

# Price Waterhouse Chartered Accountants LLP

## Independent auditors' report

### To the Members of Welspun Wasco Coatings Private Limited

#### Report on the audit of the financial statements

##### Opinion

1. We have audited the accompanying financial statements of Welspun Wasco Coatings Private 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 and 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.



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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 as on 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 does not have any pending litigations which would impact its financial position as at March 31, 2021.
  - ii. The Company has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2021.
  - 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: 21108391AAAADR2982

Place: Pune  
Date: May 22, 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 Wasco Coatings Private Limited on the financial statements as of and 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 are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the property, plant and equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3(a) on property, plant and equipment and Note 3(b) on Right-of-use assets to 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.
- 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 Companies Act, 2013. The Company has not granted any loans or provided any guarantees or securities to the parties covered under Section 185 of the Companies Act, 2013.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.



## 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 Wasco Coatings Private Limited on the financial statements as of and for the year ended March 31, 2021  
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- 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 36 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 income-tax, sales-tax, service-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.
- 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 Section 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 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(xiv) of the Order are not applicable to the Company.
- xv. 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(xv) of the Order are not applicable to the Company.



## **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 Wasco Coatings Private Limited on the financial statements as of and for the year ended March 31, 2021  
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- 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: 21108391AAAADR2982

Place: Pune  
Date: May 22, 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 Wasco Coatings Private 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 Wasco Coatings Private 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 Wasco Coatings Private 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: 21108391AAAADR2982

Place: Pune  
Date: May 22, 2021

**Welspun Wasco Coatings Private 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 Wasco Coatings Private Limited**  
**Balance sheet**  
*(All amounts in Rupees million, unless otherwise stated)*

	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3(a)	327.64	363.83
Right-of-use assets	3(b)	83.91	87.09
Capital work-in-progress	3(a)	-	0.44
Intangible assets	3(a)	-	0.04
Financial assets			
Investments	4	3.45	23.66
Deferred tax assets (net)	5	-	-
Other non-current assets	6(a)	0.31	0.85
<b>Total non-current assets</b>		<b>415.31</b>	<b>475.91</b>
<b>Current assets</b>			
Inventories	7	107.01	37.82
Financial assets			
Cash and cash equivalents	8	60.72	84.30
Bank balances other than cash and cash equivalents	9	2.41	2.29
Current tax assets (net)	10	6.23	6.21
Other current assets	6(b)	17.39	21.95
Asset classified as held for Sale	11	0.01	-
<b>Total current assets</b>		<b>193.77</b>	<b>152.57</b>
<b>Total assets</b>		<b>609.08</b>	<b>628.48</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	499.31	499.31
Other equity			
Reserves and surplus	13	(585.08)	(625.52)
<b>Total equity</b>		<b>(85.77)</b>	<b>(126.21)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	14(a)	169.56	345.23
Lease Liabilities	3(b)	87.95	88.79
Provisions	15(a)	1.72	1.54
Government grants	16	73.00	80.35
<b>Total non-current liabilities</b>		<b>332.23</b>	<b>515.91</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables	17		
total outstanding dues of micro and small enterprises		0.12	0.17
total outstanding dues other than above		5.59	14.00
Lease liabilities	3(b)	0.84	0.77
Other financial liabilities	18	344.31	213.24
Provisions	15(b)	0.51	0.59
Government grants	15	7.35	7.40
Other current liabilities	19	3.90	2.61
<b>Total current liabilities</b>		<b>362.62</b>	<b>238.78</b>
<b>Total liabilities</b>		<b>694.85</b>	<b>754.69</b>
<b>Total equity and liabilities</b>		<b>609.08</b>	<b>628.48</b>

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

Place: Pune  
Date: May 22, 2021

For and on behalf of the Board

  
**Godfrey John**  
Whole-time Director  
DIN No. 003602725

  
**Percy Birdy**  
Director  
DIN No. 07634795

  
**Gaurav Merchant**  
Chief Financial Officer

Place: Mumbai  
Date: May 22, 2021

  
**Dharmesh Pardiwala**  
Company Secretary  
ACS - 32069



**Welspun Wasco Coatings Private Limited**  
**Statement of Profit and Loss**  
*(All amounts in Rupees million, unless otherwise stated)*

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	20	203.21	94.45
Other operating revenue	21	30.81	21.91
Other income	22	7.56	4.40
<b>Total income</b>		<b>241.58</b>	<b>120.76</b>
<b>Expenses</b>			
Cost of materials consumed	23	65.19	50.38
Employee benefit expenses	24	17.48	17.11
Depreciation and amortisation expense	25	34.12	55.48
Loss on impairment of property, plant and equipment	26	-	202.50
Other expenses	27	37.43	55.52
Finance costs	28	45.33	45.75
<b>Total expenses</b>		<b>199.55</b>	<b>426.74</b>
<b>Profit/ (loss) before tax</b>		<b>42.03</b>	<b>(305.98)</b>
<b>Income tax expense</b>			
Current tax	29	1.68	-
Deferred tax	30	-	-
<b>Total income tax expense</b>		<b>1.68</b>	<b>-</b>
<b>Profit/ (loss) for the year (A)</b>		<b>40.35</b>	<b>(305.98)</b>
<b>Other comprehensive income (B)</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations, net of tax		0.09	(0.11)
<b>Total comprehensive income for the year (A+B)</b>		<b>40.44</b>	<b>(306.09)</b>
<b>Profit/ (loss) per equity share</b>			
Basic and diluted loss per share (Rs.)	38	0.81	(6.13)

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.

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



**Neeraj Sharma**  
Partner  
Membership No. 108391

**For and on behalf of the Board**



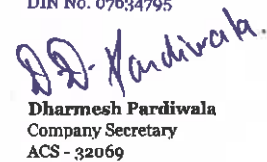
**Godfrey John**  
Whole-time Director  
DIN No. 003602725



**Percy Birdy**  
Director  
DIN No. 07634795



**Gaurav Merchant**  
Chief Financial Officer



**Dharmesh Pardiwala**  
Company Secretary  
ACS - 32069

Place: Pune  
Date: May 22, 2021

Place: Mumbai  
Date: May 22, 2021



**Welspun Wasco Coatings Private Limited**  
**Statement of cash flows**  
*(All amounts in Rupees million, unless otherwise stated)*

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Cash flows from/ (used in) operating activities</b>		
<b>Profit/ (loss) before tax</b>	<b>42.03</b>	<b>(305.98)</b>
<b>Adjustments for</b>		
Depreciation and amortisation expense	34.12	55.48
Loss on impairment of property, plant and equipment	-	202.50
Finance costs	44.55	45.75
Loss on disposal of property, plant and equipment	0.21	-
Interest income	(2.42)	(4.40)
Net unrealised exchange differences	(3.53)	9.00
Fair valuation (gain)/ loss on investment	(1.94)	0.79
Amortisation of government grants	(7.40)	(20.73)
Liabilities no longer required written back	(23.40)	-
	<b>82.22</b>	<b>(17.59)</b>
<b>Changes in operating assets and liabilities</b>		
Movement in other non-current assets	0.54	(0.06)
Movement in inventories	(69.19)	(6.73)
Movement in other current assets	4.56	(4.58)
Movement in provisions	0.19	0.63
Movement in trade payables	(8.46)	10.97
Movement in other current liabilities	1.29	(1.27)
	<b>11.14</b>	<b>(18.63)</b>
<b>Cash generated from/ (used in) operations</b>	<b>11.14</b>	<b>(18.63)</b>
Taxes paid (tax deducted at source)	(1.70)	(1.41)
	<b>9.45</b>	<b>(20.04)</b>
<b>Net cash flows from/ (used in) operating activities (A)</b>		
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment, and intangible assets (including Capital work-in-progress)	0.02	(0.60)
Proceeds from property, plant and equipment	-	1.12
Receipt of government grants	-	28.99
(Investment in)/proceeds from maturity of fixed deposit (net)	(0.18)	28.60
Interest received	2.48	4.30
Proceeds from sale of non-current investments	22.15	-
	<b>24.47</b>	<b>62.41</b>
<b>Net cash flows from investing activities (B)</b>		
<b>Cash flows used in financing activities</b>		
Interest paid	(48.60)	(20.76)
Principal elements of lease payments	(8.90)	(8.90)
	<b>(57.50)</b>	<b>(29.66)</b>
<b>Net cash flows used in financing activities (C)</b>		
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(23.58)</b>	<b>12.71</b>
Cash and cash equivalents at the beginning of the year	84.30	71.59
<b>Cash and cash equivalents at the end of the year (refer note 8)</b>	<b>60.72</b>	<b>84.30</b>

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

Place: Pune  
Date: May 22, 2021

**For and on behalf of the Board**



**Godfrey John**  
Whole-time Director  
DIN No. 003602725

**Gaurav Merchant**  
Chief Financial Officer

Place: Mumbai  
Date: May 22, 2021



**Percy Birdy**  
Director  
DIN No. 07634795

**Dharmesh Pardiwala**  
Company Secretary  
ACS - 32069



**Welspun Wasco Coatings Private Limited**  
**Statement of changes in equity**  
*(All amounts in Rupees million, unless otherwise stated)*

**A. Equity share capital**

Particulars	Notes	Amount
<b>Balance as at April 1, 2019</b>		<b>499.31</b>
Changes in equity share capital during the year	12	-
<b>Balance as at March 31, 2020</b>		<b>499.31</b>
Changes in equity share capital during the year	12	-
<b>Balance as at March 31, 2021</b>		<b>499.31</b>

**B. Other equity**

	Reserves and surplus	Total other equity
	Retained Earnings	
<b>Balance as at April 1, 2019</b>	<b>(319.43)</b>	<b>(319.43)</b>
Loss for the year	(305.98)	<b>(305.98)</b>
Other comprehensive income	(0.11)	<b>(0.11)</b>
<b>Total comprehensive income for the year</b>	<b>(306.09)</b>	<b>(306.09)</b>
<b>Balance as at March 31, 2020</b>	<b>(625.52)</b>	<b>(625.52)</b>
Profit for the year	40.35	<b>40.35</b>
Other comprehensive income	0.09	<b>0.09</b>
<b>Total comprehensive income for the year</b>	<b>40.44</b>	<b>40.44</b>
<b>Balance as at March 31, 2021</b>	<b>(585.08)</b>	<b>(585.08)</b>

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.

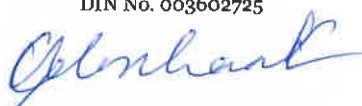
**For Price Waterhouse Chartered Accountants LLP**  
 Firm Registration No: 012754N / N500016



**Neeraj Sharma**  
 Partner  
 Membership No. 108391

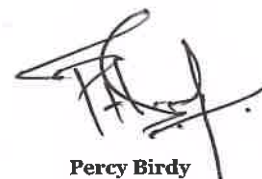
**For and on behalf of the Board**

**Godfrey John**  
 Whole-time Director  
 DIN No. 003602725

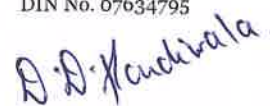


**Gaurav Merchant**  
 Chief Financial Officer

Place: Mumbai  
 Date: May 22, 2021



**Percy Birdy**  
 Director  
 DIN No. 07634795



**Dharmesh Pardiwala**  
 Company Secretary  
 ACS - 32069

Place: Pune  
 Date: May 22, 2021



**Welspun Wasco Coatings Private 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 years ended March 31, 2021**

**Background**

Welspun Wasco Coatings Private Limited ("WWCPL" or the "Company") is a Company limited by shares incorporated on September 30, 2015 and domiciled in India under the Companies Act, 2013. The Company is engaged in the business of all types of coating works including but not limited to concrete, cement, polyolefin, polymers, Epoxy, coal tar, blasting, and painting or any combination thereof, performed on inside and/or outside metallic structures as well as pipes and accessories and also to trade, sell, purchase, deal in, import, export, convert, treat and to act as agents, distributors of the above products.

The registered office of the Company and its principal place of business is at Survey No. 569, Welspun City, Village Versamedi, Taluka Anjar, Kutch, Gujarat – 370110.

These financial statements are presented in rupees and are authorised for issue by the directors on May 22, 2021

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 million unless otherwise stated.

**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.

**• 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.



**Welspun Wasco Coatings Private 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 years 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
Assets held for sale	Fair value less cost to sell
Net defined benefit (asset)/ liability	Fair Value of plan assets less present value of defined benefit obligations (in case of funded Plan)

**(b) Segment reporting**

The chief operating decision maker is the Board of Director of the Company who assesses the financial performance and position of the Company, and makes strategic decisions. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

**(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 an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/ other expenses as applicable.

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.





**Welspun Wasco Coatings Private 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 years ended March 31, 2021**

**(d) Revenue recognition**

**(i) Sale of products**

The Company sells concrete weighted coated (CWC) pipes to its customers.

The Company recognizes revenue at a determined transaction price when it satisfies an identified 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 expenses 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 incentive programs, included but not limited to liquidated damages, discounts, volume rebates etc.

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 net of returns, trade allowances, rebates, value added tax, goods and service tax (GST) and amounts collected on behalf of third parties.

**(ii) Sale of services**

Contract revenue with customers include contracts relating to pipe coating services and other services.

Where the contracts are highly integrated, they are recognised as a single performance obligation. Revenue is recognised progressively based on the progress towards complete satisfaction of the performance obligation.

Revenue are recognised over time when control of the asset is transferred over time when the Company's performance creates and enhances an asset that the customer controls as the services are being performed.

The progress towards complete satisfaction of the performance obligation is measured based on the method that best reflect the Company's performance in satisfying the performance obligation, the Company's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to cost incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract).

**(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 a contract asset when the nature of the Company's right to consideration for its performance is other than passage of time. A contract asset will be classified as a receivable when the Company's right to consideration is unconditional (that is, when payment is due only on the passage of time). The Company shall assess a contract asset for impairment in accordance with Ind AS 109. Impairment of a contract asset is measured, presented and disclosed on similar basis as other financial asset in nature of trade receivable within the scope of Ind AS 109. The Company discloses contract assets under "Other Assets".

The Company recognises a contract liability if the customer's payment of consideration precedes the Company's performance. A contract liability is recognised if the Company receives consideration (or if it has the unconditional right to receive consideration) in advance of performance. The Company discloses contract liabilities under "Other Liabilities".

**(e) Income tax**

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

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 in India. 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 and their carrying amounts in the financial statements. 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.

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.



**Welspun Wasco Coatings Private 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 years ended March 31, 2021**

**(f) Leases**

**As a Lessee**

The Company leases various lands. Rental contracts are typically made for fixed periods of ten years but may have extension options as described in Note 3(b). Leasehold improvements that the entity will use and benefit as long as it uses the underlying asset in the lease. 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 had 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, as applicable:

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

Lease payment to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

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

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

**(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 goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less allowance.

**(j) Inventories**

Raw materials and stores are stated at the lower of cost and net realisable value. Cost of raw materials comprises cost of purchases after deducting rebates and discounts. Cost of raw material and stores and spares is determined on weighted average basis. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also 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 Wasco Coatings Private 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 years ended March 31, 2021**

**(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 fair value (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. For investments in debt instruments, this will depend on the business model in which 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.

**(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 revenue 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.
- **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 is recognised in profit or loss and presented net in the statement of profit and loss within other income or other expense (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.

**(iv) 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. Interest on income tax refund is recognised on receipt basis.

**Dividends**

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.

**(l) Derivatives and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The Company enters into certain derivative contracts to hedge risk which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income.

**Derivatives that are not designated as hedges**

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other expenses/other income as applicable.



**Welspun Wasco Coatings Private 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 years ended March 31, 2021**

**(m) Property, plant and equipment and intangible assets**

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

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

Cost of capital work-in-progress ('CWIP') comprises amount paid towards acquisition of property, plant and equipment and other assets outstanding as of each balance sheet date and construction expenditures, other expenditures necessary for the purpose of preparing the CWIP for its intended use and borrowing costs incurred before the qualifying asset is ready for intended use. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is calculated using straight-line method to allocate their cost, net of their residual values, 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 except in respect of plant and machinery and buildings wherein the estimated useful lives are different than those under Schedule II to the Companies Act, 2013 based on a technical evaluation done by the Management.

<b>Assets</b>	<b>Estimated useful lives</b>
Buildings	3 - 30 years
Plant and machinery	5 - 15 years
Office and other equipments	3 - 5 years
Furniture and fixtures	3 - 10 years
Computers	3 years

The useful lives in respect of Plant and machinery and building have been determined based on internal technical evaluation done by the project head which are different than those specified in Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the Plant and Machinery. The residual values are not more than 5% of the original cost of the asset. The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 expenses as applicable.

**Intangible asset**

Intangible assets with finite useful lives acquired by the Company are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

**Amortisation methods and periods**

Intangible assets comprise of computer software which is amortised on a straight line basis over its expected useful life over a period of five years which based on a technical evaluation done by the Management.

**(n) Non-current assets held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

**(o) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 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.



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**(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/finance costs as applicable.

**(q) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete 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, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. 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.

**(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 provisions in the balance sheet.

**(ii) Other long-term employee benefit obligations**

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

The obligations are presented as current 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.

**Gratuity obligations**

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

The present value of the defined benefit obligation denominated in Rupees 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 discount rate to the net balance of the defined benefit obligation. The cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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**

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.

**(t) Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented with other income.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as "Government grants" and are credited to profit or loss on straight line basis over the expected lives of the related assets and presented within other operating income

**(u) Contributed Equity**

Equity shares are classified as equity.



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**(v) 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 (note 38).

**(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
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(w) Rounding of amounts**

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

**(x) New standards/ amendments to existing standards issued but not yet adopted**

There are no other new updates or standards issued through the date of issuance of these financial statements that have not yet been adopted by the Company.

**Note 2: Critical estimates and judgments**

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

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

**Useful life, impairment of property, plant and equipment and recognition of deferred tax assets:**

**Useful life (Refer note 3(a)) :**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life, considering useful life as per Companies Act 2013. Increasing an asset's expected life would result in a reduced depreciation charge in the income statement.

The useful lives of the Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Historically, changes in useful lives have not resulted in material changes to the Company's depreciation charge.

**Impairment Refer note 3(a) and note 40:**

Ind AS requires that the management of the Company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- long-term growth rates and
- the selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results. The Company's review includes the key assumptions related to sensitivity in the cash flow projections.

**Recognition of deferred assets (Refer note 5)**

The recognition of deferred tax assets is based upon, whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future profits, reference is made to the approved business plan of the Company. Where the temporary differences are related to losses, local tax law is considered to determine the availability of the losses to offset against the future taxable profits as well as whether there is convincing evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company. Significant items on which the Company has exercised accounting judgement include recognition of deferred tax assets in respect of losses. The amounts recognised in the financial statements in respect of each matter are derived from the Company's best estimation and judgement as described above.



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Note 3(a): Property, plant and equipment (PPE), Capital work-in-progress and Intangible assets

	Buildings	Plant and machinery	Office and other equipments	Computer equipments	Furniture and fixtures	Total PPE	Intangible assets (software)	Capital work-in-progress (CWIP)
<b>Year ended March 31, 2020</b>								
<b>Gross carrying amount</b>								
Opening gross carrying amount as at April 01, 2019	121.09	583.10	2.99	2.73	4.45	714.30	0.12	0.66
Additions	-	0.31	-	-	-	0.31	-	0.22
Exchange differences (Refer note (ii) below)	-	14.32	-	-	-	14.32	-	-
Disposals	-	(0.84)	-	-	-	(0.84)	-	(0.44)
<b>Closing gross carrying amount as at March 31, 2020</b>	<b>121.09</b>	<b>596.89</b>	<b>2.99</b>	<b>2.73</b>	<b>4.45</b>	<b>728.09</b>	<b>0.12</b>	<b>0.44</b>
<b>Accumulated depreciation, amortisation and impairment</b>								
Opening accumulated depreciation and amortisation as at April 01, 2019	21.57	83.75	1.54	1.70	1.31	109.67	0.04	-
Depreciation and amortisation charge during the year	9.79	40.57	0.57	0.78	0.56	52.26	0.04	-
Disposals	-	(0.17)	-	-	-	(0.17)	-	-
Impairment Loss (Refer note 26 and note 40)	30.73	166.77	-	-	-	202.50	-	-
<b>Closing accumulated depreciation, amortisation and impairment as at March 31, 2020</b>	<b>68.08</b>	<b>289.92</b>	<b>1.91</b>	<b>2.48</b>	<b>1.87</b>	<b>364.26</b>	<b>0.08</b>	<b>-</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>52.95</b>	<b>306.97</b>	<b>1.08</b>	<b>0.25</b>	<b>2.58</b>	<b>363.83</b>	<b>0.04</b>	<b>0.44</b>
<b>Year ended March 31, 2021</b>								
<b>Gross carrying amount</b>								
Opening gross carrying amount as at April 01, 2020	121.09	596.89	2.99	2.73	4.45	728.09	0.12	0.44
Additions	-	0.05	0.66	-	-	0.71	-	-
Transfer from CWIP to PPE	-	9.22	-	-	-	9.22	-	(0.22)
Exchange differences (Refer note (ii) below)	-	(5.02)	-	-	-	(5.02)	-	-
Transferred to asset held for sale (refer note 11)	-	-	-	-	-	-	-	(0.22)
Disposals	-	-	(0.02)	-	-	(0.02)	-	-
<b>Closing gross carrying amount as at March 31, 2021</b>	<b>121.09</b>	<b>591.94</b>	<b>2.99</b>	<b>2.73</b>	<b>4.45</b>	<b>728.28</b>	<b>0.12</b>	<b>-</b>
<b>Accumulated depreciation, amortisation and impairment</b>								
Opening accumulated depreciation and amortisation as at April 01, 2020	68.08	289.92	1.91	2.48	1.87	364.26	0.08	-
Depreciation and amortisation charge during the year	5.08	24.83	0.54	0.10	0.35	30.90	0.04	-
Disposals	-	-	(0.02)	-	-	(0.02)	-	-
<b>Closing accumulated depreciation, amortisation and impairment as at March 31, 2021</b>	<b>73.16</b>	<b>314.75</b>	<b>2.43</b>	<b>2.58</b>	<b>2.22</b>	<b>395.14</b>	<b>0.12</b>	<b>-</b>
<b>Net carrying amount as at March 31, 2021</b>	<b>47.87</b>	<b>276.79</b>	<b>0.60</b>	<b>0.15</b>	<b>2.23</b>	<b>327.54</b>	<b>-</b>	<b>-</b>

\* Amount is below the rounding norms adopted by the Company.

Capital work-in-progress

As at March 31, 2020	0.44
As at March 31, 2021	-

Notes

(i) Contractual obligations

Refer to note 37(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Exchange differences

In accordance with para D3(AA) of Ind AS 101 (First time adoption of Indian Accounting Standards and the option available in the Companies (Accounting Standards) (Second Amendment) Rules, 2011, vide notification dated December 29, 2011 issued by the Ministry of Corporate Affairs, the Company has adjusted the exchange rate difference arising on long term foreign currency monetary items, in so far as they relate to the acquisition of a depreciable capital asset, to the cost of the asset.

Accordingly, the Company has adjusted exchange gain of Rs. 5.02 (March 31, 2020: Loss Rs. 14.32) to the cost of property, plant and equipment as the long term monetary items relate to depreciable capital asset.



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**Note 3(b) : Leases**

**(i) Amounts recognised in balance sheet**

<b>Right-of-use assets</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Leasehold land	83.91	87.09
<b>Total Right-of-use assets</b>	<b>83.91</b>	<b>87.09</b>

<b>Lease liabilities</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Current</b>	0.84	0.77
<b>Non-current</b>	87.95	88.79
<b>Total lease liabilities</b>	<b>88.79</b>	<b>89.56</b>

The Company has leased leasehold lands from Related Party Welspun Corp Limited for a period of 30 years (including extension of 20 years)

Extension options included in leasehold lands contract of 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) Amounts recognised in the statement of profit and loss**

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Depreciation charge of right-of-use assets	3.18	3.18
	<b>3.18</b>	<b>3.18</b>

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Interest expense (including in finance cost in note 28)	8.13	8.19
	<b>8.13</b>	<b>8.19</b>

**The total cash outflow for the leases during the year** 8.90 8.90





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**Note 4: Non-current investments (refer note 35)**

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Investments in equity instruments (fully paid up)</b>		
<b>Investments carried at fair value through profit and loss</b>		
<b>Unquoted</b>		
Welspun Captive Power Generation Limited 29,004 (March 31, 2020: 29,004) equity shares of Rs. 10 each	3.45	2.06
<b>Total investments in equity instruments</b>	<b>3.45</b>	<b>2.06</b>
<b>Investments in preference shares (fully paid up)</b>		
<b>Investments carried at fair value through profit and loss</b>		
<b>Unquoted</b>		
Welspun Captive Power Generation Limited (refer note below) Nil (March 31, 2020: 2,215,498) 10% non-cumulative redeemable preference shares of Rs. 10 each	-	21.60
<b>Total investments in preference shares</b>	<b>-</b>	<b>21.60</b>
<b>Total non-current investments</b>	<b>3.45</b>	<b>23.66</b>
Aggregate amount of unquoted investments	3.45	23.66

The above disclosure is also in accordance with the disclosure requirements of Section 186 of the Companies Act, 2013.

Note:

In the current year, the Company has recognised gain of Rs. 0.55 on account of redemption of 10% non-cumulative redeemable preference shares of Rs. 10 each of Welspun Captive Power Generation Limited.

**Note 5: Deferred tax assets (net)**

The balance comprises temporary differences attributable to:

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Deferred tax assets:</b>		
Employee benefit obligations	0.03	0.03
Lease liability (Net of right-of-use asset)	0.61	0.17
	<b>0.64</b>	<b>0.20</b>
<b>Set-off of deferred tax liabilities pursuant to set-off provisions</b>		
<b>Deferred tax liabilities:</b>		
Financial assets at fair value through profit or loss	0.64	0.20
	<b>0.64</b>	<b>0.20</b>
<b>Deferred tax assets (net)</b>	<b>-</b>	<b>-</b>



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**Note 5: Deferred tax assets (net) (Contd...)**

**Movement in deferred tax asset and deferred tax liabilities:**

	Deferred tax asset					Deferred tax liabilities			Net Deferred tax assets
	Tax losses (Unabsorbed depreciation)	Employee benefit obligations	Interest to associated enterprises	Lease liability (Net of right-of-use asset)	Total deferred tax asset	Property, plant and equipment	Financial assets at fair value through profit or loss	Total deferred tax liabilities	
As at April 1, 2019	39.87	0.24	6.61	0.18	46.90	(46.52)	(0.38)	(46.90)	-
Charged/(Credited) to profit and loss	(39.87)	(0.21)	(6.61)	(0.01)	(46.70)	46.52	0.18	46.70	-
As at March 31, 2020	-	0.03	-	0.17	0.20	-	(0.20)	(0.20)	-
Charged/(Credited) to profit and loss	-	-	-	0.44	0.44	-	(0.44)	(0.44)	-
As at March 31, 2021	-	0.03	-	0.61	0.64	-	(0.64)	(0.64)	-



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**Note 6: Other assets**

	As at March 31, 2021	As at March 31, 2020
<b>(a) Non-current</b>		
Balance with statutory authorities	0.03	0.51
Others*	0.28	0.34
<b>Total other non-current assets</b>	<b>0.31</b>	<b>0.85</b>

\*Represents amount recoverable from employees towards employee's contribution for provident fund (refer note 36)

**(b) Current**

Balance with statutory authorities	9.63	15.42
Prepaid expenses	1.20	1.23
Advance to suppliers	1.42	0.16
Government grant receivable	5.14	5.14
<b>Total other current assets</b>	<b>17.39</b>	<b>21.95</b>

**Note 7 : Inventories**

	As at March 31, 2021	As at March 31, 2020
Raw materials	96.39	29.31
Stores and spares	10.62	8.51
<b>Total inventories</b>	<b>107.01</b>	<b>37.82</b>

**Note 8: Cash and cash equivalents**

	As at March 31, 2021	As at March 31, 2020
Balances with banks in current accounts	15.66	3.77
Deposits with maturity of less than three months (including interest accrued)	45.05	80.51
Cash on hand	0.01	0.02
<b>Total cash and cash equivalents</b>	<b>60.72</b>	<b>84.30</b>

**Note 9: Bank balances other than cash and cash equivalents**

	As at March 31, 2021	As at March 31, 2020
Deposits with maturity of more than three months but less than twelve months (including interest accrued)	2.41	2.29
<b>Total bank balances other than cash and cash equivalents</b>	<b>2.41</b>	<b>2.29</b>

**Note 10: Current tax assets (net)**

	As at March 31, 2021	As at March 31, 2020
Opening balance	6.21	4.80
Add: Current tax	(1.68)	-
Add: Taxes paid net of refund (including tax deducted at source)	1.70	1.41
<b>Total of current tax assets (net)</b>	<b>6.23</b>	<b>6.21</b>

**Note 11 : Asset held for sale**

	As at March 31, 2021	As at March 31, 2020
Asset held for sale (refer note below)	0.01	-
<b>Total Asset held for sale</b>	<b>0.01</b>	<b>-</b>

It represents office equipment held for sale.



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**Note 12: Equity share capital**

Authorised equity share capital

	Par value (in Rs.)	Number of shares	Amount
As at April 01, 2019	10.00	60,000,000	600.00
Movement during the year	-	-	-
As at March 31, 2020	10.00	60,000,000	600.00
Movement during the year	-	-	-
As at March 31, 2021	10.00	60,000,000	600.00

**(i) Movements in issued equity share capital**

	Number of shares	Amount
As at April 01, 2019	49,931,400	499.31
Movement during the year	-	-
As at March 31, 2020	49,931,400	499.31
Movement during the year	-	-
As at March 31, 2021	49,931,400	499.31

**Terms and rights attached to equity shares**

Equity shares have a par value of Rs. 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 joint venturers**

	As at March 31, 2021	As at March 31, 2020
Equity shares:		
Welspun Corp Limited	25,465,014	25,465,014
Wasco Coatings Limited	24,466,386	24,466,386

**(iii) 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
Equity shares:				
Welspun Corp Limited	25,465,014	51.00%	25,465,014	51.00%
Wasco Coatings Limited	24,466,386	49.00%	24,466,386	49.00%

**Note 13: Other equity**

**Reserves and surplus**

	As at March 31, 2021	As at March 31, 2020
Retained earnings	(585.08)	(625.52)
<b>Total reserves and surplus</b>	<b>(585.08)</b>	<b>(625.52)</b>

**Retained earnings**

	As at March 31, 2021	As at March 31, 2020
Opening balance	(625.52)	(319.43)
Profit/ (loss) for the year	40.35	(305.98)
Other comprehensive income	0.09	(0.11)
<b>Closing balance</b>	<b>(585.08)</b>	<b>(625.52)</b>



**Welspun Wasco Coatings Private Limited**  
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**Note 14: Borrowings**

	As at March 31, 2021	As at March 31, 2020
<b>(a) Non-current</b>		
<b>Unsecured</b>		
<b>Term loan</b>		
Loan from joint venturers (refer note (a) below, note 35 and note 46)	169.56	345.23
<b>Total non-current borrowings</b>	<b>169.56</b>	<b>345.23</b>

**Note (a): Loan from joint venturers**

i) Loan from Welspun Corp Limited (WCL) amounting to Rs. 247.01 (March 31, 2020: Rs. 247.01) carries interest rates of 10.75% which shall be payable biannually on September 30 and March 31 every year. The loan is repayable in 3 equal annual installments commencing from September 2020 (i.e. after the expiry of 3 years from the end of quarter of the last utilisation date). In the current year, WCL has approved for extension of installments due on September, 2020 to August, 2021. During the year Rs. 164.67 (March 31, 2020: Rs. 82.33) transferred to current maturities of long term borrowings.

ii) Loan of USD 3.58 million (March 31, 2020: USD 3.58 million) equivalent to Rs. 261.68 (March 31, 2020: Rs. 270.83) from Wasco Coatings Limited. The loan carries interest rates of 3.75% which shall be payable biannually on September 30 and March 31 every year. The loan is repayable in 3 equal annual installments commencing from July 2020 (i.e. after the expiry of 36 months from the last utilisation date). In current year, Wasco Coatings Limited has approved for extension of installments due on July, 2020 to August, 2021. During the year Rs. 174.46 (March 31, 2020: Rs. 90.28) transferred to current maturities of long term borrowings.

**Note (c): Net debt reconciliation**

	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents	60.72	84.30
Lease Liabilities	(88.79)	(89.56)
Non-current borrowings*	(513.32)	(534.65)
	<u>(541.39)</u>	<u>(539.91)</u>

	Cash and cash equivalents [A]	Lease Liabilities [B]	Non-current borrowings* [C]	Total [D] = [A] - [B] - [C]
Net debts as at April 01, 2019	71.59	-	(494.54)	(422.95)
Interest accrued as at April 01, 2019	-	-	-	-
Recognised on adoption of Ind AS 116	-	(90.27)	-	(90.27)
Cash flow (net)	12.71	8.90	-	21.61
Foreign exchange adjustments (net)	-	-	(23.31)	(23.31)
Interest expenses	-	(8.19)	(36.52)	(44.71)
Interest paid	-	-	19.72	19.72
<b>Net debts as at March 31, 2020</b>	<b>84.30</b>	<b>(89.56)</b>	<b>(517.85)</b>	<b>(523.11)</b>
Interest accrued as at March 31, 2020	-	-	(16.80)	(16.80)
Cash flow (net)	(23.58)	8.90	-	(14.68)
Foreign exchange adjustments (net)	-	-	9.15	9.15
Interest expenses	-	(8.13)	(36.42)	(44.55)
Interest paid	-	-	48.60	48.60
<b>Net debts as at March 31, 2021</b>	<b>60.72</b>	<b>(88.79)</b>	<b>(508.69)</b>	<b>(536.76)</b>
Interest accrued as at March 31, 2021	-	-	(4.63)	(4.63)

\*Includes current maturities of long-term borrowings

**Note 15: Provisions**

	As at March 31, 2021	As at March 31, 2020
<b>(a) Non-current</b>		
Gratuity (Refer note (ii) to (vi) below)	1.16	0.98
Other provisions		
Provision for litigation/disputes (refer note below and note 36)	0.56	0.56
<b>Total non-current provisions</b>	<b>1.72</b>	<b>1.54</b>
<b>(b) Current</b>		
Gratuity (Refer note (ii) to (vi) below)	0.06	0.04
Leave obligations (Refer note (i) below)	0.45	0.43
Provision for litigation/disputes (refer note below and note 36)	-	0.12
<b>Total current provisions</b>	<b>0.51</b>	<b>0.59</b>
<b>Movement in provision for litigation/disputes:</b>		
Opening Balance	0.68	0.52
Add: Additions during the year	-	0.16
Less: Utilised during the year	0.12	-
<b>Closing balance</b>	<b>0.56</b>	<b>0.68</b>

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.



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**Notes:**

**(i) Leave obligations**

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

**(ii) Post-employment obligations - Gratuity**

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

This defined benefit plans expose the Company to actuarial risks, such as interest rate risk and market (investment) risk.

**(iii) Balance sheet amounts - Gratuity**

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

	As at March 31, 2021	As at March 31, 2020
<b>Present value of obligation</b>		
Opening balance	1.02	0.62
Current service cost	0.25	0.24
Interest expense	0.07	0.05
<b>Total amount recognised in statement of profit or loss</b>	<b>0.32</b>	<b>0.29</b>
<b>Remeasurements</b>		
Total Actuarial (Gain)/Loss on Obligation		
Experience losses	(0.10)	0.04
Loss from change in financial assumptions	0.01	0.11
Loss from change in demographic assumption	-	(0.04)
<b>Total amount recognised in other comprehensive income</b>	<b>(0.09)</b>	<b>0.11</b>
Benefit Payment	(0.03)	-
<b>Closing balance</b>	<b>1.22</b>	<b>1.02</b>
Non-current	1.16	0.98
Current	0.06	0.04

The net liability disclosed above relating to unfunded plan is as follows:

	As at March 31, 2021	As at March 31, 2020
Unfunded plans	1.22	1.02

**(iv) Significant actuarial assumptions are as follows:**

	As at March 31, 2021	As at March 31, 2020
Discount rate	6.83%	6.85%
Salary growth rate	6.00%	6.00%

**(v) Sensitivity analysis**

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

Assumptions	Impact on defined benefit obligation							
	Change in assumption		Increase in assumption		Decrease in assumption			
	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:	(0.05)	(0.05)	Increase by:	0.05	0.05
Salary growth rate	0.50%	0.50%	Increase by:	0.05	0.05	Decrease by:	(0.05)	(0.05)

**(vi) Defined benefit liability and employer contributions**

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

	Less than a year	Between 1-2 years	Between 2-5 years	Total
March 31, 2021				
Defined benefit obligations- Gratuity	0.11	0.13	2.12	2.36
March 31, 2020				
Defined benefit obligations- Gratuity	0.08	0.11	2.26	2.45

**Note 16: Government grants**

	As at March 31, 2021	As at March 31, 2020
Opening balance (refer note (i) and (ii) below)	87.75	74.35
Grants during the year (refer note (ii) below)	-	34.15
Less: Recognised in the statement of profit and loss (refer note 21)	7.40	20.73
	<b>80.35</b>	<b>87.75</b>
Non Current	73.00	80.35
Current	7.35	7.40

**Note:**

- (i) The Company had availed the benefit of Export Promotion Capital Goods (EPCG) scheme provided by the Government of India (Ministry of Commerce and Industry) on import of fixed assets.  
(ii) During previous year, the Company had availed the benefit under Resolution no INC-102015-645091-1 Sachivalaya Gandhinagar Dt 25-07-2016 Gujarat Industrial Policy 2015 -Scheme for Incentive to Industries (General) 2016-21.



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**Note 17: Trade payables**

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Trade payables of micro and small enterprises (refer note 43)	0.12	0.17
Trade payables other than micro and small enterprises:		
Trade payables to related parties (refer note 35)	0.29	6.28
Others	5.30	7.72
	<u>5.71</u>	<u>14.17</u>

**Total trade payables**

**Note 18 : Other financial liabilities**

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Current</b>		
Current Maturities of long term borrowings (refer note 35)	339.13	172.61
Interest accrued but not due on borrowings (refer note 35)	4.63	16.80
Capital creditors	0.55	23.82
<b>Total other current financial liabilities</b>	<u>344.31</u>	<u>213.24</u>

**Note 19: Other current liabilities**

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Statutory dues including provident fund and tax deducted at source	1.99	2.45
Employee dues payable	1.91	0.16
<b>Total other current liabilities</b>	<u>3.90</u>	<u>2.61</u>



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**Note 20 : Revenue from operations**

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Revenue from contract with customers</b>		
Sale of services (refer note below)	203.21	94.45
<b>Total revenue from operations</b>	<b>203.21</b>	<b>94.45</b>

The Company has provided coating and other services to its customers for Rs. 203.21 ( March 31, 2020 : Rs 94.45).

**Reconciliation of revenue recognised with contract price**

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Contract price</b>	203.21	94.45
Adjustments	-	-
<b>Revenue from operations</b>	<b>203.21</b>	<b>94.45</b>

**Note 21: Other operating revenue**

	Year ended March 31, 2021	Year ended March 31, 2020
Scrap sales	0.01	1.18
Government grants	7.40	20.73
Liabilities no longer required written back	23.40	-
<b>Total other operating revenue</b>	<b>30.81</b>	<b>21.91</b>

**Note 22: Other income**

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income from fixed deposits (refer note 31)	2.23	4.11
Interest income from Income tax Refund (refer note 31)	0.19	0.29
Fair valuation gain on investment (net)	1.94	-
Foreign exchange difference (net)	3.20	-
<b>Total other income</b>	<b>7.56</b>	<b>4.40</b>

**Note 23: Cost of materials consumed**

	Year ended March 31, 2021	Year ended March 31, 2020
Raw materials at the beginning of the year	29.31	22.72
Add: Purchases	132.27	56.97
	161.58	79.69
Less : Raw materials at the end of the year	96.39	29.31
<b>Total cost of materials consumed</b>	<b>65.19</b>	<b>50.38</b>

**Note 24: Employee benefit expenses**

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	16.37	16.06
Contribution to provident and other funds (Refer note below)	0.78	0.66
Gratuity (refer note 15(iii))	0.32	0.29
Staff welfare expenses	0.01	0.10
<b>Total employee benefit expenses</b>	<b>17.48</b>	<b>17.11</b>

**Note:**

**Defined contribution plans**

i. Employers' Contribution to Provident Fund and Employee's Pension Scheme, 1995

	Year ended March 31, 2021	Year ended March 31, 2020
Employer's Contribution to Provident Fund	0.41	0.29
Employer's Contribution to Employees Pension Scheme	0.37	0.37
<b>Total expense recognised in the statement of profit and loss</b>	<b>0.78</b>	<b>0.66</b>





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**Note 25: Depreciation and amortisation expense (refer note 3)**

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment	30.90	52.26
Depreciation of right-of-use assets	3.18	3.18
Amortisation of intangible assets	0.04	0.04
<b>Total depreciation and amortisation expense</b>	<b>34.12</b>	<b>55.48</b>

**Note 26: Loss on impairment of property, plant and equipment**

	Year ended March 31, 2021	Year ended March 31, 2020
Loss on impairment of property, plant and equipment (refer note 40)	-	202.50
<b>Total loss on impairment of property, plant and equipment</b>	<b>-</b>	<b>202.50</b>

**Note 27: Other expenses**

	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spares	7.61	11.14
Labour charges	12.17	14.04
Coating and other job charges	0.88	0.33
Water and electricity charges	3.05	3.94
Freight, material handling and transportation	3.06	4.13
Rental charges (Refer note 3(b) and note 35)	-	-
Rates and taxes	0.97	0.35
Repairs and maintenance		
Plant and machinery	0.12	0.10
Others	1.50	1.98
Travel and conveyance	0.47	1.33
Telephone and communication charges	-	0.04
Legal and professional fees	1.31	2.79
Foreign exchange difference (net)	-	9.00
Insurance	1.37	0.91
Directors' sitting fees (refer note 35)	0.18	0.25
Printing and stationery	0.01	0.04
Security charges	0.77	0.81
Membership and subscription	0.01	0.01
Vehicle expenses	0.31	0.34
Payment to auditors (refer note below)	1.70	1.64
Fair valuation loss on Investment (net)	-	0.79
Loss on disposal of PPE (net)	0.21	-
Office expenses	0.66	0.63
Gardening Expenses	1.07	0.93
Miscellaneous expenses*	-	-
<b>Total other expenses</b>	<b>37.43</b>	<b>55.52</b>

\* Amount is below the rounding norms adopted by the Company.

**Note:**

**Details of payment to auditors**

As auditor:

Audit fees	1.35	1.35
Tax audit fees	0.15	0.15

In other capacities:

Group Reporting fees	0.20	-
Certification fees	-	0.12
Re-imbursment of expenses	-	0.02
<b>Total</b>	<b>1.70</b>	<b>1.64</b>

\* Amount is below the rounding norms adopted by the Company.



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**Note 28: Finance costs**

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on:		
Term loans (refer note 35)	36.42	36.52
Interest and finance charges on lease liabilities	8.13	8.19
Current borrowings	-	0.04
Other finance charges	0.78	1.00
<b>Total finance costs</b>	<b>45.33</b>	<b>45.75</b>

**Note 29: Income tax expense**

	Year ended March 31, 2021	Year ended March 31, 2020
<b>(a) Income tax expense</b>		
Current tax on profits for the year	-	-
Adjustments for current tax of prior year	1.68	-
<b>Total current tax</b>	<b>1.68</b>	<b>-</b>
Deferred tax (refer note 5)		
(Increase)/ decrease in deferred tax assets	(0.44)	46.70
Increase/ (decrease) in deferred tax liabilities	0.44	(46.70)
<b>Total deferred tax expense/ (benefit)</b>	<b>-</b>	<b>-</b>
<b>Total income tax expense</b>	<b>1.68</b>	<b>-</b>

**(b) 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/ (loss) before tax	42.03	(305.98)
Tax rate	27.82%	27.82%
Tax at normal rate	11.69	(85.12)

Tax effects of amounts which are not deductible (taxable) in calculating taxable income:

Tax losses/ (income) for which no deferred tax was recognised	(11.69)	85.12
Adjustments for current tax of prior year	1.68	-
	<b>1.68</b>	<b>-</b>

**(c) Tax losses**

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Tax effects of unused tax losses for which no deferred tax has been recognised</b>		
Unabsorbed depreciation (to be utilised for an indefinite period)	86.24	86.04
Unabsorbed business loss (to be utilised till AY 2025-2026)	33.97	1.39
Unabsorbed business loss (to be utilised till AY 2026-2027)	10.55	10.55
Unabsorbed business loss (to be utilised till AY 2027-2028)	16.54	16.54
Unabsorbed business loss (to be utilised till AY 2028-2029)	16.56	13.82
	<b>163.86</b>	<b>128.33</b>

**Note 30:**

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.



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**Note 31 : Fair value measurements**

**Financial instruments by category**

	As at		As at	
	Year ended		Year ended	
	March 31, 2021		March 31, 2020	
	FVPL	Amortised Cost	FVPL	Amortised Cost
<b>Financial assets</b>				
Investments				
Equity instruments	3.45	-	2.06	-
Preference shares	-	-	21.60	-
Cash and cash equivalents	-	60.72	-	64.30
Bank balances other than cash and cash equivalents	-	2.41	-	2.29
<b>Total financial assets</b>	<b>3.45</b>	<b>63.13</b>	<b>23.66</b>	<b>86.59</b>
<b>Financial liabilities</b>				
Borrowings (including interest accrued and current maturities of long term borrowings)	-	513.32	-	534.65
Trade payables	-	5.71	-	14.17
Capital creditors	-	0.55	-	23.82
<b>Total financial liabilities</b>	<b>-</b>	<b>519.58</b>	<b>-</b>	<b>572.64</b>

**(i) Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the 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
<b>Financial assets</b>				
<b>Financial investments at FVPL</b>				
Unquoted equity investment	-	-	3.45	3.45
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>3.45</b>	<b>3.45</b>

**Financial liabilities which are measured at amortised cost for which fair value are at March 31, 2021**

	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>				
Borrowings (including interest accrued and current maturities of long term borrowings)	-	-	513.32	513.32
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>513.32</b>	<b>513.32</b>

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

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial investments at FVPL</b>				
Unquoted equity investment	-	-	2.06	2.06
Unquoted preference share investment	-	-	21.60	21.60
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>23.66</b>	<b>23.66</b>

**Financial liabilities which are measured at amortised cost for which fair value are disclosed at March 31, 2020**

	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>				
Borrowings (including interest accrued and current maturities of long term borrowings)	-	-	534.65	534.65
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>534.65</b>	<b>534.65</b>

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 maximize the use of observable market data and rely as little as possible on entity-specific estimates. The Company does not have any investment under this category.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Company has classified equity securities and unlisted preference shares in this category.



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**Note 31: Fair value measurement (Contd...)**

**(ii) Valuation techniques used to determine fair value:**

Specific valuation techniques used to value financial instruments include:

- the fair value of unlisted equity instruments and unlisted preference shares are determined using discounted cash flow analysis.

**(iii) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the years ended March 31, 2021 and March 31, 2020:

	Unlisted equity securities	Unlisted preference shares	Total
As at April 01, 2019	2.30	22.15	24.45
Gain recognised in profit or loss	(0.24)	(0.55)	(0.79)
As at March 31, 2020	2.06	21.60	23.66
Gain recognised in profit or loss	1.39	0.55	1.94
Disposals	-	(22.15)	(22.15)
As at March 31, 2021	3.45	-	3.45
Unrealised gain recognised in profit or loss related to assets held at the end of the reporting period			
March 31, 2021	1.39	-	1.39
March 31, 2020	1.31	(0.55)	0.76

**(iv) Valuation inputs and relationships to fair value**

Particulars	Fair value as at		Significant unobservable inputs	Probability weighted average		Sensitivity
	March 31, 2021	March 31, 2020		March 31, 2021	March 31, 2020	
Unquoted equity shares	3.45	2.06	Risk adjusted discount rate	14.50%	15.42%	The estimated fair value would increase/(decrease if discount rate were lower/(higher). The estimated fair value would increase/(decrease if discount rate were lower/(higher).
Unquoted preference shares	-	21.60	Risk adjusted discount rate	-	10.00%	

**(v) Valuation processes**

The fair value of unlisted equity instruments and unlisted preference shares are determined using discounted cash flow analysis by independent valuer.

**(vi) Fair value of financial liabilities measured at amortised cost**

	As at		As at	
	March 31, 2021		March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>				
Borrowings (including interest accrued and current maturities of long term borrowings)	513.32	513.32	534.65	534.65
<b>Total financial liabilities</b>	<b>513.32</b>	<b>513.32</b>	<b>534.65</b>	<b>534.65</b>

a) The carrying amounts of borrowings, trade payables, capital creditors, cash and cash equivalents and bank balances other than cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

b) The fair values and carrying value of borrowings (other than those covered in above note (a)) are materially the same.

**(vii) Classification of interest income by instrument category**

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Interest income at amortised cost</b>		
Fixed deposits	2.23	4.11
<b>Other interest income</b>		
Income tax refund	0.10	0.20



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**Note 32: Financial risk management**

The Company's principal financial liabilities represents borrowings and payables to creditors. The main purpose of these financial liabilities is to pay for the Concrete Weight Coating (CWC) plant set-up in Anjar, Gujarat, India. The Company's principal financial assets consists of cash and cash equivalents. The Company also holds FVPL investments.

The Company's activities exposes it to liquidity risk and market risk. The directors of the Company (considering size of business) oversees the management of these risks which are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

**(A) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually. The Company has no trade receivables as at March 31, 2021 and March 31, 2020.

**(B) Liquidity risk**

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and liquid funds and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The liquidity risk is monitored through budgets (comprises of undrawn borrowings below) and cash and cash equivalents on the basis of expected cash flows by the management presented by the Board of Directors.

**(i) Financing arrangements**

The Company had access to the following undrawn borrowing facilities for working capital at the end of the reporting period:

	As at March 31, 2021	As at March 31, 2020
Floating rate		
Expiring within one year	20.00	-
<b>Total</b>	<b>20.00</b>	<b>-</b>

**(ii) Maturities of financial liabilities:**

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

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.

As at March 31, 2021

Contractual maturities of financial liabilities	< 1 Year	1- 3 years	3- 5 years	> 5 years	Total	Carrying value
Borrowings (including interest accrued and current maturities of long term borrowings)	366.45	173.45	-	-	539.90	513.32
Trade payables	5.71	-	-	-	5.71	5.71
Other financial liabilities	0.55	-	-	-	0.55	0.55
Lease liabilities	8.90	17.80	17.80	190.57	235.07	88.79
<b>Total liabilities</b>	<b>381.61</b>	<b>191.25</b>	<b>17.80</b>	<b>190.57</b>	<b>781.23</b>	<b>608.37</b>

As at March 31, 2020

Contractual maturities of financial liabilities	< 1 Year	1- 3 years	3- 5 years	> 5 years	Total	Carrying value
Borrowings (including interest)	219.41	368.51	-	-	587.92	534.65
Trade payables	14.17	-	-	-	14.17	14.17
Other financial liabilities	23.82	-	-	-	23.82	23.82
Lease liabilities	8.90	17.80	17.80	208.37	252.87	89.56
<b>Total liabilities</b>	<b>266.30</b>	<b>386.31</b>	<b>17.80</b>	<b>208.37</b>	<b>878.78</b>	<b>662.20</b>

**(c) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest risk and investment price risk.

**(f) Foreign currency risk**

Foreign currency risk is the risk that the future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates to the payable for capital expenditure of creditors and borrowings taken.



**Welspun Wasco Coatings Private Limited**  
**Notes annexed to and forming part of the balance sheet as at March 31, 2021**  
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**Note 32: Financial risk management (Contd...)**

**(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	Others	USD	EUR	Others
<b>Financial liabilities</b>						
Non-current borrowings	87.22	-	-	180.55	-	-
Other financial liabilities	179.09	-	-	95.10	8.55	-
Trade payables	-	-	-	-	-	1.33
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>266.31</b>	<b>-</b>	<b>-</b>	<b>275.65</b>	<b>8.55</b>	<b>1.33</b>
<b>Total Net exposure to foreign currency risk</b>	<b>(266.31)</b>	<b>-</b>	<b>-</b>	<b>(275.65)</b>	<b>(8.55)</b>	<b>(1.33)</b>

**(b) As at the Balance Sheet date, following foreign currency exposures (including non financial assets and liabilities) are not hedged by a derivative instrument or otherwise:**

	Amount in Rupees		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
	<b>Liabilities</b>			
Non-current borrowings	87.22	180.55	1.19	2.39
Other financial liabilities	179.09	103.65	2.45	1.37
Trade payables	-	1.33	-	0.02
<b>Net unhedge foreign currency exposure</b>	<b>266.31</b>	<b>285.53</b>	<b>3.64</b>	<b>3.78</b>

**(c) Sensitivity**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

	Impact on profit before tax	
	As at March 31, 2021	As at March 31, 2020
<b>USD sensitivity</b>		
INR/USD - Increase by 1% (March 31, 2020 - 1%)*	(2.66)	(2.76)
INR/USD - Decrease by 1% (March 31, 2020 - 1%)*	2.66	2.76
<b>EUR sensitivity</b>		
INR/EUR - Increase by 1% (March 31, 2020 - 1%)*	-	(0.09)
INR/EUR - Decrease by 1% (March 31, 2020 - 1%)*	-	0.09
<b>Others sensitivity</b>		
INR/Others - Increase by 1% (March 31, 2020 - 1%)*	-	(0.01)
INR/Others - Decrease by 1% (March 31, 2020 - 1%)*	-	0.01

\* Holding all other variables constant for which foreign fluctuation may occur.

**(ii) Interest rate risk**

The Company's main interest rate risk arises from borrowings with variable rates arising principally on changes in LIBOR rates, which expose the Company to cash flow interest rate risk. During March 31, 2021 and March 31, 2020, the Company's borrowings at fixed rates were mainly denominated in USD and there are no borrowings with variable rates.

**(a) Interest rate risk exposure**

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed rate borrowings (joint venturers' loan)	508.69	517.85



**Welspun Wasco Coatings Private Limited**  
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**Note 33: 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.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and other bank balances)  
 divided by  
 Total 'equity' (as shown in the balance sheet).

The gearing ratios were as follows:

	As at March 31, 2021	As at March 31, 2020
Net debt (total borrowings including current maturities and lease liabilities net of cash and cash equivalents and other bank balances)	538.98	537.62
Total equity	(85.77)	(126.21)
<b>Net debt to equity ratio</b>	<b>(6.28)</b>	<b>(4.26)</b>

**(i) Loan covenants**

The Company has borrowings as at the end of the reporting period, however there are no covenants attached to the borrowings.

**(b) Dividends**

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

**Note 34: Segment information**

**(i) Description of segments and principal activities**

The Company's chief operating decision maker is Board of Director of the Company who examines the Company's performance only from the product perspective and has accordingly, identified only one reportable segment which is manufacturing, processing and dealing in coating works.

(ii) The chief operating decision maker primarily uses a measure of profit/ (Loss) 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 customer	Amount	% to revenue from operations
March 31, 2021	1	203.21	100%
March 31, 2020	1	94.45	100%

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

Revenue from external customers	Year ended March 31, 2021	Year ended March 31, 2020
India	203.21	94.45

(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.



**Welspun Wasco Coatings Private Limited**  
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**Note 35: Related party transactions**

**(a) Joint venturers**

The Company is jointly controlled by the following entities:

Name	Type	Ownership interest	
		March 31, 2021	March 31, 2020
Welspun Corp Limited	Joint venturer	51%	51%
Wasco Coatings Limited	Joint venturer	49%	49%

**(b) Key management personnel**

Name	Nature of relationship
Mr. Vipul Mathur	Whole-time Director
Mr. Balkrishan Goenka	Nominee Director (till October 27, 2020)
Mr. K.H.Viswanathan	Independent Director
Mr. Maccagno Giancarlo	Nominee Director (till October 5, 2020)
Mr. Ramanathan Singaram	Nominee Director
Mr. Dhruv Kaji	Independent Director (till August 9, 2019)
Mr. Percy Birdy	Nominee Director (appointed w.e.f. October 27, 2020)
Mr. Martyn John Wilmott	Nominee Director (appointed w.e.f. October 5, 2020)
Mr. Gaurav Merchant	Chief Financial Officer
Mr. Dharmesh Pardiwala	Company Secretary

**(c) List of other entities 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 and other related parties:**

Welspun Captive Power Generation Limited
Welspun India Limited
Wasco Coatings Malaysia SDN BHD
Welspun Anjar SEZ Limited
PPSC Industrial Holdings SDN BHD
Welspun Foundation for Health & Knowledge
Turnkey Pipeline Limited
Welassure Private Limited
Welspun Global Brands Limited

**(d) Transactions with related parties**

The following transactions occurred with related parties:

	Year ended March 31, 2021	Year ended March 31, 2020
Transactions with Welspun Corp Limited (WCL)		
Sale of services	227.61	107.01
Sale of Scrap	0.01	1.39
Sale of fixed assets	-	0.48
Sale of assets from CWIP	-	0.46
Purchase of fixed assets	-	0.46
Purchase of machinery stores/ spares, other consumables	0.06	0.10
Jobwork expenses for pipe coating	-	0.06
Purchase of Services	0.08	-
Corporate guarantee commission paid	0.24	0.96
Interest expense on loan	26.56	26.63
Rent paid	10.50	8.22
Reimbursement of expenses to WCL	13.83	16.93
Transactions with Wasco Coatings Limited		
Interest expense on loan	9.86	9.89





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**Note 35: Related party transactions (Contd...)**

	Year ended March 31, 2021	Year ended March 31, 2020
Transactions with Welspun Captive Power Generation Limited		
Purchase of goods	1.73	2.56
Redemption of Preference Shares	22.15	-
Transactions with Welspun India Limited		
Purchase of goods	-	0.01
Transactions with Wasco Coatings Malaysia SDN BHD		
Technical services expense	-	1.32
Transactions with Welspun Anjar SEZ Limited		
Rent paid	-	2.28
Transactions with PPSC Industrial Holdings SDN BHD		
Reimbursement of expenses	-	0.01
Transactions with Welspun Global Brands Limited		
Purchase of goods	-	0.02
Transactions with Welspun Foundation for Health & Knowledge		
Sale of fixed assets	-	0.32
Sale of assets from CWIP	-	0.06
Transactions with Welasure Private Limited		
Purchase of services	1.38	-
Transactions with Turnkey Pipeline Limited		
Purchase of stores and spares	0.12	-
Sitting fees paid		
Mr. K.H.Viswanathan	0.18	0.20
Mr. Dhruv Kaji	-	0.05

Note : Amount is inclusive of applicable taxes

**(e) Disclosure of significant closing balances:**

	As at March 31, 2021	As at March 31, 2020
<b>1) Trade payables</b>		
Welspun Corp Limited	0.06	4.94
Wasco Coatings Malaysia SDN BHD	-	1.19
Welspun Captive Power Generation Limited	0.08	0.14
PPSC Industrial Holdings SDN BHD	-	0.01
Welasure Private Limited	0.15	-
<b>Total trade payables</b>	<b>0.29</b>	<b>6.28</b>
<b>2) Non-current investments</b>		
Welspun Captive Power Generation Limited (Equity shares)	3.45	2.06
Welspun Captive Power Generation Limited (Preference shares)	-	21.60
<b>Total non-current investments</b>	<b>3.45</b>	<b>23.66</b>
<b>3) Borrowings</b>		
Welspun Corp Limited#	247.01	258.99
Wasco Coatings Limited##	266.31	275.65
<b>Total borrowings</b>	<b>513.32</b>	<b>534.64</b>

# Amount includes interest accrued outstanding as at March 31, 2021 is Rs. Nil (March 31, 2020 : Rs 11.98).

## Amount includes interest accrued outstanding as at March 31, 2021 is Rs. 4.63 (March 31, 2020 : Rs 4.82).

**(f) Terms and conditions**

All transactions were made on normal commercial terms and conditions and at market rates.

The Company has not paid/ provided for managerial remuneration.

All outstanding balances are unsecured and are repayable in cash.

Note: Directors of the Company are also employed by the other entities of Welspun Corp Limited group and they have not been paid remuneration accordingly.

**Note 36 :**

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 Rs 0.56 (March 31, 2020: Rs. 0.56). The Company has also determined and discharged the provident fund liability from September 1, 2019 considering the impact of the judgement. Additional payment of Rs. 0.12 has 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 Rs. 0.06 and accordingly it has written off the amount recoverable from the employees shown under the non-current assets to Employee benefits expense.

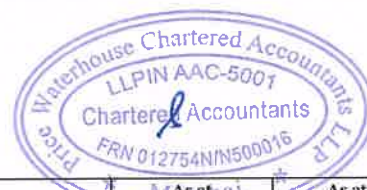
**Note 37: Capital and other commitments**

**(a) Capital commitments**

There are no capital commitments as at the March 31, 2021 and March 31, 2020, respectively.

**(b) Other commitments**

	As at March 31, 2021	As at March 31, 2020
Outstanding letters of credit	23.86	



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**Note 38: Profit/ (loss) per equity share**

	Year ended March 31, 2021	Year ended March 31, 2020
Profit/ (loss) attributable to the equity holders of the Company	40.35	(305.98)
Weighted average number of equity shares	49,931,400	49,931,400
Basic and diluted profit/(loss) per share (Rs.)	0.81	(6.13)
Nominal value of an equity share (Rs.)	10.00	10.00

**Note 39: Changes in accounting policies**

This note explains the impact of the adoption of Ind AS 116 'Leases' on the Company's financial statements.

In the previous year ended March 31, 2020, the Company had adopted Ind AS 116 retrospectively from April 01, 2019, using the modified approach at transition. Accordingly the Company had not restated comparatives for the year ended March 31, 2019, as permitted under as permitted under the specific transition provisions in the standard. During the year ended March 31, 2020, 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 has used the following practical expedients permitted by the standard:

- 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

**(ii) Measurement of lease liabilities**

Particulars	Amount
Operating lease commitments disclosed as at March 31, 2019	-
Discounted using the lessee's incremental borrowing rate at the date of initial application	-
Add: Lease liability due to variance in lease term assumption as per Ind AS 116 and non-cancellable period as per Ind AS 17	90.27
Lease liability recognised as at April 01, 2019	90.27
Of which are:	
Current lease liabilities	0.7
Non-current lease liabilities	89.57

**(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	90.27
Current lease liabilities – increased by	0.7
Non-current lease liabilities – increased by	89.57

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

**Note 40: Impairment of property, plant and equipment**

Consequent to the continued losses in the earlier years, there are indicators of potential impairment of property, plant and equipment. In the previous year, Management had assessed the impairment of property, plant and equipment by reviewing the business forecasts using discounted cash flow valuation model (the "model") to calculate the recoverable amount (value in use). The impairment assessment had been carried out at the plant level, which was considered as the relevant cash generating unit (CGU). The management had considered post-tax discount rate of 15% in the model. The main classes of assets impacted were plant and machinery and building.

Based on the assessment, Management noted that provision for impairment of Rs. 202.50 was required to be made in respect of the property, plant and equipment in the financial statement for the year ended March 31, 2020. This loss on impairment had been disclosed as a separate line item in statement of profit and loss. Significant assumptions used in the model were discount rate and growth rate.

There is no change in the provision for impairment in the current year ended March 31, 2021.

**Note 41: Note on Covid-19**

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 42: Going Concern**

The net worth of the Company as on March 31, 2021 has been fully eroded due to losses incurred in the earlier years (including impairment of property, plant and equipment). Having regard to approved business plans, cash flow projections and the commitment from its shareholders Welspun Corp Limited and Wasco Coatings Limited to provide financial support to the Company to meet its financial obligations as and when they fall due for a period of not less than twelve months from the date of signing the financial statements for the year ended March 31, 2021, the financial statements have been prepared on going concern basis and no adjustments have been made in the financial statements.

**Note 43: 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	0.12	0.17
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	0.12	0.17
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	-	-



Welspun Wasco Coatings Private Limited  
 Notes annexed to and forming part of the balance sheet as at March 31, 2021  
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**Note 44: Contingent liability**

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

	As at March 31, 2021	As at March 31, 2020
Income tax matters	-	2.28

a) 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

b) The company does not expect any re-imbursements in respect of above contingent liabilities.

**Note 45: Specified bank notes**

The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021 and March 31, 2020.

**Note 46: Subsequent events**

On May 6, 2021, Welspun Corp Limited has extended of repayment of term loan of Rs. 247.01 millions which was due in August 2021 and August 2022 to be extended till August 31, 2024 payable in five equal half-yearly instalments starting from August 2022.

Note 47: 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

Place: Pune  
 Date: May 22, 2021

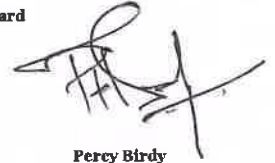
For and on behalf of the Board



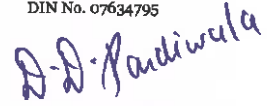
Godfrey John  
 Whole-time Director  
 DIN No. 003602725

Gaurav Merchant  
 Chief Financial Officer

Place: Mumbai  
 Date: May 22, 2021



Percy Birdy  
 Director  
 DIN No. 07634795



Dharmesh Pardiwala  
 Company Secretary  
 ACS - 32069

