - Daily Dividend Reinvestment Plan	0.45	452.11
Axis Treasury Advantage Fund - IP - Daily Dividend Reinvestment Plan	0.05	50.00
Bharti AXA Liquid Fund - Super Institutional - Daily Dividend Reinvestment	0.02	24.59
Birla Sun Life Cash Manager - IP - Daily Dividend Reinvestment	370.26	3,703.08
Birla Sun Life Cash Plus - Instl. Prem. - Daily Dividend Reinvestment	254.91	2,553.68
Birla Sun Life Savings Fund - Instl. - Daily Dividend Reinvestment	253.05	2,531.59
Baroda Pioneer Treasury Advantage Fund - IP - Daily Dividend Reinvestment	25.00	250.00
BOB Pioneer Liquid Fund - IP - Daily Dividend Reinvestment	127.34	1,273.94
BOB Pioneer Public Sector Undertaking (PSU) Bond Fund - IP - Monthly Dividend Reinvestment	5.06	50.00
Canara Robeco FRF - ST - Daily Dividend Reinvestment Plan	61.33	629.06
Canara Robeco Liquid Super Instl. - Daily Div Reinvest Fund	47.60	477.88
Canara Robeco Treasury Advantage Fund - Super Institutional - Daily Dividend Reinvest	8.43	104.49
DBS Chola Freedom Income Short Term Fund -IP- Daily Div Reinv Plan	60.65	615.06
DBS Chola Liquid Fund - Super IP- Daily Dividend Reinvestment Plan	77.06	874.50
DSP Black Rock Floating Rate Fund - IP - Daily Dividend Reinvestment	0.68	680.89

Schedules forming part of Accounts

Mutual Fund Units bought and sold during the year Name of the Fund	Quantity (Nos. In million)	(Rs. In million) Cost
DSP Black Rock Liquidity Fund -IP-Daily Dividend Reinvestment	1.56	1,557.45
DWS Credit Opportunities Cash Fund - Daily Dividend Reinvestment	5.54	55.36
DWS Insta Cash Plus - Super IP - Daily Dividend Reinvestment	61.15	613.19
DWS Short Maturity Fund - IP - Weekly Dividend Reinvestment Plan	4.78	50.01
DWS Treasury Fund - Cash - IP - Daily Dividend Reinvestment	29.40	295.08
DWS Ultra Short - Term Fund - IP - Daily Dividend Plan	10.00	100.03
Fortis Money Plus Institutional Plan - Daily Dividend	39.16	390.70
Fortis Overnight Fund - Institutional Plan - Daily Dividend	59.11	591.12
HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment Plan	199.52	2,121.98
HDFC Cash Management Fund - Treasury Advantage - Wholesale Plan - Daily Dividend Reinvest	80.93	811.41
HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvest	128.86	1,579.55
HDFC Liquid Fund Premium Plus Plan - Dividend - Daily Reinvest	25.40	311.34
ICICI Prudential Flexible Income Plan - Premium Plan - Daily Dividend Reinvestment	203.42	2,436.92
ICICI Prudential Instl. Liquid Plan - Super Instl. - Daily Dividend Reinvestment	332.43	4,641.11
IDFC Cash Fund - Plan C - Super IP - Daily Dividend Reinvestment	74.54	745.50
IDFC Money Manager - Treasury Plan - Super Instn Plan C - Daily Dividend Reinvestment	68.70	687.05
JM High Liquidity Fund - Super IP - Daily Dividend Reinvestment Plan	4.99	50.00
JM Money Manager Fund - Super Plus Plan - Daily Dividend Reinvestment	5.00	50.01
JP Morgan India Liquid Fund - Super Instn - Dividend Plan - Reinvest	159.80	1,598.89
JP Morgan India Treasury Fund - Super Instn - Daily Dividend Plan - Reinvest	46.39	463.93
Kotak Flexi Debt Fund -IP - Daily Dividend Reinvestment	9.96	100.01
Kotak Floater - LT - Daily Dividend Reinvestment Plan	52.65	529.39
Kotak Liquid Institutional Premium Plan - Daily Dividend Reinvestment	72.28	883.65
LICMF Floating Rate Fund - Daily Dividend Reinvestment Plan	4,589.39	45,863.57
LICMF Income Plus Fund - Daily Dividend Reinvestment Plan	660.35	6,600.31
LICMF Liquid Fund - Daily Dividend Reinvestment Plan	10,989.57	120,645.80
LICMF Saving Plus Plan - Daily Dividend Reinvestment	2,604.89	26,030.29
Principal Cash Management Fund Liquid Option - Instl Prem Plan - Dividend Reinvestment Daily	59.94	599.42
Reliance Medium Term Fund - Daily Dividend Reinvestment	7.16	122.34
Reliance Liquidity Fund-Daily Dividend Reinvestment Option	51.84	518.42
Religare Credit Opportunities Fund - IP - Monthly Dividend Reinvestment Plan	5.09	50.80
Religare India Liquid Fund - Institutional - Daily Dividend Reinvestment Plan	2.08	20.77
Religare India Liquid Fund - Super Institutional - Daily Dividend Reinvestment Plan	3.00	30.00
Religare Ultra Short Term Fund - IP - Daily Dividend Reinvestment Plan	2.08	20.77
Magnum Insta Cash Fund - Daily Dividend Option	347.06	5,812.40
SBI Premier Liquid Fund - Instl Plan - Daily Dividend Reinvestment	760.22	7,625.96
Shinsei Liquid Fund - IP - Daily Dividend Reinvestment Plan	2.00	20.00
Shinsei Treasury Advantage Fund -IP-Daily Dividend Reinvestment	0.05	50.00
Sundaram BNP Paribas Money Fund Super Inst.Daily Div.Rein	18.94	191.20
Sundaram BNP Paribas Ultra Short Term - Super IP - Daily Dividend Reinvestment	19.05	191.21
Tata Floating Rate Short Term Inst. Plan - Daily Dividend	92.09	921.81
Tata Liquid Super High Investment Fund - Daily Dividend	0.46	513.50
Tata Treasury Manager Fund - SHIP - Daily Dividend Reinvestment Plan	0.49	500.04
Taurus Liquid Fund Super IP - Daily Dividend Reinvestment Plan	5.00	50.00
Templeton Floating Rate Income Fund - Long Term - Super IP - Daily Dividend Reinvestment Plan	33.24	331.38
Templeton Floating Rate Income Fund - Short Term - Super IP - Daily Dividend Reinvestment Plan	26.04	264.34
Templeton India Treasury Mgt Account Super Instl Plan - Daily Dividend Reinvestment	1.23	1,232.50
Templeton India Ultra Short Bond Fund - Super IP - Daily Dividend Reinvestment	10.00	100.01
UTI Floating Rate Fund - STP - IP - Daily Dividend Reinvestment Plan	1.00	1,000.08
UTI Liquid Cash Plan Institutional - Daily Income Option - Re-investment	2.23	2,269.93
UTI Money Market Fund - Daily Dividend Option - Re-investment	8.18	150.00
UTI Money Market Fund - IP- Daily Dividend Option - Re-investment	1.43	1,433.69

Schedules forming part of Accounts

(Rs. in Million)

Particulars		As at 31-Mar-10	As at 31-Mar-09
Schedule - 7 Inventories			
(As taken, valued and certified by the management)			
Raw Materials		3,586.44	11,099.17
Stores and Spares		895.36	728.85
Finished Goods		2,697.19	4,850.13
Work / Goods In Process		564.64	2,334.92
Goods in Transit		5,299.29	4,223.34
	Total	**13,042.92**	**23,236.41**
Schedule - 8 Sundry Debtors			
(Unsecured and considered good, unless otherwise stated)			
More than six months - considered good		831.98	872.80
- considered doubtful		97.28	97.29
Others - considered good *		7,208.89	4,965.75
		8,138.15	5,935.84
Less: Provision for doubtful debts		97.28	97.29
	Total	**8,040.87**	**5,838.55**
* include due from Subsidiaries Rs. 1858.55 million (Rs. 1,860.99 million)			
Schedule - 9 Cash and Bank Balances			
Cash in hand		3.08	4.53
Cheques in hand		-	2.27
Balance with Scheduled Banks			
- In Current Accounts *		774.05	4,834.96
- In Margin Money Accounts		621.49	699.25
- In Fixed Deposit Accounts		7,813.78	3,641.59
Balance with Non-Scheduled Banks			
- In Current Accounts -Banque Exterieure'd Algerie		0.00	11.11
(Maximum Balance outstanding Rs. 72.52 million (Rs. 36.27 million)			
	Total	**9,212.40**	**9,193.71**
* includes Rs. 3.11 million (Rs. 2.28 million) being balance in unclaimed dividend accounts not available for use by the Company.			
Schedule - 10 Loans and Advances			
(Unsecured and considered good, unless otherwise stated)			
Loans and Advances to Subsidiaries			
-Share Application Money		2,151.89	1,695.51
-Other Loans and Advances		-	4,769.57
Advances			
(Recoverable in cash or in kind or for value to be received)			
Balances with excise and customs authorities etc.		2,087.32	3,030.78
Other Advances		1,559.91	1,087.25
Deposits		530.73	566.70
		6,329.85	**11,149.81**

Schedules forming part of Accounts

(Rs. in Million)

Particulars		As at 31-Mar-10	As at 31-Mar-09
Less: Provision for doubtful Advances		135.70	-
	Total	**6,194.15**	**11,149.81**
Schedule - 11 Current Liabilities			
Acceptances		7,000.30	30,940.78
Sundry Creditors			
Due to Micro Small and Medium Enterprises (Refer Note 5)		0.85	1.58
Due to Others		8,132.95	6,085.83
Trade Advances and Deposits		1,201.46	322.35
Interest accrued but not due		264.61	254.35
Unclaimed Dividend *		3.11	2.28
	Total	**16,603.28**	**37,607.18**
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31March 2010			
Schedule - 12 Provisions			
For Proposed Dividend (Including tax on proposed dividend)		476.51	327.28
For Taxation (Net)		624.02	242.97
For Retirement Benefits		34.27	30.03
	Total	**1,134.80**	**600.28**

Particulars		Year ended 31-Mar-10	Year ended 31-Mar-09
Schedule - 13 Sales and Services			
Sales		67,769.27	57,278.77
Job Work and Other charges		846.30	2,509.87
(Tax deducted at source Rs 0.03 million (Rs.16.68 million)			
Export and Excise Benefits		308.75	1,308.18
	Total	**68,924.32**	**61,096.82**
Schedule - 14 Other Income			
Dividend (Gross)		91.52	70.73
Profit on sale of Investments		10.62	68.62
Miscellaneous Income		25.60	39.44
	Total	**127.74**	**178.79**
Schedule - 15 Cost of Goods			
(A) Raw Materials consumed			
Opening Stock		11,099.17	6,094.65
Purchases (Net) *		30,563.13	48,467.74
		41,662.30	54,562.39
Less: Closing Stock		3,586.44	11,099.17
	Total (A)	38,075.86	43,463.22
(B) Purchases of Traded Goods		2,900.95	2,763.75
	Total (B)	2,900.95	2,763.75
(C) Increase/(Decrease) in Stock			
Closing Stock			
Finished Goods		2,697.19	4,850.13
Work/Goods In Process		564.64	2,334.92
		3,261.83	7,185.05

Schedules forming part of Accounts

(Rs. in Million)

Particulars		Year ended 31-Mar-10	Year ended 31-Mar-09
Less : Opening Stock			
Finished Goods		4,850.13	1,626.13
Work/Goods In Process		2,334.92	1,122.43
		7,185.05	2,748.57
Less: Increase/(Decrease) in Excise duty on Finished Goods		28.43	323.45
	Total (C)	(3,951.65)	4,113.04
	Total (A)+(B)-(C)	**44,928.46**	**42,113.92**

* Includes transfer from Trial Run Rs. 40.05 million (Rs. Nil)

Particulars		Year ended 31-Mar-10	Year ended 31-Mar-09
Schedule - 16 Manufacturing and Other Expenses			
Stores and Spares consumed		1,578.48	982.30
Coating and Other Job charges		172.67	2,525.15
Power, Fuel and Water charges		1,527.20	1,310.89
Material handling and Transport charges		1,095.53	1,470.21
Freight expenses		1,317.41	1,907.48
Commission and Discounts on sales		880.88	676.66
Directors' Remuneration		108.16	69.47
Salaries, Wages and Allowances		1,155.89	947.28
Contribution to funds		61.40	49.68
Staff welfare expenses		90.86	86.49
Rent		97.66	79.92
Rates and Taxes		282.27	61.82
Repairs and Maintenance			
- Plant and Machinery		165.06	46.01
- Buildings		23.26	16.05
- Others		17.53	15.52
Travelling and Conveyance expenses		148.68	137.42
Communication expenses		23.49	19.74
Professional and Consultancy fees		486.00	53.38
Insurance		76.15	59.07
Directors' sitting fees		0.54	0.40
Printing and Stationary		12.38	11.89
Security charges		15.27	20.48
Membership and Subscription		11.20	7.84
Vehicle expenses		20.87	16.76
Foreign Exchange difference (Net)		387.41	(309.99)
Miscellaneous expenses		93.52	86.44
Auditors' Remuneration		7.11	4.04
Sales Promotion expenses		25.33	24.23
Diminution in value of Current / Long Term Investments		5.00	1.06
Loss on sale / discard of fixed assets		45.48	5.11
Bad debts and Advances written off		44.10	1.58
Provision for doubtful Debts / Advances (Net)		135.69	(61.60)
	Total	**10,112.49**	**10,322.78**
Schedule - 17 Finance Expenses (Net)			
Interest on			
Debentures		323.66	337.43
Fixed Loans		1,111.58	1,165.80
Working Capital		12.24	108.04
Others		303.08	385.64
		1,750.56	1,996.91
Discounting and Other charges		376.01	518.37
		2,126.57	2,515.28
Less: Interest received (Gross) *		464.87	780.32
(Tax deducted at source Rs. 160.97 million (Rs. 53.79 million)	**Total**	**1,661.70**	**1,734.96**

* includes interest received from a Subsidiary Rs. 204.10 million (Rs. 139.24 million)

Schedule: 18 Significant Accounting Policies and Notes to Accounts

A. Significant Accounting Policies

1. Basis of Accounting

The financial statements have been prepared under the Historical Cost Convention on accrual basis and in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act 1956.

Pursuant to the announcement of the Institute of Chartered Accountants of India (ICAI) on “Accounting for Derivatives” on the early adoption of Accounting Standard (AS-30) “Financial Instruments: Recognition and Measurement”, the Company has early adopted the standard w.e.f 1 April 2007, to the extent that the adoption does not conflict with the existing mandatory accounting and other authoritative pronouncements, Company Law and other regulatory requirements.

2. Use of Estimates

The preparation of the financial statements in accordance with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from those estimates. Any revision of such accounting estimate is recognized prospectively in current and future periods.

3. Fixed Assets

(a) Fixed assets are stated at original cost of acquisition / installation (net of cenvat credit availed) net off accumulated depreciation, amortization and impairment losses except land which is carried at cost. The cost of fixed assets includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition including trial run expenses (net of revenue) and borrowing cost incurred during pre-operational period.

(b) Capital Work-In-Progress is stated at the amount expended upto the date of Balance Sheet including pre-operative expenditure and advances on capital account.

(c) Cost of Software includes license fees, cost of implementation and system integration and capitalized as intangible assets in the year in which the relevant software is put to use.

4. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

5. Depreciation

(a) Depreciation on fixed assets is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956 except for certain Plant and Machinery which are depreciated on the basis of estimated useful lives of 13-15 years. The rates of depreciation derived from these estimated useful lives are higher than those given in Schedule XIV to the Companies Act, 1956.

(b) For determining the appropriate rate of depreciation on Plant and Machinery, continuous process plant has been identified on the basis of technical opinion by the Company / Expert.

(c) Software is amortized over a period of five years from the date of its use based on Management's estimate of useful life.

6. Investments

Investments intended to be held for more than a year, from the date of acquisition, are classified as long-term and are stated at cost. Provision for diminution in value of investments is made to recognize a decline other than temporary. Current Investments are stated at cost or fair value whichever is lower.

7. Revenue Recognition

(a) Sale of goods is recognized when the risks and rewards of ownership are passed on to the customers, which is generally on dispatch. Export Sales are accounted for on the basis of date of bill of lading. Gross Sales include excise duty, value added tax incentive, adjustments for price variation, quality claims, liquidated damages and exchange rate variations related to export realization.

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

(c) Revenue from Services is recognized when the services are completed.

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

8. Inventories

Inventories are valued at lower of cost or net realizable value. The basis of determining cost for various categories of inventories is as follows;

(i) Raw Materials, Stores and Spares - Moving weighted average basis.

(ii) Work / Goods in Process and Finished Goods - Cost of Direct Material, Labour and other manufacturing expenses.

9. Foreign Currency Transactions

(a) Foreign exchange transactions are converted into Indian Rupees at the prevailing rate on the date of the transactions. Current monetary assets and liabilities are translated at the exchange rate prevailing on the last day of the year. Non monetary items are carried at cost.

(b) Gains or losses arising out of remittance / translations at the year-end are credited / debited to the profit and loss account for the year and where it relates to acquisition of fixed assets, are adjusted to the carrying cost of such assets except treatment as per amendment to AS-11 (Refer note no 6 (b)).

(c) Premium / discount on forward exchange contracts not relating to firm commitments or highly probable forecasted transactions and not intended for Trading or Speculation purpose is amortized as income or expense over the life of the contract.

10. Derivative Instruments and Hedge Accounting

The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges and applying the recognition and measurement principles set out in Accounting Standard 30 “Financial Instruments: Recognition and Measurement” (AS 30). The gain or loss on the effective hedges is recorded in “Hedging Reserve Account” until the transaction is complete. The gain or loss is accounted in Profit and Loss Account upon completion of the transaction or when the hedge instrument expires or terminates or ceases to qualify for hedge accounting.

11. Employee Benefits

a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

b) Post employment and other long term benefits are recognized as an expense in the profit and loss account of the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the Profit and Loss account.

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

12. Employee Stock Options Scheme

In respect of employee stock options granted pursuant to the Company's Stock Option Scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

13. Accounting for Taxes on Income

(a) Current tax is determined as the amount of tax payable in respect of taxable income of the year computed as per the Income Tax Act, 1961.

(b) Deferred tax is recognized subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using prevailing enacted or substantively enacted tax rates.

14. Operating Lease

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

15. Research and Development

Capital expenditure on research and development is treated in the same manner as fixed assets. Revenue expenditure on research and development is charged to Profit and Loss Account.

16. Impairment of Assets

At each Balance Sheet date, the Company reviews the carrying amount of fixed assets to determine whether there is any indication that those assets suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

B. Notes to Accounts

1. **Foreign Currency Convertible Bonds (FCCB)**

   a) During the year, the Company has raised US$ 150 million (Equivalent INR 6,942 million) by way of issue of 1,500, 4.5% Foreign Currency Convertible Bonds (FCCB) of US$ 100,000 each. The Bondholders have an option to convert these bonds into 24,010,000 equity shares at an initial conversion price of Rs. 300 per share of Rs. 5 each fully paid up with a fixed rate of exchange on conversion of Rs. 48.02= US$ 1 at any time on or after 26 November 2009 until 10 days prior to Maturity date (i.e 17 October 2014). Unless previously converted, redeemed or repurchased and cancelled, the Bonds will be redeemed on 17 October 2014 at 102.8028% of the principal amount so as to give a gross yield of 5% per annum (calculated on semi annual basis) to the Bond Holders.

      The Company has an option to redeem the Bonds at their Early Redemption Amount upon occurrence of events specified in the Offering Circular issued by the Company for issue of the Bonds ("Offering Circular"). Further, the Company has the option to mandatorily convert the Bonds after three years as specified in the Offering Circular.

   b) Premium payable on redemption of FCCB aggregating to Rs. 15.62 million has been adjusted against Securities Premium Account (SPA) as per Section 78 of the Companies Act,1956. In the event that the holders of FCCB exercise the conversion option, the amount of premium utilized from SPA will be suitably adjusted in respective years.

   (c) Part of the net proceeds received from the issue of FCCB has been utilized as per object of the issue viz for funding of Plate / Coil Mill and Pipe Mill Capex Projects. Pending utilization, the issue proceeds of USD 122.35 million (Equivalent INR 5,493.66 million) have been invested in short term deposits with Banks abroad.

2. **Qualified Institutional Placement (QIP)**

   a) The Company has launched a Qualified Institutional Placement (QIP) on 24 November 2009 and raised equity funds aggregating to Rs. 4,662 million by issuing 16,694,718 equity shares of face value of Rs. 5 each, at a premium of Rs. 274.25 per equity share to certain "Qualified Institutional Buyers" (QIBs) in accordance with the terms of chapter XIII-A of the SEBI (DIP) Guidelines.

   b) Share issue expenses related to QIP aggregating to Rs. 58.28 million is adjusted against Securities Premium Account (SPA) as per Section 78 of the Companies Act, 1956.

3. **Employee Stock Options Scheme**

   In respect of options granted under the Welspun Employee Stock Options Scheme, in accordance with the guidelines issued by Securities and Exchange Board of India, the value of options (based on intrinsic value of the share on the date of the grant of the option) is accounted as deferred employee compensation, which is amortized on a straight line basis over the vesting period. Salaries, wages and allowances include Rs 13.06 million (Rs. 21.85 million) deferred employee compensation under Employee Stock Options Scheme.

   During the year, 1,136,500 equity shares of Rs. 5 each fully paid up were issued at a price of Rs. 80.00 each, on exercise of options by employees. Discount allowed aggregating to Rs. 30.40 million (Rs. 1.65 million) in respect of shares allotted pursuant to Stock Options Scheme is credited to Securities Premium Account as per guidelines of Securities and Exchange Board of India.

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

Particulars	Granted during 2006-07	Granted during 2007-08	Granted during 2009-10
Exercise Price	Rs. 80	Rs. 94.10	Rs. 66.75
Date of Grant	8 January 2007	24 April 2007	20 April 2009
Vesting period commences on	8 January 2008	24 April 2008	20 April 2010
Options outstanding at the beginning of the period	2,138,750	90,000	Nil
Options granted during the year	--	--	47,500
Options exercised during the year	1,136,500	Nil	Nil
Options lapsed during the year	105,250	90,000	Nil
Outstanding as at 31 March 2010	897,000	Nil	47,500

4. **Secured Loans**

a) **Redeemable Secured Non-Convertible Debentures (NCD)**

Particulars	No. of Debentures	Face Value (In Rs.)	Date of Allotment	Redemption from the date of allotment	Interest (p.a)	Amount (Rs. in million)
Fixed Rate Debentures	1,000	1,000,000	28/11/2007	3 years	10.05%	1,000
Fixed Rate Debentures	1,250	1,000,000	29/11/2007	5 years	10.50%	1,250
Fixed Rate Debentures	450	1,000,000	31/12/2007	5 years	10.40%	450
Fixed Rate Debentures	300	1,000,000	18/01/2008	3 years	10.05%	300
				Total		**3,000**

The debentures together with interest are secured by first charge ranking pari passu by way of mortgage/hypothecation of entire immovable and movable fixed assets of the Company, both present and future and second/floating charge on current assets, subject to prior charge in favour of banks for working capital facilities.

b) **Term Loan from Banks**

Term Loans of Rs. 3,181.13 million (Rs. 10,606.32 million) are secured by first charge ranking pari passu by way of mortgage / hypothecation of entire immovable and movable fixed assets of the Company both present and future and also secured by second / floating charge on current assets subject to prior charge in favour of banks for working capital facilities.

c) **External Commercial Borrowings (ECB)**

ECB of Rs 6,789.99 million (Rs. 7,623.87 million) is secured by first charge ranking pari passu by way of mortgage / hypothecation on entire immovable and movable fixed assets of the Company both present and future. Further the ECB is secured by exclusive charge by way of hypothecation of Debt Service Reserve Account.

d) **Working Capital facilities**

Working Capital facilities from banks are secured by first charge by way of hypothecation of raw materials, finished goods and goods in process, stores & spares and book debts of the Company and second charge on entire immovable and movable fixed assets of the Company both present and future of the Company.

5. **Micro, Small and Medium Enterprises**

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 March 2010. The disclosure pursuant to the said Act is as under:

(Rs. in million)

Particulars	31 March 2010	31 March 2009
Principal amount due to suppliers under MSMED Act, 2006	0.85	1.58
Interest accrued and due to suppliers under MSMED Act, on the above amount	0.01	0.01
Payment made to suppliers (Other than interest) beyond the appointed day, during the year	16.86	35.07
Interest due and payable to suppliers under MSMED Act, for payments already made	0.13	0.24
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.94	0.80

The above information and that given in Schedule -11 “Current Liabilities and Provisions” regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified by the Company on the basis of information available.

6. **Foreign Exchange Differences**

a) Loss on account of difference in foreign exchange on realignment/realization and on cancellation of derivative instruments amounting to Rs. 5.30 million (Rs. 3,433.25 million) is adjusted under respective heads of income or expenses in the Profit and Loss account to which it relates and exchange difference gain of Rs. Nil (Rs. 6.27 million) other than (b) below, has been adjusted to the carrying cost of fixed assets/capital work in progress.

b) The Companies (Accounting Standards) Amendment Rules 2009 has amended the provision of AS-11 related to "The effects of changes in Foreign Exchange Rates" vide notification dated 31 March 2009 issued by the Ministry of Corporate Affairs. Accordingly, the Company has adjusted exchange difference gain amounting to Rs. 348.36 million (Loss of Rs.

616.20 million) to the cost of fixed assets and exchange difference gain of Rs. 93.76 million (Loss of Rs. 532.50 million) is transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of such long term assets / liabilities but not beyond 31 March 2011. Out of the above, gain of Rs. 18.34 million (Loss of Rs.177.50 million) has been adjusted in the current year and gain of Rs. 75.42 million (Loss of Rs. 354.98 million) has been carried over.

c) The Company has early adopted AS-30 as referred to in Note A (i) of the Significant Accounting Policies and accordingly loss of Rs. 31.86 million (Rs. 2,004.20 million) related to foreign exchange difference on Cash Flow Hedges for certain firm commitments and forecasted transactions is recognized in Shareholders' Funds and shown as Hedging Reserve Account.

7. Disclosure of Derivative Instruments and Unhedged Foreign Currency Exposure

The outstanding foreign currency derivative contracts as at 31 March 2010 in respect of various types of derivative hedge instruments and nature of risk being hedged and not hedged are as follows:

(Rs. in million)

Particulars	31 March 2010		31 March 2009	
	Amount Hedged	Amount Unhedged*	Amount Hedged	Amount Unhedged*
a) In respect of Short term receivables and payables				
(i) In respect of Debtors				
a) Existing as on the balance sheet date	-	1,389.47	-	5,238.96
b) In respect of future forecasted transactions	5,975.39	-	16,483.09	-
(ii) In respect of Creditors				
a) Existing as on the balance sheet date	3,344.69	6,542.76	-	19,772.69
b) In respect of future forecasted transactions	5,544.95	-	4,312.45	-
b) In respect of short term receivables and payables existing as on balance sheet date				
(i) Other short term assets or receivables	-	6,324.36	-	2,786.04
(ii) Other short term liabilities or payables	-	778.25	7,556.86	1,348.23
c) In respect of long term receivables and payables existing as on balance sheet date				
(i) In respect of Foreign Currency Loan receivables	-	-	-	2,536.00
(ii) In respect of Foreign Currency Loan payables	437.62	13,524.99	68.47	7,623.87
d) Other Derivative Hedge instruments	4,245.00	-	3,536.00	-

Note:

* The net un-hedged short term receivables as on 31 March 2010 is Rs. 392.82 million (as on 31 March 2009 net un-hedged short term payables was Rs. 13,095.92 million) resulting in natural hedge against foreign exchange rate fluctuation.

Details of Cross Currency derivative contracts

(Rs. in million)

Particulars	31 March 2010	31 March 2009
Cross Currency Hedges	Amount in Foreign Currency	Amount in Foreign Currency
In respect of Short term receivables		
EUR/USD	2.00	88.15
In respect of Short term payables		
EUR/USD	44.75	74.22
JPY/USD	184.13	9.76

8. Managerial Remuneration

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

(Rs. in million)

Particulars	Managing Director		Whole Time Directors	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Salaries and Allowances	5.50	5.50	14.39	27.85
Commission	87.85	31.27	-	-
Perquisites / Contribution to Provident Fund	-	-	0.42	4.85
Total	**93.35**	**36.77**	**14.81**	**32.70**

Notes:

(i) Salaries and Allowances include basic salary, house rent allowance and leave travel allowance.

(ii) Provision for post retirement benefits which is based on actuarial valuation done on an overall Company basis is excluded from the above calculation.

b) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and commission payable to the Managing Director is as under:

(Rs. in million)

Particulars	31 March 2010	31 March 2009
Profit before Tax as per Profit and Loss account	**8,085.24**	**3,536.08**
Add: Managerial Remuneration	108.16	69.47
Directors' Sitting fees	0.54	0.40
Depreciation as per profit and loss account	1479.20	1254.19
Loss on sale/discard of fixed assets	45.48	5.11
Wealth Tax	0.26	0.26
Diminution in value of long term current investments	5.0	1.06
Provision for doubtful Debts / Advances (Net)	135.69	(61.60)
Total	**9859.57**	**4804.97**
Less: Depreciation u/s 350	1479.20	1254.19
FCCB Premium adjustment	15.62	--
Profit on Sale of Current Investments	10.62	68.62
Foreign Currency Monetary Item Translation Difference Account -Net	(430.39)	354.98
Net Profit for Section 198	**8,784.52**	**3127.18**
Commission to Managing Director @1%	87.85	31.27
Maximum permissible managerial remuneration to Managing Directors and Whole Time Directors under Section 198 of the Companies Act, 1956 @ 10% of the profits computed above	878.45	312.72
Restricted as per service agreements	**108.16**	**69.47**

9. Contingent Liabilities not provided for **(Rs. in million)**

Particula rs	31 March 2010	31 March 2009
Performance Guarantees/Bid Bond given by banks to company's customers / government authorities etc.	15,697.13	13,648.35
Corporate Guarantees given by the company (includes Rs. 5,246.70 million (Rs. 4,131.17 million) for Loans/Liabilities taken by the subsidiaries. Loans / Liabilities outstanding against these guarantees are Rs. 5,018.83 million (Rs. 4,131.17 Million))	6,385.27	6,954.02
Letters of Credit outstanding (net of liability provided) for company's sourcing	15,840.28	4,683.75
Claims against the Company not acknowledged as debts	13.46	11.63
Custom duty on pending export obligation against import of Raw Materials	561.36	1,011.76
Disputed service tax /sales tax/ excise duty liabilities	75.75	92.37

10. During the previous year one of the customer reported defect in the pipes supplied alleging grade of steel used did not meet the specifications, the company replaced the defective pipes and also provided for the expected loss on this account. During the year the said customer initiated legal action against the company in the United States of America claiming loss / damages of $ 66 million on account of defects in the pipes supplied, consequently the company also initiated legal action against the steel supplier claiming corresponding loss / damages it may suffer on account of this claim of the customer. Hence the company does not expect any liability on account of the claim against it.

11. Disclosures pursuant to adoption of Accounting Standard 15 (Revised 2005) Employee Benefits

The Employees gratuity fund scheme managed by Kotak Life Insurance Limited is a defined benefit plan. The present value of obligation is based on actuarial valuation using the projected unit credit method. The obligation for leave encashment is recognized in the same manner as gratuity.

Defined Benefit Plan

Details of defined benefit plan of Gratuity (Funded) and Leave Encashment (Non-Funded) are as follows:

I. Actuarial Assumptions

Economic Assumptions

Major Assumptions	2009-10 (%p.a.)	2008-09 (%p.a.)
Discount Rate (p.a.)	8.5	7.75
Expected Return on Assets	6 to 7.5	6.0
Salary Escalation Rate	5.75	5.0

Demographic Assumption

Major Assumptions	
Mortality	Latest Compiled Table of LIC (1994-96)
Retirement Age	60 years for all staff and workers (except in case of Presidents and above 62 Years)
Attrition Rate	2% upto age 44 and 1% thereafter

II. Expenses Recognized in the Profit and Loss Account

(Rs. in million)

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	2009-10	2008-09	2009-10	2008-09
Current Service Cost	50.56	44.98	33.84	31.47
Interest Cost	4.95	4.60	2.48	2.22
Expected Return on Plan Assets	(4.18)	(2.44)	Nil	Nil
Net Actuarial (Gain)/Loss recognized in the period	(50.91)	(21.15)	(24.66)	(20.92)
Expenses recognized in the Profit and Loss Account *	0.4	25.99	11.66	12.77
Expenses capitalized in the Account	Nil	Nil	Nil	Nil

III. Present Value of Defined Benefit Obligation and the Fair Value of Assets

(Rs. in million)

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	2009-10	2008-09	2009-10	2008-09
Present Value of Obligation as at 31 March 2010	70.78	59.00	34.27	30.03
Fair Value of Plan Assets as at 31 March 2010	70.78	59.00	Nil	Nil
Liability Recognized in the Balance Sheet and disclosed under Current Liabilities and Provisions (Refer Schedule -12)	Nil	Nil	34.27	30.03

IV. Change in the Present Value of Obligation

(Rs. in million)

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
	2009-10	2008-09	2009-10	2008-09
Present Value of Obligation as at 1 April 2009	59.00	45.10	30.03	20.76
Current Service Cost	50.56	44.98	33.84	31.47
Interest Cost	4.95	4.60	2.48	2.22
Benefits Paid	(8.08)	(1.89)	(7.42)	(3.50)
Actuarial (Gain)/Loss on Obligations	(35.65)	(33.79)	(24.66)	(20.92)
Present Value of Obligation as at 31 March 2010	70.78	59.00	34.27	30.03

V. Change in Fair Value of Plan Assets

(Rs. in million)

Particulars	Gratuity (Funded) 2009-10	Gratuity (Funded) 2008-09
Fair Value of Plan Assets as at 1 April 2009	59.00	45.10
Expected Return on Plan Assets	4.17	2.44
Actuarial Gain/(Loss) on Plan Assets	15.26	(12.64)
Contributions	0.43	25.99
Benefits Paid	(8.08)	(1.89)
Fair Value of Plan Assets as at 31 March 2010	70.78	59.00

* Included in the "Contribution to funds" (Refer Schedule-16).

12. Capital Projects

(i) Pre-operative Expenses (including accumulated borrowing costs of Rs. 378.87 million) of Rs. 488.98 million (Rs. 266.46 million) in respect of projects capitalized during the year have been allocated proportionately to the direct cost of respective building and plant and machinery.

(ii) Borrowing costs related to Plate and Coil Mill capitalized / allocated to fixed assets / Capital work in progress is Rs. 47.87 million (Rs. 240.30 million).

(iii) Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 3,415.52 million (Rs. 733.69 million), net of advances.

(iv) Capital Work in Progress, includes Capital Advances Rs. 929.06 million (Rs. 403.43 million) and Pre-operative expenses Rs. 35.35 million (Rs. 460.27 million).

(v) The details of Pre-operative Expenses are as under:

(Rs. in million)

Particulars	31 March 2010	31 March 2009
Expenditure upto previous year	**460.27**	**471.96**
Add: Expenses incurred during the year		
Job charges	0.67	-
Power, Fuel and Water Charges	0.56	-
Material Handling and Transport Charges	-	(2.67)
Salary, Wages and Allowances	0.27	11.85
Staff Welfare	-	0.38
Rent	0.21	-
Rates and Taxes	0.30	-
Repairs and Maintenance Expenses	-	1.51
Travelling and Conveyance Expenses	0.36	-
Communication Expenses	0.04	0.24
Professional and Consultancy Fees	2.14	0.45
Insurance	4.40	2.53
Vehicle expenses	0.39	-
Security charges	0.03	-
Miscellaneous expenses	2.39	0.18
Finance expenses	47.87	240.30
Sub Total	**59.63**	**254.77**
Trial Run Expenses		
Raw Material Consumed - M S Slabs 2,284.57 MT (Nil)	54.75	-
Production - H. R. Coils 2,226.45 MT (Nil)		-
Stores and Spares Consumed	0.24	-
Power, Fuel and Water charges	6.13	-
Salaries, Wages and Allowances	0.41	-
Selling and Distribution Expenses	1.39	-
Trial Run Recoveries		
Net Sales - H. R. Coils 636.24 MT (Nil)	(18.44)	-
Finished goods transferred to operation - H. R. Coils 1590.25 MT (Nil)	(40.05)	-
Net Loss	**4.43**	**-**
Total	**524.33**	**726.73**
Less : Amount allocated to Assets Capitalized during the year	488.98	266.46
Balance Carried to Balance Sheet	**35.35**	**460.27**

13. Segment Reporting

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

(II) Information about Secondary-Geographical Segment

(Rs. in million)

	2009-10			2008-09		
	India	Outside India	Total	India	Outside India	Total
External Sale	42,856.69 *	23,282.66	**66,139.35**	42,535.72 *	16,247.42	**58,783.14**
Carrying Amount of Segment Assets	61,361.60	6,583.76	**67,945.36**	69,351.54	8,523.99	**77,875.53**
Capital Expenditure	3,757.36	–	**3,757.36**	4,075.52	--	**4,075.52**

* includes deemed export Sales of Rs. 21,957.22 million (Rs. 26,655.73 million).

Notes:

a) The Segment revenue in the geographical segments considered for disclosure is as follows:
- Revenue within India includes sales to customers located within India and earnings in India.
- Revenue outside India includes sales to customers located outside India, earnings outside India.

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

14. Taxation

a) Current tax is determined as the amount of tax payable in respect of taxable income of the year computed as per Income Tax Act, 1961.

b) The components of deferred tax balances are as under

(Rs. in million)

Particulars	31 March 2010	31 March 2009
Deferred Tax Assets		
Retirement Benefits	11.38	10.21
Other Fiscal Disallowance	58.77	33.42
Total	**70.15**	**43.63**
Deferred Tax Liabilities		
Fiscal allowance on fixed assets	3,049.88	2,410.60
Others	(25.05)	120.66
Total	**3,024.83**	**2,531.26**
Deferred Tax Liabilities (net)	**2,954.68**	**2,487.63**

15. Auditors' Remuneration includes

(Rs. in million)

Particulars	31 March 2010	31 March 2009
Audit Fees	3.50	2.80
Tax Audit Fees	0.75	0.50
Certification and other fees	2.75	0.72
Out of Pocket expenses	0.11	0.02

16. Prior period expense / income

Details of prior period income of Rs. Nil (Rs.166.27 million - net) is as under:

(Rs. in million)

Account Head	31 March 2010	31 March 2009
Expenses		
Finance Expenses	-	1.81
Others	-	0.20
Income		
Export and Excise Incentives	-	(126.80)
Interest Income	-	(24.25)
Others	-	(17.23)
Prior Period (Income)/Expenses-(net)Total	**-**	**(166.27)**

17. Operating Lease

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

(Rs. in million)

Particulars	31 March 2010	31 March 2009
Lease Rental charges for the year	99.73	62.62
Future lease rental obligations payable (under non-cancelable leases)		
Not Later than one year	95.21	92.85
Later than one year but not later than five years	374.66	366.19
Later than five years	98.33	277.78
Total	**568.20**	**736.82**

18. Related party disclosures

As per Accounting Standard 18, the disclosure of transactions with related parties as defined in the Accounting Standard are given below: Particulars of Subsidiaries / Associates / Joint Ventures

Name of the Subsidiaries	Nature of Business	Country of Incorporation	Extent of Holding (%)
Direct Subsidiaries			
Welspun Pipes Limited	Manufacturer of Steel Pipes	India	100%
Welspun Natural Resources Private Limited (holding increased from 51% to 100% w.e.f. 30 March 2010)	Oil and Gas Exploration	India	100%
Welspun Pipes Inc	SPV for Steel Pipes Business	USA	100%
Welspun Tradings Limited (Subsidiary w.e.f. 31 March 2010)	Trading Business of Pipes and Plates	India	99.97%
Welspun Infratech Limited (Subsidiary w.e.f. 01 January 2010)	Infrastructure	India	100%
Welspun Urja India Limited(Ceased to be Subsidiary w.e.f. 31 March 2010)	Energy and Solar Power Generation	India	51%
Welspun Steel Plates and Coil Mills Private Limited (Incorporated and sold during the year)	Manufacturer of Steel Plates and Coils	India	100%
Indirect Subsidiary			
Held through Welspun Pipes Inc.			
Welspun Tubular LLC	Manufacturer of Steel Pipes	USA	100%
Welspun Global Trade LLC	Marketing Company	USA	100%
Held through Welspun Natural Resources Private Limited			
Welspun Plastics Private Limited	Oil and Gas Exploration	India	100%
Held through Welspun Plastics Private Limited			
Nirmal Plastic Industries (Partnership firm) (Dissolved w.e.f. 30 March 2010)	Oil and Gas Exploration	India	95%
Associate Companies			
Red Lebondal Limited	SPV for Steel Pipe Marketing	Cyprus	25%
Welspun Energy Limited (w.e.f. 1 January 2010)	Power Generation	India	26%
Joint Ventures			
Adani Welspun Exploration Limited (Held through Welspun Natural Resources Private Limited)	Oil and Gas Exploration	India	35%
Dahej Infrastructure Private Limited	Development of Jetty	India	50%

Other related parties with whom transactions have taken place during the year and balances outstanding as on the last day of the year. Welspun India Limited, Welspun Power and Steel Limited, Welspun Orissa Power and Steel Limited, Welspun Retail Limited, Welspun Anjar SEZ Limited, Welspun Foundation for Health and Knowledge, Welspun Syntex Limited, Vipuna Trading Limited, Welspun Logistics Limited, Welspun Realty Private Limited, Welspun Enterprises (Cyprus) Limited, Krishiraj Trading Limited, Remi Metals Gujarat Limited, Welspun Steel Plates and Coil Mills Private Limited, Welspun Maxsteel Limited

Directors /Key Management Personnel

Name of the Related Party	Nature of Relationship
B. K. Goenka	Chairman and Managing Director
R. R. Mandawewala	Director
M. L. Mittal	Executive Director-Finance
B.K.Mishra	Director *
Asim Chakraborty	Whole time director w.e.f. 20 April 2009

* Ceased to be director w.e.f 3 October 2009.

Disclosure in respect of transactions which are more than 10% of the total Transactions of the same type with related party during the year:

i. Sale of Goods/Services and Recoveries include from - Welspun Tradings Limited Rs. 21,909.58 million (Rs. 28,741.51 million) (Refer Note 25), Welspun Tubular LLC Rs. 4,302.50 million (Rs. 2,730.75 million)

ii. Sale of fixed assets include to - Welspun Tubular LLC Rs. 0.81 million (Rs.0.03 million), Welspun Power and Steel Limited Rs. 0.87 million (Rs.0.26 million), Remi Metals Gujarat Limited Rs. 1.63 million (Rs. Nil).

iii. Purchase of Goods and Services include from- Welspun Tubular LLC Rs. Nil (Rs. 151.04 million), Welspun Pipes Inc Rs. Nil (Rs. 603.29 million), Welspun Power and Steel Limited Rs. 48.25 million (Rs. 37.47 million), Welspun Logistics Limited Rs. 17.93 million (Rs. 23 million), Welspun Global Trade LLC Rs. 13.82 million (Rs. Nil)

iv. Purchase of Fixed Assets includes from - Welspun Pipes Limited Rs. 1,074.59 million (Rs. Nil)

v. Expenditure includes -Rent paid to - Vipuna Trading Limited Rs. 6.66 million (Rs. 6.62 million), Welspun Realty Private Limited Rs. 81.96 million (Rs. 47.51 million).

vi. Donation paid to - Welspun Foundation for Health and Knowledge Rs. 18 million (Rs. 24 million) (meant for corporate social responsibility activities).

vii. Interest Income includes - Interest received from Welspun Pipes Inc Rs. 204.09 million (Rs. 139.24 million).

viii. Loans, Advances and Deposits includes given to - Welspun Pipes Inc Rs 1,843.22 million (Rs. 4,195.60 million) and repaid during the year Rs. 6,105.32 million, to Welspun Pipes Limited given and repaid Rs. Nil (Rs. 1,000 million).

ix. Investment in Equity Shares of - Welspun Infratech Limited Rs. 1,000.85 million (Rs. Nil), Welspun Urja India Limited Rs. Nil (Rs. 0.26 million), Welspun Steel Plates and Coils Private Limited Rs. 0.10 million (Rs. Nil).

x. Sale of Investment in Equity Shares of - Welspun Urja India Limited of Rs. 0.26 million (Rs. Nil) to Welspun Energy Limited , Welspun Steel Plates and Coils Private Limited Rs. 0.10 million (Rs. Nil) to other related parties, Adani Welspun Exploration Limited Rs. Nil (Rs.2.96 million) to Welspun Natural Resources Limited

xi. Share Application Money given includes to -Welspun Pipes Limited Rs.373 million (Rs. 1,288.95 million), Welspun Natural Resources Private Limited Rs. Nil (Rs. 172.50 million), Welspun Infratech Limited Rs. 778.35 million (Rs. Nil).

xii. Share Application Money given includes repaid by - Adani Welspun Exploration Limited Rs. Nil (Rs. 31.14 million), Welspun Natural Resources Private Limited Rs. 63.30 million (Rs. Nil).

xiii. Issue of Equity Shares by exercise of employee stock option scheme (ESOP)- Whole Time Directors Rs. 14 million (Rs. 0.94 million). Issue of Equity Shares by conversion of warrants to Krishiraj Trading Limited Rs. Nil (Rs. 886.90 million)

xiv. Reimbursement of Expenses includes to Welspun India Limited Rs. 64.95 million (Rs. 68.93 million), Welspun Power and Steel Limited Rs. 8.68 million (Rs. 0.93 million), Welspun Anjar SEZ Limited Rs. Nil (Rs. 28.63 million).

Disclosure of Closing balances as at 31 March 2010

i. Loans, Advances and Deposits given include - Welspun Pipes Inc Rs. Nil (Rs. 4,762.58 million), Welspun Logistics Limited Rs. 52.40 million (Rs. 23.40 million), Welspun Realty Private Limited Rs.425.93 million (Rs. 467.60 million)

ii. Sundry Debtors include - Welspun Tubular LLC Rs. 49.72 million (Rs. 1860.99 million), Welspun Tradings Limited Rs. 1808.83 million (Rs. 169.02 million)

iii. Sundry Creditors include - Welspun India Limited Rs. Nil (Rs. 0.97 million), Welspun Anjar SEZ Limited Rs. 23.59 million (Rs. 28.62 million), Dahej Infrastructure Private Limited Rs. 2.86 million (Rs. Nil).

iv. Investments held include of - Welspun Pipes Inc Rs. 645.95 million (Rs. 645.95 million), Welspun Infratech Limited Rs. 1,000.85 million (Rs. Nil).

v. Share Application Money given to - Welspun Pipes Limited Rs. 1,300.48 million (Rs. 1,520.65 million), Welspun Natural Resources Private Limited Rs. 71.56 million (Rs. 174.86 million), Welspun Infratech Limited Rs. 779.85 million (Rs. Nil)

vi. Guarantees and Collaterals provided include issued to - Welspun Pipes Inc Rs. 3,592 million (Rs. 4,057.60 million), Welspun Tradings Limited Rs. 1,609.80 million (Rs. 1,609.80 million).

Note: Details of remuneration paid to Key Managerial Personnel are disclosed at Note 8 above.

19. Earnings Per Share (EPS)

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
I) Profit computation for Basic and Diluted EPS		
Profit After Tax (Rs. In Million)	5,401.96	2,335.68
Add: Interest on Foreign Currency Convertible Bonds (Net of Tax) (Rs. In Million)	87.51	-
Profit After Tax for Diluted EPS (Rs. In Million)	5,489.47	2,335.68
II) Weighted average number of equity shares for EPS computation		
a) For Basic EPS (Nos)	192,638,617	185,569,595
b) For Diluted EPS (Nos)	218,019,604	186,864,123
III) EPS on Face Value of Rs. 5 each		
Basic (Rs.)	28.04	12.59
Diluted (Rs.)	25.18	12.50

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

(Rs. in million)

Particulars	Balance as on 31 March		Maximum amount outstanding during the year	
	2010	2009	2010	2009
Loans and advances in the nature of loans to subsidiaries:				
- Welspun Pipes Inc	Nil	4,762.58	6,559.72	4,762.58
- Welspun Pipes Limited	Nil	6.99	6.99	1,000.00

21. Welspun Infratech Limited (the “Acquirer”) a wholly owned subsidiary of the Company has entered into Share Purchase Agreement with the existing promoters and other shareholders of MSK Projects (India) Limited. (a company engaged in infrastructure development and listed on Bombay Stock Exchange, National Stock Exchange and Vadodara Stock Exchange) (the “Target Company”) to transfer 5,279,438 equity shares (23.13%) of the Target Company at a price of Rs. 130.50 per share and also entered into a Share Subscription Agreement to subscribe to 17,178,888 equity shares of the Target Company at an issue price of Rs. 123 per share and consequently has made a public announcement to the existing shareholders of the Target Company to acquire 20% of post preferential issue equity share capital of the Target Company at a price of Rs. 130.50 per share. Upon completion of the offer, assuming full acceptances in the offer, the Acquirer will hold 30,458,326 equity shares (76.15%) and assuming Nil acceptances in the offer, the Acquirer will hold 22,458,326 equity shares (56.15%) of the post preferential issue equity share capital of the Target Company.

22. Remittance in Foreign Currency on Account of Dividend

Particulars	2009-10	2008-09
Number of non - resident shareholders where direct remittances have been made by the Company	28	29
Number of shares on which dividend is remitted	22,423,605	22,425,005
Year to which dividend relates	2008-2009	2007-2008
Amount remitted (Rs. in million)	33.64	33.64

23. Disclosure in respect of Joint Ventures

In compliance with Accounting Standard 27 on “Financial Reporting of Interest in Joint Ventures”, the Company's share of each of the assets, liabilities, income and expenses etc. in respect of jointly controlled entities are as follows:

Name of Joint Venture	Description of Interest	Country of Incorporation	Ownership Interest
Dahej Infrastructure Private Limited (DIPL)	Jointly Controlled Company	India	50%
Adani Welspun Exploration Limited (AWEL) – Held through Welspun Natural Resources Private Limited	Jointly Controlled Company	India	35%

Financial interest (on the basis of audited accounts)

(Rs. in million)

Particulars	As on 31.03.10	As on 31.03.10	As on 31.03.09	As on 31.03.09
Company's Share of Interest	**DIPL**	**AWEL**	**DIPL**	**AWEL**
Assets	2.63	1,223.54	45.47	145.88
Liabilities	9.73	1,164.57	7.49	115.81
Income	0.52	-	4.12	-
Expense	45.61	-	8.02	-

24. The Board of the Company had approved the Scheme of Arrangement in the nature of demerger and transfer of Plate and Coil Mill Division of the Company to its then wholly owned subsidiary viz. Welspun Steel Plates and Coil Mills Private Limited (the "Scheme"). Due to change in the circumstances since then, in the opinion of the management, going ahead with the Scheme would not be in the overall interest of the Company. Hence, it was decided not to pursue the Scheme and accordingly the scheme was withdrawn. The High Court of Gujarat vide its order dated 10 March 2010 has given its approval to the withdrawal of Demerger Scheme filed u/s 391 to 394 of the Companies Act.

25. The Company has been getting majority of the export orders and executing those orders through one of the related party which became its Subsidiary (w.e.f. 31 March 2010). The realization, income/ benefits, claims or expenses relating to such transactions are transferred/ paid immediately to the Company allowing it a small profit margin of about 0.5% of Sales.

26. Sundry Creditors include an amount of Rs. 214.59 million being VAT collected on Sales. The Company has withheld the amount on account of its claim for set off against VAT incentive limit. If claim of the Company is not accepted, the amount will be paid and contested in appeal.

27. Sales is net off bad debts of Rs. 134 million.

28. The members of the Company have approved change of name to "Welspun Corp Limited" and the Company has received the certificate dated 27 April 2010 towards change of name from Registrar of Companies, Gujarat.

29. Previous year figures have been regrouped / rearranged / re casted wherever considered necessary to confirm to this year's classification. Figures in brackets pertain to previous year.

30. Additional Information pursuant to Part II of Schedule VI of the Companies Act, 1956

i)

Licensed and Installed Capacity		Licensed	Installed
1. Welded Pipes	MT	N.A	1,150,000 (1,150,000)
2. Coating of Pipes	'000 SQMS	N.A	14,500 (14,500)
3. M.S. Plate / H.R.Coils	MT	N.A	1,500,000 (1,500,000)
4. Power (co-generation)	KWH	N.A	330,000 (330,000)

ii) Production, purchase, sales and stocks:

		31 March 2010		31 March 2009	
		Qty	Rs. in million	Qty	Rs. in million
Opening Stock					
Welded Pipes	MT	57,675	2,983.63	34,901	1,571.04
M.S. Plate	MT	38,656	1,558.93	203	7.27
Coating	000'SQMS	533	307.57	31	10.84
Others			-		36.98
			4,850.13		**1,626.13**
Production*					
Welded Pipes	MT	686,226		734,352	
M.S. Plate	MT	383,577		192,569	
H.R. Coils	MT	1,101		-	
Coating	000'SQMS	5,036		688	
Power	KWH	305,462		286,867	

		31 March 2010		31 March 2009	
		Qty	Rs. in million	Qty	Rs. in million
Steam	MT	1,516,196		1,366,281	
Transfer from Trial Run	MT	1,590		-	
Purchase of Traded Goods					
Coils	MT	74,846	2,856.95	51,315	2,606.91
Others			44.00		156.84
Sales (Inclusive of excise duty)					
Welded Pipes	MT	699,778	45,444.64	691,563	49,344.24
M.S. Plate	MT	308,952	15,122.38	42,073	3,298.32
H.R. Coils	MT	38	1.37	-	-
Coating	000'SQMS	4,486	1,759.68	186	203.08
Power	KWH	123,938	869.62	94,834	415.39
Steam	MT	271,768	383.45	290,701	466.88
Trading Sales- Coils	MT	74,846	3,890.10	51,315	2,860.07
Others			262.18	-	159.98
Equipment Sales			35.85	-	530.80
			67,769.27		**57,278.77**
Closing Stock					
Welded Pipes	MT	42,108	1,237.88	57,675	2,983.63
M.S. Plate	MT	35,011	1,016.45	38,656	1,558.93
H.R. Coils	MT	2,653	78.20	-	-
Coating	000'SQMS	1,083	363.38	533	307.57
Others			1.28		-
			2,697.19		**4850.13**
Note *					
1) Production includes used for captive consumption					
(i) Welded Pipes	MT	2,016		20,015	
(ii) M.S. Plate	MT	78,270		112,043	
(iii) Power	KWH	181,524		192,033	
(iv) Steam	MT	1,244,428		1,075,580	
2) Production and Sales of welded pipes include 42,835 MT (Nil) and 41,218 MT (Nil) respectively done on job work basis					
3) Production of welded pipes include produced by third parties on job work basis – Nil (3,006 MT)					
4) Value of following materials consumed for power generation is included in Power, Fuel and Water charges					
Coal	MT	218,834	740.16	239,969	984.45
Lignite	MT	89,741	165.99	31,620	59.08
iii) **Raw Materials consumed**					
H.R. Coils	MT	489,622	16,761.82	557,504	26,837.21
H.R. Plates *	MT	106,104	5,025.30	97,921	6,398.44
M.S. Slabs	MT	430,209	14,305.31	211,902	8,558.36
Welding & Coating Material	MT		1,983.43		1,669.21
			38,075.86		**43,463.22**
* Note: Does not include 87,277 MT (112,043 MT) consumed out of own production					
iv) **Raw Materials consumed**					
Imported	%	56	21,342.36	77	33,264.97
Indigenous	%	44	16,733.50	23	10,198.25
		100	**38,075.86**	**100**	**43,463.22**
v) **Stores and Spares consumed**					
Imported	%	26	415.15	15	151.57
Indigenous	%	74	1,163.33	85	830.73
		100	**1,578.48**	**100**	**982.30**

(Rs. in million)

	31 March 2010	31 March 2009
	Rs.	Rs.
vi) **CIF Value of Imports**		
a) Raw materials	17,608.52	37,488.55
b) Capital goods	1,147.64	1,169.73
c) Stores and Spares	929.97	727.07
d) Traded goods (Coils)	3,223.07	2,736.75
e) Coal	295.65	875.21
vii) **Expenditure in Foreign Currency**		
a) Travelling expenses	3.19	4.72
b) Freight charges/ Material handling and transportation charges	1,964.25	3,012.08
c) Membership and other Fees	3.47	1.20
d) Commission	691.73	558.56
e) Interest	757.60	665.79
f) Professional and Consultancy (Including amount capitalized)	250.39	147.69
g) Discounting & other Bank charges	195.43	236.85
h) Job work charges	24.40	2,241.71
i) Miscellaneous expenses	5.81	45.53
viii) **Earnings in Foreign Currency**		
a) FOB value of Exports	22,190.57	17,540.71
b) Interest Income	204.10	203.20
c) Job work and other service charges	669.49	2,504.50

SIGNATURES TO SCHEDULES 1 TO 18

As per our attached report of even date

For and on behalf of the Board

For MGB & Co.
Chartered Accountants

B.K.Goenka
Chairman and Managing Director

M.L.Mittal
Executive Director-Finance

Mohan Bhandari
Partner
Mumbai, 27 April 2010

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Cash Flow Statement Annexed to the Balance Sheet for the year ended

(Rs. in million)

PARTICULARS	31 March 2010	31 March 2009
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and exceptional items	**8,085.24**	**3,536.08**
Adjustments for:		
Depreciation/Amortisation	1,479.20	1,254.19
Exchange Adjustments (Net)	(1,771.93)	1,413.13
Employee stock option compensation (Net)	13.06	21.85
Interest income	(464.87)	(780.32)
Dividend income	(91.52)	(70.73)
Provision for doubtful Debts (Net)	(0.01)	(61.60)
Provision for doubtful Advances (Net)	135.70	-
Provision for diminution in value of Current / Long Term Investments	5.00	1.06
(Profit)/Loss on sales/redemption of Current Investments	(10.62)	(68.62)
Interest expense	1,750.56	1,996.91
Loss on sale/discard of fixed assets	45.48	5.11
Operating Profit before working capital changes	**9,175.30**	**7,247.07**
Adjustments for:		
Trade and other receivables	(2,073.76)	(42.24)
Inventories	10,193.48	(10,358.06)
Trade and other paybles	(17,315.82)	16,328.21
Cash used in operations	**(20.80)**	**13,174.98**
Taxes paid (net)	(1,835.20)	(551.99)
NET CASH USED IN OPERATING ACTIVITIES	**(1,856.00)**	**12,622.99**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including Capital Work in Progress)	(3,594.68)	(3,001.71)
Sale of fixed assets (Net)	3.41	11.18
Interest received	433.64	800.33
Dividend received	91.52	70.73
(Increase)/decrease in Share Application money to Subsidiaries	(456.38)	(1,458.41)
(Increase)/decrease in Share Application money to Joint Ventures/Associates	(22.00)	23.64
(Increase)/decrease in Loans and Advances to Subsidiaries	4,769.57	(4,234.49)
Purchase of Long Term investments-Subsidiaries	(1,051.21)	(0.26)
Purchase of Long Term investments-Associates	(0.13)	-
Sale of Long Term investments-Subsidiaries	0.36	-
Sale of Long Term investments-Others	0.01	2.96
(Purchase)/Sale of Current Investments (Net)	(20.12)	2,251.16
NET CASH GENERATED FROM INVESTING ACTIVITIES	**153.99**	**(5,534.86)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (Including Securities Premium) (Refer Note 3)	4,694.65	4.93
Interest paid	(1,740.28)	(1,876.00)
Dividend paid (including corporate dividend tax)	(326.71)	(325.88)
Proceeds from Debentures	4,900.00	1,550.00
Redemption of Debentures	(4,900.00)	(1,550.00)
Proceeds from issue of FCCB (Gross)	6,942.00	-
Proceeds from Long Term borrowings	-	5,385.86
Repayment of Long Term borrowings	(7,425.19)	(2,089.03)
Increase/(decrease) in other borrowings (Net)	(423.78)	(202.00)
NET CASH FROM FINANCING ACTIVITIES	**1,720.70**	**897.88**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	18.69	7,986.00
CASH AND CASH EQUIVALENT - OPENING BALANCE	9,193.71	1,207.71
CASH AND CASH EQUIVALENT - CLOSING BALANCE	9,212.40	9,193.71

Notes:

1. Cash and Cash equivalents at end of year includes unrealised loss of Rs. 146.27 million (Rs.1.07 million) being on account of Current Account/Fixed Deposits in foreign currency.
2. Cash and Bank balances include Rs. 624.60 million (Rs. 701.53 million) which is not available for use by the Company.
3. Proceeds from equity shares includes Rs. 4,603.72 million (Net of issue expenses of Rs. 58.28 million) received from "Qualified Institutional Buyers" (QIBs) (Refer note 2 of Notes to Accounts)
4. Previous year's figures have been regrouped/recast wherever necessary.

As per our attached report of even date

For and on behalf of the Board

For MGB & Co.
Chartered Accountants

B.K.Goenka
Chairman and Managing Director

M.L.Mittal
Executive Director-Finance

Mohan Bhandari
Partner
Membership No. 12912
Mumbai, 27 April 2010

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

REGISTRATION NO.	04-25609	*STATE CODE*	04
BALANCE SHEET DATE	31.03.2010		

II. CAPITAL RAISED DURING THE PERIOD (Amount in Rs. thousands)

PUBLIC ISSUE	-	*RIGHT ISSUE*	-
BONUS ISSUE	-	*PRIVATE PLACEMENT*	4,662,000

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. thousands)

TOTAL LIABILITIES	**50,207,288**	*TOTAL ASSETS*	**50,207,288**
SOURCES OF FUNDS		*APPLICATION OF FUNDS*	
PAID UP CAPITAL	1,021,612	*NET FIXED ASSET*	28,645,476
RESERVES AND SURPLUS	26,365,998	*(Including Capital Work in progress)*	
SHARE APPLICATION MONEY	-	*INVESTMENTS*	2,796,140
DEFERRED TAX BALANCES (NET)	2,954,679		
SECURED LOANS	12,971,121	*NET CURRENT ASSETS*	18,765,672
UNSECURED LOANS	6,818,463	*MISC. EXPENDITURE*	-
FOREIGN CURRENCY MONETARY ITEM TRANSLATION ACCOUNT	75,415		

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

TURNOVER AND OTHER INCOME	66,267,092	*TOTAL EXPENDITURE*	58,181,850
PROFIT BEFORE TAX	8,085,242	*PROFIT AFTER TAX*	5,401,961
EARNING PER SHARE (Rs.)	28.04	*DIVIDEND RATE*	40%

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)

ITEM CODE NO. (ITC CODE)	73 - 05
PRODUCT DESCRIPTION	STEEL PIPES AND TUBES
ITEM CODE NO. (ITC CODE)	72 - 08
PRODUCT DESCRIPTION	STEEL PLATES

For and on behalf of the Board

B.K.Goenka
Chairman and Managing Director

M.L.Mittal
Executive Director-Finance

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956, RELATED TO SUBSIDIARY COMPANIES

NAME OF THE SUBSIDIARY COMPANY	WELSPUN NATURAL RESOURCES PVT. LTD. $	WELSPUN PLASTICS LTD	WELSPUN PIPES LTD	WELSPUN PIPES INC	WELSPUN TUBULAR LLC	WELSPUN GLOBAL TRADE LLC	WELSPUN INFRATECH LTD #	WELSPUN TRADINGS LTD @
FINANCIAL YEAR OF THE SUBSIDIARY ENDED ON	**31st March, 2010**	**31st March, 2010**	**31st March, 2010**	**31st March, 2010**	**31st March, 2010**	**31st March, 2010**	**31st March, 2010**	**31st March, 2010**
SHARES OF THE SUBSIDIARY COMPANY HELD ON THE ABOVE DATE AND EXTENT OF HOLDING								
(i) Equity shares	10,000 equity shares of Rs.10 each		50,000 equity shares of Rs.10 each	10,001 common stock of US$ 1 each			2,47,50,000 equity shares of Rs. 10 each	50,12,002 equity shares of Rs. 10 each
(ii) Preference Stock				16,000 preference stock of US$ 1000 each				
(ii) Extent of holding / Control	100%	100%	100%	100%	100%	100%	100%	99.97%
Net aggregate amount of profit / (losses) of subsidiary for the above financial year so far as they concern members of the Company								
(i) Dealt with in the accounts of the Company for the year ended 31 March 2010 (Rs.millions)								
(ii) Not dealt with in the accounts of the Company for the year ended 31 March 2010 (Rs. millions)	-	(0.29)	-	52.28	1,262.45	26.38	-	85.58
Net aggregate amount of profits / (Losses) for previous financial year the subsidiary as far as it concern the members of the Company.								
(i) Dealt with in accounts of the Company.								
(ii) Not dealt with in the accounts of the Company.	-	0.10	-	110.84	(156.98)	3.69	-	-

$ Became 100% Subsidiary w.e.f 30 March 2010

Became Subsidiary w.e.f 1 January 2010

@ Became Subsidiary w.e.f 31 March 2010

For and on behalf of the Board

B.K.Goenka	**M.L.Mittal**	**B.R. Jaju**	**Pradeep Joshi**
Chairman and Managing Director	Executive Director-Finance	Chief Financial Officer	Company Secretary

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors
Welspun Corp Limited (Formerly Welspun Gujarat Stahl Rohren Limited)

1) We have audited the attached Consolidated Balance Sheet of **Welspun Corp Limited** ("the Company") and its subsidiaries, associates and joint venture Companies ("the group") as at 31 March 2010, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow statement for the year ended on that date. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) The financial statements of subsidiaries, with total assets of Rs. 31,767,596,999 as at 31 March 2010 and total revenues of Rs. 11,790,937,662 for the year ended on that date, have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of those subsidiaries, are based solely on the report of the other auditors.

4) The financial statements of Red Lebondal Limited, Cyprus an associate have been consolidated based on the management estimate and therefore unaudited. The profit/ (loss) of such associate considered for consolidation is Rs. Nil for the year.

5) a) The financial statements of a joint venture namely Dahej Infrastructure Private Limited have been audited by other auditor whose report has been furnished to us. The total assets and total revenues for consolidation are Rs. 2,626,905 and Rs. 517,890 respectively. Our opinion in so far as relates to the amount included in respect of those joint ventures, is based solely on the report of respective auditor.

   b) The financial statements of a joint venture namely Adani Welspun Exploration Limited have been consolidated based on the management estimate and therefore unaudited. The total assets and total revenues for consolidation are Rs. 1,223,535,929 and Rs. Nil respectively

6) a) We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", AS-23 "Accounting for investments in Associates in Consolidated Financial Statements" and AS-27 "Financial Reporting of Interests in Joint Venture" issued by the Institute of Chartered Accountants of India and on the basis of separate financial statements of the Company, its subsidiaries, associates and joint ventures .

   (b) Based on our audit and on consideration of the reports of the Company on separate financial statements of subsidiaries, associates and joint ventures, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India.

   (i) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of the group as at 31 March 2010.

   (ii) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the group for the year ended on that date; and

   (iii) In the case of the Consolidated Cash Flow Statement of the consolidated cash flows of the group for the year ended on that date.

For **MGB & Co.**
Chartered Accountants
Firm Registration No. : 101169W

Mohan Bhandari
Partner
Membership No. 12912
Mumbai, 27 April 2010

Consolidated Balance Sheet as at 31 March 2010

(Rs. in million)

Particulars	Schedules	As at 31-Mar-10	As at 31-Mar-09
Sources of Funds			
Shareholders' Funds			
Share Capital	1	1,021.61	932.46
Reserves and Surplus	2	27,989.50	14,664.44
		29,011.11	**15,596.90**
Minority Interest		0.06	0.40
Foreign Currency Monetary Item Translation Difference Account (Refer Note 10(ii))		75.42	-
Loan Funds			
Secured Loans	3	18,654.43	26,434.65
Unsecured Loans	4	6,821.55	103.41
		25,475.98	**26,538.06**
Deferred Tax Liabilities (Net) (Refer Note 14(c))		3,352.27	2,487.63
Total		**57,914.84**	**44,622.99**
Application of Funds			
Fixed Assets			
Gross Block	5	38,809.80	34,843.63
Less:Depreciation/Amortisation/Impairment		5,888.90	3,847.22
Net Block		**32,920.90**	**30,996.41**
Capital Work-In-Progress (Refer Note 4(e))		5,412.47	5,808.03
		38,333.37	**36,804.44**
Investments	6	1,595.50	1,139.95
Foreign Currency Monetary Item Translation Difference Account (Refer Note 10(ii))		-	354.98
Current Assets, Loans and Advances			
Income Accrued on Investments		13.41	112.54
Inventories	7	20,321.72	26,112.64
Sundry Debtors	8	8,077.10	4,601.45
Cash and Bank Balances	9	17,028.16	9,470.34
Loans and Advances	10	6,030.64	5,551.52
		51,471.03	**45,848.49**
Less : Current Liabilities and Provisions			
Current Liabilities	11	32,291.44	38,954.88
Provisions	12	1,218.86	600.59
		33,510.30	**39,555.47**
Net Current Assets		**17,960.73**	**6,293.02**
Miscellaneous Expenditure (To the extent not w/off)			
Preliminary Expenses		0.07	0.08
Deferred Revenue Expenditure (Refer Note 18(b))		25.17	30.52
Total		**57,914.84**	**44,622.99**

Significant Accounting Policies and Notes to Consolidated Accounts **18**

As per our attached report of even date

For and on behalf of the Board

For **MGB & Co.**
Chartered Accountants

Mohan Bhandari
Partner
Mumbai, 27 April 2010

B.K.Goenka
Chairman and Managing Director

B.R.Jaju
Chief Financial Officer

M.L.Mittal
Executive Director-Finance

Pradeep Joshi
Company Secretary

Consolidated Profit and Loss Account for the year ended 31 March 2010

(Rs. in million)

Particulars	Schedules	Year ended 31-Mar-10	Year ended 31-Mar-09
Income			
Sales and Services (Gross)	**13**	76,287.70	59,708.95
Less: Excise Duty		2,784.97	2,313.68
Sales and Services (Net)		**73,502.73**	**57,395.27**
Other Income	**14**	185.34	186.97
Total		**73,688.07**	**57,582.24**
Expenditure			
Cost of Goods	**15**	47,484.18	40,032.68
Manufacturing and Other Expenses	**16**	12,832.32	11,014.91
Finance Expenses (net)	**17**	2,070.90	1,766.34
Depreciation/Amortisation/Impairment		2,060.61	1,432.75
Total		**64,448.01**	**54,246.68**
Profit Before Tax		**9,240.06**	**3,335.56**
Provision For Taxation			
- Current Tax		2,271.24	439.47
- Deferred Tax		864.64	749.75
- Fringe Benefit Tax		-	11.18
Profit After Tax		**6,104.18**	**2,135.16**
Minority Interest		0.14	0.10
Share of Loss of Associate Company		0.01	-
Net Profit for the year		**6,104.03**	**2,135.06**
Balance Brought Forward		6,488.55	5,198.80
Profit Available for Appropriation		**12,592.58**	**7,333.86**
Appropriations:			
General Reserve		540.00	234.00
Debenture Redemption Reserve		106.25	268.75
Proposed Dividend on Equity Shares		408.64	279.74
Tax on above Dividend		67.87	47.54
Dividend on Equity Shares for earlier period		0.22	13.06
Tax on Dividend		0.04	2.22
Balance carried to Balance Sheet		**11,469.56**	**6,488.55**
Earnings Per Share (Face Value Rs. 5 each) (Refer Note 26)			
- Basic		31.69	11.51
- Diluted		28.40	11.43
Weighted average no. of Shares used in computing			
Earnings Per Share - Basic		192,638,617	185,569,595
- Diluted		218,019,604	186,864,123
Significant Accounting Policies and Notes to Consolidated Accounts		**18**	

As per our attached report of even date

For and on behalf of the Board

For **MGB & Co.**
Chartered Accountants

Mohan Bhandari
Partner
Mumbai, 27 April 2010

B.K.Goenka
Chairman and Managing Director

B.R.Jaju
Chief Financial Officer

M.L.Mittal
Executive Director-Finance

Pradeep Joshi
Company Secretary

Schedules Forming Part of Consolidated Accounts

(Rs. in million)

Particulars	As at 31-Mar-10	As at 31-Mar-09
Schedule - 1 Share Capital		
Authorised		
304,000,000 (304,000,000) Equity Shares of Rs. 5 each	1,520.00	1,520.00
98,000,000 (98,000,000) Preference Shares of Rs. 10 each	980.00	980.00
	2,500.00	**2,500.00**
Issued, Subscribed and Paid Up (Refer Note 12(b) and 13)		
204, 322,410 (186,491,192) Equity Share of Rs. 5 each fully paid up	1,021.61	932.46
Total	**1,021.61**	**932.46**
(Out of the above, 8,120,000 Equity Shares of Rs. 5 each fully paid up are alloted for consideration other than cash, pursuant to the Scheme of Arrangement in the year 2004-05.)		
Schedule - 2 Reserves and Surplus		
Capital Reserve		
As per last Balance Sheet	1,057.26	1,057.26
Capital Reserve on Consolidation	153.09	-
Securities Premium		
As per last Balance Sheet	7,710.72	6,860.93
Add/(Less): Received during the year	4,663.76	848.14
Discount on issue of shares under Employees Stock Options Scheme (Refer Note 12(b))	30.40	1.65
Premium payable on redemption of Foreign Currency Convertible Bonds (Refer Note 19(b))	(15.62)	0.00
Utilised towards share issue expenses (Refer Note 13(b))	(58.28)	-
	12,330.98	**7,710.72**
Debenture Redemption Reserve		
As per last Balance Sheet	537.50	268.75
Add: Appropriated during the year	106.25	268.75
	643.75	
		537.50
Employees Stock Options Outstanding	25.05	
Less : Deferred employee compensation	(0.70)	60.03
		(18.35)
	24.35	
		41.68
Hedging Reserve Account (Refer Note 10(iii)(b))	(31.86)	
		(2,004.20)
Foreign Currency Translation Reserve	1,075.76	
		106.32
General Reserve		
As per last Balance Sheet	726.61	
Add: Appropriated during the year	540.00	501.96
Less: Transferred to Fixed Assets	-	234.00
		(9.35)
	1,266.61	
		726.61
Profit and Loss Account **	11,469.56	
		6,488.55
Total	**27,989.50**	
		14,664.44

** Includes share of loss in Joint Ventures Rs. 50.45 Million (Rs 5.36 million)

Consolidated Profit and Loss Account for the year ended 31 March 2010

(Rs. in million)

Particulars	As at 31-Mar-10	As at 31-Mar-09
Schedule - 3 Secured Loans (Refer Note 20)		
Debentures		
Redeemable Non Convertible Debentures	3,000.00	3,000.00
Non Convertible Bonds-City of Little Rocks, Arkansas, Series 2007-A	456.25	532.19
	3,456.25	**3,532.19**
Term Loan from Banks		
In Foreign Currency	3,762.89	4,144.47
In Rupee	2,782.37	10,537.86
	6,545.26	**14,682.33**
External Commercial Borrowings	6,789.99	7,623.87
Working Capital From Banks		
In Foreign Currency	808.20	303.83
In Rupee	-	100.00
	808.20	**403.83**
Finance Lease (Refer Note 15(i))	5.97	10.43
	17,605.67	**26,252.65**
Share in Joint Ventures	1,048.76	182.00
Total	**18,654.43**	**26,434.65**
Schedule - 4 Unsecured Loans		
Foreign Currency Convertible Bonds (Refer Note 19)	6,735.00	-
Deferred Sales Tax Loan	83.47	103.41
(Repayable In six equal annual instalments from Financial Year 2009 / 2015)		
	6,818.46	**103.41**
Share in Joint Ventures	3.08	
Total	**6,821.55**	**103.41**

Schedule - 5 Fixed Assets - (at cost)

Particulars	Gross Block				Depreciation / Amortisation/Impairment					Net Block	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Up to 31.03.2009	For the Year	Deductions	Impairment (see note 3)	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
a) Tangible Assets											
Land	774.49	704.61	0.76	1,478.35	11.71	51.38	-	-	63.08	1,415.26	762.78
Buildings	6,548.50	0.13	-	6,548.63	317.58	158.36	-	-	475.94	6,072.69	6,230.92
Plant and Machinery	26,768.67	3,432.39	381.57	29,819.48	3,300.41	1,693.41	35.42	-	4,958.40	24,861.08	23,468.25
Office and other Equipments	244.49	171.58	14.99	401.08	82.63	52.66	3.17	-	132.13	268.96	161.85
Vehicles	45.70	10.66	0.80	55.57	13.66	5.42	0.41	-	18.66	36.90	32.05
Furnitures and Fixtures	76.13	35.42	2.92	108.63	27.44	8.37	1.78	-	34.03	74.60	48.70
b) Intangible Assets											
Goodwill	108.18	0.00	-	108.18	82.22	25.97	-	-	108.18	-	25.97
Software	225.52	8.07	-	233.59	8.12	44.50	-	-	52.62	180.97	217.40
Total (A)	34,791.69	4,362.87	401.04	38,753.51	3,843.77	2,040.07	40.78	-	5,843.05	32,910.46	30,947.92
Assets held for disposal	4.34	4.13	-	8.46	-	-	-		-	8.46	4.34
Total (B)	34,796.03	4,366.99	401.04	38,761.98	3,843.77	2,040.07	40.78	-	5,843.05	32,918.92	30,952.26
Share of Joint Venture (C)	47.60	0.23	-	47.83	3.45	0.24	-	42.16	45.85	1.98	44.15
TOTAL (A+B+C)	**34,843.63**	**4,367.22**	**401.04**	**38,809.80**	**3,847.22**	**2,040.31**	**40.78**	**42.16**	**5,888.90**	**32,920.90**	**30,996.41**
Previous Year	**22,499.40**	**12,668.45**	**324.22**	**34,843.63**	**2,405.77**	**1,444.86**	**3.41**		**3,847.22**	**30,996.41**	

Notes:

1. Depreciation for the year includes Rs 21.86 million (Rs. 12.10 million) transferred to Pre-operative expenses.
2. Plant and Machinery includes Gross block of Rs 63.49 million (Rs.63.49 million) in respect of expenditure incurred on capital asset, ownership of which does not vest with the Company.
3. In accordance with the provisions of the Accounting Standard 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India, the Company has identified certain fixed assets in respect of a Joint Venture (Namely Dahej Infrastructure Private Limited) that were impaired during the year mainly on account of economic performance and viability of such assets which does not have any value in use. Accordingly an Impairment loss of Rs. 42.16 million has been recognised in the profit & loss account for the year.
4. Deductions in gross block for the year includes Rs. 314.57 million on account of decapitalisation of foreign exchange as per amended AS 11.

Schedules Forming Part of Consolidated Accounts

(Rs. in million)

Particulars	As at 31-Mar-10	As at 31-Mar-09
Schedule - 6 Investments		
Long Term (at Cost)-Unquoted		
Associates		
Red Lebondal Limited (Extent of holding 25%)	0.03	0.03
450 Equity shares of Euro 1 each		
Less : Share of accumulated loss	(0.03)	(0.03)
	0.00	0.00
Welspun Energy Limited (Extent of holding 26%)		
13,000 (Nil) Equity Shares of Rs.10 each fully paid up	0.11	-
Add : Unamortised Goodwill	0.02	-
Less : Share of Loss for the year	(0.01)	-
	0.12	-
Others		
Quoted		
Welspun India Limited	-	0.01
Nil (100) Equity Shares of Rs. 10 each fully paid up		
Welspun Syntex Limited	-	0.00
* Nil (25) Equity Shares of Rs. 10 each fully paid up		
Unquoted		
Welspun Enterprises (Cyprus) Limited	0.77	0.77
11,800 Equity Shares of Euro 1 each fully paid up		
Welspun Power and Steel Limited	-	0.00
* Nil (100) Equity Shares of Rs. 10 each fully paid up		
Welspun Global Brands Limited	0.00	-
* 10 (Nil) Equity Shares of Rs. 10 each fully paid up		
Welspun Investments Limited	0.00	-
* 5 (Nil) Equity Shares of Rs. 10 each fully paid up		
Worli Realty Private Limited	-	0.39
8% Nil (390) Non-Cumulative redeemable preference shares of Rs 10 each		
Current Investments		
Bonds - Quoted		
9.50% Delhi Transco Limited	398.55	-
(4000 Bonds of Rs. 100,000 each)		
9.55% IFCI Limited 2025	268.03	-
(279 Bonds of Rs. 1,000,000 each)		
10.80% Lakshmi Vilas Bank Limited	106.95	-
(108 Bonds of Rs. 1,000,000 each)		
9.75% West Bengal State Electricity Transmission Company Limited 2019	124.08	-
(120 Bonds of Rs. 1,000,000 each)		
8.64% Tamil Nadu Electricity Board	200.00	-
(200 Bonds of Rs. 1,000,000 each)		
11.45% Punjab Infrastructure Development Board	-	1,018.00
(1018 Bonds of Rs. 1,000,000 each)		
10.25% Government of India	-	47.81
(390 Bonds of Rs 100,000 each)		
Mutual Fund		
LIC MF Liquid Fund -Dividend Plan	-	3.13
Nil (285,158.488 units of Rs. 10 each)		
Total	**1,098.50**	**1,070.11**
Share in Joint Venture	497.00	69.84
	1,595.50	**1,139.95**
All the above Shares and Securities are fully paid up		
* Denotes amount less than Rs.10,000		
Aggregate Book Value of Quoted Investments	1,097.60	1,068.95
Aggregate Book Value of Unquoted Investments	497.90	71.00
Aggregate Market Value of Quoted Investments	1,104.06	1,167.61

Schedules Forming Part of Consolidated Accounts

(Rs. in million)

Particulars	As at 31-Mar-10	As at 31-Mar-09
Schedule - 7 Inventories		
(As taken, valued and certified by the management)		
Raw Materials	5,762.43	11,931.78
Stores and Spares	1,130.61	790.12
Finished Goods*	6,652.55	4,865.49
Work/Goods In Process	1,476.84	2,548.61
Goods In Transit	5,299.29	5,976.65
	20,321.72	**26,112.64**
Share in Joint Ventures	-	-
Total	**20,321.72**	**26,112.64**
* Includes Rs. 3,581.49 million taken over on acquisition of subsidiary (Refer note - 25)		
Schedule - 8 Sundry Debtors		
(Unsecured and considered good, unless otherwise stated)		
More than six months - considered good	868.24	872.80
- considered doubtful	97.28	97.29
Others - considered good	7,208.85	3,728.65
	8,174.37	**4,698.74**
Less: Provision for doubtful debts	97.28	97.29
	8,077.09	**4,601.45**
Share in Joint Ventures	0.01	-
Total	**8,077.10**	**4,601.45**
Schedule - 9 Cash and Bank Balances		
Cash in hand	3.43	4.60
Cheques in hand	-	2.27
Balance with Scheduled Banks		
- In Current Accounts *	2,878.19	5,031.78
- In Margin Money Accounts	629.11	699.25
- In Fixed Deposit Accounts	13,473.99	3,671.93
Balance with Non Scheduled Banks		
- In Current Accounts -Banque Exterieure'd Algerie	0.00	11.11
(Maximum Balance outstanding Rs. 72.52 million (Rs. 36.27 million)		
	16,984.72	**9,420.94**
Share in Joint Ventures	43.44	49.40
Total	**17,028.16**	**9,470.34**
* Includes Rs.1,676.22 million (Rs.2.28 million) being balance in unclaimed dividend accounts and Escrow Account not available for use by Company		
Schedule - 10 Loans and Advances		
(Unsecured and considered good, unless otherwise stated)		
Advances		
(Recoverable in cash or in kind or for value to be received)		
Share Application Money - others	22.00	-
Balances with excise and customs authorities etc.	2,994.16	3,030.78
Other Advances	2,320.43	1,885.42
Deposits	557.53	568.23
	5,894.12	**5,484.43**
Considered doubtful		
Less: Provision for doubtful Advances/Deposits	**79.00**	**0.00**
	5,815.12	**5,484.43**
Share in Joint Ventures	215.52	67.09
Total	**6,030.64**	**5,551.52**

Schedules Forming Part of Consolidated Accounts

(Rs. in million)

Particulars	As at 31-Mar-10	As at 31-Mar-09
Schedule - 11 Current Liabilities		
Acceptances	7,000.30	31,706.02
Sundry Creditors	9,356.41	4,637.91
Trade Advances and Deposits	15,516.47	2,184.27
Interest accured but not due	295.23	376.93
Unclaimed Dividend *	3.11	2.28
	32,171.52	**38,907.41**
Share in Joint Ventures	119.92	47.47
Total	**32,291.44**	**38,954.88**
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2010		
Schedule - 12 Provisions		
For Proposed Dividend (Including tax on proposed dividend)	476.51	327.28
For Taxation (Net)	673.63	242.91
For Retirement Benefits	68.25	30.38
	1,218.39	**600.57**
Share in Joint Ventures	0.47	0.02
Total	**1,218.86**	**600.59**

Particulars	Year ended 31-Mar-10	Year ended 31-Mar-09
Schedule - 13 Sales and Services		
Sales	75,444.62	55,890.57
Job Work and other service charges	533.80	2,509.87
Export and Excise Benefits	308.76	1,308.18
	76,287.18	**59,708.62**
Share in Joint Ventures	0.52	0.33
Total	**76,287.70**	**59,708.95**
Schedule - 14 Other Income		
Dividend (Gross)	91.64	70.87
Profit on Sale of Investments	10.62	68.62
Miscellaneous Income	83.08	47.48
	185.34	**186.97**
Share in Joint Ventures	-	-
Total	**185.34**	**186.97**
Schedule - 15 Cost of Goods		
(A)Raw Materials consumed		
Opening Stock	11,931.78	6,094.65
Purchases (Net) *	38,420.21	49,435.43
	50,351.99	**55,530.08**
Less: Closing Stock	5,762.43	11,931.78
Total (A)	**44,589.56**	**43,598.30**
(B) Purchases of Traded Goods	-	776.47
Total (B)	-	**776.47**
(C) Increase/(Decrease) in Stock		
Closing Stock		
Finished Goods	3,071.06	4,865.49
Work/Goods In Process	1,476.84	2,548.61
	4,547.90	**7,414.10**
Less : Opening Stock		
Finished Goods	4,865.49	1,626.13
Work/Goods In Process	2,548.61	1,122.43
	7,414.10	**2,748.56**
Less: Increase/(Decrease) in Excise duty on Finished Goods	28.42	323.45
Total (C)	**(2,894.62)**	**4,342.09**
Total (A)+(B)-(C)	**47,484.18**	**40,032.68**
Share in Joint Ventures	-	-
Total	**47,484.18**	**40,032.68**

* Includes transfer from Trial Run Rs. 40.05 million (Rs. Nil)

Schedules Forming Part of Consolidated Accounts

(Rs. in million)

Particulars	Year ended 31-Mar-10	Year ended 31-Mar-09
Schedule - 16 Manufacturing and Other Expenses		
Stores and Spares consumed	1,834.50	914.73
Coating and Other Job charges	172.67	2,417.47
Power, Fuel and Water charges	1,681.57	1,332.06
Material Handling and Transport charges	1,356.34	1,963.04
Freight expenses	1,316.92	1,897.86
Commission and Discounts on sales	866.73	676.66
Directors' Remuneration	108.16	69.47
Salary, Wages and Allowances	2,487.94	1,104.15
Contribution to funds	61.40	49.68
Staff welfare expenses	121.11	98.78
Rent	229.75	88.52
Rates and Taxes	313.02	61.82
Repairs and Maintenance		
- Plant and Machinery	237.49	46.01
- Buildings	26.29	16.05
- Others	19.96	16.75
Travelling and Conveyance expenses	181.91	149.80
Communication expenses	33.69	35.01
Professional and Consultancy fees	571.85	78.06
Insurance	139.91	78.86
Directors' sitting fees	0.54	0.40
Printing and Stationary	14.54	12.38
Security charges	24.10	22.15
Membership and Subscription	16.49	8.65
Vehicle expenses	21.09	21.01
Foreign Exchange difference (Net)	392.07	(387.25)
Miscellaneous expenses	388.53	258.52
Auditors' Remuneration	7.11	4.04
Sales Promotion expenses	29.70	28.22
Diminution in value of Current Investments	0.00	1.06
Loss on sale / discard of fixed assets	50.40	5.11
Provision for doubtful Debts / Advances (Net)	78.99	(61.60)
Bad debts and Advances written off	44.10	1.58
	12,828.87	**11,009.03**
Share in Joint Ventures	3.45	5.88
Total	**12,832.32**	**11,014.91**
Schedule - 17 Finance Expenses (Net)		
Interest on		
Debentures	323.66	337.43
Fixed Loans	1,351.57	1,430.69
Working Capital	12.24	108.04
Others	264.23	385.63
	1,951.70	**2,261.79**
Discounting and Other Charges	377.68	525.62
	2,329.38	**2,787.41**
Less: Interest received (Gross)	258.48	1,021.07
	2,070.90	**1,766.34**
Share in Joint Ventures	0.00	0.00
Total	**2,070.90**	**1,766.34**

Schedule: 18 Significant Accounting Policies and Notes to Consolidated Accounts

Background

Welspun Corp Limited (Formerly Welspun Gujarat Stahl Rohren Limited) (hereinafter referred to as "the Parent Company", "the Company") together with its subsidiaries (collectively referred to as "Group") are engaged in the business of Production and coating of High grade Submerged Arc Welded Pipes, Hot Rolled Steel Plates and Coils, Infrastructure, Oil and Gas exploration, Energy and Power Generation.

1. Basis of Consolidation

a) The Consolidated Financial Statements (CFS) of group are prepared under the Historical Cost Convention on accrual basis in accordance with the Generally Accepted Accounting Principles in India and Accounting Standard-21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI), to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements by regrouping, recasting or rearranging figures wherever considered necessary.

b) The consolidation of the financial statements of the Parent Company and its subsidiaries is done on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All significant inter-group transactions, unrealized inter-company profits and balances have been eliminated in the process of consolidation. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net assets and net income.

c) CFS is prepared using uniform accounting policies for transactions and other events in similar circumstances.

d) The CFS includes the accounts of the Parent Company and its subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer / disposal.

Name of the Subsidiaries	Nature of Business	Country of Incorporation	Extent of Holding
Direct Subsidiaries			
Welspun Pipes Limited	Manufacturer of Steel Pipes	India	100%
Welspun Natural Resources Private Limited (holding increased from 51% to 100% w.e.f. 30 March 2010)	Oil and Gas Exploration	India	100%
Welspun Pipes Inc	SPV for Steel Business	USA	100%
Welspun Tradings Limited (Subsidiary w.e.f. 31 March 2010)	Trading Business of Pipes and Plates	India	99.97%
Welspun Infratech Limited (Subsidiary w.e.f. 01 January 2010)	Infrastructure	India	100%
Welspun Urja India Limited (Ceased to be Subsidiary w.e.f. 31 March 2010)	Energy and Solar Power Generation	India	51%
Welspun Steel Plates and Coil Mills Private Limited (Incorporated and Sold during the year)	Manufacturer of Steel Plates and Coils	India	100%
Indirect Subsidiaries			
Held through Welspun Pipes Inc.			
Welspun Tubular LLC	Manufacturer of Steel Pipes	USA	100%
Welspun Global Trade LLC	Marketing Company	USA	100%
Held through Welspun Natural Resources Private Limited			
Welspun Plastics Private Limited	Oil and Gas Exploration	India	100%
Held through Welspun Plastics Private Limited			
Nirmal Plastic Industries (Partnership firm) (Dissolved w.e.f. 30 March 2010)	Oil and Gas Exploration	India	95%

e) Associates

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

Name of the Company	Nature of Business	Country of Incorporation	Extent of Holding
Red Lebondal Limited	SPV for Steel Pipe Marketing	Cyprus	25%
Welspun Energy Limited (w.e.f. 1 January 2010)	Power Generation	India	26%

f) Joint Ventures

I. The Group has adopted and accounted for interest in the following Joint Ventures in this CFS, using the "Proportionate Consolidation Method" as per AS-27 issued by ICAI.

No adjustment is made for the difference in accounting policy for providing depreciation under written down value method. The written down value of such assets as at 31 March 2010 is Rs. 1.22 million (Rs. 1.23 million).

Name of the Enterprise	Nature of Business	Country of Incorporation	Extent of Holding
Adani Welspun Exploration Limited (Held through Welspun Natural Resources Private Limited)	Oil and Gas Exploration	India	35%
Dahej Infrastructure Private Limited	Development of Jetty	India	50%

II. The Parent Company's share of capital commitments in the Joint Ventures as at 31 March 2010 is Rs. 16.08 million (Rs. 98.45 million)

III. The Parent Company's share of contingent liabilities in the Joint Ventures as at 31 March 2010 is Rs. Nil.

IV. Contingent liabilities in the form of Corporate Guarantees of Rs. 287 million (Rs.280 million) have been incurred as at 31 March 2010 in relation to the Parent Company's interest in the Joint Venture along with other venturer.

2. Use of Estimates

The preparation of CFS in accordance with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as of the date of financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from these estimates. Any revision of such accounting estimate is recognized prospectively in current and future periods.

3. Comparability

a) Previous year figures have been regrouped, rearranged or recasted wherever necessary to confirm to this year's classification. Figures in brackets pertain to previous year.

b) The CFS for the previous year does not include the financial statements of subsidiaries acquired during the year hence figures of current year are not comparable.

4. Fixed Assets

a) Fixed assets are stated at original cost of acquisition / installation (net of cenvat / credit availed) net off accumulated depreciation, amortization and impairment losses except land which is carried at cost. The cost of fixed assets include cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition including trial run expenses (net of revenue) and borrowing cost incurred during Pre-operational period.

b) Capital Work-In-Progress is stated at the amount expended upto the date of Balance Sheet including pre-operative expenditure and advances on capital account.

c) Cost of Software includes license fees, cost of implementation and system integration and capitalized as intangible assets in the year in which the relevant software is put to use.

d) Goodwill arising out of acquisition is amortized over a period of three years from the year of acquisition.

e) Capital Work in Progress, includes Capital Advances of Rs. 936.87 million (Rs. 439.85 million) and Pre-operative expenses Rs.622.48 million (Rs. 586.60 million)

f) Pre-operative Expenses (including accumulated borrowing costs of Rs.378.87 million) of Rs. 488.98 million (Rs. 1,373.01 million) in respect of projects capitalized during the year have been allocated proportionately to the direct cost of respective building and plant and machinery.

g) In case of a Joint venture, expenditure related to and incurred during the exploration period are included under "Capital Work In Progress" and in case of discovery, the same will be allocated/ transferred to the respective producing properties. However, in case there is no discovery, expenditure incurred for the exploration work will be charged to revenue.

5. Borrowing Costs

a) Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

b) Borrowing costs (net) capitalized / allocated to fixed assets / Capital work in progress is Rs. 80.44 million (Rs. 571 million).

6. Depreciation

a) In case of parent, depreciation on fixed assets is provided on Straight Line basis at the rates prescribed in Schedule XIV to the Companies Act, 1956 except for certain plant and machinery which are depreciated on the basis of estimated useful lives of 13- 15 years. The rates of depreciation derived from these estimated useful lives are higher than those given in Schedule XIV to the Companies Act, 1956.

b) In case of subsidiaries / Joint ventures depreciation is provided at the rates adopted in the accounts of respective subsidiaries / Joint ventures as permissible under applicable local laws on straight line basis except in the case of a joint venture depreciation is provided on Written Down Value Method the net book value of such assets as at 31 March 2010 is Rs. 1.22 million (Rs. 1.23 million).

c) For determining the appropriate rate of depreciation on Plant and Machinery, continuous process plant has been identified on the basis of technical opinion by the Company/ Expert.

d) Software is amortized over a period of five years from the date of its use based on management's estimate of useful life.

7. Investments

Investments intended to be held for more than a year, from the date of acquisition, are classified as long term and are carried at cost. Provision for diminution in value of investments is made to recognize a decline other than temporary. Current Investments are stated at cost or fair value which ever is lower.

8. Revenue Recognition

a) Sale of goods is recognized when the risks and rewards of ownership are passed on to the customers, which is generally on dispatch. Export Sales are accounted for on the basis of date of bill of lading. Gross Sales include excise duty, value added tax incentive, quality claims, adjustments for price variation, liquidated damages, exchange rate variations related to export realization.

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

c) Revenue from Services is recognized when the services are completed.

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

9. Inventories

Inventories are valued at lower of cost or net realizable value. The basis of determining cost for various categories of inventories is as follows:-

(I) Raw Materials, Stores and Spares Moving weighted average basis.

(II) Work / Goods in Process and Finished Goods- Cost of Direct Materials, Labour and other manufacturing expenses.

10. (i) Foreign Currency Transactions

Accounting of Transactions

a) Foreign exchange transactions are converted into Indian Rupees at the prevailing rate on the date of the transactions. Current monetary assets and liabilities are translated at the exchange rate prevailing on the last day of the year. Non monetary items are carried at cost.

b) Gains or losses arising out of remittance / translations at the year- end are credited / debited to the profit and loss account for the year and where it relates to acquisition of fixed assets are adjusted to the carrying cost of such assets except treatment as per amendment to AS-11 (Refer note no 10 (ii)).

c) Premium / discount on forward exchange contracts not relating to firm commitments or highly probable forecasted transactions and not intended for trading or speculation purpose is amortized as income or expense over the life of the contract.

Translation and Exchange Rates

Financial statements of overseas non-integral operations are translated as under:

a) Assets and Liabilities are translated at the exchange rate prevailing at the end of the year. Depreciation is accounted by taking same rate at which assets are converted.

b) Revenues and expenses at yearly average rates (except for inventories which are converted at opening / closing rates as the case may be). Off Balance Sheet items are translated into Indian Rupees at year-end rates.

c) Exchange differences arising on translation of non-integral foreign operations are accumulated in the Foreign Currency Translation Reserve until the disposal of such operations.

(ii) Foreign Exchange Difference

a) Loss on account of difference in foreign exchange on realignment/realization and on cancellation of derivative instruments amounting to Rs. 9.96 million (Rs. 3,355.99 million) is adjusted under respective heads of income or expenses in the Profit and Loss account to which it relates and exchange difference gain of Rs. 3.12 million (Rs. 6.37 million) other than (b) below, has been adjusted to the carrying cost of fixed assets/capital work in progress.

b) The Companies (Accounting Standards) Amendment Rules 2009 has amended the provision of AS-11 related to "The effects of changes in Foreign Exchange Rates" vide notification dated 31 March 2009 issued by the Ministry of Corporate Affairs. Accordingly, the Company has adjusted exchange difference gain amounting to Rs. 348.36 million (Loss of Rs. 616.20 million) to the cost of fixed assets and exchange difference gain of Rs. 93.76 million (Loss of Rs. 532.50 million) is transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortized over the balance period of such long term assets / liabilities but not beyond 31 March 2011. Out of the above, gain of Rs 18.34 million (Loss of Rs.177.50 million) has been adjusted in the current year and gain of Rs. 75.42 million (Loss of Rs. 354.98 million) has been carried over.

(iii) Derivative Instruments and Hedge Accounting

a) The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges and applying the recognition and measurement principles set out in Accounting Standard 30 “Financial Instruments: Recognition and Measurement” (AS 30). The gain or loss on the effective hedges is recorded in “Hedging Reserve Account” until the transaction is complete. The gain or loss is accounted in Profit and Loss Account upon completion of the transaction or when the hedge instrument expires or terminates or ceases to qualify for hedge accounting.

b) The Company has early adopted AS-30 and accordingly loss of Rs. 31.86 million (Rs. 2,004.20 million) related to foreign exchange difference on Cash Flow Hedges for certain firm commitments and forecasted transactions is recognized in Shareholders' Funds and shown as Hedging Reserve Account.

11. Employee Benefits

In case of Parent Company

a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

b) Post employment and other long term benefits are recognized as an expense in the profit and loss account of the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the Profit and Loss account.

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

In case of Subsidiaries / Joint Ventures

In case of certain subsidiaries and a joint venture, liability in respect of leave encashment and gratuity is provided on estimated basis.

12. Employees Stock Option Scheme

a) In respect of Employees Stock Option granted pursuant to the Company's Stock Option Scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

b) In respect of options granted under the Company's Employees Stock Option Scheme, in accordance with guidelines issued by Securities and Exchange Board of India, the value of options (based on intrinsic value of the share on the date of the grant of the option) is accounted as deferred employee compensation, which is amortized on a straight line basis over the vesting period. Salaries, wages and allowances include Rs.13.06 million (Rs. 21.85 million) deferred employee compensation under Employee Stock Options Scheme.

During the year, 1,136,500 equity shares of Rs. 5 each fully paid up were issued at a price of Rs. 80 each, on exercise of options by employees. Discount allowed aggregating to Rs. 30.40 million (Rs. 1.65 million) in respect of shares allotted pursuant to Stock Option Scheme is credited to Securities Premium Account as per guidelines of Securities and Exchange Board of India.

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

Particulars	Granted during 2006-07	Granted during 2007-08	Granted during 2009-10
Exercise Price	Rs. 80	Rs. 94.10	Rs. 66.75
Date of Grant	8 January 2007	24 April 2007	20 April 2009
Vesting period commences on	8 January 2008	24 April 2008	20 April 2010
Options outstanding at the beginning of the period	2,138,750	90,000	Nil
Options granted during the year	--	--	47,500
Options exercised during the year	1,136,500	Nil	Nil
Options lapsed during the year	105,250	90,000	Nil
Outstanding as at 31 March 2010	897,000	Nil	47,500

13. Qualified Institutional Placement (QIP)

a) The company has launched a Qualified Institutional Placement (QIP) on 24 November 2009 and raised equity funds aggregating to Rs. 4,662 million by issuing 16,694,718 equity shares of face value of Rs. 5 each, at a premium of Rs. 274.25 per equity share to certain “Qualified Institutional Buyers” (QIBs) in accordance with the terms of chapter XIII-A of the SEBI (DIP) Guidelines.

b) Share issue expenses related to QIP aggregating to Rs 58.28 million is adjusted against Securities Premium Account (SPA) as per Section 78 of the Companies Act 1956.

14. Accounting for Taxes on Income

a) Current tax is determined as the amount of tax payable in respect of taxable income of the year.

b) Deferred tax is recognized subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using prevailing enacted or substantively enacted tax rates.

c) The components of deferred tax balances are as under

(Rs. in million)

Particulars	31 March 2010	31 March 2009
Deferred Tax Assets		
Retirement Benefits	11.38	10.21
Other Fiscal Disallowance	58.77	33.42
Total	**70.15**	**43.63**
Deferred Tax Liabilities		
Fiscal allowance on fixed assets	3,049.88	2,410.60
Others	372.54	120.66
Total	**3,422.42**	**2,531.26**
Deferred Tax Liabilities (net)	**3,352.27**	**2,487.63**

15. (i) Finance Lease

Long-term leases, which in economic terms constitute investment finance on a long term basis (finance lease) are recognized as assets. The initial tenure is three years. The minimum lease payments required under this finance lease that have initially or remaining non-cancellable lease terms in excess of one year as at 31 March 2010 and its present value are as follows:

(Rs. in million)

Particulars	31 March 2010	31 March 2009
Minimum Lease payment as at		
Not Later than one year	3.43	3.89
Later than one year but not later than five years	2.86	7.46
Total	**6.29**	**11.35**
Less: Amount representing interest	0.32	0.92
Present Value of Minimum lease payment	5.97	10.43
Less: Amount due not later than one year	3.19	3.38
Amount due later than one year but not later than five years	2.78	7.05

(ii) Operating Lease

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

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

(Rs. in million)

Particulars	31 March 2010	31 March 2009
Lease Rental charges for the year	230.49	85.56
Future lease rental obligations payable (under non-cancellable leases)		
Not later than one year	116.11	105.30
Later than one year but not later than five years	436.73	414.06
Later than five years	98.33	277.78
Total	**651.27**	**797.14**

16. **Research and Development**

Capital expenditure on research and development is treated in the same manner as fixed assets. Revenue expenditure on research and development is charged to Profit and Loss Account.

17. **Impairment of Assets**

At each Balance Sheet date, the Company reviews the carrying amount of fixed assets to determine whether there is any indication that those assets suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

18. **Miscellaneous Expenditure**

a) In case of an Indian Subsidiary, preliminary expenses are deferred and amortized over a period of five years.

b) Expenditure other than (a) above comprising amortization of bond issuance cost deferred in case of a subsidiary is amortized over the period over which the benefit accrues. Deferred Revenue expenditure balance as at 31 March 2010 is Rs. 25.17 million (Rs. 30.52 million)

19. **Foreign Currency Convertible Bonds (FCCB)**

a) During the year, the Company has raised US$ 150 million (Equivalent INR 6,942 million) by way of issue of 1,500, 4.5% Foreign Currency Convertible Bonds (FCCB) of US$ 100,000 each. The Bondholders have an option to convert these bonds into 24,010,000 equity shares at an initial conversion price of Rs. 300 per share of Rs. 5 each fully paid up with a fixed rate of exchange on conversion of Rs. 48.02= US$ 1 at any time on or after 26 November 2009 until 10 days prior to Maturity date (i.e. 17 October 2014). Unless previously converted, redeemed or repurchased and cancelled, the Bonds will be redeemed on 17 October 2014 at 102.8028% of the principal amount so as to give a gross yield of 5% per annum (calculated on semi annual basis) to the Bond Holders.

The Company has an option to redeem the Bonds at their Early Redemption Amount upon occurrence of events specified in the Offering Circular issued by the Company for issue of the Bonds ("Offering Circular"). Further, the Company has the option to mandatorily convert the Bonds after three years as specified in the Offering Circular.

b) Premium payable on redemption of FCCB aggregating to Rs. 15.62 million has been adjusted against Securities Premium Account (SPA) as per Section 78 of the Companies Act,1956. In the event that the holders of FCCB exercise the conversion option, the amount of premium utilized from SPA will be suitably adjusted in respective years.

c) Part of the net proceeds received from the issue of FCCB have been utilized as per object of the issue viz for funding of Plate / Coil Mill and Pipe mill Capex Project. Pending utilization, the issue proceeds of USD 122.35 million (Equivalent INR 5,493.66 million) have been invested in short term deposits with Banks abroad.

20. **Secured Loans**

a) (i) **Redeemable Secured Non-Convertible Debentures (NCD)**

Particulars	No. of Debenture	Face Value (In Rs.)	Date of Allotment	Redemption from date of allotment	Interest (p.a.)	Amount (Rs. in million)
Fixed Rate Debentures	1,000	1,000,000	28/11/2007	3 years	10.05%	1,000
Fixed Rate Debentures	1,250	1,000,000	29/11/2007	5 years	10.50%	1,250
Fixed Rate Debentures	450	1,000,000	31/12/2007	5 years	10.40%	450
Fixed Rate Debentures	300	1,000,000	18/01/2008	3 years	10.05%	300
				Total		**3,000**

The debentures together with interest are secured by first charge ranking pari passu by way of mortgage/hypothecation of entire immovable and movable fixed assets of the Company, both present and future and also secured by second/floating charge on current assets, subject to prior charge in favour of banks for working capital facilities.

(ii) Non Convertible Bonds

Non Convertible Bonds of Rs. 456.25 million (Rs. 532.19 million) issued by the City of Little Rock / State of Arkansas are secured by property, plant and equipment of a subsidiary.

b) Term Loan from Banks

I. In case of parent company Term Loans of Rs. 3,181.13 million (Rs. 10,606.32 million) are secured by first charge ranking pari passu by way of mortgage / hypothecation of entire immovable and movable fixed assets of the Company both present and future and also secured by second / floating charge on current assets subject to prior charge in favour of banks for working capital facilities.

II. In case of subsidiaries, Term Loan aggregating to Rs. 3,364.13 million (Rs. 4,076.01 million) is secured by property, plant and equipment, secured by pledge of secured bonds issued by the city of Little Rocks in the name of the borrower and further secured by corporate guarantee of the Parent Company.

III. In case of Joint Ventures, Term Loan aggregating to Rs. 1,048.76 million (Rs. 182 million) is secured by hypothecation of inventories, other exploration equipment, current assets etc and further secured by corporate guarantee of the Parent Company and other venturer.

c) External Commercial Borrowings (ECB)

ECB of Rs. 6,789.99 million (Rs. 7,623.87 million) is secured by first charge ranking pari passu by way of mortgage/hypothecation on entire immovable and movable fixed assets of the Company both present and future. Further the ECB is secured by exclusive charge by way of hypothecation of Debt Service Reserve Account.

d) Working Capital facilities

Working Capital facilities from banks are secured by first charge by way of hypothecation of raw materials, finished goods and goods in process, stores & spares and book debts of the Company and second charge on entire immovable and movable fixed assets of the Company both present and future of the Company.

e) Finance Lease

In case of subsidiaries, finance Lease is secured by way of charge on equipment.

21. a) Contingent Liabilities not provided for **(Rs. in million)**

Particulars	31 March 2010	31 March 2009
Performance Guarantees /Bid Bond given by banks to company's customers / government authorities etc.	15,697.13	13,648.35
Corporate Guarantees given	3,021.14	2,822.85
Letters of Credit outstanding (net of liability provided) for company's sourcing	15,840.28	4,769.18
Claims against the Company not acknowledged as debts	13.46	11.63
Custom duty on pending export obligation against import of Raw Materials and Machineries	561.36	1,011.76
Disputed service tax /sales tax/ excise duty liabilities	75.75	92.37

b) During the previous year one of the customer reported defect in the pipes supplied alleging grade of steel used did not meet the specifications, the company replaced the defective pipes and also provided for the expected loss on this account. During the year the said customer initiated legal action against the company in the United States of America claiming loss / damages of $ 66 million on account of defects in the pipes supplied, consequently the company also initiated legal action against the steel supplier claiming corresponding loss / damages it may suffer on account of this claim of the customer. Hence the company does not expect any liability on account of the claim against it.

c) Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 3,423.08 (Rs. 739.06 million), net of advances.

d) The details of Preoperative Expenses are as under: **(Rs. in million)**

Particulars	31 March 2010	31 March 2009
Expenditure upto previous year	**586.60**	**692.22**
Add : Expenditure incurred during the year		
Job Charges	0.67	-
Power, Fuel and Water Charges	0.67	0.78
Material Handling and Transport Charges	-	6.63
Salaries, Wages and Allowances	31.45	381.42

(Rs. in million)

Particulars	31 March 2010	31 March 2009
Staff Welfare Expenses	0.29	0.56
Rent	17.12	23.53
Rates and Taxes	3.43	0.55
Repairs and Maintenance Expense	0.32	1.54
Travelling and Conveyance Expenses (Directors Rs. NIL million (Rs. 4.50 million))	1.73	28.60
Communication Expenses	0.17	7.46
Professional and Consultancy Fees	320.72	45.51
Insurance	5.14	13.59
Vehicle Expenses	0.54	1.48
Security Expenses	1.25	8.65
Miscellaneous Expenses	37.37	36.69
Depreciation	22.10	11.97
Finance Expenses	82.60	572.60
Provision for Income Tax	0.22	0.18
Sub Total	**1,112.39**	**1,833.96**
Trial Run Expenses		
Raw Material consumed	54.75	-
Stores and Spares consumed	0.24	127.89
Power, Fuel and Water Charges	6.13	-
Salary, Wages and Allowances	0.41	-
Selling and Distribution Expenses	1.39	-
Trial Run Recoveries		
Net Sales	(18.44)	(0.54)
Finished goods transferred to operation	(40.05)	-
Net Loss	**4.43**	**127.35**
Less : Income		
Interest on Fixed Deposits	(0.59)	(0.92)
Dividend received on units in mutual funds (Gross)	(1.57)	(0.68)
Foreign Exchange Difference	(3.12)	(0.10)
Miscellaneous Income	(0.01)	-
Total	**1,111.53**	**1,959.61**
Less: Transfered on disposal of Subsidiary	0.07	-
Less : Amount allocated to Assets Capitalized during the year	488.98	1,373.01
Balance Carried to Balance Sheet	**622.48**	**586.60**

22. Segment Reporting

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

ii) Information about Secondary-Geographical Segments

(Rs. in million)

	2009-10			2008-09		
	India	Outside India	Total	India	Outside India	Total
External Sale	42,856.86*	30,645.87	**73,502.73**	42,536.05 *	14,859.22	**57,395.27**
Carrying Amount of Segment Assets	69,387.39	22,012.51	**91,399.90**	62,804.89	20,987.95	**83,792.88**
Capital Expenditure	3,271.70	695.84	**3,967.54**	6,675.56	5,087.51	**11,763.07**

* includes deemed export Sales of Rs. 21,957.22 million (Rs. 26,655.73 million)

Notes:

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

- Revenue within India includes sales to customers located within India and earnings in India.
- Revenue outside India includes sales to customers located outside India, earnings outside India.

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

23. Prior Period Expense/Income

Details of Prior period income of Rs. Nil (Rs. 166.27 million)-(net) is as under:

(Rs. in million)

Account Head	31 March 2010	31 March 2009
Expenses		
Finance Expenses	-	1.81
Others	-	0.20
Income		
Export and Excise Incentives	-	(126.80)
Interest Income	-	(24.25)
Others	-	(17.23)
Prior Period (Income)/Expenses-(net)Total	**-**	**(166.27)**

24. Related Party Disclosure

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

b) Other related parties with whom transactions have taken place during the year and balances outstanding as on the last day of the year.

(i) Joint Ventures

Adani Welspun Exploration Limited, Dahej Infrastructure Private Limited.

(ii) Associates

Red Lebondal Limited and Welspun Energy Limited.

(iii) Other Related Parties

Welspun India Limited, Welspun Power and Steel Limited, Welspun Orissa Power and Steel Limited, Welspun Retail Limited, Welspun Anjar SEZ Limited, Welspun Foundation for Health and Knowledge, Welspun Syntex Limited, Vipuna Trading Limited, Welspun Logistics Limited, Welspun Realty Private Limited, Welspun Enterprises (Cyprus) Limited, Krishiraj Trading Limited, Remi Metals Gujarat Limited, Welspun Steel Plates and Coil Mills Private Limited, Welspun Maxsteel Limited.

Directors /Key Management Personnel

Name of the Related Party	Nature of Relationship
B. K. Goenka	Chairman and Managing Director
R. R. Mandawewala	Director
M. L. Mittal	Executive Director-Finance
B.K.Mishra	Director *
Asim Chakraborty	Whole time director w.e.f. 20 April 2009

* Ceased to be director w.e.f 3 October 2009.

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related party during the year

1. Sale of Goods and Recoveries from include to - Welspun Tradings Limited Rs. 22,539.58 million (Rs. 30,036 million) (Refer Note 28).
2. Sale of Fixed Assets include to- Welspun Power and Steel Limited Rs. 0.87 million (Rs. 0.26 million), Remi Metals Gujarat Limited Rs. 1.63 millions (Rs. Nil).
3. Purchase of Goods and Services include from- Welspun Power and Steel Limited Rs. 48.25 million (Rs. 37.47), Welspun Logistics Limited Rs. 17.93 million (Rs. 23 million), Welspun Retail Limited Rs. 1.06 million (Rs. 2.35 million), Welspun India Limited Rs. 2.06 million (Rs. 22.32 million).
4. Purchase of Fixed Assets includes from - Welspun India Limited Rs. 1.24 million (Rs. Nil), Welspun Power and Steel Limited Rs.Nil (Rs. 0.04 million).
5. Expenditure includes -Rent paid to- Welspun India Limited Rs. 2.23 million (Rs. 2.92 million), Vipuna Trading Limited Rs. 6.66 million (Rs. 6.62 million), Welspun Realty Private Limited Rs. 81.96 million (Rs. 47.51 million), Welspun Anjar SEZ Limited Rs. 16.90 million (Rs. Nil).
6. Donation to- Welspun Foundation for Health and Knowledge Rs. 18 million (Rs. 24 million) (meant for corporate social responsibility activities).
7. Other Income includes- Rent received from Remi Metals Gujarat Limited Rs. 0.57 million (Rs. 0.13 million).

8. Loans, Advances and Deposits includes given to Welspun Logistics Limited Rs. 32 million (Rs. 128.78 million) and repaid during the year Rs. 3.00 million (Rs. 196.70 million).
9. Investment in Equity Shares of Welspun Energy Limited Rs. 0.13 Million (Rs. Nil).
10. Sale of Investments of - Welspun Urja Limited Rs. 0.26 million (Rs. Nil) to Welspun Energy Limited, Welspun Steel Plates and Coil Private Limited Rs. 0.10 million (Rs. Nil) to other related parties.
11. Share Application Money includes - given to Welspun Energy Limited Rs. 22.00 million (Rs. Nil).
12. Issue of Equity Shares by exercise of employee stock option scheme (ESOP) to Whole Time Directors is Rs. 14.00 million (Rs. 0.94 million).
13. Reimbursement of Expenses (Net) includes to Welspun India Limited Rs. 64.95 million (Rs. 68.93 million), Welspun Power and Steel Limited Rs. 8.68 million (Rs. 0.93 million), Welspun Anjar SEZ Limited Rs. Nil (Rs. 28.63 million).

Disclosure of Closing balances as at 31 March 2010

1. Loans, Advances and Deposits given include - Welspun Realty Private Limited Rs. 425.93 million (Rs. 467.60 million), Welspun Logistics Private Limited Rs. 52.40 million (Rs. 23.40 million).
2. Sundry Debtors include- Remi Metals Gujarat Limited Rs. 14.66 million (Rs. 158.59 million), Welspun Tradings Limited Rs. Nil (Rs. 789.54 million).
3. Sundry Creditors include -Welspun India Limited Rs. Nil million (Rs. 0.97 million), Welspun Anjar SEZ Limited Rs. 23.59 million (Rs. 28.62), Welspun Logistics Limited Rs. Nil (Rs. 14.41 million).
4. Investments held include of -Welspun Energy Limited Rs. 0.13 million (Rs. Nil), Welspun Enterprises (Cyprus) Limited Rs. 0.77 million (Rs. 0.77 million).
5. Share Application Money given to Welspun Energy limited Rs. 22 million (Nil).
6. Guarantees and Collaterals provided include issued to- Red Lebondal Limited Rs. 628.60 million (Rs. 710.08 million), Welspun Power and Steel Limited Rs. 222.97 million (Rs. 222.97 million), Adani Welspun Exploration Limited Rs. 287 million (Rs. 280 million).

25. On 31 March 2010, the Company has acquired 99.97% stake in Welspun Tradings Limited. Details of Net Assets acquired and consideration paid are as follows:-

(Rs. in million)

Inventories	3,580.43
Trade Receivables	1,488.33
Loans and Advances	937.10
Cash and Cash Equivalents	4,831.52
Other current Liabilities	(10,634.29)
Net assets acquired	**203.09**
Cash consideration paid	50.21

Capital Reserve arising on acquisition of Rs. 152.88 million has been recognized in the consolidated financial statements.

26. Earnings Per Share (EPS)

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
I) Profit computation for Basic and Diluted EPS		
Net Profit for the year (Rs. In Million)	6,104.03	2,135.06
Add: Interest on Foreign Currency Convertible Bonds (Net of Tax) (Rs. In Million)	87.51	-
Profit After Tax for Diluted EPS (Rs. In Million)	6,191.54	2,135.06
II) Weighted average number of equity shares for EPS computation		
a) For Basic EPS (Nos)	192,638,617	185,569,595
b) For Diluted EPS (Nos)	218,019,604	186,864,123
III) EPS on Face Value of Rs. 5 each		
Basic (Rs.)	Rs.31.69	Rs. 11.51
Diluted (Rs.)	Rs.28.40	Rs. 11.43

27. The Board of the Company had approved the Scheme of Arrangement in the nature of demerger and transfer of Plate and Coil Mill Division of the Company to its then wholly owned subsidiary viz. Welspun Steel Plates and Coil Mills Private Limited (the "Scheme"). Due to change in the circumstances since then, in the opinion of the management, going ahead with the Scheme would not be in the overall interest of the Company. Hence, it was decided not to pursue the Scheme and accordingly the scheme was withdrawn. The High Court of Gujarat vide its order dated 10 March 2010 has given its approval to the withdrawal of Demerger Scheme filed u/s 391 to 394 of the Companies Act.

28. The Company has been getting majority of the export orders and executing those orders through one of the related party which became its Subsidiary (w.e.f. 31 March 2010). The realization, income/ benefits, claims or expenses relating to such transactions are transferred/ paid immediately to the Company allowing it a small profit margin of about 0.5% of Sales.

29. Welspun Infratech Limited (the "Acquirer") a wholly owned subsidiary of the Company has entered in to Share Purchase Agreement with the existing promoters and other shareholders of MSK Projects (India) Limited. (a company engaged in infrastructure development and listed on Bombay Stock Exchange., National Stock of Exchange of India. and Vadodara Stock Exchange) (the "Target Company") to transfer 5,279,438 equity shares (23.13%) of the Target Company at a price of Rs. 130.50 per share and also entered into a Share Subscription Agreement to subscribe to 17,178,888 equity shares of the Target Company at an issue price of Rs. 123 per share and consequently has made a public announcement to the existing shareholders of the Target Company to acquire 20% of post preferential issue equity share capital of the Target Company at a price of Rs. 130.50 per share. Upon completion of the offer, assuming full acceptances in the offer, the Acquirer will hold 30,458,326 equity shares (76.15%) and assuming "Nil" acceptances in the offer, the Acquirer will hold 22,458,326 equity shares (56.15%) of the post preferential issue equity share capital of the Target Company.

30. Sundry Creditors include an amount of Rs. 214.59 million being VAT collected on Sales. The Company has withheld the amount on its claim for set off against VAT incentive limit. If claim of the Company is not accepted, the amount will be paid and contested in appeal.

31. Sales is net off bad debts of Rs. 134 million.

32. The members of the Company have approved change of name to "Welspun Corp Limited" and the Company has received the certificate dated 27 April 2010 towards change of name from Registrar of Companies, Gujarat.

SIGNATURES TO SCHEDULES 1 TO 18

As per our attached report of even date	For and on behalf of the Board	
For **MGB & Co.** Chartered Accountants	**B.K.Goenka** Chairman and Managing Director	**M.L.Mittal** Executive Director Finance
Mohan Bhandari Partner	**B.R.Jaju** Chief Financial Officer	**Pradeep Joshi** Company Secretary

Mumbai, 27 April 2010

Consolidated Cash Flow Statement Annexed To The Balance Sheet For The Year Ended

(Rs. in million)

PARTICULARS	31 March 2010	31 March 2009
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and exceptional items	**9,240.06**	**3,335.56**
Adjustments for:		
Depreciation/Amortisation/Impairment	2,060.61	1,432.75
Exchange Adjustments (Net)	(1,255.78)	2,852.85
Employee stock option compensation (Net)	13.06	21.85
Interest income	(258.48)	(1,021.07)
Dividend income	(91.64)	(70.87)
Provision for doubtful Debts (Net)	(0.01)	(61.60)
Provision for doubtful Advances (Net)	79.00	0.00
Provision for Diminution in value of Current Investments	0.00	1.06
(Profit)/Loss on sales/redemption of Current Investments - Net	(10.62)	(68.62)
Interest expense	1,951.70	2,261.79
Loss on sale/discard of fixed assets	50.40	5.11
Operating Profit before working capital changes	**11,778.31**	**8,688.81**
Adjustments for:		
Trade and other receivables	(1,960.68)	408.39
Inventories	9,372.42	(13,234.30)
Trade and other payables	(13,528.56)	17,883.96
Cash generated from operations	**5,661.48**	**13,746.86**
Taxes paid (Net)	(1,840.53)	(552.05)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**3,820.95**	**13,194.81**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including Capital Work in Progress)	(3,783.32)	(10,707.68)
Sale of fixed assets	8.45	17.31
Interest received	314.57	1,004.07
Dividend received	91.64	70.87
Purchase of Long Term investments-Subsidiaries	(50.31)	-
Purchase of Long Term investments-Associates	(0.11)	(0.39)
Sale of Long Term investments-Subsidiaries	0.10	-
Sale of Long Term investments-Others	0.39	-
(Purchase)/Sale of Current Investments (Net)	(444.15)	2,178.19
NET CASH USED IN INVESTING ACTIVITIES	**(3,862.74)**	**(7,437.64)**

Consolidated Cash Flow Statement Annexed To The Balance Sheet For The Year Ended

(Rs. in million)

PARTICULARS	31 March 2010	31 March 2009
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (Including Securities Premium) (Refer Note 3)	4,694.65	4.93
Interest paid	(2,033.41)	(2,018.31)
Dividend paid (including corporate dividend tax)	(326.71)	(325.88)
Proceeds from Debentures	4,900.00	1,550.00
Redemption of Debentures	(4,900.00)	(1,550.00)
Proceeds from issue of FCCB	6,942.00	0.00
Proceeds from Long Term borrowings	0.00	5,385.86
Repayment of Long Term borrowings	(7,683.76)	(2,089.03)
Increase/(decrease) in other borrowings (Net)	1,173.87	51.99
NET CASH FROM FINANCING ACTIVITIES	**2,766.64**	**1,009.57**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,724.85	6,766.74
CASH AND CASH EQUIVALENT - OPENING BALANCE	9,470.34	2,703.34
Cash and Cash Equivalent taken over on acquisition of Subsidiary	4,832.97	0.26
CASH AND CASH EQUIVALENT - CLOSING BALANCE	17,028.16	9,470.34

Notes:

1. Cash and Cash equivalents at end of year includes unrealised loss of Rs. 146.27 million (Rs. 1.07 million) being on account of fixed deposits in foreign currency.
2. Cash and Bank balances includes Rs. 1,676.22 million (Rs. 724.98 million) which is not available for use by the Company.
3. Proceeds from equity shares includes Rs. 4,603.72 million (Net of issue expenses of Rs. 58.28 million) received from "Qualified Institutional Buyers" (QIBs) (Refer note 13 of Notes to Consolidated Accounts).
4. Previous year's figures have been regrouped/recast wherever necessary.

As per our attached report of even date

For and on behalf of the Board

For MGB & Co.
Chartered Accountants

B.K.Goenka
Chairman and Managing Director

M.L.Mittal
Executive Director-Finance

Mohan Bhandari
Partner

B.R.Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

Membership No: 12912
Mumbai, 27 April 2010

Statement pursuant to exemption received under Section 212 (8) of the Companies Act,1956, relating to Subsidiary Companies

(Rs. in million)

Sr.No	Name of the Subsidiary Company	Reporting Currency	Capital and Share Application Money	Reserves	Total Gross Assets	Total Gross Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend	Country
1	Welspun Natural Resources Private Ltd.	INR	71.66	-	14.17	5.47	62.96	-	-	-	-	-	India
2	Welspun Plastics Ltd	INR	2.35	4.71	7.06	-	-	0.12	(0.29)	-	(0.29)	-	India
3	Welspun Pipes Inc #	USD	718.85	76.53	354.57	5,572.42	6,013.23	-	52.28	-	52.28	-	Delaware (U.S)
4	Welspun Tubular LLC #	USD	-	1,122.89	15,603.89	14,481.00	-	11,246.64	1,715.04	452.59	1,262.45	-	Delaware (U.S)
5	Welspun Global Trade LLC #	USD	-	22.94	96.20	73.26	-	91.90	26.38	-	26.38	-	Delaware (U.S)
6	Welspun Pipes Limited	INR	2,349.86	-	2,507.60	157.74	-	-	-	-	-	-	India
7	Welspun Infratech Ltd.	INR	1,027.35	753.35	1,791.92	11.22	-	-	-	-	-	-	India
8	Welspun Tradings Ltd.	INR	50.13	153.01	10,882.39	10,679.24	-	24,803.07	121.56	36.98	85.58	-	India

the financial statements of the foreign subsidiaries have been converted into Indian Rupees at the 31st March 2010 exchange rate. (US $ 1: Rs. 44.90)

For and on behalf of the Board

B.K.Goenka
Chairman and Managing Director

M.L.Mittal
Executive Director-Finance

B.R. Jaju
Chief Financial Officer

Pradeep Joshi
Company Secretary

FAQ Section

Pipe Segment

1. What is the current capacity in Pipes in India and US? Provide details as per the products? Whether the company is looking for any further expansion plans?

   The Current Pipe Manufacturing Capacity is 1.5 mn MTPA as explained in page no. 34 which includes the US capacity of 0.35 mn MTPA. The New LSAW capacity of 0.35 mn MTPA and HSAW capacity of 0.20 mn MTPA is planned in India by FY2011. Proposed investment in the Middle East facility having HSAW capacity of 0.27 mn tonnes. The total capacity post expansion will be 2.27 mn MTPA.

2. What is the Current Utilization level for the company in India and US pipe plants?

   The total Utilization levels in India and US facilties is around 55%. The capacity utilization depends on diameter and thickness of the pipes. The Current year has new capacity of 0.5 mn MTPA which typically takes 3 years to mature.

3. What is the production and sales volume in pipes for FY 10?

   The Production of Welded Pipes was 814 K MT in FY 2010 and the sales volume of pipes was 816 K MT in FY 10.

4. How much was the US Production during the year? What was the Sales from the US Plant during the year?

   During the year the US plant has produced 130 K MT of Spiral Welded pipes. The Sales from the US Plant is US$ 250 mn during the year.

Plate cum Coil mill segment

5. What is the production in the Plate Mill? What is total sale of plates during the year (External and Internal)?

   The company produced 384 K MT of Plates during the year. The total plate sale during the year was 387K MT, out of which 309 K MT is external sale and 78 K MT is internal consumption.

6. What is the status of the coil mill?

   The Coil mill has been commissioned during the year and has started the trial production of coils. The Commercial production is targeted in FY 11.

Order Book Position

7. What is the current Order Book Position in Value? What is the percentage export and domestic breakup by volume?

   The combined order book position (for both pipes and Plates) of the company stands at Rs. 64,300 mn (as at 27th April 2010).

8. Who are the Major Clients on the Order Book?

   - TCPL, Canada
   - Ruby, US
   - Quastar, US
   - Pine Gulf, Middle East
   - Enterprise, US
   - Saudi Aramco , Middle East
   - ETC Tiger, US
   - GAIL, India

9. What are the key export markets for the company?

   The Key Export market for company is North America, South America, South East Asia, Africa and Middle East. The company has a well established sales network across the globe.

10. What are the new markets the company is looking for?

    The new markets for the company are mainly CIS countries, some parts of Middle East and Africa. The company is also looking forward to increasing its market share in these markets.

11. How the company is looking towards the growing domestic market?

    The domestic market is growing at a good pace with an opportunity of over US$3.2 bn with Major oil & gas pipeline players like, GAIL (Gas Authority of India Ltd) , RGTIL (Reliance Gas Transportation India Ltd) and GSPL (Gujarat State Petronet Ltd) planing to lay around 13,066 km of pipelines over the next 3-4 years. Welspun is looking towards this huge opportunity in the domestic market and started bidding for the recently announced projects. The company during the year has made a domestic sale of Rs. 20,900 mn out of the total sales of Rs 73,503 mn in FY 10.

12. Who are customers that the company has got accreditations from?

The Company has got accreditations from over 50 Oil and Gas majors world wide. To list, some of them are:

COMPANY NAME	COMPANY NAME	COMPANY NAME
AGIP	GASCO, ABUDHABI	QATAR PETROLEUM
BECHTEL	GASCO, EGYPT	RELIANCE INDUSTRIES LIMITED
BRITISH GAS	GAZPROM (STROYTRANSGAZ)	SAIPEM, SNAM
BRITISH PETROLEUM	KINDER MORGAN	SAUDI ARAMCO (Framework Agreement)
CHINA NATIONAL PETROLEUM CORPORATION	MOGE, MYANMAR	SHELL
CPMEC, CHINA	N.A.O.C. - NIGERIA	STOLT OFFSHORE – Acergy
CHEVRON (Frame Agreement)	NPCC, ABU DHABI	SONATRACH
DOW	NTPC	TECHNIP
RUBY (ELPASO)	ONGC	TOTAL
EGYPTIAN GENERAL PETROLEUM CORPORATION	PETRO CHINA	TRANSCANADA (Long term contract)
ENTERPRISE	PETRONAS, MALAYSIA (PETROJET)	UNOCAL
GOLDEN PASS PIPELINE LP (EXXON-MOBILE)	PETROLEUM DEVELOPMENT OMAN LLC	PERU LNG S.R.L. (HUNT OIL)
GAIL	PGN, INDONESIA	VIETSOPETRO

Debt / Inventory Position

13. What is the net debt to networth ratio for the company?

The Net Debt to Networth ratio for the company for FY 10 stands at 0.29 :1. This is calculated as [Gross Debt (-) Cash] ÷ [Total Shareholder's Equity (Share Capital + Reserves)].

14. What is the current gross and net debt position as at 31st March 2010?

The Gross Debt (Secured & Unsecured) is Rs. 25,476 mn as at 31st March 2010. The Net Debt Position for the company is Rs. 8,448 mn.

15. What are the Inventory level of the Company? What is the Inventory turnover for the company during the year ?

The Inventory as at 31st March 2010 stands at Rs. 20,322 mn which is lesser by Rs. 5,791 mn as compared to the previous year despite increase in scale of operations, reflecting lower steel prices as compared with the previous year and better inventory management. The Inventory turnover ratio stands at 101 days of Net sales during the year.

Others

16. What is the Outlook for future in terms of business opportunity?

Welspun has firmly established itself as a credible supplier in the international market. It has set up its Plants at such strategic locations in the coastal belt of the country from where the transportation cost of the manufactured pipes to the desired destination is low. It has also proved its capability in venturing out of India with its new pipe mill at the Little Rock Arkansas US, with a Spiral Pipe capacity of 350 K MT and also has coating, double jointing and bending facilities. This provides a one stop solutions to its customers locally in US and the neighboring areas. Welspun is also setting up the new LSAW pipe facilities in India of 350 K MT in Anjar and 200 K MT in other parts of India to cater to demands in domestic as well as international market.

17. What was the Equity dilution during the year on account of fund raising activities done by the company during the year? How much fund was raised and what is the planned use of proceeds by the company?

The Company has raised US $ 250 mn during the year with US $ 150 mn through FCCB (Foreign Currency Convertible Bonds) redeemable after 5 years and are convertible into equity shares at a conversion price of Rs. 300 per share and US$ 100 mn through QIP (Qualified Institutional Placements). The Equity dilution is 16.69 mn shares added during the year on account of QIP taking the total outstanding shares to 204.32 mn as at 31st March 2010. These funds are being used for growth initiatives of the company.

18. What is the planned CAPEX for the company for the further expansion plans?

The Capex planned is about Rs. 700 crores for the new capacities in Anjar of 350 K MTPA LSAW plant, HSAW 100 K MTPA at Mandya, near Bangalore and another HSAW plant of 100 K MTPA in Central India by end of FY 11.

19. What are the strategic initiatives taken by the company?

The Company has forayed into the Infrastructure Sector and Pipe laying for oil, gas and water by way of investment in MSK Projects India Ltd., through Welspun Infratech Ltd., a 100% subsidiary of Welspun Corp. Ltd. Also it has initialed agreements for investment in a Middle East facility with HSAW capacity of 0.27 mn tonnes.

Glossary of Terms

2B	Tubular
5L	Line
API	American Petroleum Institute
bn	Billion
CAGR	Compounded Annual Growth Rate
CARE	Credit Analysis and Research Limited
CIS	Commonwealth of Independent States
CRISIL	Credit Rating Information Services of India Limited
CT	Casing and Tubular
CGD	City Gas Distribution
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
ECB	External Commercial Borrowing
ERW	Electric Resistant Welded
EPS	Earnings per Share
EIA	Energy Information Administration
FCCB	Foreign Currency Convertible Bonds
FDI	Foreign Direct Investment
FSU	Former Soviet Union
GAIL	Gas Authority of India Limited
GSPL	Gujarat State Petroleum Limited
GSPC	Gujarat State Petroleum Corporation
GDP	Gross Domestic Product
GmBH	Gesellschaft mit beschränkter Haftung
HRC	Hot Rolling Coil
HSAW	Helical Submerged Arc Welded
INR	Indian Rupee (Rs.)
ISO	International Organization for Standardization
IEA	International Energy Agency
JPY	Japanese Yen
LIBOR	London Interbank Offered Rate
LLC	Limited Liability Company
LSAW	Longitudinal Submerged Arc Welded
mn	Million
MT	Metric Tonnes
MTPA	Metric Tonnes Per Annum
MTOE	Million Tonnes of Oil Equivalent
MMSCMD	Million Metric Standard Cubic Meter Per Day
NELP	New Exploratory Licensing policy
OCTG	Oil Country Tubular Goods
OECD	Organisation for Economic Co-operation and Development
OHSAS	Occupational Health and Safety Advisory Services
ONGC	Oil and Natural Gas Corporation
Q	Quarter
QIP	Qualified Institutional Placements
RGTIL	Reliance Gas Transportation Infrastructure Ltd.
RBI	Reserve Bank of India
SAW	Submerged Arc Welded
TPA	Tonnes Per Annum
UK	United Kingdom
US	United States of America
US$	US Dollar
VAI	Voest Alpine Industries
VAT	Value added Tax
WCL	Welspun Corp Limited

Welspun Corp Ltd.

Event Calendar FY 2010-2011

Date	Events/Announcements
Week 30 of 2010 Week Starting July 26	Q1 Board meeting and Results followed by Investors / Analysts call
Week 43 of 2010 Week Starting Oct. 25	Q2 Board meeting and Results followed by Investors / Analysts call
Week 4 of 2011 Week Starting Jan. 17	Q3 Board meeting and Results followed by Investors / Analysts call
Week 20 of 2011 Week Starting May 16	Q4 Board meeting and Results followed by Investors / Analysts call

YEAR	AWARD/RECOGNITION	BESTOWED BY
2010	Star Performer Award for the year 2008-09 – All India Export Excellence Awards	EEPC 2010
2010	Top Indian Company under Metal Pipes	Dun & Bradstreet
2009	National Awards for Export Excellence - Silver Trophy	Engineering Export Promotion Council - India
2008	Most Valuable Company in Metal Pipes	Dun & Bradstreet
2008	Emerging Company of the Year	Economic Times Corporate Excellence Award
2008	2nd Largest Steel Pipe Producer in the World (Large Diameter)	Financial Times (UK)

WELSPUN
Dare to Commit

Welspun Corp Ltd. www.welspuncorp.com

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