

Price Waterhouse Chartered Accountants LLP

Independent auditors' report

To the Members of Welspun Tradings Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of Welspun Tradings Limited (the "Company"), which comprise the balance sheet as at March 31, 2021, the statement of profit and loss (including other comprehensive income), statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report including Annexures thereto, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

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Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Price Waterhouse Chartered Accountants LLP

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To the Members of Welspun Tradings Limited
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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

11. As required by the Companies (Auditor's Report) Order, 2016 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors subsequent to March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".



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- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements -Refer note 35 to the financial statements.
 - ii) The Company did not have any long-term contracts including derivative contracts as at March 31, 2021 for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.
 - iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.
13. The Company has not paid/ provided for managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016



Neeraj Sharma
Partner
Membership Number: 108391
UDIN: 21108391AAAADT4498

Place: Pune
Date: May 25, 2021

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent auditors' report

Referred to in paragraph 12(f) of the Independent auditors' report of even date to the members of Welspun Tradings Limited on the financial statements for the year ended March 31, 2021

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Report on the internal financial controls with reference to financial statements under clause (i) of sub-section 3 of section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Welspun Tradings Limited (the "Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent auditors' report

Referred to in paragraph 12(f) of the Independent auditors' report of even date to the members of Welspun Tradings Limited on the financial statements for the year ended March 31, 2021

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Meaning of internal financial controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership Number: 108391
UDIN: 21108391AAAADT4498

Place: Mumbai
Date: May 25, 2021

Price Waterhouse Chartered Accountants LLP

Annexure B to Independent auditors' report

Referred to in paragraph 11 of the Independent auditors' report of even date to the members of Welspun Tradings Limited on the financial statements for the year ended March 31, 2021

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- i. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation, of property, plant and equipment.
- (b) The property, plant and equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties, as disclosed in Note 4 on Right-of-use assets in the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material. Further, there are no inventory balance as at March 31, 2021.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of the security provided by it. Further, the Company has not made any investments or granted any loans or provided any guarantees to the parties covered under Section 186 of the Act. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order, to this extent, are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, income tax, duty of customs, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 34 to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, duty of customs, duty of excise, value added tax and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax and service tax as at March 31, 2021 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (in Rs. million) #	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	20.71	AY 2014-2015	Commissioner of Income Tax (Appeals)
The Service Tax under the Finance Act, 1994	Service Tax	0.19	FY 2014-2015	Assistant Commissioner, Central GST & CX

Net of amounts paid under protest Rs. Nil.



Price Waterhouse Chartered Accountants LLP

Annexure B to Independent auditors' report

Referred to in paragraph 11 of the Independent auditors' report of even date to the members of Welspun Tradings Limited on the financial statements for the year ended March 31, 2021

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- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has not paid/ provided for managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company. Also refer paragraph 13 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with them within the meaning of Section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership Number: 108391
UDIN: 21108391AAAADT4498

Place: Pune
Date: May 25, 2021

Welspun Tradings Limited
Financial statements - March 31, 2021

Financial statements

- Balance sheet as at March 31, 2021
- Statement of profit and loss for the year ended March 31, 2021
- Statement of changes in equity for the year ended March 31, 2021
- Statement of cash flows for the year ended March 31, 2021
- Notes comprising significant accounting policies and other explanatory information

Welspun Tradings Limited
Balance Sheet
(All amounts in Rupees (INR) million, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	0.20	0.55
Right-of-use assets	4	3.48	6.96
Intangible assets	3	-	-
Financial assets			
Loans	5(a)	0.09	0.09
Other financial assets	6(a)	0.75	0.71
Deferred tax assets (net)	7	0.64	1.19
Other non-current assets	8	1.10	1.11
Total non-current assets		6.26	10.61
Current assets			
Financial assets			
Investments	10	109.75	397.31
Trade receivables	11	124.90	-
Cash and cash equivalents	12	6.34	13.50
Bank balances other than cash and cash equivalents	13	401.68	-
Loans	5(b)	0.10	0.10
Other financial assets	6(b)	0.16	10.44
Current tax assets (net)	14	2.38	3.43
Other current assets	9	256.74	456.32
Total current assets		902.05	881.10
Total assets		908.31	891.71
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15(a)	50.13	50.13
Other equity			
Reserves and surplus	15(b)	827.21	809.92
Other reserves	15(c)	-	(3.75)
Total equity		877.34	856.30
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	4	-	3.80
Provisions	16(a)	2.22	4.02
Total non-current liabilities		2.22	7.82
Current liabilities			
Financial liabilities			
Trade payables			
a) total outstanding dues of micro and small enterprises	17	-	0.01
b) total outstanding dues other than (a) above	17	17.67	17.22
Lease liabilities	4	3.81	3.47
Other financial liabilities	18	0.16	5.01
Provisions	16(b)	0.81	0.76
Other current liabilities	19	6.10	1.10
Total current liabilities		28.75	27.59
Total liabilities		30.97	35.41
Total equity and liabilities		908.31	891.71

* Amount is below the rounding norms adopted by the Company
The above balance sheet should be read in conjunction with the accompanying notes.

This is the balance sheet referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N / N500016



Neeraj Sharma
Partner
Membership No. 108391

For and on behalf of the Board



Harish Gupta
Whole Time Director and
Chief Financial Officer
DIN: 07559832



Percy Birdy
Director
DIN: 07634795



Pradeep Joshi
Company Secretary
FCS-4959



Place: Mumbai
Date: May 25, 2021


Welspun Tradings Limited
Statement of profit and loss
(All amounts in Rupees (INR) million, unless otherwise stated)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	20 (a)	1,017.52	2,479.52
Other operating revenue	20 (b)	3.88	11.98
Other income	21	37.10	53.60
Total income		1,058.50	2,545.10
Expenses			
Purchases of stock-in-trade	22	955.23	2,312.71
Changes in inventories of stock-in-trade	23	-	12.89
Employee benefit expense	24	10.26	33.35
Depreciation expense	25	3.83	3.89
Other expenses	26	56.62	163.03
Finance costs	27	7.74	12.83
Total expenses		1,033.68	2,538.70
Profit before tax		24.82	6.40
Income tax expense			
Current tax	28 (a)	8.48	0.39
Deferred tax	28 (b)	(0.77)	4.18
Total income tax expense		7.71	4.57
Profit for the year (A)		17.11	1.83
Other comprehensive income			
Items that may be reclassified to profit or loss			
Gains/ (losses) on cash flow hedges (net)	15(c)	5.01	(8.51)
Income tax relating to this item		(1.26)	2.43
		3.75	(6.08)
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	15(b)	0.24	0.30
Income tax relating to this item		(0.06)	(0.08)
		0.18	0.22
Other comprehensive income for the year, net of tax (B)		3.93	(5.86)
Total comprehensive income for the year (A+B)		21.04	(4.03)
Earnings per equity share:			
Basic and diluted earnings per share (in Rupees)	37	3.41	0.36

The above statement of profit and loss should be read in conjunction with the accompanying notes.

This is the statement of profit and loss referred to in our report of even date.


Lease liabilities
For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N / N500016


Neeraj Sharma
Partner
Membership No. 108391

For and on behalf of the Board


Harish Gupta
Whole Time Director and
Chief Financial Officer
DIN: 07559832


Percy Birdy
Director
DIN: 07634795


Pradeep Joshi
Company Secretary
FCS-4959



Place: Mumbai
Date: May 25, 2021

Welspun Tradings Limited
Statement of changes in equity
(All amounts in Rupees (INR) million, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Amount
Balance as at April 01, 2019		50.13
Changes in equity share capital during the year	15(a)	-
Balance as at March 31, 2020		50.13
Changes in equity share capital during the year	15(a)	-
Balance as at March 31, 2021		50.13

B. Other equity

	Reserves and surplus	Other reserves	Total
	Retained earnings	Cash flow hedging reserve	
As at April 01, 2019	807.87	2.33	810.20
Profit for the year	1.83	-	1.83
Other comprehensive income	0.22	(6.08)	(5.86)
Total comprehensive income for the year	2.05	(6.08)	(4.03)
Balance as at March 31, 2020	809.92	(3.75)	806.17
Profit for the year	17.11	-	17.11
Other comprehensive income	0.18	3.75	3.93
Total comprehensive income for the year	17.29	3.75	21.04
Balance as at March 31, 2021	827.21	0.00	827.21

The above statement of changes in equity should be read in conjunction with the accompanying notes.

This is the statement of changes in equity referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
 Firm Registration No: 012754N / N500016



Neeraj Sharma
 Partner
 Membership No. 108391

For and on behalf of the Board



Harish Gupta
 Whole Time Director and
 Chief Financial Officer
 DIN: 07559832



Percy Birdy
 Director
 DIN: 07634795



Pradeep Joshi
 Company Secretary
 FCS-4959

Place: Mumbai
 Date: May 25, 2021




Welspun Tradings Limited
Statement of cash flows
(All amounts in Rupees (INR) million, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
Profit before tax	24.82	6.40
Adjustments for:		
Depreciation expense	3.83	3.89
Commission Income	(1.63)	-
Interest expense	2.42	0.79
Interest income	(28.74)	(5.02)
Net gain on sale/redemption of Non-current investments	-	(2.26)
Current investments	(6.49)	(8.61)
Loss on sale/ disposal of property plant and equipment	0.01	-
Provision / Liability no longer required written back	(3.88)	(7.24)
Net exchange differences (unrealised)	(0.24)	(0.35)
Fair valuation gain on investments (net)	(0.24)	(3.19)
Total	(10.14)	(15.59)
Changes in operating assets and liabilities		
Movement other non current assets	0.01	4.71
Movement in other current assets	199.58	(445.11)
Movement in other financial assets	10.28	(8.70)
Movement in inventories	-	12.89
Movement in trade receivables	(124.90)	1,298.76
Movement in non current provisions	(1.80)	(0.61)
Movement in current provisions	0.27	(3.06)
Movement in trade payables	4.75	(578.46)
Movement in other financial liabilities	0.16	-
Movement in other current liabilities	5.00	(3.33)
Cash flow from operations	83.21	261.50
Income taxes paid (net of refund)	(7.43)	(11.59)
Net cash flow from operating activities (A)	75.78	249.92
Cash flow used in investing activities		
Payments for property, plant and equipment	(0.01)	(0.01)
Proceeds from sale of property, plant and equipment	-	0.01
Interest paid	(1.93)	-
Interest received	27.03	3.69
Commission received	1.63	-
Repayment of loan by employees (net)	-	0.06
Sale of current investments	5,594.29	6,005.16
Purchase of current investments	(5,300.00)	(6,266.28)
(Investment in)/ proceeds from maturity of fixed deposits (net)	(400.00)	18.61
Net cash flow used in investing activities (B)	(78.99)	(238.76)
Cash flow used in financing activities		
Principal elements of finance lease payments	(3.95)	(3.96)
Net cash flow used in financing activities (C)	(3.95)	(3.96)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(7.16)	7.20
Lease liabilities	13.50	6.30
Cash and cash equivalents at the end of the year (Refer Note 12)	6.34	13.50
Net (decrease)/ increase in cash and cash equivalents	(7.16)	7.20

The above statement of cash flows should be read in conjunction with the accompanying notes.

This is the statement of cash flows referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N / N500016


Neeraj Sharma
Partner
Membership No. 108391


Harish Gupta
Whole Time Director and
Chief Financial Officer
DIN: 07559832


Percy Birdy
Director
DIN: 07634795


Pradeep Joshi
Company Secretary
FCS-4959

Place: Mumbai
Date: May 25, 2021



Welspun Tradings Limited

**Notes annexed to and forming part of the balance sheet as at March 31, 2021
and the statement of profit and loss for the year ended March 31, 2021**

Background

Welspun Tradings Limited (the "Company") is a Company limited by shares incorporated on May 09, 2001 and domiciled in India under the Companies Act, 2013. Its registered office and principal place of business is located at Welspun City, Village Versamedi, Taluka Anjar, Anjar, Gujarat, GJ 370110, India. The Company is a wholly owned subsidiary of Welspun Corp Limited and is engaged in the business of trading and marketing of steel pipes and coils.

These financial statements are presented in rupees and are authorised for issue by the directors on May 25, 2021.

Recent Accounting Pronouncements

i) New and amended standards adopted by the Company

The Company has applied the following standards and its amendments for the first time for annual reporting period commencing April 01, 2020.

- Definition of Material – amendments to Ind AS 1 and Ind AS 8

Amendments are made to Ind AS 1- Presentation of Financial Statements and Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, which use a consistent definition of materiality, clarify when information is material and incorporate some of the guidance in Ind AS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

- Definition of a Business – amendments to Ind AS 103

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits."

- COVID-19 related concessions – amendments to Ind AS 116

Amendments to Ind AS 116 Leases, provides a practical expedient to apply rent concessions occurring as a direct consequence of the COVID-19 pandemic. Lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification.



Welspun Tradings Limited

**Notes annexed to and forming part of the balance sheet as at March 31, 2021
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- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments made to Ind AS 109 Financial Instruments, and Ind AS 107 Financial Instruments: Disclosures provide certain reliefs in relation to interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

The amendments listed above did not have any material impact on Company's financial statements.

ii) Amended applicable from next Financial year

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held, certain specified ratios etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

The Financial Statements have been presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest two decimals of Millions unless otherwise stated.



Welspun Tradings Limited

**Notes annexed to and forming part of the balance sheet as at March 31, 2021
and the statement of profit and loss for the year ended March 31, 2021**

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on an accrual and going concern basis. The financial statements have been prepared on a historical cost basis, except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities (including derivatives instruments)	Fair Value
Net defined benefit (asset)/ liability	Fair Value of plan assets less present value of defined benefit obligations

(b) Segment reporting

The Board of directors of the Company assesses the financial performance and position of the Company and makes strategic decisions. The chief operating decision maker is the Board of directors of the Company. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Refer note 32).

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Indian rupee, which is the functional and presentation currency of the Company.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Foreign exchange differences regarded as on adjustments to borrowing costs are presented in the settlement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/ other expenses as applicable.



Welspun Tradings Limited

**Notes annexed to and forming part of the balance sheet as at March 31, 2021
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Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The Company has elected to apply the exemption in respect of accounting policy followed for long term foreign currency monetary items. Accordingly, long term foreign currency monetary items in the books till the period ended March 31, 2016 have been accounted for as per the policy adopted under previous GAAP as given below:

Foreign exchange differences on account of depreciable assets are adjusted in the cost of depreciable assets and depreciated over the balance life of the assets.

(d) Revenue recognition

(i) Sales of products

The Company sells a range of pipes to its customers.

The Company recognizes revenue when it satisfies a performance obligation in accordance with the provisions of contract with the customer. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, risk of obsolescence and loss pass to the customer and the Company has the present right to payment, all of which occurs at a point in time upon shipment or delivery of the product. The Company considers freight expenses as costs to fulfil the promise to transfer the related products and the customer payments for freight income are recorded as a component of revenue.

In certain customer contracts, freight charges are treated as a distinct separate performance obligation and the Company recognises revenue for such services when the performance obligation is completed.

Delivery occurs when the products have been shipped or delivered in accordance with the agreed delivery terms with the customer.

The Company considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the Company expects to be entitled to in exchange for transferring of promised goods and services to the customer after deducting liquidated damages, included but not limited to, discounts, volume rebates etc.

A receivable is recognised when the goods are delivered as per the agreed delivery terms with the customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Liquidated damages are damages that a customer deducts from the transaction price if the company fails to deliver the goods at a pre decided time as per delivery schedule. Liquidated damages are estimated based on enforcement of specific performance of contracts. In making these estimates, the Company considers predictive value of the amount that the Company expects to be liable for the transferred goods and services.

Revenue from sale of products are inclusive of excise duty and net of returns, trade allowances, rebates, value added tax, goods and service tax (GST) and amounts collected on behalf of third parties.



Welspun Tradings Limited

**Notes annexed to and forming part of the balance sheet as at March 31, 2021
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(ii) Sales of services

The Company also provides freight services to its customers. Revenue from providing freight services is recognised in the accounting period in which the services are rendered. The related freight costs incurred are included in freight expenses when the Company is acting as principal in the freight arrangement.

Freight services may be considered a separate performance obligation if control of the goods transfers to the customer before goods reach to the agreed place of shipment, but the entity has promised to ship the goods (or arrange for the goods to be shipped). In contrast, if control of a good does not transfer to the customer before goods reach to the agreed place of shipment, freight service is not a promised service to the customer. This is because freight service is a fulfillment activity as the costs are incurred as part of transferring the goods to the customer.

The Company does not have any contracts where in the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(iii) Contract assets and Contract Liabilities

When the Company performs a service or transfers a good in advance of receiving consideration, it recognises a contract asset or receivable. A contract asset is a Company's right to consideration in exchange for goods or services that the Company has transferred to a customer. If the Company transfers control of goods or services to a customer before the customer pays consideration, the Company records either a contract asset or a receivable depending on the nature of the Company's right to consideration for its performance. A contract asset will be classified as a receivable when the Company's right to consideration is unconditional (that is, when payment is due only on the passage of time). The Company shall assess a contract asset for impairment in accordance with Ind AS 109. An impairment of a contract asset shall be measured, presented and disclosed on the same basis as a financial asset that is within the scope of Ind AS 109. The Company discloses contract assets under Other Assets. The Company recognises a contract liability if the customer's payment of consideration precedes the Company's performance. A contract liability is recognised if the Company receives consideration (or if it has the unconditional right to receive consideration) in advance of performance. The Company discloses contract liabilities under Other Liabilities.

(e) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.



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Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Leases

As a lessee:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

With effect from April 01, 2019:

As a Lessee:

The Company leases various buildings. Rental contracts are typically made for fixed periods of one to three years but may have extension options as described in Note no 4. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Based on the notification released by MCA, Ind AS 116 has been made applicable w.e.f. April 01, 2019. From April 01, 2019, lease are recognized as a right-of-use assets and a corresponding liability at the date at which the leased assets is available for the use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payment to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



Welspun Tradings Limited

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Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(g) Impairment of assets

All assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet, if any.

(i) Trade Receivables

Trade receivables are amounts due from customers for good sold or services performed in the ordinary course of business. Trade receivables are recognised initially at amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company hold the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowances.

(j) Inventories

Traded goods are stated at the lower of cost and net realisable value. Cost of traded goods comprises cost of purchases. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



Welspun Tradings Limited

**Notes annexed to and forming part of the balance sheet as at March 31, 2021
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(k) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at (either through comprehensive income, or through profit or loss); and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

For investments in debt instruments, this will depend on the business model in which the investment is held.

For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/ other expenses as applicable. Interest income from these financial assets is included in other income using the effective interest rate method.



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- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income/ other expenses as applicable in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 30 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.



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(v) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividend income

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(I) Derivatives and hedging activities

In order to hedge its exposure to foreign exchange, the Company enters into forward contract financial instruments. The Company does not hold derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently marked to market to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The Company designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions (cash flow hedges).

The Company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income/ other expenses (as applicable).

When forward contracts are used to hedge forecast transactions, the Company generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).



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When the hedged forecast transaction results in the recognition of a non-financial asset the amounts accumulated in equity are transferred to profit or loss as follows. With respect to gain or loss relating to the effective portion of the change in fair value of forward contracts, the deferred hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss.

Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the deferred forward contracts, if any are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of materials consumed).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss within other income/ other expense (as applicable).

(ii) Derivatives that are not designated as hedges

The Company enters into derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

(m) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods and estimated useful lives

Depreciation is calculated using straight-line method over the estimated useful life of the assets as given below. These estimated useful lives are in accordance with those prescribed under Schedule II to the Companies Act, 2013 which is as stated below:

Assets	Estimated Useful Life
Computers	3 years
Office and other equipments	3 years
Vehicles	8 years
Furniture and fixtures	10 years

These estimated useful lives are in accordance with those prescribed under Schedule II to the Companies Act, 2013

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/ other expense (as applicable).



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(n) Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful life. Intangible assets comprise of computer software which is amortised on a straight-line basis over its expected useful life over a period of five years which is based on a technical evaluation done by the Management.

(o) Trade and other payable

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 180 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income.

(q) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(r) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.



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(s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current provision in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as provisions in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity; and
- defined contribution plans such as provident fund and employee's pension scheme.
- superannuation funds

Defined Benefit Plans

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method.

The present value of the defined benefit obligation denominated in rupees million is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.



Welspun Tradings Limited

**Notes annexed to and forming part of the balance sheet as at March 31, 2021
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Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

(a) Provident fund and employee pension scheme

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(b) Superannuation fund

The Company contributes on a defined contribution basis to superannuation towards post-employment benefits, which is administered by SBI Life Insurance Corporation (LIC) administered superannuation fund and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

(t) Contributed equity

Equity shares are classified as equity.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(v) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the rupees million as per the requirement of Schedule III (Division II), unless otherwise stated.

The Company intends to adopt these amendments when it becomes effective. There are no other standards or amendments that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.



Welspun Tradings Limited

**Notes annexed to and forming part of the balance sheet as at March 31, 2021
and the statement of profit and loss for the year ended March 31, 2021**

Note 2: Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

Actuarial valuation

Employee benefits requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and plan assets, in particular for defined benefit plans. These are mainly actuarial assumptions such as expected long- term increase in salary costs and discount rates. Substantial changes in the assumed development of any one of these variables may significantly change the Company's retirement benefit obligation and pension assets (Refer note 16).



Welspun Tradings Limited
Notes annexed to and forming part of the balance sheet as at March 31, 2021
and the statement of profit and loss for the year ended March 31, 2021
(All amounts in Rupees (INR) million, unless otherwise stated)

Note 3: Property, plant and equipment (PPE)

	Computers	Office and other equipments	Vehicles	Furniture and fixtures	Total PPE	Intangible Assets (Software)
Year ended March 31, 2020						
Gross carrying amount						
Opening gross carrying amount as at April 01, 2019	0.02	0.22	2.40	0.05	2.69	-
Additions	-	0.01	-	-	0.01	-
Disposals	-	(0.01)	-	-	(0.01)	-
Closing gross carrying amount as at March 31, 2020	0.02	0.22	2.40	0.05	2.69	-
Accumulated depreciation						
Opening accumulated depreciation as at April 01, 2019	0.02	0.16	1.52	0.04	1.74	-
Depreciation charge during the year	-	0.02	0.38	0.01	0.41	-
Disposals	-	(0.01)	-	-	(0.01)	-
Closing accumulated depreciation as at March 31, 2020	0.02	0.17	1.90	0.05	2.14	-
Net carrying amount as at March 31, 2020	-	0.05	0.50	-	0.55	-
Year ended March 31, 2021						
Gross carrying amount						
Opening gross carrying amount as at April 01, 2020	0.02	0.22	2.40	0.05	2.69	-
Additions	-	0.01	-	-	0.01	-
Disposals	-	(0.02)	-	-	(0.02)	-
Closing gross carrying amount as at March 31, 2021	0.02	0.21	2.40	0.05	2.68	-
Accumulated depreciation						
Opening accumulated depreciation as at April 01, 2020	0.02	0.17	1.90	0.05	2.14	-
Depreciation charge during the year	-	0.02	0.33	-	0.35	-
Disposals	-	(0.01)	-	-	(0.01)	-
Closing accumulated depreciation as at March 31, 2021	0.02	0.18	2.23	0.05	2.48	-
Net carrying amount as at March 31, 2021	-	0.03	0.17	-	0.20	-

* Amount is below the rounding norms adopted by the Company



Welspun Tradings Limited

Notes annexed to and forming part of the balance sheet as at March 31, 2021

and the statement of profit and loss for the year ended March 31, 2021

(All amounts in Rupees (INR) million, unless otherwise stated)

Note 4: Right-of-use assets (Refer note 39)

(i) Amounts recognised in balance sheet

The balance sheet shows the following amount relating to leases

	As at March 31, 2021	As at March 31, 2020
Buildings	3.48	6.96
Total Right-of-use assets	3.48	6.96
	As at March 31, 2021	As at March 31, 2020
Lease liabilities		
Current	3.81	3.47
Non-current	-	3.80
Total Lease liabilities	3.81	7.27

* Amount is below the rounding norms adopted by the Company

The Company has taken buildings on lease. Rental contracts are typically made for fixed periods of three years, but may have extension options of as described in below:

Extension options for one to three years and termination options are included in a number of buildings across the Company. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable by the Company and the respective lessor.

(ii) Amount recognised in the statement of profit and loss

The statement of profit and loss shows the following amounts relating to leases:

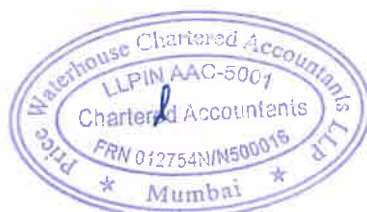
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation charge of Right-of-use assets		
Buildings	3.48	3.48
Total	3.48	3.48

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest and finance charges on lease liability (included in finance cost)	0.49	0.79
Total	0.49	0.79

The total cash outflow for leases for the year ended March 31, 2021 was INR 3.95 (March 31, 2020: INR 3.96)

(iii) Net Debt Reconciliation

Particulars	Amount
Balance as at March 31, 2019	-
Recognised on adoption of Ind AS 116	10.44
Cash out flow	(3.96)
Interest expenses	0.79
Balance as at March 31, 2020	7.27
Cash out flow	(3.95)
Interest expenses	0.49
Balance as at March 31, 2021	3.81



Welspun Tradings Limited

**Notes annexed to and forming part of the balance sheet as at March 31, 2021
and the statement of profit and loss for the year ended March 31, 2021**

(All amounts in Rupees (INR) million, unless otherwise stated)

Note 5: Loans

	As at March 31, 2021	As at March 31, 2020
5(a) Non-current		
Security deposits		
Related parties (refer note 33)	0.01	0.01
Others	0.08	0.08
Total non-current loans	<u>0.09</u>	<u>0.09</u>
5(b) Current		
Loans to employees	0.10	0.10
Total current loans	<u>0.10</u>	<u>0.10</u>
Total loans	<u>0.19</u>	<u>0.19</u>

Note 6: Other financial assets

	As at March 31, 2021	As at March 31, 2020
6(a) Non-current		
Margin money deposits (refer note below)	0.75	0.71
Total non-current other financial assets	<u>0.75</u>	<u>0.71</u>
Fixed deposits of INR 0.75 (March 31, 2019: INR 0.71) represent earmarked balances with banks.		
6(b) Current		
Other receivables from related party (Refer note 33)	0.16	10.44
Total current other financial assets	<u>0.16</u>	<u>10.44</u>
Total financial assets	<u>1.00</u>	<u>11.24</u>



Welspun Tradings Limited

Notes annexed to and forming part of the balance sheet as at March 31, 2021 and the statement of profit and loss for the year ended March 31, 2021 (All amounts in Rupees (INR) million, unless otherwise stated)

Note 7: Deferred tax assets (net)

	As at March 31, 2021	As at March 31, 2020
The balance comprises temporary differences attributable to:		
Deferred tax asset		
Gratuity and leave obligations	0.20	0.19
Allowance for doubtful debts and advances	0.22	0.22
Property, plant and equipment	0.18	0.16
Lease liability (Net of right-of-use assets)	0.08	0.08
Cash flow hedging reserve	-	1.26
Others	0.02	0.08
	<u>0.70</u>	<u>1.99</u>
Set-off of deferred tax liabilities pursuant to set-off provisions		
Deferred tax liability		
Fair valuation on investment	0.06	0.80
	<u>0.06</u>	<u>0.80</u>
Total deferred tax assets (net)	<u>0.64</u>	<u>1.19</u>
For movement in deferred tax assets (net) (refer note below)		

Movement in deferred tax liabilities and deferred tax assets:

	Deferred tax liabilities			Deferred tax assets						Total deferred tax assets	Net deferred tax assets
	Cash flow hedging reserve	Fair valuation on investment	Total deferred tax liabilities/ (assets)	Property, plant and equipment	Cash flow hedging reserve	Gratuity and leave obligations	Allowance for doubtful debts and advances	Lease liability (Net of right-of-use assets)	Others		
As at April 01, 2019	1.17	0.03	1.20	0.15	-	2.20	1.87	-	-	4.22	3.02
Charged/ (Credited) to profit and loss to other comprehensive income	-	0.77	0.77	0.01	-	(1.93)	(1.65)	0.08	0.08	(3.41)	(4.18)
	(1.17)	-	(1.17)		1.26	(0.08)	-	-	-	1.18	2.35
As at March 31, 2020	-	0.80	0.80	0.16	1.26	0.19	0.22	0.08	0.08	1.99	1.19
Charged/ (Credited) to profit and loss to other comprehensive income	-	(0.74)	(0.74)	0.02	-	0.07	-	-	(0.06)	0.03	0.77
	-	-	-		(1.26)	(0.06)	-	-	-	(1.32)	(1.32)
As at March 31, 2021	-	0.06	0.06	0.18	-	0.20	0.22	0.08	0.02	0.70	0.64

Note:

In the previous year ended March 31, 2020, the Company had exercised the option of lower tax rate of 22% (plus applicable surcharge and cess) instead of the normal rate of 30% (plus applicable surcharge and cess) under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019 and accordingly had recognized the full impact of remeasurement of the income tax expense.

Note 8: Other assets - Non Current

	As at March 31, 2021	As at March 31, 2020
Balance with statutory authorities	0.83	0.83
Less: Allowance for doubtful advances	(0.83)	(0.83)
Others*	1.10	1.11
Total other non-current assets	<u>1.10</u>	<u>1.11</u>

*Represents amount recoverable from employees towards employees' contribution for provident fund (refer note 34)

Note 9: Other assets - Current

	As at March 31, 2021	As at March 31, 2020
Balance with statutory authorities	0.84	2.00
Advances to related parties (refer note 33)	254.75	450.00
Prepaid expenses	0.99	4.14
Advances to employees	0.08	0.07
Advances to suppliers	0.08	0.11
Total other current assets	<u>256.74</u>	<u>456.32</u>
Total other assets	<u>257.84</u>	<u>457.43</u>



Weispun Tradings Limited
Notes annexed to and forming part of the balance sheet as at March 31, 2021
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Note 10: Investments

	As at March 31, 2021	As at March 31, 2020
Investment in mutual funds		
Investment carried at fair value through profit and loss		
Unquoted:		
Nil (March 31, 2020: 52,772) units of SBI Overnight Fund Direct Growth	-	171.71
156,901 (March 31, 2020: Nil) units of A9SL Liquid Fund-Growth-Direct	52.02	-
Nil (March 31, 2020: 75,984) units of HDFC Overnight Fund - Growth	-	225.60
17,920 (March 31, 2020: Nil) units of SBI Liquid Fund Direct Growth	57.73	-
Total current investments	109.75	397.31
Aggregate amount of unquoted investments	109.75	397.31

Note 11: Trade receivables

	As at March 31, 2021	As at March 31, 2020
Trade receivables other than related party	124.94	0.04
Less: Allowance for doubtful debts	0.04	0.04
Total receivables	124.90	-
Current	124.90	-
Break up of security details		
Unsecured, considered good	124.90	-
Doubtful	0.04	0.04
Total	124.94	0.04
Allowance for doubtful debts	0.04	0.04
Total trade receivables	124.90	-

Note 12: Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Balances with banks in current accounts	6.34	13.50
Total cash and cash equivalents	6.34	13.50

Note 13: Bank balances other than cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Margin Money deposits including interest accrued (refer note below)	401.68	-
Total bank balances other than cash and cash equivalents	401.68	-

Note: Fixed deposits of INR 400.00 (March 31, 2020: INR Nil) held as security against borrowings of related party (refer note 33)

Note 14: Current tax assets

	As at March 31, 2021	As at March 31, 2020
Opening balance of current tax assets/ (liabilities)	3.43	(7.77)
Less: Current tax	(8.48)	(0.39)
Add: Taxes paid net off refund (including tax deducted at source)	7.43	11.59
Closing balance	2.38	3.43



Welspun Tradings Limited
 Notes annexed to and forming part of the balance sheet as at March 31, 2021
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Note 15: Equity share capital and other equity

15(a): Equity share capital

Authorised equity share capital

	Number of shares	Amount
As at April 01, 2019	5,050,000	50.50
Movement during the year	-	-
As at March 31, 2020	5,050,000	50.50
Movement during the year	-	-
As at March 31, 2021	5,050,000	50.50

(i) Movements in equity share capital

	Number of shares	Amount
As at April 01, 2019	5,013,402	50.13
Movement during the year	-	-
As at March 31, 2020	5,013,402	50.13
Movement during the year	-	-
As at March 31, 2021	5,013,402	50.13

Terms and rights attached to equity shares

Equity shares have a par value of INR 10 each. They entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(ii) Shares of the Company held by holding company

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Welspun Corp Limited, including nominees	5,013,402	100%	5,013,402	100%

(iii) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Welspun Corp Limited (the 'holding company'), including nominees	5,013,402	100%	5,013,402	100%



Welspun Tradings Limited

Notes annexed to and forming part of the balance sheet as at March 31, 2021
and the statement of profit and loss for the year ended March 31, 2021

(All amounts in Rupees (INR) million, unless otherwise stated)

Note 15: Equity share capital and other equity (Contd...)**15(b): Reserves and surplus**

	As at March 31, 2021	As at March 31, 2020
Retained earnings (refer note below)	827.21	809.92
Total reserves and surplus	827.21	809.92

Note - Retained earnings:

	As at March 31, 2021	As at March 31, 2020
Opening balance	809.92	807.87
Profit for the year	17.11	1.83
Item of other comprehensive income recognised directly in retained earnings		
Remeasurements of post employment benefit obligations, net of tax	0.18	0.22
Closing balance	827.21	809.92

15(c): Other reserves

	As at March 31, 2021	As at March 31, 2020
Cash flow hedging reserve (refer note below)	-	(3.75)
Total other reserves	-	(3.75)

Note - Cash flow hedging reserve:

	As at March 31, 2021	As at March 31, 2020
Opening balance	(3.75)	2.33
Add: Loss recognised in cash flow hedging reserve during the year (net)	-	(2.96)
Less: Gain/ (Loss) transferred to the statement of profit and loss	5.01	(5.55)
Income tax on amount recognised in cash flow hedging reserve	(1.26)	2.43
Closing Balance	-	(3.75)

Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flows reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss or included as a basis adjustment to the non-financial hedged item.



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Notes annexed to and forming part of the balance sheet as at March 31, 2021

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(All amounts in Rupees (INR) million, unless otherwise stated)

Note 16: Provisions

	As at March 31, 2021	As at March 31, 2020
16(a) Non-current		
Gratuity (Refer notes (i) to (vi) below)	-	-
Other Provisions		
Provision for litigation/ disputes (refer note (viii) below)	2.22	4.02
Total non-current provisions	<u>2.22</u>	<u>4.02</u>
16(b) Current		
Leave obligations (Refer note (vii) below)	0.81	0.77
Gratuity (Refer notes (i) to (vi) below)	-	-
Other Provisions		
Provision for litigation/ disputes (refer note (viii) below)	-	0.01
Total current provisions	<u>0.81</u>	<u>0.78</u>
Total provisions	<u>3.03</u>	<u>4.80</u>

(i) Post-employment obligations - Gratuity

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen day wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India. This defined benefit plans exposes the Company to actuarial risks, such as interest rate risk and market (investment) risk.

(ii) Balance sheet amounts - Gratuity

The amounts recognised in the balance sheet and the movements in the net defined benefit obligations over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net amount
April 01, 2019	8.42	(5.62)	2.80
Current service cost	0.22	0.27	0.49
Interest expense/ (income)	0.13	(0.41)	(0.28)
Total amount recognised in profit or loss	<u>0.35</u>	<u>(0.14)</u>	<u>0.21</u>
Remeasurements			
Experience gains	(0.47)	(0.39)	(0.86)
Loss from change in financial assumptions	0.56	-	0.56
Total amount recognised in other comprehensive income	<u>0.09</u>	<u>(0.39)</u>	<u>(0.30)</u>
Benefit payments	(0.15)	0.15	-
Adjustment due to transfer out	(6.80)	4.09	(2.71)
March 31, 2020	<u>1.91</u>	<u>(1.91)</u>	<u>-</u>
	Present value of obligation	Fair value of plan assets	Net amount
April 01, 2020	1.91	(1.91)	-
Current service cost	0.17	0.09	0.26
Interest expense/ (income)	0.13	(0.15)	(0.02)
Total amount recognised in profit or loss	<u>0.30</u>	<u>(0.06)</u>	<u>0.24</u>
Remeasurements			
Experience gains	(0.24)	(0.01)	(0.25)
Loss from change in financial assumptions	0.01	-	0.01
Total amount recognised in other comprehensive income	<u>(0.23)</u>	<u>(0.01)</u>	<u>(0.24)</u>
Benefit payments	(0.38)	0.38	-
March 31, 2021	<u>1.60</u>	<u>(1.60)</u>	<u>-</u>

The net liability disclosed above relating to funded and unfunded plans are as follows:

	March 31, 2021	March 31, 2020
Present value of funded obligations	1.60	1.91
Fair value of plan assets	(1.60)	(1.91)
Deficit/ (excess) of funded plan	<u>-</u>	<u>-</u>
Amount recognised in Balance sheet	-	-
Non-current	-	-
Current	-	-

(iii) Significant actuarial assumptions are as follows:

	March 31, 2021	March 31, 2020
Discount rate	6.83%	6.92%
Salary growth rate	6.00%	6.00%



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Notes annexed to and forming part of the balance sheet as at March 31, 2021 and the statement of profit and loss for the year ended March 31, 2021

(All amounts in Rupees (INR) million, unless otherwise stated)

Note 16: Provisions (Contd...)

(iv) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Assumptions	Impact on defined benefit obligation							
	Change in assumption (%)		Increase in assumption (INR.)				Decrease in assumption (INR.)	
	March 31, 2021	March 31, 2020		March 31, 2021	March 31, 2020		March 31, 2021	March 31, 2020
Discount rate	0.50%	0.50%	Decrease by	0.08	0.10	Increase by	0.09	0.11
Salary growth rate	0.50%	0.50%	Increase by	0.09	0.11	Decrease by	0.08	0.10

(v) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which is asset volatility. The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. The plan assets are invested by the company in Kotak Group Gratuity Fund managed by Kotak Life Insurance. The plan assets have been providing consistent and competitive returns over the years. The Company intends to maintain this investment in the continuing years.

(vi) Defined benefit liability and employer contributions

Expected contribution to post-employment benefit plans for the year ended March 31, 2022 is INR 0.29 (March 31, 2021: INR 0.37).

The weighted average duration of the defined benefit obligation is 5 years (March 31, 2020 - 5 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Total
March 31, 2021	0.09	0.10	0.39	0.58
March 31, 2020	0.10	0.12	0.48	0.70

(vii) Leave obligations

The leave obligations cover the Company's liability for earned leave.

(viii) Movement in provision for litigation/ disputes (non-current and current)

Movements in each class of provisions during the financial year ended March 31, 2021 are set out below:

Particulars	Provident Fund (Refer note 34)	Other Litigation and Disputes	Total
Opening balance as at April 01, 2020	2.23	1.80	4.03
Provided during the year	-	-	-
Provision reversed during the year	(0.01)	(1.80)*	(1.81)
Closing balance as at March 31, 2021	2.22	-	2.22

*Provision has been reversed under employee benefit expense

Movements in each class of provisions during the financial year ended March 31, 2020 are set out below:

Particulars	Provident Fund (Refer note 34)	Other Litigation and Disputes	Total
Opening balance as at April 01, 2019	2.19	-	2.19
Provided during the year	0.04	1.80	1.84
Provision reversed during the year	-	-	-
Closing balance as at March 31, 2020	2.23	1.80	4.03

Note: There are uncertainties regarding the timing and amount of the provisions. Changes in underlying facts and circumstances for each provision could result in differences in the amounts provided for and the actual cash outflow.



Welspun Tradings Limited

Notes annexed to and forming part of the balance sheet as at March 31, 2021

and the statement of profit and loss for the year ended March 31, 2021

*(All amounts in Rupees (INR) million, unless otherwise stated)***Note 17: Trade payables**

	As at March 31, 2021	As at March 31, 2020
Trade payables to micro and small enterprises (refer note 38)	-	0.01
Trade payables to others	17.87	17.22
Total trade payables	17.87	17.23

Note 18: Other financial liabilities

	As at March 31, 2021	As at March 31, 2020
Other Payables		
Related party (Refer note 33)	0.16	-
Derivatives		
Foreign exchange forward contracts, designated as hedges	-	5.01
Total other financial liabilities	0.16	5.01

Note 19: Other current liabilities

	As at March 31, 2021	As at March 31, 2020
Trade Advances	4.98	-
Statutory dues including provident fund and tax deducted at source	0.85	0.68
Employee dues payable	0.27	0.42
Total other current liabilities	6.10	1.10



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**Notes annexed to and forming part of the balance sheet as at March 31, 2021
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Note 20 (a): Revenue from operations	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contracts with customers		
Sale of products	1,017.52	2,479.52
Total revenue from operations	1,017.52	2,479.52

The Company has only one major product which is sale of pipes and revenue derived from transfer of pipes at a point in time aggregated to INR 1,017.52 for the year ended March 31, 2021 (March 31, 2020: INR 2,479.52).

Reconciliation of revenue recognised with contract price

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Contract price	1,017.52	2,492.87
Adjustments for:		
Liquidated damages	-	13.35
Revenue from operations	1,017.52	2,479.52

Note 20 (b): Other operating revenue	Year ended March 31, 2021	Year ended March 31, 2020
Other operating revenue		
Export Benefit	-	4.74
Provision/ Liability no longer required written back	3.88	7.24
Total other operating revenue	3.88	11.98

Note 21: Other income	Year ended March 31, 2021	Year ended March 31, 2020
Interest income (refer note 29)		
Fixed deposits	18.48	1.33
Others	10.26	3.69
Net gain on sale/redemption of		
Non-current investments (refer note 33)	-	2.26
Current investments	6.49	8.61
Fair valuation gain on investments (net)	0.24	3.19
Commission Income (refer note 33)	1.63	-
Exchange difference (net)	-	34.52
Total other income	37.10	53.60

Note 22: Purchases of stock-in-trade	Year ended March 31, 2021	Year ended March 31, 2020
Purchases of stock-in-trade (refer note 33)	955.23	2,312.71
Total purchases of stock-in-trade	955.23	2,312.71

Note 23: Changes in inventories of stock-in-trade	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance		
Traded goods	-	12.89
Total opening balance	-	12.89
Closing Balance		
Traded goods	-	-
Total closing balance	-	-
Total changes in inventories of stock-in-trade	-	12.89



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Note 24: Employee benefit expense	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	9.03	31.27
Contribution to provident and other funds (refer note below)	0.96	1.66
Gratuity expenses (refer note 16(ii))	0.24	0.21
Staff welfare expenses	0.03	0.21
Total employee benefit expense	10.26	33.35

Note:

Defined contribution plans:

- a. Employers' contribution to Provident Fund and Employee's Pension Scheme, 1995
- b. Superannuation fund

During the year, the Company has incurred and recognised the following amounts in the statement of profit and loss:

	Year ended March 31, 2021	Year ended March 31, 2020
Employers' Contribution to Provident Fund and Employee's Pension Scheme	0.78	1.48
Superannuation fund	0.18	0.18
Total expenses recognised in the statement of profit and loss	0.96	1.66



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Note 25: Depreciation expense (refer notes 3 and 4)

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment	0.35	0.41
Depreciation of right-of-use assets	3.48	3.48
Total depreciation expense	3.83	3.89

Note 26: Other expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Freight, material handling and transportation	38.79	127.23
Rental charges (refer note 4 and note 33)	-	-
Rates and taxes*	-	-
Repairs and maintenance	-	-
Others	-	0.90
Travel and conveyance	0.09	4.35
Communication expenses	0.02	0.13
Professional and consultancy fees	3.83	3.69
Insurance	0.42	1.83
Directors' sitting fees (refer note 33)	1.24	0.86
Membership and subscription	0.13	0.16
Exchange differences (net)	9.12	-
Payment to auditors (refer note (i) below)	1.54	1.59
Commission on sales to agents	-	19.69
Expenditure towards corporate social responsibility (refer note (ii) below and note 33)	1.42	2.41
Loss on sale/ disposal of property plant and equipment	0.01	-
Miscellaneous expenses	0.01	0.19
Total other expenses	56.62	163.03

* Amount is below the rounding norms adopted by the Company

Note:

(i) Details of payments to auditors (excluding taxes, as applicable)

	Year ended March 31, 2021	Year ended March 31, 2020
Payment to auditors		
As auditor:		
Audit fee	1.00	1.00
Tax audit fee	0.30	0.30
In other capacities:		
Certification fees	0.24	0.24
Reimbursement of expenses	-	0.05
Total payment to auditors	1.54	1.59

(ii) Expenditure towards corporate social responsibility

	Year ended March 31, 2021	Year ended March 31, 2020
Contribution to Welspun Foundation for Health & Knowledge	1.42	2.41
Total	1.42	2.41
Amount required to be spent as per Section 135 of the Companies Act, 2013	1.42	2.41
Amount spent during the year on:		
On purposes other than construction/ acquisition of an asset	1.42	2.41



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Note 27: Finance costs

	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense on		
Income tax	0.09	-
Goods and service tax	1.84	-
Interest and finance charges on lease liability (refer note 4)	0.49	0.79
Other finance charges	5.32	12.04
Total finance costs	7.74	12.83

Note 28: Income tax expenses

(i) Income tax expenses recognised in the statement of profit and loss

Note 28 (a): Current tax

	Year ended March 31, 2021	Year ended March 31, 2020
Current tax on profit for the year	7.89	0.39
Adjustments for current year of prior years	0.59	-
Total current tax expense	8.48	0.39

Note 28 (b): Deferred tax

	Year ended March 31, 2021	Year ended March 31, 2020
(Increase)/ decrease in deferred tax assets	(0.03)	3.41
(Decrease)/ increase in deferred tax liabilities	(0.74)	0.77
Total deferred tax expense/ (benefit)	(0.77)	4.18
Total income tax expense	7.71	4.57

(ii) Reconciliation of income tax expense and the accounting profit multiplied by India's tax rate:

	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	24.82	6.40
Tax rate (refer note 7)	25.17%	25.17%
Tax at normal rate	6.25	1.61
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expense on which no deferred tax was required to be recognised	0.84	0.61
Change in tax rate (basis adjustment) (Refer note 7)	-	0.54
Deferred tax asset reversed on opening employee benefit obligation	-	1.99
Adjustments for current year of prior years	0.59	-
Other items	0.03	(0.18)
Total Income tax expense	7.71	4.57



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Note 29: Fair value measurements

Financial instruments by category

	March 31, 2021		March 31, 2020	
	FVPL	Amortised Cost	FVPL	Amortised Cost
Financial assets				
Investments				
Mutual funds	109.75	-	397.31	-
Loans				
Loans to employees	-	0.10	-	0.10
Security deposits	-	0.09	-	0.09
Trade receivables	-	124.90	-	-
Cash and cash equivalents	-	6.34	-	13.50
Bank balances other than cash and cash equivalents	-	401.68	-	-
Other financial assets				
Term deposits with maturity more than 12 months	-	0.75	-	0.71
Others	-	0.16	-	10.44
Total financial assets	109.75	534.02	397.31	24.84
Financial liabilities				
Trade payables	-	17.87	-	17.23
Other financial liabilities				
Others	-	0.16	-	-
Total financial liabilities	-	18.03	-	17.23

Note: Derivatives designated as hedges are fair valued through other comprehensive income and hence not included as a part of the above table.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets measured at fair value - recurring fair value measurements at March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Investments				
Mutual funds	-	109.75	-	109.75
Total financial assets	-	109.75	-	109.75

Assets and liabilities which are measured at amortised cost for which fair value are disclosed at March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Loans				
Loans to employees	-	-	0.10	0.10
Security deposits	-	-	0.09	0.09
Other financial assets				
Term deposits with maturity more than 12 months	-	-	0.75	0.75
Others	-	-	0.16	0.16
Total financial assets	-	-	1.10	1.10
Financial liabilities				
Other financial assets				
Others	-	-	0.16	0.16
Total	-	-	0.16	0.16



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Note 29: Fair Value Measurements (Contd...)

Financial assets measured at fair value - recurring fair value measurements at March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Investments				
Mutual funds	-	397.31	-	397.31
Total financial assets	-	397.31	-	397.31

Assets which are measured at amortised cost for which fair value are disclosed at March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Loans				
Loans to employees	-	-	0.10	0.10
Security Deposit	-	-	0.09	0.09
Other financial assets				
Term deposits with maturity more than 12 months	-	-	0.71	0.71
Others	-	-	10.44	10.44
Total financial assets	-	-	11.34	11.34



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Note 29: Fair Value Measurements (Contd...)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Level 1: This hierarchy includes financial instruments measured using quoted prices. The Company does not have any investment under this category.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The Company has investments in mutual funds for which all significant inputs required to fair value an instrument are observable and hence, the same falls under level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments under level 2 include:

- the use of Net Assets Value ("NAV") for valuation of mutual fund investment. NAV represents the price at which the issuer will issue further units and will redeem such units of mutual fund to and from the investors.

- the fair value of forward foreign exchange contracts is determined using forward exchange rates prevailing with Authorised Dealers dealing in foreign exchange.

(iii) Fair value of financial assets and liabilities measured at amortised cost

	March 31, 2021		March 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Loans to employees	0.10	0.10	0.10	0.10
Security deposits	0.09	0.09	0.09	0.09
Other financial assets				
Term deposits with maturity more than 12 months	0.75	0.75	0.71	0.71
Others	0.16	0.16	10.44	10.44
Total financial assets	1.10	1.10	11.34	11.34
Financial liabilities				
Other financial assets				
Others	-	0.16	-	-
Total financial liabilities	-	0.16	-	-

The carrying amounts of trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, loans, other financial assets, trade payables and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values and carrying values of security deposits and terms deposits with maturity more than 12 months (other than those covered in above note) are materially the same.

(iv) Classification of interest income by instrument category

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income at amortised cost:		
Fixed deposits	18.48	1.33
Other interest income		
Others	10.26	3.69



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Note 30: Financial risk management

The Company's principal financial liabilities represents only trade payables and financial assets represents investments, loans, cash and cash equivalents and deposits with banks. The Company's activities exposes it to credit risk, liquidity risk, interest risk and investment risk.

In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to minimise certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not for trading or speculative instruments.

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with bank and financial institution, foreign exchange transactions and other financial instruments.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

Trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Past exposure suggest a low/ minimum credit risk or allowances of debtors. Exposures of trade receivable (net of allowance) broken into ageing bucket is given below:

	0-180 Days	More than 180 Days	Total
March 31, 2021	124.90	-	124.90
March 31, 2020	-	-	-

Reconciliation of allowance for doubtful debts on trade receivables

	As at March 31, 2021	As at March 31, 2020
Opening balance	0.04	0.04
Changes in allowance for doubtful debts	-	-
Closing balance	0.04	0.04

(B) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial liabilities

(b) net settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

For the year ended March 31, 2021

Contractual maturities of financial liabilities	< 1 Year	1- 3 years	3- 5 years	> 5 years	Total	Carrying Amount
Non-derivatives						
Trade payables	17.87	-	-	-	17.87	17.87
Lease Liabilities	3.96	-	-	-	3.96	3.81
Others	0.16	-	-	-	0.16	0.16
Total non-derivative liabilities	21.99	-	-	-	21.99	21.84
Derivatives						
Forward exchange forward contracts	-	-	-	-	-	-
Total derivative liabilities	-	-	-	-	-	-

For the year ended March 31, 2020

Contractual maturities of financial liabilities	< 1 Year	1- 3 years	3- 5 years	> 5 years	Total	Carrying Amount
Non-derivatives						
Trade payables	17.23	-	-	-	17.23	17.23
Lease liabilities	3.96	3.96	-	-	7.92	7.27
Total non-derivative liabilities	21.19	3.96	-	-	25.15	24.50
Derivatives						
Forward exchange forward contracts	5.01	-	-	-	5.01	5.01
Total derivative liabilities	5.01	-	-	-	5.01	5.01



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Note 30: Financial risk management (Contd...)

(C) Market risk

(i) Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to the risk of changes in foreign exchange rates relates to the Company's investing activities in exports, imports and loan. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of foreign currency forward contracts is governed by the Company's strategy approved by the board of directors, which provide principles on the use of such forward contracts consistent with the Company's risk management policy and procedures.

(a) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in equivalent in INR Rupees is as follows:

	As at March 31, 2021			As at March 31, 2020		
	USD	EUR	CAD	USD	EUR	CAD
Financial assets						
Derivatives designated as hedge						
Forward contracts (Sell foreign currency)	-	-	-	(116.68)	-	-
Net exposure to foreign currency risk (assets)	-	-	-	(116.68)	-	-
Financial liabilities						
Trade payables	5.34	-	-	6.41	-	-
Net exposure to foreign currency risk (liabilities)	5.34	-	-	6.41	-	-
Total Net exposure to foreign currency risk	(5.34)	-	-	(123.09)	-	-
Net Derivatives designated as hedges	-	-	-	(116.68)	-	-

(b) As at the balance sheet date, following foreign currency exposure (including non financial assets and liabilities) is not hedged by a derivative instrument or otherwise:

	Amount in INR		Equivalent amount in USD (in millions)	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	Liabilities			
Trade payables	5.34	6.41	0.07	0.08
	5.34	6.41	0.07	0.08
Net unhedge foreign currency exposure liabilities	5.34	6.41	0.07	0.08

(c) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and impact on other components of equity arises mainly from foreign forward exchange contracts designated as cash flow hedges.

	Impact on profit after tax		Impact on other components of equity	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
USD sensitivity				
INR/USD - Increase by 1% (March 31, 2020 - 1%) #	(0.05)	(0.06)	-	(1.17)
INR/USD - Decrease by 1% (March 31, 2020 - 1%) #	0.05	0.06	-	1.17

Holding all other variables constant



Note 30: Financial risk management (Contd...)

(ii) Interest rate risk

The Company did not have any exposure to interest rate changes at the end of the reporting period March 31, 2021 and March 31, 2020, respectively.

(iii) Investment risk

(a) Exposure

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments.

In order to manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.

(b) Sensitivity

The table below summarises the impact of increases/decreases of 0.25% increase in price of mutual fund.

	Impact on profit before tax	
	As at March 31, 2021	As at March 31, 2020
Increase in price 0.25% (March 31, 2020 - 0.25%)	0.27	0.99
Decrease in price 0.25% (March 31, 2020 - 0.25%)	(0.27)	(0.99)

(iv) Impact of hedging activities

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

(a) Disclosure of effects of hedge accounting on financial position:

For the year ended March 31, 2021

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Hedge ratio
	Assets	Liabilities	Assets	Liabilities		
Cash flow hedge Foreign exchange risk Foreign exchange forward contracts	-	-	-	-	-	-

For the year ended March 31, 2020

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Hedge ratio
	Assets	Liabilities	Assets	Liabilities		
Cash flow hedge Foreign exchange risk Foreign exchange forward contracts	116.68	-	-	5.01	July 17, 2020	1:1

As at March 31, 2021

Type of hedge	Change in the Value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash Flow Hedge Foreign Exchange Risk	-	-	5.01	Revenue

As at March 31, 2020

Type of hedge	Change in the Value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash Flow Hedge Foreign Exchange Risk	(2.96)	-	(5.55)	Revenue

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of forward contracts is governed by the Company's strategy approved by the board of directors, which provide principles on the use of such forward contracts consistent with the Company's risk management policy.

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness. Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of foreign currency forecast sale transactions this may arise if:

- (i) The critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction), or
- (ii) Differences arise between the credit risk inherent within the hedged item and the hedging instrument. There were no ineffectiveness recognised in the statement of profit and loss during the year ended March 31, 2021 and March 31, 2020.



Note 30: Financial risk management (Contd...)

(b) Movements in cash flow hedging reserve	
Risk category	Foreign currency risk
Derivative instruments	Foreign exchange forward contracts
Cash flow hedging reserve	
As at April 01, 2019	2.33
Less: Loss recognised in cash flow hedging reserve during the year (net)	(2.96)
Less: Loss transferred to the statement of profit and loss	(5.55)
Income tax on amount recognised in cash flow hedging reserve	2.43
As at March 31, 2020	(3.75)
Add: Gain transferred to the statement of profit and loss	5.01
Income tax on amount recognised in cash flow hedging reserve	(1.26)
As at March 31, 2021	-

Note 31: Capital management

(a) Risk management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves.

The Company's objectives when managing capital are to: safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce cost of capital.

The Company does not have any borrowings as at March 31, 2021 and March 31, 2020.

Loan covenants

The Company had no borrowings as at the end of the reporting period, hence there are no covenants.

(b) Dividends

The Company has not declared dividends in the current reporting year as well as prior year.

Note 32: Segment reporting

(i) Description of segments and principle activities

The Company's chief operating decision maker consists of the Board of Directors of the Company who examines the Company's performance only from the product perspective and has accordingly, identified only one reportable segment which is trading in coated and uncoated pipes.

(ii) The chief operating decision maker primarily uses a measure of profit before tax as included in the internal management report to assess the performance of the operating segment which is measured consistently with profit or loss in the financial statements.

(iii) Revenue from major external customers is as follows:

For the year ended	Number of customers	Amount	% to revenue from operations
March 31, 2021	3	918.33	90.25%
March 31, 2020	2	2,470.44	99.63%

(iv) The Company is domiciled in India. The amount of its revenue from operations and other operating revenue from external customers broken down by location of the customers is shown in the table below:

Revenue from operations and other operating revenue from external customers	Year ended March 31, 2021	Year ended March 31, 2020
Export	752.19	2,475.10
Domestic	269.21	16.40
Total	1,021.40	2,491.50

(v) The total of the non-current assets other than financial instruments and deferred tax assets (net) are located only in India as at March 31, 2021 and March 31, 2020.



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Note 33: Related party transactions

(a) Entities having significant influence

Name	Type	Ownership interest	
		March 31, 2021	March 31, 2020
Welspun Group Master Trust (entity has significant influence on Welspun Corp Limited, holding company)	Significant influence	44.87%	42.34%

(b) List of related parties:

Name	Type	Place of Incorporation	Ownership interest	
			March 31, 2021	March 31, 2020
Welspun Corp Limited	Holding Company	India	100%	100%

(c) Key management personnel

Name	Nature of relationship
Mr. Harish Gupta	Whole Time Director and Chief Financial Officer (w.e.f. March 25, 2021)
Mr. Percy Birdy	Director (w.e.f. March 25, 2021)
Mr. S. Krishnan	Whole Time Director and Chief Financial Officer (up to March 25, 2021)
Mr. K.H.Viswanathan	Whole Time Director (up to April 27, 2019)
Mr. Rajkumar Jain	Independent, Non-Executive Director (upto December 19, 2020)
Ms. Revathy Ashok	Independent, Non-Executive Director (upto December 30, 2020)
Mr. Desraj Dogra	Independent, Non-Executive Director
Ms. Amita Mishra	Independent, Non-Executive Director (upto December 16, 2020)
Mr. Pradeep Joshi	Independent, Non-Executive Director (w.e.f. December 22, 2020)
	Company Secretary

(d) List of others over which key management personnel or relatives of such personnel exercise significant influence or control and with whom transaction have taken place during the current year and previous year:

Welspun Global Brands Limited
Welspun Realty Private Limited
MGN Agro Properties Private Limited
Welspun Foundation for Health and Knowledge
Welspun Speciality Solutions Limited
Welspun Metallics Limited
Welspun DI Pipes Limited

(e) Transactions with related parties

	For year ended March 31, 2021	For year ended March 31, 2020
Transactions with Welspun Corp Limited		
Purchases of stock-in-trade	1,034.59	2,360.86
Reimbursement of expenses (payable)/ receivable	(1.20)	11.26
Transactions with Welspun Global Brands Limited		
Staff welfare expenses	-	0.02
Transactions with Welspun Middle East DMCC		
Profit on liquidation of Subsidiary	-	2.26
Transactions with Welspun Realty Private Limited		
Rental charges (Refer Note 4)	3.89	4.60
Transactions with MGN Agro Properties Private Limited		
Rental charges (Refer Note 4)	0.07	0.07
Transactions with Welspun Speciality Solutions Limited		
Commission income	1.53	-
Security given	400.00	-
Transactions with Welspun Metallics Limited		
Commission income	0.23	-
Security given	250.00	-
Security released	(250.00)	-
Transactions with Welspun Di Pipes Limited		
Commission income	0.16	-
Security given	250.00	-
Security released	(250.00)	-



Welspun Tradings Limited
 Notes annexed to and forming part of the balance sheet as at March 31, 2021
 and the statement of profit and loss for the year ended March 31, 2021
 (All amounts in Rupees (INR) million, unless otherwise stated)

Note 33: Related Party Transactions (Contd...)

	For year ended March 31, 2021	For year ended March 31, 2020
Transactions with Welspun Foundation For Health & Knowledge Expenditure towards corporate social responsibility	1.42	2.41
Transactions with Mr. K. H. Viswanathan Directors' sitting fees	0.31	0.26
Transactions with Mr. Raj Kumar Jain Directors' sitting fees	0.30	0.25
Transactions with Ms. Armita Mishra Directors' sitting fees	0.09	-
Transactions with Ms. Revathy Ashok Directors' sitting fees	0.25	0.15
Transactions with Mr. Desraj Dogra Directors' sitting fees	0.31	0.20

Note: Amount is inclusive of applicable taxes

(f) Outstanding balances

	As at March 31, 2021	As at March 31, 2020
Other receivables Welspun Corp Limited	-	10.44
Welspun DI Pipes Limited	0.16	-
Other current assets, advance Welspun Corp Limited	254.75	450.00
Security Deposit MGN Agro Properties Private Limited	0.01	0.01
Other payables Welspun Metalics Limited	0.16	-
Security Given Welspun Speciality Solutions Limited	400.00	-



Welspun Tradings Limited

Notes annexed to and forming part of the balance sheet as at March 31, 2021 and the statement of profit and loss for the year ended March 31, 2021 (All amounts in Rupees (INR) million, unless otherwise stated)

Note 34: Pursuant to the Supreme Court Judgment in the case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952, and subsequent dismissal of the review petition filed against the Judgement, the Company has assessed the impact and on conservative basis made provision (presented under Non-current) of INR 2.22 (March 31, 2020: INR 2.22). The Company has also determined and discharged the provident fund liability from September 1, 2019 considering the impact of the judgement. Additional payment of INR 0.01 had been made after March 31, 2020 and has been disclosed under Current Provisions in March 31, 2020. The Company has changed its salary structure in the month of June 2020 w.e.f April 01, 2020 to comply with above judgement. The Company has borne the employee's contribution to provident fund for the period September 01, 2019 to March 31, 2020 aggregating to INR 0.01 and accordingly it has written off the amount recoverable from the employees shown under the non-current assets to Employee benefits expense.

Note 35: Contingent liabilities

The Company has contingent liabilities as at the year end in respect of:

	As at March 31, 2021	As at March 31, 2020
Disputed direct taxes	20.71	-
Disputed indirect taxes:		
Service tax	0.19	-

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of above pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above contingent liabilities.

Note 36: Commitments

There are no capital or other commitments as at March 31, 2021 and March 31, 2020.

Note 37: Earnings per share

	Year ended March 31, 2021	Year ended March 31, 2020
Profit after tax attributable to the equity holders of the Company	17.11	1.83
Weighted average number of equity shares	5,013,402	5,013,402
Basic and diluted earnings per share	3.41	0.36
Nominal value of an equity share	10.00	10.00

Note 38: Micro, Small and Medium Enterprises Development Act, 2006

Disclosure of amount due to suppliers under "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)" is as under:

	As at March 31, 2021	As at March 31, 2020
Principal amount due to suppliers under MSMED Act	-	0.01
Interest accrued and due to suppliers under MSMED Act, on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	0.01
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

Note 39 : Changes in accounting policies

(a) This note explains the impact of the adoption of Ind AS 116, Leases on the company's financial statement

In the previous year ended March 31, 2019, as indicated in note 1(f), the Company had adopted Ind AS 116 retrospectively from 1 April 2019, using the modified approach at transition. Accordingly the Company had not restated comparatives for the year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 01, 2019.

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases after applying practical expedients for short-term leases and low value assets as detailed in (i) below. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 01, 2019. The Weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 01, 2019 was 9.5%.

(i) Practical expedients applied

In applying Ind AS 116 for the first time, the Company had used the following practical expedients permitted by the standard, as applicable

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristic
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review-there were no onerous contracts as at April 01, 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at April 01, 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(ii) Measurement of lease liabilities

Particulars	Amount
Operating lease commitments disclosed as at April 01, 2019	
Add: Contracts reassessed as lease contracts	10.44
Lease liability recognised as at March 31, 2020	10.44

of which are:

Current lease liabilities	3.17
Non-current lease liabilities	7.27



Welspun Tradings Limited
Notes annexed to and forming part of the balance sheet as at March 31, 2021
and the statement of profit and loss for the year ended March 31, 2021

(iii) Measurement of right-of-use assets

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any previously recognised prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at March 31, 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(iv) Adjustments recognised in the balance sheet on April 01, 2019

The change in accounting policy affected the following items in the balance sheet on April 01, 2019:

Particulars	Amount
Right-of-use assets – increased by	10.44
Current lease liabilities – increased by	3.17
Non-current lease liabilities – increased by	7.27

There was no impact on retained earnings on April 01, 2019 as the Company has applied modified approach

Note 40:

Management has made an assessment of the impact of COVID 19 in preparation for these financial statements. Management has considered all relevant external and internal factors in the measurement of assets and liabilities including recoverability of carrying values of its assets, its liquidity position and ability to repay debts. No adjustment to key estimates and judgements that impact the financial statements have been identified. However, the impact assessment of COVID19 will be a continuing process given the uncertainties associated with its nature and duration and no significant impact is envisaged on the operations.

Note 41:

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company is in process of evaluating the financial impact, if any.

Note 42: The figures for the previous year have been regrouped wherever necessary.

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N / N500016



Neeraj Sharma
Partner
Membership No. 108391

For and on behalf of the Board



Harish Gupta
Whole Time Director and
Chief Financial Officer
DIN: 07559832



Percy Birdy
Director
DIN: 07634795



Pradeep Joshi
Company Secretary
FCS-4959

Place: Mumbai
Date: May 25, 2021

