

WEL/SEC/2019

July 19, 2019

To,

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| <b>BSE Limited</b><br>1 <sup>st</sup> Floor, Rotunda Bldg,<br>Dalal Street, Fort,<br>Mumbai - 400 001.<br>Scrip Code: 532553 | <b>National Stock Exchange of India Limited</b><br>Exchange Plaza, C-1, Block-G,<br>Bandra Kurla Complex, Bandra (East),<br>Mumbai - 400 051.<br>NSE Symbol: WELENT |
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Dear Sir/Madam,

**Sub.: Disclosure of information pursuant to Regulation 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

In compliance with Regulation 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached Annual Report for the F.Y. 2018-19 alongwith the Notice of the 25<sup>th</sup> Annual General Meeting to be held on Monday, August 12, 2019 at 12:30 p.m. at Anjar, dispatched on July 19, 2019.

Kindly take the above mentioned on record.

**For Welspun Enterprises Limited**



**Priya Pakhare**  
**Company Secretary**  
**FCS - 7805**

**Welspun Enterprises Limited**

Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, India.

T : +91 22 6613 6000 / 2490 8000 F : +91 22 2490 8020

E-mail : companysecretary\_wel@welspun.com Website : www.welspunenterprises.com

Registered Address: Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat 370 110, India.

T : +91 2836 662222 F : +91 2836 279010

Corporate Identity Number: L45201GJ1994PLC023920

**WELSPUN ENTERPRISES LIMITED**

CIN: L45201GJ1994PLC023920

Regd. Office: Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat-370 110

Tel: + 91 2836 662222 Fax: + 91 2836 279010

Corporate Office: Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013

Tel: + 91 22 6613 6000 Fax: + 91 22 2490 8020

Website: www.welspunenterprises.com, Email: companysecretary\_wel@welspun.com

## NOTICE

NOTICE is hereby given that the 25<sup>th</sup> Annual General Meeting of Welspun Enterprises Limited will be held on Monday, August 12, 2019 at the Registered Office of the Company at Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat - 370 110 at 12:30 p.m. to transact the following businesses:

### ORDINARY BUSINESS:

- 1) To receive, consider and adopt the financial statements for the financial year ended March 31, 2019 and the reports of the Board of Directors and the Auditors thereon.
- 2) To consider declaration of dividend on Equity Shares.
- 3) To appoint a director in place of Mr. Sandeep Garg (DIN:00036419), who retires by rotation, and being eligible, offers himself for re-appointment.
- 4) To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** subject to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and based on the recommendation of the Audit Committee, and approval of the Board of Directors, the Company hereby ratifies the appointment of M/s. MGB & Co., LLP, Chartered Accountants (Firm Registration. No. 101169W/W-100035), as the Statutory Auditors of the Company to hold office from the conclusion of the 25<sup>th</sup> Annual General Meeting until the conclusion of the 26<sup>th</sup> Annual General Meeting at a remuneration of Rs. 40,00,000/- (Rupees Forty Lakh only) plus applicable taxes (subject to deduction of tax as may be applicable) and out of pocket expenses as may be authorized by the Board of Directors of the Company.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution.”

### SPECIAL BUSINESS:

- 5) To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** Dr. Aruna Sharma (DIN:06515361) who was appointed as an additional director of the Company with effect from January 29, 2019, pursuant to Section 161 of the Companies Act, 2013 and who holds office up to the date of the 25<sup>th</sup> Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of the Director of the Company, be and is hereby elected and appointed as an independent director to hold the office till January 28, 2024, not liable to retire by rotation.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable, or expedient for the purpose of giving effect to this resolution.”

- 6) To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** Mr. Raghav Chandra (DIN:00057760) who was appointed as an additional director of the Company with effect from May 15, 2019, pursuant to Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of the Director of the Company, be and is hereby elected and appointed as an independent director to hold the office till May 14, 2024, not liable to retire by rotation.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution.”

- 7) To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit)

Rules, 2014 and based on the recommendation of the Audit Committee and approval of the Board of Directors, the Company hereby ratifies the remuneration of Rs. 2,50,000/- (Rupees Two Lakh Fifty Thousand only) per annum and such travelling and out of pocket expenses as may be approved by the Board to M/s. Kiran J. Mehta & Co., Cost Accountants, the Cost Auditor as appointed by the Company, for the financial year commencing on April 1, 2019.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and take all such steps as may be necessary, desirable or expedient to give effect to this resolution.”

8) To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** in supersession of the earlier resolution passed in this regard and pursuant to the provisions of Section 188 and other applicable provisions of the Companies

Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (“the Act”) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), including any statutory modification(s) or re-enactment thereof for the time being in force, and subject to such other approvals, consents, permissions and sanctions of other authorities as may be necessary, and also pursuant to the approval of the Audit Committee and the Board of Directors vide resolutions passed/to be passed at their respective meetings, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board), to approve all the material related party transactions (including any modifications, alterations or amendments thereto) to be entered into by the Company in the ordinary course of business and on arm’s length basis with related party/ies within the meaning of the Act and Listing Regulations, as per the below given framework:

| Sr. No. | Particulars   | Framework for terms of contract  |
|---------|---|--|
| 1.      | Name of the Related Party   | *Project Special Purpose Vehicles (“Project SPVs”) to be acquired/ incorporated for execution of the projects upto 5 <sup>th</sup> Anniversary of the date of passing of the shareholders resolution approving this proposal or Annual General Meeting to be held in calendar year 2024, whichever is later. |
| 2.      | Name of the Project   | Projects to be awarded to/acquired by the Company (whether individually or in consortium)  |
| 3.      | Name of the Director or Key Managerial Personnel who is/ may be related                                   | Mr. Balkrishan Goenka (Chairman – Executive) and Mr. Rajesh Mandawewala (Non-Independent Director) may be considered to be interested in the contract.   |
| 4.      | Nature of Relationship  | <ul style="list-style-type: none"> <li>The Company’s promoter group may hold minority stake (upto 49%) in the Project SPVs.</li> <li>The Project SPVs may fall in the definition of Related Party as per Section 2(76)(iv), (v) or (viii) of the Companies Act, 2013.</li> </ul>                             |
| 5.      | Nature and particulars of the contract / arrangement  | Engineering Procurement & Construction (“EPC”) Contract to be executed between the Company and the Project SPVs for execution of Project.  |
| 6.      | Material terms of the contract / arrangement  | The EPC Contract is expected to be executed on back-to-back basis for carrying out the EPC works.  |
| 7.      | Monetary value of the contract / arrangement  | Upto Rs. 10,000 crore for a project and upto Rs. 30,000 crore for all projects upto 5 <sup>th</sup> Anniversary of the date of passing of the shareholders resolution approving this proposal or Annual General Meeting to be held in calendar year 2024, whichever is later.                                |
| 8.      | Duration of the transaction   | The Contract is expected to be for a period starting from the date of contract till the date of completion of the project.   |
| 9.      | The indicative base price or current contracted price and the formula for variation in the price, if any. | The Contract value would be based on cost + mark up of prevailing bank rate which would be derived considering the terms prevalent in the market for comparable contracts.   |
| 10.     | Any other information relevant or important for the members to take a decision on the proposed resolution | None   |

\*The above framework has been recommended by the Audit Committee and approved by the Board of Directors of the Company for material related party transactions requiring shareholders’ approval for EPC Contracts entered into / to be entered into by the Company with special purpose vehicle for projects upto 5<sup>th</sup> Anniversary of the date of passing of the shareholders resolution approving this proposal or Annual General Meeting to be held in calendar year 2024, whichever is later.

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents and writings, on an ongoing basis, as may be necessary, proper or expedient for the purpose of giving effect to the above resolution.”

- 9) To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** in supersession of the earlier resolution passed in this regard and pursuant to the provisions of Section 180(1) (a) of the Companies Act, 2013 and all other applicable provisions of the Act and any rules made thereunder (including any statutory modification(s) or re-enactment thereof) (“Act”), and all other applicable provisions, if any, and the Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (“Board”) (which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this resolution) to exercise its powers, including the powers conferred by this resolution of the Company, to mortgage, hypothecate, pledge and / or charge or create any security interest, in addition to the mortgage, hypothecation, pledge and / or charge already created, in such form, manner and ranking and on such terms as the Board deems fit in the interest of the Company, on all or any of the movable and / or immovable properties of the Company (both present and future) and / or any other assets or properties, either tangible or intangible, of the Company and / or the whole or part of any of the undertaking in favour of the Lender(s), Agent(s), investing agencies and Trustee(s), for securing the borrowing availed or to be availed by the Company, its subsidiary, joint venture, associate company or any other person/body corporate, by way of loans, debentures (comprising fully / partly Convertible Debentures and / or Non-Convertible Debentures or any other securities) or otherwise, in foreign currency or in Indian Rupees, from time to time, for an aggregate amount not exceeding paid up capital plus free reserves plus securities premium plus Rs. 6,000 crore (Rupees Six Thousand Crore only), along with temporary loans, interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company or the borrowing corporate / person including any increase as a result of devaluation / revaluation / fluctuation in the rate of exchange and the Board be and is hereby authorized to decide all terms and conditions in relation to such creation of charge,

at their absolute discretion and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to negotiate with the lending entities and to finalise and execute the documents and deeds as may be applicable for creating the appropriate mortgages, pledge, hypothecation and/or charges or security interest on such of the immovable and/or movable properties of the Company on such terms and conditions as may be decided by the Board and to perform all such acts, deeds and things as may be necessary in this regard.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board may in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.”

- 10) To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** in supersession of the earlier resolution passed in this regard and pursuant to Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions of the Act and any rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (“Act”) and all other applicable provisions, if any, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (“Board”) (which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this resolution), to borrow from time to time all such sums of money as they may deem necessary for the purpose of business of the Company notwithstanding that moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans (including working capital facilities) obtained from the Company’s bankers/ lenders in the ordinary course of business) (hereinafter referred to as the “Borrowings”) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose provided that the total amount of the Borrowings by the Board of Directors, shall not exceed the aggregate of paid up share capital plus free reserves plus

securities premium plus Rs. 3,500 Crore (Rupees Three Thousand Five Hundred Crore Only).”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to negotiate with the lending entities and to finalise and execute the documents and deeds as may be applicable for borrowing loan and other financial facilities on such terms and conditions as may be decided by the Board and to perform all such acts, deeds and things as may be necessary in this regard.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board may in its absolute discretion deem necessary or desirable and its decision shall be final and binding.”

- 11) To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 42 and 71 of the Companies Act, 2013 (“the Act”) read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and all other applicable provisions of the Act and the Rules framed thereunder, as may be applicable, and other applicable Guidelines and Regulations issued by the Securities and Exchange Board of India (“SEBI”) or any other law for the time being in force (including any statutory modification(s) or amendment thereto or re-enactment thereof for the time being in force) and in terms of the Articles of Association of the Company,

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013 AND THE INFORMATION AS REQUIRED PURSUANT TO THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

**Item No. 3 - Re-appointment of Mr. Sandeep Garg as a director.**

Mr. Sandeep Garg, aged 58 years, is B.E. (Electrical) and a scholar from Harvard Business School. Mr. Garg has long and varied experience of over three decades - in managerial position for over two decades. Mr. Garg brings along with him a successful history of achieving key milestones. He has worked with the Companies involved in engineering and construction of infrastructure in road, elevated roads, power, irrigation, railways, buildings and oil and gas pipelines. The Company has flourished under his able leadership and guidance over the years.

approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) to borrow from time to time by issue of securities viz. Non-Convertible Debentures of an amount upto Rs. 2,000 crore (Rupees Two Thousand Crore only) and Commercial Paper of an amount upto Rs. 500 crore (Rupees Five Hundred Crore only), subject to aggregate thereof not being higher than Rs. 2,000 crore (Rupees Two Thousand Crore only), to be issued on Private Placement basis, in domestic and/or international market, in one or more series/tranches, issuable/redeemable at discount/par/premium, under one or more shelf disclosure documents provided that the said borrowing shall be within the overall borrowing limits of the Company approved pursuant to Section 180 of the Act by the members and that the limit of Rs. 500 crore (Rupees Five Hundred Crore only) for issuance of Commercial Paper shall be replenished on repayment of Commercial Paper.”

**“RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard.”

**By Order of the Board**

**Priya Pakhare**

**Company Secretary**

**FCS - 7805**

**Place : Mumbai**

**Date : May 15, 2019**

Mr. Garg was appointed as the Managing Director of the Company for a period of 5 years in the year 2012 and was reappointed for the term of 5 years from July 16, 2017 to July 15, 2022, liable to retire by rotation in terms of Section 152 of the Companies Act, 2013.

**Details of directorship in other Companies and Membership/Chairpersonship of the Committees of the Board of the Companies are as under:**

**Directorship:** He is also a director in the following companies: (1) ARSS Bus Terminal Private Limited, (2) MSK Projects (Kim Mandvi Corridor) Private Limited, (3) MSK Projects (Himmatnagar Bypass) Private Limited, (4) Welspun Natural Resources Private Limited, (5) Adani Welspun Exploration Limited, (6) Welspun Build-Tech Private Limited and (7) Welspun Financial Services Limited.

**Membership / Chairmanship of Committees:**

**Membership** - Welspun Enterprises Limited - (1) Share Transfer and Investors' Grievance and Stakeholders Relationship Committee and (2) Corporate Social Responsibility Committee.

**Chairmanship** - Welspun Enterprises Limited - Finance and Administration Committee.

He holds 16,00,000 equity shares in the Company.

There is no relationship between the directors inter-se. Except Mr. Garg, being the appointee herein, none of the key managerial personnel or directors of the Company or their relatives may be deemed to be concerned or interested, financially or otherwise, in this resolution.

The Board recommends passing of the Ordinary Resolution at Item No. 3 of the accompanying Notice for approval by the Members of the Company.

**Item No. 5 - Appointment of Dr. Aruna Sharma, as an Independent Director.**

The Board of Directors appointed Dr. Aruna Sharma as an additional director pursuant to Section 161 of the Companies Act, 2013. She holds office till the conclusion of the 25<sup>th</sup> Annual General Meeting.

Dr. Sharma (DIN:06515361), 60 years old, has experience of more than 38 years. She holds degree of PhD in Development Economics, Masters in Development Studies, MA in English Literature and B.Sc.

Her areas of specialization are Information Technology and its use in Banking, Big Data & Cyber Security, Steel and Core Sector, Business Models, Convergence of Resources for Outcome and Rural Development.

She is a member of the Audit Committee of Welspun Enterprises Limited.

She does not hold any equity shares in the Company.

In the opinion of the Board, Dr. Sharma fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and she is independent of the management.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Dr. Sharma being eligible and offering herself for appointment is proposed to be appointed as an Independent Director for five consecutive years with effect from January 29, 2019.

Copy of the draft letter for appointment of Dr. Sharma as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of

the Company during normal business hours on any working day, excluding Saturday and Sunday.

Except Dr. Sharma, being the appointee herein, none of the key managerial personnel or directors of the Company or their relatives may be deemed to be concerned or interested in this resolution.

The Board considers that her continued association would benefit the Company and it is therefore desirable to continue to avail services of Dr. Sharma as an Independent Director. Hence, the Board recommends passing of the Special Resolution at Item No. 5 of the accompanying Notice for approval by the Members of the Company.

**Item No. 6 - Appointment of Mr. Raghav Chandra, as an Independent Director.**

The Board of Directors appointed Mr. Raghav Chandra as an additional director pursuant to Section 161 of the Companies Act, 2013. He holds office till the conclusion of the 25<sup>th</sup> Annual General Meeting.

Mr. Chandra (DIN:00057760), 60 years old, has experience of more than 36 years. He holds degree of Masters of Public Administration and Masters of Mathematics.

His areas of specialization are (1) Industrial Development, (2) Urban Infrastructure, (3) Transport and Mobility and (4) Environment and Sustainability. His articles have been published in a number of journals in India and he is a columnist for an eminent business magazine. He is a life member of the Indian Council of Arbitration. He is an adjunct faculty in the Indian Institute of Corporate Affairs under Ministry of Corporate Affairs, Government of India.

**Details of directorship in other Companies and Membership/Chairpersonship of the Committees of the Board of the Companies are as under:**

**Directorship:** He is also director in the following companies: (1) The Delhi Golf Club and (2) Vardhman Special Steels Limited.

**Membership / Chairmanship of Committees:** He is neither a member nor chairman of any Committee.

He does not hold any equity shares in the Company.

In the opinion of the Board, Mr. Chandra fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and he is independent of the management.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Chandra being eligible and offering himself for appointment

is proposed to be appointed as an Independent Director for five consecutive years with effect from May 15, 2019.

Copy of the draft letter for appointment of Mr. Chandra as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday and Sunday.

Except Mr. Chandra, being the appointee herein, none of the key managerial personnel or directors of the Company or their relatives may be deemed to be concerned or interested in this resolution.

The Board considers that his continued association would benefit the Company and it is therefore desirable to continue to avail services of Mr. Chandra as an Independent Director. Hence, the Board recommends passing of the Special Resolution at Item No. 6 of the accompanying Notice for approval by the Members of the Company.

**Item No. 7 – Ratification of payment of remuneration to the Cost Auditors.**

Members are hereby informed that pursuant to the recommendation of the Audit Committee, the Board of Directors appointed M/s. Kiran J. Mehta & Co., Cost Accountants as Cost Auditors of the Company for the financial year ending March 31, 2020 for conduct of the Cost Audit of the Company in terms of the requirements under applicable laws at a remuneration as mentioned in the resolution No. 7 of the Notice.

Pursuant to Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration proposed to be paid to the Cost Auditors is required to be ratified by the members.

None of the directors or key managerial personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 7 of the Notice.

The Board recommends Ordinary Resolution at Item No. 7 of the accompanying Notice for ratification by the Members.

**Item No. 8 – Approval for material transactions to be entered into with the related parties.**

Your Company submits proposals/bids/acquires infrastructure projects directly in its own name or in the name of subsidiary, joint venture, associate company or through consortium with other qualified parties which projects, once awarded/acquired, are generally executed through special purpose vehicles (“Project SPVs”) which may be in the form

of subsidiary, joint venture or associate company which would fall in the definition of “Related Parties” under the Companies Act, 2013 (“the Act”) and/or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

Consortium bidding, grant of award/acquisition, construction, development, operation and maintenance of various infrastructure projects requires the Company to undertake transactions/contracts/arrangements with the Project SPVs. Such transactions are repetitive in nature and considering the business requirement, market practice and distinct nature of each project, entering into such related party transaction with the Project SPVs will be in the best interest of the Company. Also, Promoters of the Company may hold minority interest in any contracting party.

Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 exempts a company from obtaining consent of the Board of Directors and the Members in case the related party transactions entered into by the Company are in the ordinary course of business and on arm’s length basis.

However, Regulation 23 of the Listing Regulations requires approval of the Members through ordinary resolution for all material related party transactions, even if they are entered into in the ordinary course of business and on arm’s length basis, if the same is not exempt under Regulation 23(5) of the Listing Regulations. For this purpose, a transaction with a related party is considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements.

The shareholders had approved resolution mentioned in the Postal Ballot Notice dated January 29, 2019, for entering into Engineering Procurement & Construction (“EPC”) Contract with Project SPVs upto Rs. 5,000 crore for a project and upto Rs. 15,000 crore for all projects taken together in a financial year for next 5 years. In view of the changes in the business scenario, the Company could have opportunity to get EPC contract exceeding the aforesaid threshold and hence, it is now proposed to enhance the threshold of EPC Contract between Project SPVs and the Company for each project from Rs. 5,000 crore to Rs. 10,000 crore and upto Rs. 30,000 crore for all projects upto 5<sup>th</sup> Anniversary of the date of passing of the shareholders resolution approving this proposal or Annual General Meeting to be held in calendar year 2024, whichever is later.

Considering the size of each project, the EPC Contract entered into with Project SPVs may fall

under the definition of material transaction with related party, which would require approval of the shareholders by way of an Ordinary Resolution. All the material related party transactions to be entered into by the Company (for which members approval is being sought) would be on arm's length basis and in the ordinary course of business and approval of the Audit Committee / Board would be obtained, wherever required.

Information required to be given in the explanatory statement pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 forms part of the resolution.

Members' approval by way of an Ordinary Resolution is therefore sought for the resolution set out at Item No. 8 of the Notice in terms of Regulation 23 of the Listing Regulations. Welspun Promoter Group, holding 47.42% equity stake in the Company, is not entitled to vote on the resolution proposed.

Except Mr. Balkrishan Goenka and Mr. Rajesh Mandawewala, none of the directors or key managerial personnel of the Company or their relatives may be concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

**Item Nos: 9 and 10 - Approval for creation of charge on Company's properties/ assets under Section 180(1)(a) of the Companies Act, 2013 and to increase borrowing limits under Section 180(1)(c) of the Companies Act, 2013.**

In terms of the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of a company cannot, inter alia, except with the consent of the Company by a Special Resolution, create mortgage, charge, pledge and hypothecation, etc. on assets or undertakings of the Company beyond the limit mentioned in the Section.

The Company as well as its subsidiary/ joint ventures/ associate companies, borrow money for their businesses and such borrowings are required to be secured by mortgage, charge, pledge and/ or hypothecation etc. on all or any of the movable or immovable or any tangible or intangible assets/ properties of the Company (both present and future) in favour of any lender, including the Financial Institutions / Banks / Debenture Trustees, etc. in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage, charge, pledge, hypothecation on any of the movable and / or immovable or any tangible or intangible assets/ properties and/ or the whole or any part the undertaking(s) of the Company may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Act

read with Rules made thereunder. It is proposed to increase the amount for creation of charge on Company's properties/ assets upto aggregate of the paid up capital plus free reserves plus securities premium plus Rs. 6,000 crore and accordingly resolution at Item no 9 has been proposed.

In terms of the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of a company cannot, except with the consent of the Company by a Special Resolution, borrow monies (apart from temporary loans obtained from Company's bankers/ lenders in the ordinary course of business) in excess of the aggregate of the paid-up share capital and free reserves, that is to say, reserves not set apart for any specific purpose. Considering the need of funds for achieving the business growth potential primarily in the present business segment, the limits for borrowing and for creation of mortgage, charge, pledge, hypothecation, etc. should be increased to the aggregate of the paid-up share capital plus free reserves plus securities premium plus Rs. 3,500 crore and accordingly the resolution at Item No. 10 has been proposed.

The Special Resolutions at Item Nos. 9 and 10 of the Notice have been incorporated in the Notice to seek Members' approval for availing the borrowing limits and for disposal of the Company's undertaking(s) by creation of mortgage/charge, etc. thereon and for authorizing the Board (including any Committee thereof authorised for the purpose) to complete all the formalities in connection with the availing borrowing limits and creating charge on the Company's properties respectively.

None of the directors or key managerial personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the Special Resolutions set out at Item Nos. 9 and 10 of the Notice.

The Board recommends passing of the Special Resolutions at Item Nos. 9 and 10 of the accompanying Notice for approval by the Members of the Company.

**Item No. 11 - Authority to raise funds.**

In terms of Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules"), a Company shall not make Private Placement of its Securities unless the proposed offer of Securities or invitation to subscribe to Securities has been previously approved by the Members of the Company by a Special Resolution. In case of an offer or invitation for offer of Non-Convertible Debentures (NCDs) and/ or Commercial Papers (CPs), the Company can pass a Special Resolution once in a year for all the offers or invitations to be made for such NCDs/CPs during the year.



It is proposed to borrow funds upto Rs. 2,000 crore (Rupees Two Thousand Crore only), by way of securities viz. Non-Convertible Debentures of Rs. 2,000 crore (Rupees Two Thousand Crore only) and Commercial Paper of an amount upto Rs. 500 crore (Rupees Five Hundred Crore only), subject to aggregate thereof not being higher than Rs. 2,000 crore (Rupees Two Thousand Crore only), to be issued on Private Placement basis. The issue of Non-Convertible Debentures / Commercial Papers should help in achieving saving in overall cost of borrowing and economical funding in the Company as well as its subsidiaries / joint ventures/ associate companies. Considering the credit rating of the Company, the raising of funds through Non-Convertible Debentures / Commercial Papers would be feasible.

The approval of the Members is sought for borrowing limit (apart from temporary loans obtained from the Company's bankers/lenders in the ordinary course of business) upto "paid-up capital plus free reserves plus securities premium plus Rs. 3,500 crore (Rupees Three Thousand Five Hundred Crore only). The approval sought for offer of securities including but not limited to Non-Convertible Debentures, shall be within the mentioned overall borrowing limits of the Company.

None of the directors or key managerial personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 11 of the Notice.

The Board recommends passing of the Special Resolution at Item No. 11 of the accompanying Notice for approval by the Members of the Company.

#### NOTES

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
2. Proxy shall not have the right to speak and shall not be entitled to vote except on a poll.
3. A proxy can act on behalf of such number of member or members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company. Provided that a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 27, 2019 to Monday, July 29, 2019 (both days inclusive) for the purpose of determination of shareholders entitled to dividend for the year ended March 31, 2019.
5. All the correspondence pertaining to shareholding, transfer of shares, transmission etc. should be lodged at the Company's Share Registrar and Transfer Agent : Link Intime India Private Ltd., Unit: Welspun Enterprises Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083. Tel. No. 022-4918 6270, Fax No. 022-4918 6060, email- [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
6. Members are requested to immediately inform about their change of address, change of e-mail address or consolidation of folios, if any, to the Company's Share Registrar and Transfer Agent.
7. In terms of the provisions of Section 124(5) of the Act, dividend which remains unpaid/ unclaimed for a period of seven years from the date of declaration will be transferred to the "Investor Education and Protection Fund" (IEPF) i.e. a fund constituted by the Government of India under Section 125 of the Companies Act, 2013. Further, in terms of the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), equity shares in respect of which dividend has not been paid or claimed for seven consecutive years or more from the date of declaration will also be transferred to an account viz. "Investor Education and Protection Fund Authority Ministry of Corporate Affairs", which is operated by the IEPF Authority pursuant to the IEPF Rules.

Shareholders, who have so far not encashed their dividend relating to the financial year 2016-17 and 2017-18 are requested to do so by writing/ contacting the Company's Registrars and Transfer Agent or the Company Secretary at the Corporate Office address.

In compliance with the IEPF Rules, the Company has already transferred equity shares for which dividend remain unpaid/unclaimed for a period of seven years from the date of declaration to the IEPF Authority Ministry of Corporate Affairs, after providing necessary intimations to the relevant shareholders. Details of unpaid/ unclaimed dividend and such equity shares are uploaded on the website of the Company [www.welspunenterprises.com](http://www.welspunenterprises.com).

8. As part of the Green Initiative by the Ministry of Corporate Affairs, the Notice and Annual Report

of the Company is being sent to the shareholders at their respective e-mail addresses registered with the Company. **Those shareholders who have not got their email address registered or wish to update a fresh email address may do so by submitting the attached E-mail Registration-Cum Consent Form to the Company or the Registrar and Transfer Agent of the Company consenting to send the Annual Report and other documents in electronic form at the said e-mail address.** However, shareholders requiring a physical copy of the Annual Report and Notice may write to the Company at the Corporate Office at Welspun House, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. The Annual Report along with the Notice of the Annual General Meeting is available on the website of the Company, [www.welspunenterprises.com](http://www.welspunenterprises.com).

9. The physical copies of the Annual Reports and other documents referred to in the Notice will be available at the Company's Registered Office for inspection during normal business hours on working days till the date of the meeting and copies thereof shall also be available at the Corporate Office of the Company and during the meeting.
10. The shareholders who wish to nominate, any person to whom his securities shall vest in the event of his death may do so by submitting the attached Nomination Form to the Company or the Registrar and Transfer Agent of the Company. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of securities who has made the nomination, by giving a notice of such cancellation or variation.

## 11. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the General Meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

- II. The facility for voting through ballot paper shall be made available at the General Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the General Meeting may also attend the General Meeting but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Friday, August 9, 2019 (9:00 am) and ends on Sunday, August 11, 2019 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Monday, August 5, 2019, may cast their vote by remote e-voting. *A person who is not a member as on the cut-off date should treat this Notice for information purpose only. The remote e-voting module shall be disabled by NSDL for voting thereafter.* Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. How do I vote electronically using NSDL e-Voting system?  
*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*  
 Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>  
 Step 2 : Cast your vote electronically on NSDL e-Voting system.

### Details on Step 1 are mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

| <b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b> | <b>Your User ID is:</b>   |
|---|---|
| a) For Members who hold shares in demat account with NSDL.            | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.   |
| b) For Members who hold shares in demat account with CDSL.            | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12***** then your user ID is 12*****.  |
| c) For Members holding shares in Physical Form.                       | EVEN Number followed by Folio Number registered with the company<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

How to cast your vote electronically on NSDL e-Voting system?

6. If you are unable to retrieve or have not received the " initial password" or have forgotten your password:

- a) Click on "[Forgot User Details/Password?](#)" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) [Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter, etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [cssunilzore@gmail.com](mailto:cssunilzore@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- VI. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Monday, August 5, 2019.
- VIII. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Monday, August 5, 2019, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the [Issuer/RTA](#).  
  
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote.
- IX. Members who have opened 3-in-1 account with ICICI Group i.e. bank account and demat account with ICICI Bank Limited and trading account with ICICI Securities Limited, can access e-voting website of NSDL through their website viz.; [www.icicidirect.com](http://www.icicidirect.com) for the purpose of casting their

votes electronically by using their existing user ID and password used for accessing the website [www.icicidirect.com](http://www.icicidirect.com). In case any member is not able to login through the ICICI direct website, can access the e-voting system of NSDL by using their existing user ID and password for the e-voting system of NSDL.

- X. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the General Meeting through ballot paper.
- XI. Mr. Sunil Zore of M/s. SPZ & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XII. The Chairman shall, at the General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the General Meeting but have not cast their votes by availing the remote e-voting facility.
- XIII. The Scrutinizer shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the General Meeting, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XIV. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.welspunenterprises.com](http://www.welspunenterprises.com), notice board of the Company at the registered office as well as the corporate office and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the stock exchanges at which the shares of the Company are listed.

**By Order of the Board**

**Place: Mumbai**  
**Date : May 15, 2019**

**Priya Pakhare**  
**Company Secretary**  
**FCS - 7805**

**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

**CIN** : L45201GJ1994PLC023920

**Name of the Company** : WELSPUN ENTERPRISES LIMITED

**Registered Office** : Welspun City, Village Versameddi, Taluka Anjar, Dist. Kutch, Gujarat, Pin – 370110, India.

Board No.: +91 2836 662222, Fax No. + 91 2836 279010

Email : companysecretary\_wel@welspun.com, Website: www.welspunenterprises.com

**Corporate Office** : Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013.

Board : +91 -22-6613 6000, Fax: +91-22-2490 8020

**Name of the member (s)** : \_\_\_\_\_

**Registered Address** : \_\_\_\_\_

**E-mail Id** : \_\_\_\_\_

**Folio No / Client ID** :

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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**DP ID** :

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I/ We \_\_\_\_\_ being the member(s) of Equity Shares of the above named company, hereby appoint :

- 1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_  
Signature : \_\_\_\_\_; or failing him
  
- 2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_  
Signature : \_\_\_\_\_; or failing him
  
- 3. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_  
Signature : \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on Monday, August 12, 2019 at 12:30 p.m. at the Registered Office of the Company at Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat – 370110 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Subject of the Resolution  | Voting |         |
|----------------|--|--------|---------|
|                |  | For    | Against |
| 1.             | Consider and adopt Audited Financial Statement, Report of the Board of Directors and Auditors thereon.   |        |         |
| 2.             | Declaration of Dividend on Equity Shares.  |        |         |
| 3.             | Appointment of Mr. Sandeep Garg (DIN: 00036419), as a director of the Company, liable to retire by rotation.   |        |         |
| 4.             | Ratification of Appointment of M/s. MGB & Co. LLP, Chartered Accountant as Statutory Auditors and fixing their remuneration.   |        |         |
| 5.             | Appointment of Dr. Aruna Sharma (DIN:06515361), as an independent director.  |        |         |
| 6.             | Appointment of Mr. Raghav Chandra (DIN:00057760), as an independent director.  |        |         |
| 7.             | Ratification of payment of remuneration to the Cost Auditors.  |        |         |
| 8.             | Authority to the Board of Directors to mortgage, hypothecate, pledge and/or charge or create any security interest to secure borrowings pursuant to Section 180(1)(a) upto amount not exceeding aggregate of the paid up capital plus free reserves plus securities premium plus ₹ 6,000 crore.  |        |         |
| 9.             | Authority to borrow (apart from temporary loans (including working capital facilities obtained from the Company's banker/lenders in the ordinary course of business) pursuant to Section 180 (1)(c) of the Companies Act, 2013 upto amount not exceeding aggregate of the paid up capital plus free reserves plus securities premium plus ₹ 3,500 crore. |        |         |
| 10.            | Borrowing by offer of issue of securities on a private placement basis.  |        |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Signature of member : \_\_\_\_\_

Signature of Proxy Holder(s) : 1) \_\_\_\_\_ 2) \_\_\_\_\_ 3) \_\_\_\_\_



Note:

- 1) Please complete all the details including details of member(s) in the above Box before submission.
- 2) It is optional to put "X" in the appropriate column against the Resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/ she thinks appropriate.
- 3) A proxy can act on behalf of such number of member or members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company. Provided that a member holding more than 10%, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
- 4) The Form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**FORM NO. SH-13**  
**NOMINATION FORM**

(Pursuant to Section 72 of the Companies Act, 2013 and  
 Rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014)

To,  
 The Company Secretary,  
 Welspun Enterprises Limited  
 Welspun City, Village Versamedi,  
 Taluka Anjar, Dist. Kutch,  
 Gujarat, Pin - 370110.

I/ We \_\_\_\_\_ the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

**1. PARTICULARS OF THE SECURITIES (in respect of which nomination is being made) -**

| Nature of securities | Folio No. | No. of Securities | Certificate No. | Distinctive No. |
|----------------------|-----------|-------------------|-----------------|-----------------|
|                      |           |                   |                 |                 |

**2. PARTICULARS OF NOMINEE/S –**

- (a) Name:
- (b) Date of Birth:
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail id:
- (h) Relationship with the security holder:

**3. IN CASE NOMINEE IS A MINOR –**

- (a) Date of birth:
- (b) Date of attaining majority:
- (c) Name of guardian:
- (d) Address of guardian:

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Name of the Security Holder(s) : \_\_\_\_\_

Signatures : \_\_\_\_\_

Witness with name and address : \_\_\_\_\_

**Instructions:**

- Please read the instructions given below very carefully and follow the same to the letter. If the form is not filled as per instructions, the same will be rejected.
- The nomination can be made by individuals only. Non individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the Shares are held jointly all joint holders shall sign (as per the specimen registered with the Company) the nomination form.
- A minor can be nominated by a holder of Shares and in that event the name and address of the Guardian shall be given by the holder.

4. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family, or a power of attorney holder. A non-resident Indian can be a nominee on re-patriable basis.
5. Transfer of Shares in favour of a nominee shall be a valid discharge by a Company against the legal heir(s).
6. Only one person can be nominated for a given folio.
7. Details of all holders in a folio need to be filled; else the request will be rejected.
8. The nomination will be registered only when it is complete in all respects including the signature of (a) all registered holders (as per specimen lodged with the Company) and (b) the nominee.
9. Whenever the Shares in the given folio are entirely transferred or dematerialised, then this nomination will stand rescinded.
10. Upon receipt of a duly executed nomination form, the Registrars & Transfer Agent of the Company will register the form and allot a registration number. The registration number and folio no. should be quoted by the nominee in all future correspondence.
11. The nomination can be varied or cancelled by executing fresh nomination form.
12. The Company will not entertain any claims other than those of a registered nominee, unless so directed by a Court.
13. The intimation regarding nomination / nomination form shall be filed in duplicate with the Registrars & Transfer Agents of the Company who will return one copy thereof to the members.
14. For shares held in dematerialised mode nomination is required to be filed with the Depository Participant in their prescribed form.



**WELSPUN ENTERPRISES LIMITED**

CIN: L45201GJ1994PLC023920

Regd. Office: Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat-370 110

Tel: + 91 2836 662222 Fax: + 91 2836 279010

Corporate Office: Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013

Tel: + 91 22 6613 6000 Fax: + 91 22 2490 8020

Website: www.welspunenterprises.com, Email: companysecretary\_wel@welspun.com

**E-MAIL REGISTRATION-CUM-CONSENT FORM**

To,  
The Company Secretary,  
Welspun Enterprises Limited,  
Welspun City, Village Versamedi,  
Taluka Anjar, Dist. Kutch, Gujarat, Pin - 370 110.

I/ We the members of the Company do hereby request you to kindly register/ update my e-mail address with the Company. I/ We, do hereby agree and authorize the Company to send me/ us all the communications in electronic mode at the e-mail address mentioned below. Please register the below mentioned e-mail address / mobile number for sending communication through e-mail/ mobile.

Folio No: \_\_\_\_\_ DP-ID: \_\_\_\_\_ Client ID: \_\_\_\_\_

Name of the Registered Holder (1<sup>st</sup>): \_\_\_\_\_

Name of the joint holder(s) (2<sup>nd</sup>): \_\_\_\_\_ (3<sup>rd</sup>): \_\_\_\_\_

Registered Address: \_\_\_\_\_

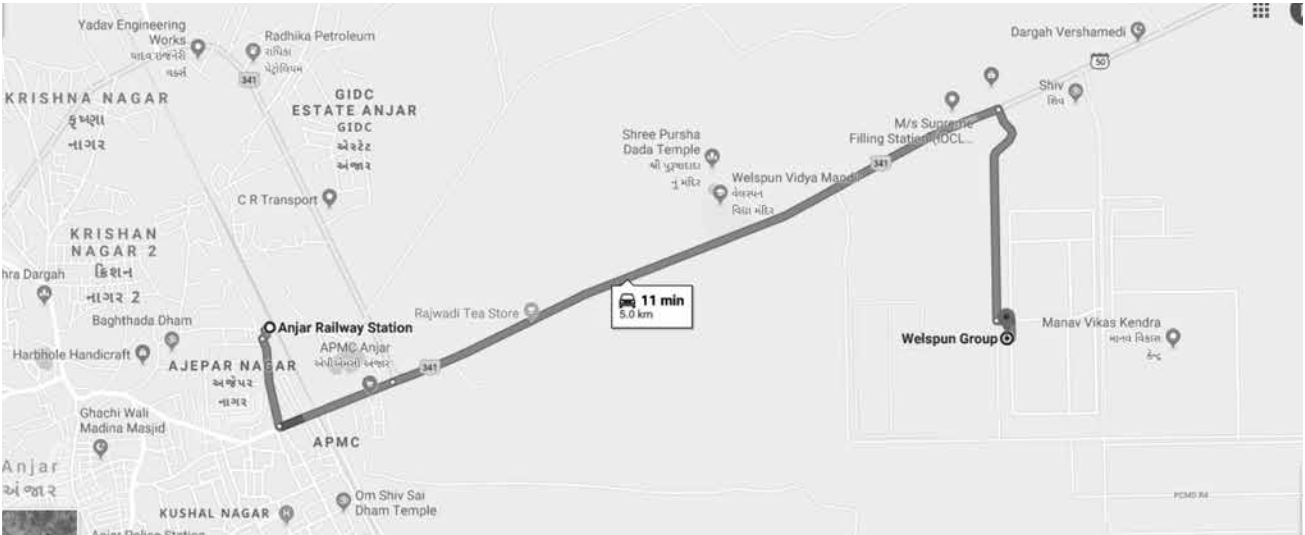
\_\_\_\_\_ Pin: \_\_\_\_\_

Mobile Nos. (to be registered): \_\_\_\_\_ Email id (to be registered): \_\_\_\_\_

\_\_\_\_\_  
**Signature of the Shareholder(s)\***

\* Signature of all the shareholders is required in case of joint holding.

# Route Map



Route Map-Anjar Railway Station to Welspun



Route Map-Gandhidham Railway Station to Welspun

**WELSPUN ENTERPRISES LIMITED**

CIN: L45201GJ1994PLC023920

**Regd. Office:** Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat-370 110

Tel: + 91 2836 662222 Fax: + 91 2836 279010

**Corporate Office:** Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013

Tel: + 91 22 6613 6000 Fax: + 91 22 2490 8020

**Website:** [www.welspunenterprises.com](http://www.welspunenterprises.com) **Email:** [companysecretary\\_wel@welspun.com](mailto:companysecretary_wel@welspun.com)

**ATTENDANCE SLIP**

Name of the sole / first named member :

Name of the joint holder(s), if any :

Address of sole / first named member :

Registered Folio No./ (DP ID No./  
Client ID No.)\* :

\*Applicable to members holding Shares  
in dematerialized form

Number of shares held :

I hereby record my presence at the 25<sup>th</sup> Annual General Meeting of the Company held on Monday, August 12, 2019 at Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370110 at 12:30 p.m.

Signature of Shareholder/ Proxy Present :

Note: Members are requested to bring duly signed attendance slip and hand it over at the venue of the Meeting.

----- Tear here -----

**The electronic voting particulars are set out below:**

| <b>EVEN<br/>(E-voting event number)</b> | <b>User ID</b> | <b>Password / PIN</b> |
|---|----------------|-----------------------|
|   |                |                       |

The remote e-voting period commences on Friday, August 9, 2019 (9:00 a.m.) and ends on Sunday, August 11, 2019 (5:00 p.m.). The e-Voting module shall be disabled by NSDL for voting thereafter.

Please read the instructions annexed to the Notice dated May 15, 2019 of the 25<sup>th</sup> Annual General Meeting before exercising the vote. These details and instructions form integral part of the said Notice.



**Operational  
Excellence...  
...Sustainable  
Growth**

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### Forward-looking Statements

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

# Operational Excellence... ...Sustainable Growth

**At Wespun Enterprises Ltd. (WEL), excellence is a quality attribute, inherent to our people and the organization. With strong project management expertise and technical know-how and our continuous perseverance and inventiveness, we carry out highly demanding and complex projects that meet the highest standards.**

We take pride in having operationalized the prestigious Delhi-Meerut Expressway (Package 1), India's first road project based on Hybrid Annuity Model (HAM). This has been possible due to our sheer determination and conviction, and strong ideas that were implemented with meticulous precision.

With this project, we showcased our operational excellence in providing efficient solutions to the most complex challenges. By leveraging our asset-light model, we maintained a keen focus on quality, safety, excellence and

management processes and by optimizing at all levels. For us, what counts is the continuous improvement of all processes.

Even as we are primarily excellence driven, we remain centered on quality growth. We continue to drive growth through a strong order book position and successful execution of our ongoing projects. We aim towards profitable growth by building our capabilities and strengths in added segments.



# Our Pride Of Parentage

**The USD 2.7 Billion- Welspun Group is one of India's fastest growing conglomerates. It is a fully integrated player with expertise in Pipes, Plates & Coils and Home Textiles, while it also has a presence in Steel, Infrastructure and Energy.**

Welspun Group is one of India's fastest growing conglomerates with businesses in large diameter line pipes, home textiles, infrastructure, advanced textiles and flooring solutions. Welspun has made its mark within the

line pipe and the home textiles sector to become one of the most recognized global leaders with a strong foothold in over 50 countries with 25,000+ employees.

## Welspun Group - Key Highlights (FY 2019)

**Rs. 185 Billion**  
Revenue

**Rs. 25 Billion**  
EBITDA

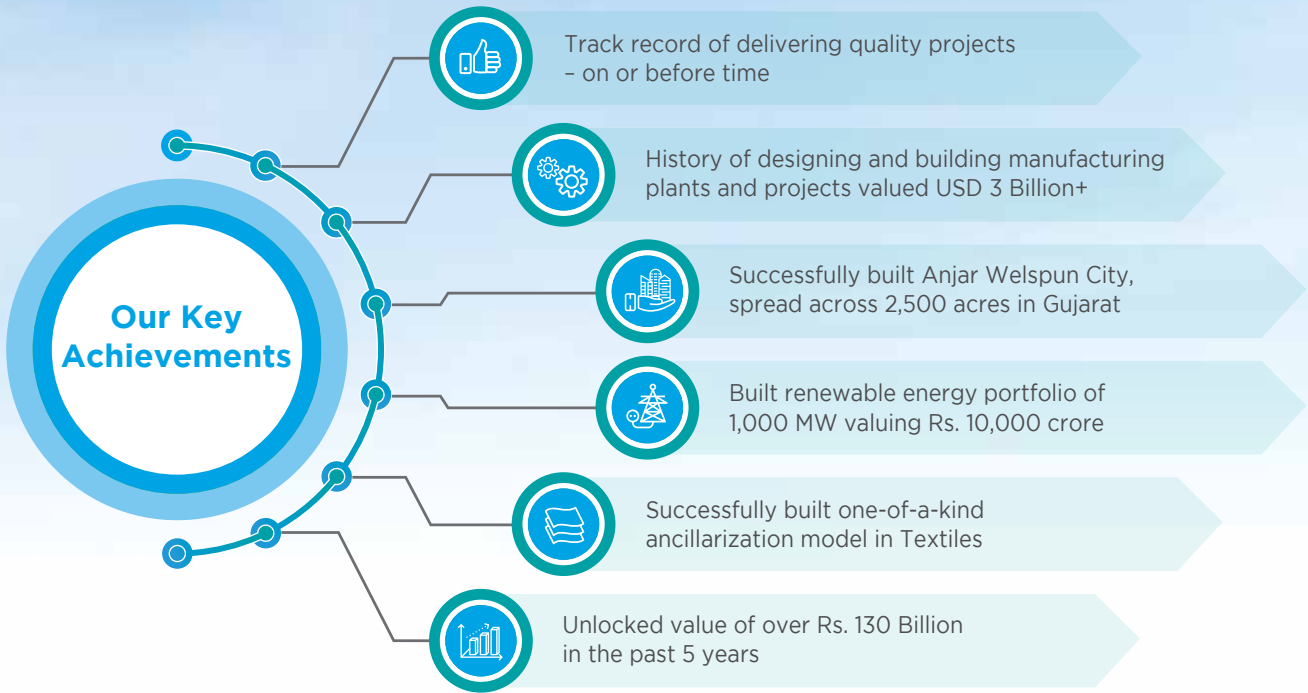
**Rs. 61 Billion**  
Fixed Asset Base

**Rs. 32 Billion**  
Net Debt

**25,000+**  
Employees

**AA Family**  
Strong Credit Rating





**WELSPUN ENTERPRISES**  
Infrastructure and Energy


**INDIA'S FASTEST GROWING INFRASTRUCTURE PLAYER**



Completed India's first 14-lane Expressway in a record time of 19 months

**WELSPUN CORP**  
Pipes and Plates


**GLOBAL LEADER IN LINE PIPES**



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

**WELSPUN INDIA**  
Home Textiles

**GLOBAL LEADER IN HOME TEXTILES**



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



# Welspun Enterprises Limited – At a Glance

**Welspun Enterprises Limited (WEL), a part of the Welspun Group, is an operating Company in the Infrastructure (Road and Water) business. It also offers civil engineering services. The Company has an outstanding order book of Rs. 52 Billion, a large part of which is contributed by the Roads segment. As part of its asset-light business model, the Company is largely focusing on Hybrid Annuity Model (HAM) projects.**

The Company, in its current form, was created through the merger of Welspun Enterprises Ltd., Welspun Infratech Ltd., Welspun Plastics Private Ltd. and Welspun Infra Projects Private Ltd., Welspun Projects Ltd through the Scheme of Amalgamation and Arrangement made effective from May 11, 2015.

Through a cautious bid-buy strategy, it has built a robust HAM portfolio of Rs. 85 Billion, setting a strong foundation for future growth. The total HAM portfolio

stands at 590 Kms. The revenue visibility is projected to render into better operating margins by earning the benefits of operating leverage.

The Company is well placed to capitalize on new opportunities, thanks to its strong balance sheet and robust credit rating. Through its differentiated asset-light business model, it is confident of continuing its growth path with better risk-adjusted return on capital.

### What Differentiates Us

- Robust HAM portfolio of 7 projects with 590+ Kms, valuing Rs. 85 Billion
- EPC Order Book of Rs. 52.4 Billion, translating into significant growth visibility
- High value creation with focus purely on HAM projects
- Book-to-Bill of ~3 times
- Leveraging balance sheet strength and financial closure abilities
- Cherry-picking projects through bid-buy model
- Lower risk due to model structure
- Long-Term Credit Rating at AA
- Short-term rating at highest possible level of A1+

#### Our Capabilities

- Focused purely on HAM
- Order book with significant revenue growth visibility
- Financial strength
- Demonstrated operational excellence

### Our Key Strengths

#### Our Capabilities

- Among few infra developers with 'AA' Family Credit Rating - Long-term AA and Short-term A1+
- Strong banking relationships ensuring early financial closure at optimal rates
- Backed by strong balance sheet and Net Cash position of Rs. 4.1 Billion

#### Operational

- Completed India's First 14-lane Expressway in record time
- Experience of operating 500+ Kms Toll projects capabilities
- Superior execution capabilities with all projects running ahead of schedule

#### Our Business Verticals



ROADS



WATER

# Chairman's Message

“ With world-class domain expertise and project management skills, we have been able to set new infrastructural benchmarks ”



## ***My dear fellow stakeholders,***

I am extremely happy and proud to share with you that FY 2019 was another remarkable year in our journey. We delivered on our promises and continued to establish a differentiated, asset-light business model in the infra segment. We have built a solid balance sheet with net cash balance and have also built an exceptional team focused on operational excellence. This helped us stand firm even in a challenging environment and I am quite confident that Wespun Enterprises will deliver significant value in the coming years.

## **Year in review**

After record awarding of projects in FY 2017 and FY 2018, the year FY 2019 was a year in which the Ministry of Road Transport and Highways & NHAI focused more on execution. This can be seen from the fact that FY 2019 was the best year in the last decade as far as highway construction in the country was concerned. As a Company, our focus was also aligned, with our priority being execution of the projects in our portfolio.

In the first quarter of the year, our first HAM project - the Delhi-Meerut Expressway Package-1, was completed in record time, well ahead of schedule. It was a matter of great pride for the Company, when it was inaugurated by the Honorable Prime Minister, Shri Narendra Modi and dedicated to the nation. We have been operating and maintaining this road with great care, which has helped reduce travel time from 45-50 minutes to 8 minutes.

This road has a long-list of FIRSTS to its name including:

- India's FIRST 14-Lane Expressway
- India's FIRST Green Expressway
- India's FIRST completed HAM project
- India's FIRST HAM project to be awarded AAA (SO) Credit Rating
- India's FIRST HAM project to receive annuity
- India's FIRST HAM project to receive early completion bonus

Beautification and sustainable projects initiated along the way include a 2.5-meter-wide cycle track on either side, a vertical garden on Yamuna Bridge, solar lighting system, watering of plants through drip irrigation only, wall art and replica of famous monuments. This adds further charm to the project and makes it truly a landmark project in the country.

Execution of other projects has also been progressing well. Two other HAM projects Gagaheri-Saharanpur-Yamunanagar as well as Chutmalpur-Ganeshpur-Roorkee-Gagaheri – are at an advanced stage of completion. Both these projects are running ahead of schedule and we plan to complete both of them in calendar year 2019. Execution in the other two HAM projects – Aunta-Simaria and Chikhali-Tarsod – is also progressing well and we expect to complete them well in time.

Execution of the Dewas Water project, our BOT project in the water domain, was also in fast track mode during the year and we were able to complete it ahead of schedule. The project received its COD in April 2019.

While we were focused on execution, we did not lose sight of opportunities to grow our business and diversify our risks. We added two more projects to our portfolio during the year. The first one was an NHAI project in Tamil Nadu: Sattanathapuram – Nagapattinam. This is by far, our biggest HAM project by value, till date, and it demonstrates our growing confidence in taking up larger projects.

With NHAI awarding relatively lower number of projects in the year, we decided to explore opportunities in state HAM projects as well. There were primarily three reasons for the decision – this would help us diversify from one client, keep our growth momentum going and also give us better returns given the lower competition in these projects. We were successful in winning one state HAM project – AM-2 package in Amravati, Maharashtra during the year taking our total HAM portfolio to more than Rs. 85 Billion.

The second half of the year, however, was very challenging for the financing market. The IL&FS crisis snowballed into a major financial crisis with many other financial institutions, especially NBFCs, facing challenges in raising debt from the market, thus freezing their lending. Even in this challenging environment, I am happy to share

that we were able to achieve financial closure for both our new projects, well in time and at very competitive rates. This was possible only due to our strong balance sheet, robust credit rating and our prudent approach to bidding.

Our operational excellence also translated into strong financial performance. Our revenues were up 74% YoY, while the improvement in Operating EBITDA was even better at 121%. The revenue growth was driven by the robust execution in our under-construction projects while the margin improvement was driven by the fixed costs getting apportioned over a higher base.

Welspun believes in doing business which is not only consistent with the environment, but also helps sustain in the long run. Known for its various social initiatives, Welspun has played its part responsibly in and around the region it operates. This includes initiatives like health check-up camps, potable water supply and educational initiatives for children, in the areas which it operates.

### The Year Ahead

I am very optimistic about the future of our Company. We remain primed to anticipate India's future infrastructural needs amidst a challenging business environment. With the new Government coming into power, we expect the activity in infrastructure sector to pick up pace. The opportunity in roads remains significant, with the Bharatmala program being the key driver. Apart from roads, we are also analyzing the water sector for future growth opportunities and for diversification. We believe that the water sector will be the next thrust area for the Government given the precarious position of our water resources. With our experience in water supply projects such as Dewas water, I firmly believe that WEL is at an advantageous position to tap these opportunities and fuel future growth.

Welspun Enterprises starts the year with a robust order book of more than Rs. 52 Billion, which sets a strong foundation for future growth of the Company. The order book provides significant visibility for the next 2 years i.e. FY 2020 and FY 2021.

We will also look at unlocking value from our completed road projects. With three operational projects expected before the end of the year, we will have more options to explore, in terms of our asset monetization. We will also look at unlocking value from our Oil & Gas investments, at the

right time. There are some promising blocks in our portfolio, which could yield significant returns, at the right stage of the development cycle.

### Vision for the future

At Welspun Group, we always aim to be among the Top-3 in any business we operate. The case is no different in this business as well. In infra, we have chosen to be a HAM player and our endeavor is to become a Top-3 player in HAM. Currently, we might be in Top-10, as far as HAM is concerned, but I am pretty confident that we should be in the Top-3 in the next 3 years.

We are not only focused on completing our projects in the earliest possible time and within anticipated costs, but also withstand all complexities, demonstrating our rock-solid foundation. We are proud of our project management capabilities, and compliance with the highest quality standards. We are dedicated to delivering high-performance assets, while achieving the functional objectives. Our infrastructure solutions are aimed at not only meeting the needs of today, but for decades to come. We intend to be enduring and relevant to India's growing infrastructure needs.

Your Company intends to continue its approach of prudent bid/buy strategy to strengthen its HAM project portfolio. The Company will continue to work on an asset-light model with focus on Return on Capital Employed (RoCE), free cash flow and risk management.

### My Sincere Thanks

At WEL, growth has been possible with support and encouragement from all our stakeholders, including shareholders, bankers, customers and our committed employees. As we step back and assess what we accomplished during FY 2019, we couldn't be more proud of the employees who made it all happen.

I would also like to express gratitude on behalf of the Board of the Company to all our stakeholders, for their unstinted support in shaping the performance of the Company.

We strongly believe the best is yet to come.

With Best Wishes,

**B. K. Goenka**  
Chairman-Welspun Group

# Capitalizing on the Growing Opportunity Landscape

**A country's roads are imperative to its economy. They form the backbone of the State. Better roads add to the ease of doing business and also add to the overall quality of life of the citizens. In India, large infrastructure projects are crucial for the future of cities, states and individual livelihoods, and can truly drive the economy into new economic frontiers.**

Road construction remains a priority for the Government for several reasons. It is a vital ingredient for the country's GDP growth. Improving India's road network is a vital step in its economic development. Roads provide better access to

services, ease of transportation and freedom of movement to people. The Government recognizes the significance of a reliable and swift road network in India and the role it plays in influencing economic development. Hence, the Ministry of Road Transport and Highways (MoRTH) has taken up the responsibility of building quality roads and highways across the country.

## **Bharatmala Pariyojana**

The Government is planning to expand the national highway network in India to over 200,000 Kms by 2022. It has launched Bharatmala Pariyojana, an expansive highway that will cut across India, connecting Rajasthan in North-West and the state of Arunachal Pradesh in North-East. It aims to build 66,100 Kms of economic corridors, border and coastal roads and expressways to boost the highway network. It also understands the significance of connecting the hinterlands with

ports to ensure "Make in India" takes off.

Road construction remains a priority for the Government, also leading to employment generation. MoRTH awarded 15,000 Kms of projects and construction of 10,000 Kms of national highways during FY 2019. About 295 major projects, including bridges and roads, are expected to have been completed during this period. The semi-urban roads to be widened and upgraded also present a significant opportunity.

## **Economic Benefits of Bharatmala**

- To provide 4-lane connectivity to 550 districts, increase vehicular speed by 20-25% and reduce supply chain costs by 5-6%
- The first phase Bharatmala to bring in USD 82 Billion investments by 2022 for development of 34,800 Kms of highways

### Tapping the Growth Potential in Road Infrastructure

- India has the world's second largest road network sprawling 5.5 Million Kms
- Only ~5% of India's roads are National or State Highways
- Investment in roads has 8 times multiplier impact on GDP
- Road construction leads to local employment generation

### Achievements in Road Infrastructure

- Total national highways' length increased to 122,434 Kms in FY 2018 from 92,851 Kms in FY 2014
- Length of national highways awarded, increased to 51,073 Kms between FY 2015-18 from 25,158 Kms in FY 2011-14
- Construction of national highways increased to 28,531 Kms between FY 2015-18 from 16,505 Kms between FY 2011-14
- Construction of national highway per day increased to 26.9 Kms per day in FY 2018 from 11.6 Kms per day in FY 2014

27 Kms  
Average Highway  
constructed per day

9,829 Kms  
National Highway  
Construction

15%  
Share of GDP on  
logistics and  
transportation

2%  
Share of National  
Highways in total road  
network

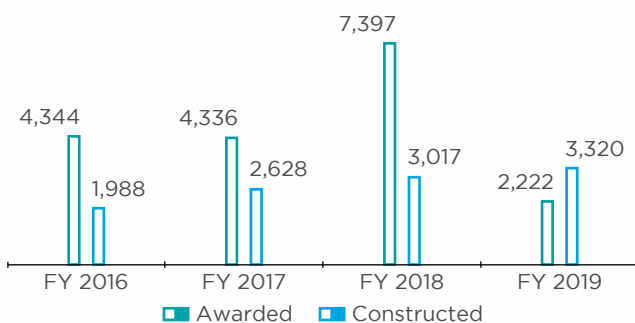
5.9 Million Kms  
India's Total Road  
Network

34,800 Kms  
Total Construction  
projected under  
Bharatmala by 2022

66  
India's position in world  
ranking in Infrastructure

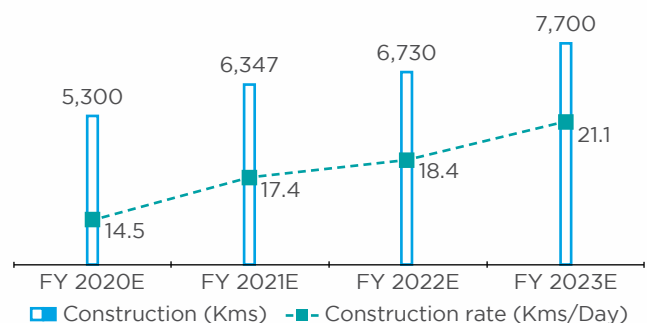
Source: <https://www.investindia.gov.in/sector/roads-highways>

### Stupendous Growth in NHA Projects



Source: NHA

### Planned Construction under Bharatmala



# Continuous focus on Value Unlocking and Asset Monetization

**We will continue to pursue an asset-light model with our key focus on free cash flow, higher Return on Capital Employed and prudent risk management. We are selectively bidding for HAM projects, while preserving our threshold return expectations.**

At Wespun Enterprises, we are leveraging the Hybrid Annuity Model (HAM), which is a better financial mechanism for road development, with a mix of EPC and BOT models. Under HAM, NHAI contributes 40% of the total project cost linked – a sort of viability gap funding for major milestones. The remaining 60% is arranged by the developer, of which 20-25% is arranged by them and the balance is raised as debt.

HAM is being tested in urban infrastructure developments in India, such as road, metro rail and water projects. It is an asset-light model as it spreads the risk between the developer and the Government. It helps cut the overall debt and improve project

returns. The annuity payment structure prevents the developer from taking the “traffic risk”. The Government also benefits as it gains an opportunity to flag off road projects by investing only a portion of the project cost. It earns better social returns by way of access and convenience to daily commuters.

## **Leveraging HAM**

We are currently developing/operating seven HAM model projects valuing Rs. 8,500 crore. This includes the Delhi-Meerut Expressway (Package-1), which was completed in June 2018 for which we have already received the first annuity. We have also achieved financial closure for these projects, all of which are currently in the execution stage.

Our aim is to complete these projects ahead of schedule and monetize them through outright sale, refinancing or alternative routes to enable value unlocking. Being well-conceived projects, we will exit from these at an appropriate time and at the right valuation.

We shall selectively bid for more projects awarded by NHA1 under HAM, while preserving our threshold of return expectations. We take pride in being well positioned for early financial closure, given our healthy cash balance and strong credit rating. In order to de-risk and diversify our portfolio, we are also exploring further opportunities under HAM in the water segment.





# Harnessing Excellence through Project Management

**At WEL, project management is an essential spine supporting various functions. We draw strengths from our operational capabilities and proven project management methodologies. Our vision and strategic planning abilities enable us to ensure swifter and efficient execution of projects and optimize our margins.**

Our accumulated experience and evolved skill-sets lead us towards an unfettered path of execution for the most challenging projects. With solid competencies and operational abilities, we are setting new benchmarks of excellence. It is this highly value-added activity within the construction landscape which enables us to ensure safety, quality and timely completion of projects.

Our asset-light model reduces investments in plant and machinery, working capital and manpower, and grants the flexibility of executing projects pan India. As this sustainable model ensues less risk, it helps protect margins.



### Efficient Risk Mapping

There are some other virtues also embedded in the model. Efficient risk mapping and implementing an end-to-end risk management strategy makes it possible for us to foresee potential risks. We maintain constant vigilance on monitoring physical and financial risks and take the necessary steps to mitigate them.

We also specialize in external liaison and implement the most modern methods and equipment for civil engineering work. We treat our sub-contractors as business partners, and over the years, we have developed a potential pipeline of reputed contractors, which is leveraged for efficient project execution. They are selected on the basis of their capabilities and specialization in construction of roads and bridges. We not only hand-hold them during the asset construction, but also share the early completion bonus with them.



# Tapping the Growing Potential in Water Infrastructure

**We are looking to build our order book in the water infrastructure segment. We are building our technical capabilities and adding resources to grow the business gradually. We wish to leverage the huge opportunity in HAM in this segment. As part of our corporate strategy, we are participating in projects involving complex technologies.**

The water infrastructure segment in India is likely to present opportunities to the tune of around Rs. 500-700 Billion under HAM in the near term. Of this, around Rs. 120-130 Billion is currently under different stages of bidding. The sector is expected to witness EPC opportunities valuing Rs. 2 Trillion in the near term.

Our first marquee water infrastructure project at Dewas in Madhya Pradesh has been recently commissioned and has already started generating revenues. This, too, was completed ahead of its scheduled

time period, further proving our credibility in project execution and showcasing our excellence in operations, quality, safety and management processes.

Meanwhile, we are strengthening the vertical by adding people with right experience and building technical capabilities. As part of our corporate strategy, we plan to limit ourselves to high value orders and participate in projects involving complex technology. We will focus on selective states like Madhya Pradesh, Gujarat, Telangana, Maharashtra and Andhra Pradesh.



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# Inclusive Growth for All

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

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

Our corporate values epitomize our vision to achieve inclusive growth for all. We continue to consistently deliver on the

expectations and needs of our stakeholder fraternity across our operations. We seek to strengthen our initiatives through a focus on partnership, innovation and impact to create a sustainable value for the community at large.

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





## EDUCATION

### Project Gyankunj

**Objective:** To enhance the teaching and learning process for teachers and students with the use of technology.

**About:** In partnership with the Gujarat Government, we have taken up the initiative to digitalize Government primary school classrooms and make them more conducive for learning. Gyankunj is a school digitalization program to enhance classroom interactivity and teaching-learning processes with the help of technology tools such as projectors, interactive boards, computer systems, speakers, and UPS, among others.

**Current Reach:** 3 Districts, 116 Schools, 961 Teachers Trained and 55,750 Students.

## EMPOWERMENT

### Welspun Super Sports Women

**Objective:** To identify and support female athletes in achieving their sporting endeavors through scholarships.

**About:** Welspun Foundation supports sportswomen from varied sporting disciplines who come from challenging backgrounds to enable them to strive for excellence in their sport by consistently giving remarkable performances. Passionate and talented young girls with high potential of making a difference in their field of sport are selected and supported.

**Current Reach:** 14 Sports Women.

### Project: Menstrual Hygiene through Women Entrepreneurship

**Objective:** To empower women by creating livelihood opportunities, thereby improving their health.

**About:** The program is initiated on addressing health issues among adolescent girls and women through livelihood opportunities and entrepreneurship. Self Help Groups are created across villages and Women Entrepreneurs are trained to create awareness and sell sanitary pads.

**Current Reach:** Welspun has enabled 48 women entrepreneurs from 23 villages reaching out to 8,000 women across Anjar, Vapi, Dewas and Saharanpur.

### Project Model Village

**Objective:** To create a sustainable rural community that generates and maintains the resources to improve its level of well-being and happiness without depleting economic, social and environmental values.

**About:** Model Village is an integrated intervention in a comprehensive approach in the areas of self-sustainability, Health, with a special focus on mother & child, education - majorly focusing on girl child education, women empowerment, livelihood / income generation activities, creating awareness on clean and safe environment in the village. The flagship model village project is conceived with a view to transform the living conditions of villages and rural settlements surrounding the factories.

**Current Reach:** 5 Villages and 19,600 People.

# Delhi-Meerut Expressway- A Testimony of Excellence

**Inaugurated by India's Honorable Prime Minister Shri Narendra Modi on May 27, 2018, the Delhi-Meerut Expressway (Package 1), stretching from Nizamuddin to the Uttar Pradesh border, has been developed along with NHAI under the Hybrid Annuity Model (HAM). The project consists of a six-lane expressway in the center, flanked by two 4-lane highways on either side, making it 14 lanes in total.**

The Expressway achieved completion in a record time of 19 months, as against the scheduled 30 months, setting a new benchmark on operational efficiency, superior project management and commitment. The project, which received its first annuity on time, has been built in a highly congested urban terrain. It has led to faster and safer connectivity between Delhi and Meerut and the adjoining regions. It also has helped curb pollution through diversion of traffic to other states.

## **Bespoke Innovation that Shapes the Future**

The Expressway showcases our infrastructural strengths and truly resonates with our philosophy of "Leading Tomorrow Together". It has substantially reduced the travel time on the stretch from 45 minutes to just 8 minutes. It further encourages environmental sustainability by reducing pollution, providing better fuel efficiency and enhancing the quality of life.



### Celebrating the Many Firsts of a Landmark Infrastructure Project

- India's first 14-Lane Expressway (Package 1)
- India's first project built under HAM
- India's first truly Sustainable Green Expressway
- India's first HAM project to achieve financial closure
- India's first and only completed HAM project
- India's only HAM project to be awarded AAA (SO) Rating
- India's only HAM project to receive first annuity

### More than an Expressway

- India's first cycling track (2.5-meter wide) on both sides
- Vertical Gardens with drip irrigation
- Solar Panels for lighting entire stretch
- Beautification initiatives such as Open Area, Parks, Fountains and Wall Arts on Pillars
- Replicas of prominent monuments like Qutub Minar and Ashoka Stambh
- Designed for a speed of up to 120 Kms/Hour
- Completed in record time of 19 months against scheduled 30 months
- Advanced Traffic Management Systems
- CCTV Cameras and Retro Reflective Signage
- LED and Anti-fog lights for better visibility
- Anti-glare in medians and U-turn in underpasses

**8 Minutes**  
Travel time taken on the Expressway

**8.716 Kms**  
Total stretch on NH-24

**40,000**  
Saplings planted on Vertical Gardens along the Yamuna Bridge

**14 Lanes**  
(including Highways)  
■ 6-Lane Expressway  
■ Two 4-Lane Highways on either sides

**2.5 Metre-**  
Wide cycling track added on either side

**3,230**  
Solar Panels added through electrification

**1 Major Bridge**  
**2 Minor Bridges**  
**7 Inter-Changes**  
**4 Underpasses**



# Awards

## Construction World Awards 2018

Fastest Growing  
Construction Company in  
the Small Segment

## Annual Awards for Excellence in National Highways by MoRTH

Finalist - Delhi-Meerut Expressway  
(DME) Project

## Excellence in Construction Management (PPP) by MoRTH

CHAMPION Project - Delhi-Meerut  
Expressway

## Indian Concrete Institute

Best Transportation  
Infrastructure Project -  
Delhi-Meerut Expressway

## CSR Excellence Award in Silver Category

by APEX India Foundation. The project  
proposed for the award was "Sponsorship  
to Sportswomen" in 2018

## Conferred with the rating of "ET Aspire 2 Good"

in the second edition of the annual  
The Economic Times '2 Good 4 Good'  
(ET2G4G) CSR Rating Scheme 2018

## Exceptional Commitment to Corporate Social Responsibility

by Gujarat Junction 2019



# Corporate Information

## WELSPUN ENTERPRISES LIMITED

CIN: L45201GJ1994PLC023920

Website: www.welspunenterprises.com; Email id: companysecretary\_wel@welspun.com

### Board of Directors

Mr. Balkrishan Goenka  
*Chairman & Whole Time Director*

Mr. Rajesh Mandawewala  
*Director*

Mr. Mohan Tandon  
*Director*

Mr. Dhruv Kaji  
*Director*

Dr. Aruna Sharma  
*Additional Director w.e.f. 29.01.2019*

Ms. Mala Todarwal  
*Director*

Mr. Raghav Chandra  
*Additional Director w.e.f. 15.05.2019*

Mr. Sandeep Garg  
*Managing Director*

### Key Management Team

Mr. Balkrishan Goenka  
*Chairman (Executive)*

Mr. Sandeep Garg  
*Managing Director*

Mr. Akhil Jindal  
*Group CFO & Head Strategy*

Mr. Deepak Chauhan  
*Director, Legal, Welspun Group*

Mr. Asim Chakraborty  
*Director, COO-Highways*

Mr. Banwari Lal Biyani  
*Director, Audit & System*

Mr. Shriniwas Kargutkar  
*Chief Financial Officer*

Mr. Yogen Lal  
*Director, COO-Water*

Mr. Asim Tewari  
*COO-Business Development & Strategy*

### Securities Registrar and Transfer Agent

Link Intime India Private Ltd.  
C- 101, 247 Park, L.B.S. Marg,  
Vikhroli (West),  
Mumbai - 400 083.

### Audit Committee

Mr. Dhruv Kaji  
*Chairman*

Mr. Mohan Tandon  
*Member*

Mr. Rajesh Mandawewala  
*Member*

Dr. Aruna Sharma  
*Member*

### Nomination and Remuneration Committee

Mr. Mohan Tandon  
*Chairman*

Mr. Rajesh Mandawewala  
*Member*

Mr. Dhruv Kaji  
*Member*

### Share Transfer, Investor Grievance and Stakeholders' Relationship Committee

Mr. Mohan Tandon  
*Chairman*

Mr. Sandeep Garg  
*Member*

Mr. Dhruv Kaji  
*Member*

### Corporate Social Responsibility Committee

Mr. Mohan Tandon  
*Chairman*

Mr. Rajesh Mandawewala  
*Member*

Mr. Sandeep Garg  
*Member*

### Company Secretary

Ms. Priya Pakhare

### Auditors

MGB & Co., LLP,  
Chartered Accountants

### Bankers

Aditya Birla Finance Company Ltd.  
Axis Bank Ltd.  
Corporation Bank  
IDBI Bank Ltd.  
IDFC First Bank Ltd.  
Indian Bank  
IndusInd Bank Ltd.  
L&T Finance Ltd.  
L&T Infrastructure Finance  
Company Ltd.  
PTC India Financial Services Ltd.  
Punjab National Bank  
State Bank of India  
Tata Capital Financial Services Ltd.  
Union Bank of India  
Yes Bank Ltd.

### Stock Exchanges where the Company's Securities are Listed

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

National Stock Exchange of  
India Limited,  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E),  
Mumbai - 400 051

### Corporate Office

Welspun House, Kamala Mills  
Compound, Senapati Bapat Marg,  
Lower Parel,  
Mumbai - 400 013  
Tel: +91-22-6613 6000  
Fax: +91-22-2490 8020

### Registered Office

Welspun City, Village Versamedi,  
Taluka Anjar, District Kutch,  
Gujarat - 370 110  
Tel: +91-2836 662222  
Fax: +91-2836 279010

# Management Discussion and Analysis



“

**We continue our unrelenting focus on operational excellence, which is evident in all our projects, being ahead of schedule. We maintain our prudent capital allocation policy and will invest only in projects which meet our return-threshold. I strongly believe that our differentiated asset-light model will create long-term sustainable value for all stakeholders”**

**Sandeep Garg**  
MD & CEO, Welspun Enterprises Ltd.

The Management Discussion and Analysis (MD&A) should be read in conjunction with the Audited Financial Statements of Welspun Enterprises Ltd. (“Welspun” or “WEL” or the “Company”), and the notes thereto for the year ended March 31, 2019. This MD&A covers Welspun’s financial position and operations for the year ended March 31, 2019. Amounts are stated in Indian Rupees unless otherwise indicated. The numbers for the year ending March 31, 2019 as well as for the previous year are regrouped and reclassified wherever necessary.

## **FORWARD-LOOKING STATEMENTS**

This report contains forward-looking statements, which may be identified by the use of words like ‘plans’, ‘expects’, ‘will’, ‘anticipates’, ‘believes’, ‘intends’, ‘projects’, ‘estimates’ or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company’s strategy for growth, project development,

market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.



## BUSINESS OVERVIEW

Welspun Enterprises Limited (WEL), formerly known as Welspun Projects Ltd., is a part of the USD 2.7 Billion Welspun Group. The Company operates in the infrastructure space with investments in oil & gas. The Company, in its current form, was created by the merger of the erstwhile Welspun Enterprises Ltd., Welspun Infratech Limited, Welspun Plastics Private Limited and Welspun Infra Projects Private Limited with Welspun Projects, which was renamed as Welspun Enterprises Ltd. In the infrastructure space, WEL is focused on Hybrid Annuity Model (HAM) projects as a developer.

## MACRO-ECONOMIC OVERVIEW

In CY2018, the global economy grew at 3.7%, lower from 3.8% reported in CY2017. The year-on-year marginal dip in growth can be attributed to a moderation in international trade and investment. Global trade tensions

have escalated, and the financial conditions continue to tighten but the projection for CY2020 remains positive. Growth in developed economies has moderated, with the notable exception of the United States, where fiscal stimulus had boosted activity for the most part of the year. In contrast, activity in the Euro area has been somewhat weaker, owing to slowdown in net exports. The aggregate growth in Emerging Market and Developing Countries has also edged down in the same period, as a number of countries with elevated current account deficits experienced substantial financial market pressures and appreciable slowdowns in activity.

On the other hand, the Indian economy again, is on a strong footing and boasts of a steady yearly development rate. The Indian economy recorded growth of 7.3% in CY2018. With Gross Domestic Product (GDP) projected to tick up to 7.5% in CY2019, India has emerged as the fastest growing major economy in the

world and is expected to be one of the top three economic powers of the world over the next 10-15 years.

Indian government has introduced various structural reforms with regards to the economy. The first half of the year showed positive results post demonetization, implementation of GST, Make in India and many other key reforms brought about to propel the economic development faster. However, the second half of the year saw a credit crunch confronting one of the large infrastructure companies in the country. This development has roiled the country's financial markets lately, which also triggered concerns about risk in the rest of the country's NBFC sector. In addition to that, several banks were also placed under PCA (Prompt Corrective Action) by the RBI restricting their ability to lend. As a result of these developments, the infrastructure industry went through a challenging time with debt funding being available only to a few developers with strong financials.

In order to increase the liquidity flow to the Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs), Reserve Bank of India (RBI) introduced several new measures for facilitating easy flow of credit and permitted use of an additional 2% of securities under the Statutory Liquidity Ratio (SLR) for the purpose of maintaining the liquidity coverage ratio. This move offers relief to banks which are struggling with high credit-deposit ratios. Moreover, the Government, under PCA has recently allocated capital infusion of about Rs. 50,000 crore in 12 public sector banks, to help them meet regulatory capital requirements and make growth capital available for the stronger lenders, which should help in stabilizing the overall situation.

In the upcoming year, with the implementation of the measures discussed, the Indian economy is expected to be conducive again for financing of the infrastructure sector. Investment in infrastructure is expected to gain momentum with a new government coming into power post the general elections.

## INFRASTRUCTURE

Infrastructure is critical for economic and social development the world over. Across the globe, a well-functioning, modern infrastructure is central to economic development and to quality of life. Infrastructure investment is important for the most advanced economies as well as for those at the early stages of development alike. In developing economies, as roads are built, reliable electricity installed and clean water made available to all, it can have a truly transformative impact on the lives of citizens and the prospects of businesses. In more mature economies too, keeping pace with demand, and building new and upgraded infrastructure, is integral in efforts to sustain economic growth.

Yet, there is often a tendency to under-invest in infrastructure by countries. Several factors are at play that explain this. Firstly, infrastructure typically involves making large upfront investments, while returns may take decades to accrue. Secondly, the risk of uncertain returns can make raising finances challenging. Thirdly, the benefit to society of an infrastructure project may often be greater than the private returns generated for the operator. These challenges are often addressed through government regulation and effective Public Private Partnership (PPP) models.

As per Global Infrastructure Outlook, India is the second largest infrastructure market in Asia after China. Over the last

few decades, India has seen a rapid growth in its urbanization, population and wealth. India's ambition of sustaining this high growth depends majorly on availability of infrastructure. Despite India's significant infrastructure investments (about 9% of GDP), the country is plagued with a weak infrastructure short of meeting the needs of a growing economy and growing population. With the increase in population in India and increase in GDP per head to USD 4,800 by 2040 from current levels of only USD 1,600, it is expected that there will be significant demand for infrastructure in India over the next 25 years. India will require about USD 4.5 Trillion investment in infrastructure by 2040 in order to cater to the increased population and income.



### Road Infrastructure

In any economy, transport infrastructure acts like a baseline to ensure continuous smooth movement of public and goods. With the development of infrastructure in India, the country has progressed at a rapid pace and today there is an availability of several modes of transport by land, water and air. Road transport is the primary and preferred mode of transport for most of the population due to its ease of accessibility and flexibility. Aside from encouraging the movement of goods and passengers, road transport plays a crucial role in the economic development of a nation by increasing the productivity and competitiveness.

India's road transport system is among the most heavily utilized system in the world. Transport

sector accounts for 6% of India's GDP with road transport having around 70% share. More than 65% of freight and 85% of the passenger traffic in the country is handled by roads. India has a road network of over 5.9 Million Kms, which makes it the second largest road network in the world. This shows the significance of the road transport and justifies the undivided focus of Government on the sector.

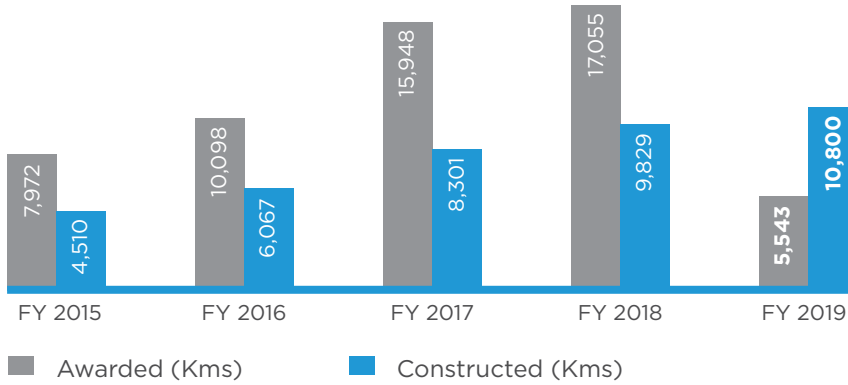
Though FY 2017 and FY 2018 witnessed record awarding of projects, new project awards in FY 2019 remained muted due to delays in land acquisition and issues around financial closure of infrastructure projects. During FY 2019, total length of highways awarded in the country was 5,543 kilometers, of which 2,222 kilometers were awarded by NHAI and the Ministry of Road &

Highways collectively. However, the order book resulting from ordering in FY 2017 and FY 2018 led to an all-time high highway construction of more than 10,000 Kilometers or approximately 30 Km per day in FY 2019. This was the best year in the last decade as far as highway construction in the country is concerned, as the focus was more on execution than new awards from NHAI and other Government bodies.

In addition to this, the Government has come up with several mega projects like Bharatmala Pariyojana, a new umbrella program for the highways sector that focuses on optimizing efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps through effective interventions



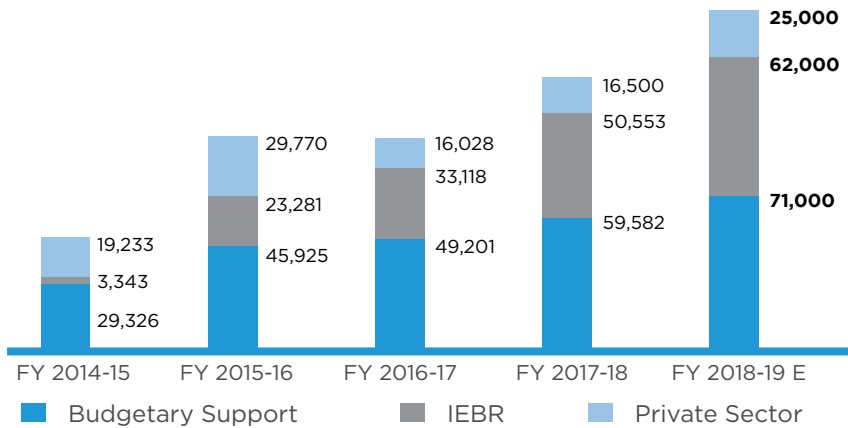
**Fig. 1: Highways Awarded and Constructed**



Source: MoRTH

**Taking into consideration, the significance of the road infrastructure, the Government has increased its focus on the roads & highways sector by increasing the investment outlay in the sector (refer fig.)**

**Fig. 2: Increasing Investment in the Sector (in Rs. crore)**



Source: MoRTH NHAI, Karvy Research

\*IEBR: Internal and Extra Budgetary Resources

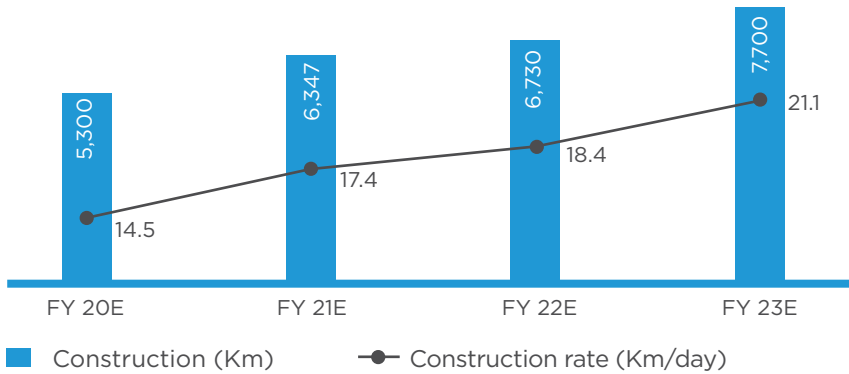
like development of Economic Corridors, Inter Corridors and Feeder Routes, National Corridor Efficiency Improvement, Border and International connectivity roads, Coastal and Port connectivity roads and Greenfield expressways. A total of around 24,800 Kms are proposed to be constructed in Phase I. In addition, Phase I also includes 10,000 Kms of balance road works under NHDP. Estimated outlay for Phase I is Rs. 5,35,000 crore. The objective of the program is to achieve optimal resource allocation for holistic highway development/improvement. In order to fund this huge program, NHAI is exploring and using different options for funding like Toll Operate Transfer (ToT) auction, different

period bonds through private & public placement and equity partnerships.

In order to encourage private participation in the road construction segment, Government is coming up with project awards under different formats. Hybrid Annuity Model (HAM), the latest variant, is an innovative model of project development which divides the risk between the developer and the authority. HAM was introduced in January 2016, to kickstart road projects that had stalled under the previous regime due to issues like acquisition of land, construction risk, tolling risk, traffic changes and difficulty in financing the debts for the projects.



**Fig. 3: NHA: Planned construction of the Bharatmala Program**



Source: NHA



HAM model is a win-win model for both the developer and the concessioning authority. From the point of developer, 40% of the project cost in HAM contracts is provided by the authority (such as NHA) as construction support, thus reducing equity requirement for the developer to a minimal level of 12-15%. Since fund disbursement from the Government is on time and happens during the construction phase itself, projects have less chance of getting stuck because of financing reasons. The authority also ensures necessary clearances and 80% of the land before the appointed date. During the operational period, the developer bears no toll collection risk and its O&M gets covered by separate payments from the authority. For the authority, capital expenditure is deferred under HAM and requires lesser amount of funds during construction years in comparison to projects on EPC mode. By following HAM, the authority would be able to finance 2.5 times of what it could on EPC mode. In addition to this, the authority gets revenue from toll collections and assured maintenance by the concessionaire for the concession period.

A few of the States are coming up with their versions of HAM model to make projects more attractive to developers and to the lenders for financing. Maharashtra, for example, provides 60% of the funds during construction instead of 40%, and the payment tenure for the remaining amount has been cut down from 15 years to 10 years. It also puts 50% of its contribution during construction, upfront in an escrow account for additional comfort to lenders.

Success of HAM in becoming a preferred mode of awarding projects can be seen from the fact that it constituted almost half of the total projects awarded by NHA in last two years vs only 8% in FY 2016.



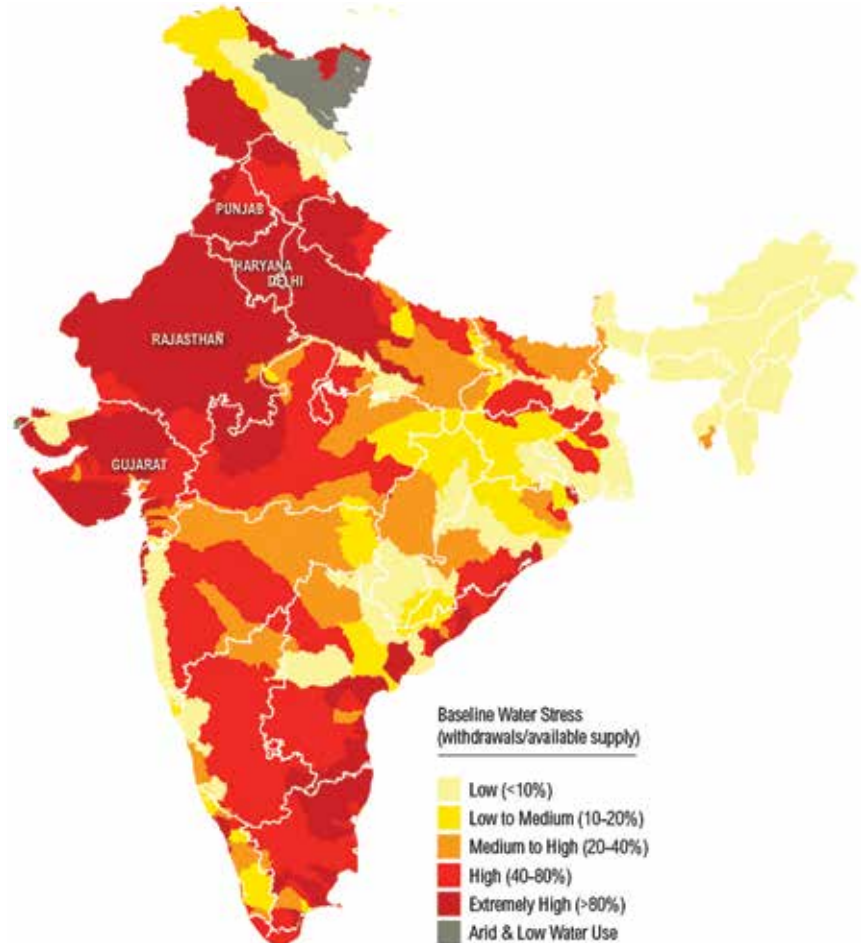
**Water Infrastructure**

India is home to 16% of the world’s population, covering 2.5% of the world’s land area, whereas it has only 4% of the world’s water resources. With increasing water demand putting pressure on availability and quality, India is currently ranked 120 among 122 countries in the water quality index.

India is suffering from the worst water crisis in its history. As many as one Billion people live in areas of physical water scarcity, of which 600 Million Indians face high to extreme water worries because of insufficient access to safe water. If the current scenario continues, it is estimated that by 2030, 40% of India’s population may not have access to drinking water and eventually resulting in about 6% loss to the country’s GDP. Currently, critical groundwater resources (about 40% of our water supply) are being depleted at unsustainable rates. There is a likelihood that 21 cities including New Delhi, Bengaluru, Hyderabad & Chennai will run out of ground water by 2020 affecting nearly 100 Million people. The severity of current baseline water stress can be seen all across the country. (refer Fig.4)

In order to combat this situation, India will have a cumulative investment requirement from 2016 to 2040 of USD 373 Billion in water infrastructure. To overcome the lack of efficient infrastructure, Indian Government is coming up with overall improvement plans for the sector. India is set to embark on an ambitious exercise to link over 70 of its rivers. Central government’s ambitious Rs. 5.5 Trillion River Inter-link plan is a large-scale civil engineering project that aims to link rivers. The mission of this program is to ensure greater equity in the distribution of water by enhancing its availability in drought-prone and rainfed areas. The National Water Development Agency (NWDA) has identified

**Fig. 4:** Baseline water stress in India (Ratio of total withdrawals and total flow)



Source: Niti Aayog

30 links for interlinking projects for transferring water from water surplus basin to water deficit basins.

India’s flagship program for rejuvenation of River Ganga, Namami Gange has been launched; a total of 254 projects costing Rs. 247 Billion have been sanctioned for various activities like sewage infrastructure, river front development, river surface cleaning and public participation. This will not only create new infrastructure, but also rehabilitate the old and dilapidated Sewage Treatment Plants (STPs). Moreover, the ministry is implementing other key projects such as Pradhan Mantri Krishi Sinchayee Yojana.

Successful implementation of these plans will require a strong public private partnership. Thus, after reviving private sector participation in the road infrastructure sector, the Government is making efforts in water infrastructure as well. On the similar lines of HAM road infrastructure model, the Government has given an approval on Hybrid Annuity-PPP model for water infrastructure. As per this model, 40% of the capital cost will be paid by the Government to the developer during construction and the remaining capital investment is made by the developer through equity and debt financing.

## Oil and Gas

The world economy continues to expand at a faster pace and is expected to increase by two-fold over the next 20 years, driven by increasing prosperity in fast growing developing economies, with India, China and other Asian countries together accounting for two-thirds of the increase. This growth will require energy and therefore, global energy demand is expected to grow by about 30% by 2040. India's demand for energy in the same period is expected to expand by 156%, nearly three times the overall non-OECD growth of 56%, also outpacing each of the BRIC countries: China (+28%), Brazil (+65%), and Russia (+7%). India is already the third-largest consumer of crude oil and petroleum products in the world after USA and China, the country's share in global energy consumption is anticipated to jump significantly from 6% in 2019 to 11% in 2040.

The expansion in India's energy demand will be significantly contributed by progressive growth in India's GDP,

advancement of manufacturing sector and growing population size. Moreover, with rising income levels, demand for automobile is also estimated to rise, which in turn will raise the demand for oil and gas. By 2040, oil imports are expected to rise by 101%, while the gas imports are expected to increase by 242%, which signifies India's high reliance on imports for majority of its oil and gas consumption.

In order to meet the growing demand and reduce high dependency on imports, various initiatives have been taken by the Government for strengthening Exploration & Production (E&P) segment of oil and gas in India:

- Approval of the Hydrocarbon Exploration and Licensing Policy (HELP), which enables ease of doing business for E&P segment, by offering a single license for both conventional and unconventional Hydrocarbons
- Under the flagship policy HELP, the Government launched Open Acreage

License Program (OALP) as well, which allows the companies to carve out area for petroleum exploration and production

- Setting up of National Data Repository (NDR) to assimilate and preserve the entire exploration and production data of 3.14 Million Sq. Kms of Indian sedimentary basins, which will not only facilitate global E&P investments but also support research in E&P domain

To increase exploration activities, attract domestic and foreign investment in unexplored/unallocated areas of sedimentary basins, enhance domestic production of oil and gas from existing fields and promote ease of doing business by streamlining and expediting the approval processes, the Government of India recently announced policies to allow contractors to have full marketing and pricing freedom to sell on arm's-length basis, and also to have price discovery on the basis of transparent and competitive bidding.



## WEL - BUSINESS STRATEGY AND HIGHLIGHTS

Welspun Enterprises Limited (WEL) is one of the three key companies under the Welspun Group. The Company operates in the infrastructure sector (Road and water infrastructure) with investment in oil and gas space. WEL is unique in the Indian infrastructure space with its focus majorly on HAM, significant cash balance and asset-light model. WEL has 7 HAM projects in its portfolio taking the total HAM portfolio size to Rs. 85+ Billion and 590+ Kms. Unexecuted order book at the end of FY 2019 stands at Rs. 52+ Billion implying a book-to-bill ratio of approximately 3 times. This implies a strong revenue growth visibility for next 2 years.

The Company follows a unique asset-light model, with minimal investment in construction plant

and machinery. WEL only focuses on the high value-add activity - Project Management Consultancy (PMC), ensuring quality, safety and timely completion of the projects in its portfolio. The entire construction is outsourced/sub-contracted to the best-suited sub-contractor. This outsourcing gives WEL flexibility to take up projects in any part of the country. The rigorous project monitoring and supervision by WEL, during the construction phase, helps in achieving early completion and reducing operations and maintenance during the O&M period. It also helps improve returns by earning the early completion bonus. With focus only on HAM, working capital requirements are also minimal. Under HAM, the risks are significantly reduced once the construction is over. WEL's strategy is to unlock value from its completed assets either through

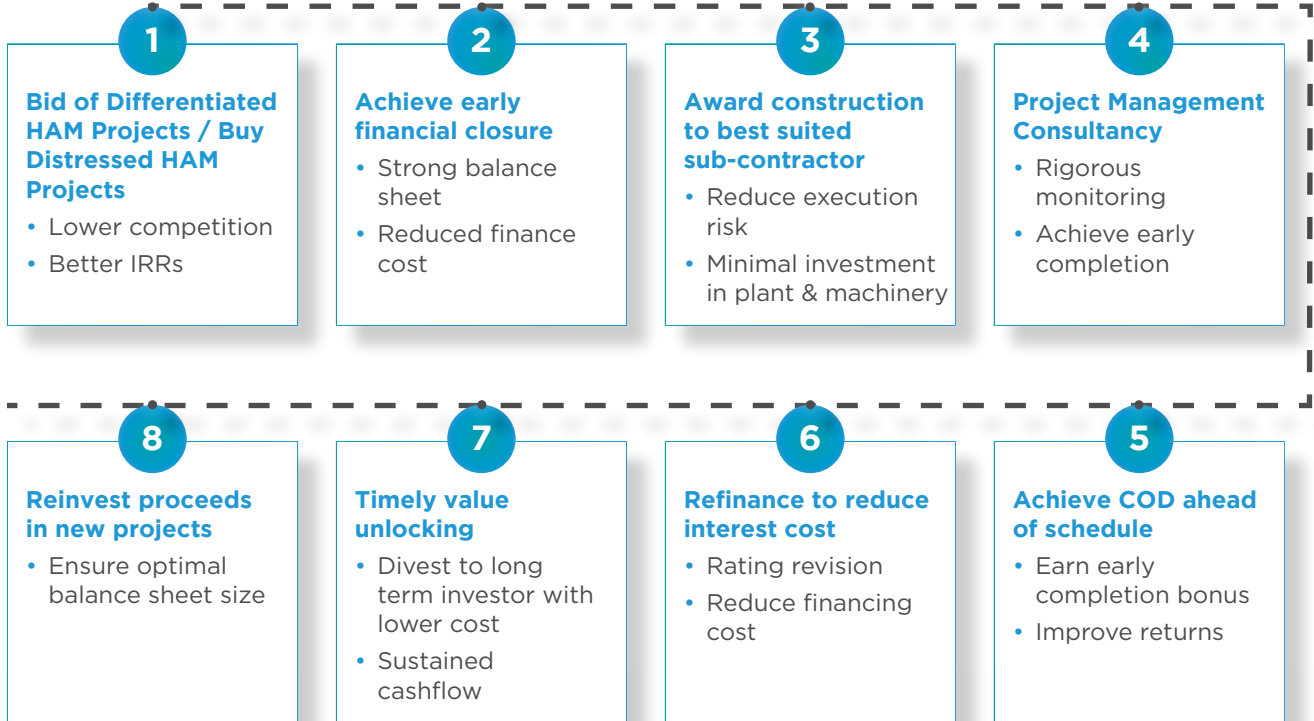
an outright sale or through refinancing.

The Company has a net cash balance of Rs. 3 Billion, unlike most other companies in the infrastructure space that are burdened with high amount of debt. This cash balance ensures that the Company has ample capital for growth as well as supports the equity required for the HAM projects. In addition to the Rs. 3 Billion cash balance, the Company has around Rs. 1.1 Billion which is given as temporary funding to subsidiaries/JVs in lieu of drawing debt at that level. This takes the total growth capital to Rs. 4.1 Billion.

Thus, WEL is well-positioned to financially close its HAM projects. It has the capability to arrange debt at reasonable rates, given Welspun Group's strong relationship with banks and WEL's robust credit rating.



WEL follows the following strategy:



## INFRASTRUCTURE PROJECT PORTFOLIO

WEL started FY 2019 with five HAM projects and added two more HAM projects to its portfolio. The Company won the Sattanathapuram - Nagapattinam project (in Tamil Nadu) from NHAI as well as Package No. AM2 (in Amravati, Maharashtra) from Maharashtra PWD during the year, taking the total HAM portfolio size to Rs. 85+ Billion and 590+ Kms. During the year, WEL also demonstrated robust execution on its HAM project portfolio. The Company got appointed date and started construction on two of its projects, in addition to further progress on the two under-construction projects. The unexecuted EPC order book at the end of the year was Rs. 52+ Billion (excluding GST).

The year marked the completion of India's first HAM project - Delhi-Meerut Expressway Package - 1 in a record 19 months (11 months prior to the scheduled completion), demonstrating operational excellence.

**HAM Road Projects:** All projects are with full financial tie-ups as detailed below:

### Delhi-Meerut Expressway Package 1

**Project Description:** 14-Lane expressway: Six-laning of Delhi - Meerut Expressway & 4-laning either side from 0<sup>th</sup> km to existing km 8.4 of NH-24 in Delhi.

**Completion cost:** Rs. 8.87 Billion

**Project status:** WEL started construction on the country's first 14-lane expressway and one of the first projects under the Hybrid Annuity Model (HAM), in November 2016. While the construction schedule was 30 months, the Company completed the project and got COD within 19 months. This demonstrates the operational excellence and superior project management by WEL, with its outstanding performance being appreciated by the NHAI as well.



WEL also received the first annuity in January 2019 within the stipulated time of 15 days from the completion of 6 months from COD. Annuity details are given in the below table:

| Sr. No. | Description                         | Amount (Rs. in Million) |
|---------|-------------------------------------|-------------------------|
| 1       | 1 <sup>st</sup> Annuity installment | 112                     |
| 2       | Interest on completion cost         | 261                     |
| 3       | O & M payments                      | 22.1                    |

Early completion bonus of Rs. 271 Million (excluding GST) has also been received by the Company.

### Gagalheri-Saharanpur Yamunanagar (GSY)

**Project Description:** 4-laning of Gagalheri-Saharanpur Yamunanagar section of NH-73 in UP / Haryana.

**Bid Project Cost:** Rs. 11.84 Billion

**Project Status:** WEL acquired a stake in this project from the MBL group and became the project sponsor in January 2018. NHA declared the Appointed Date for the Project as January 26, 2018. Physical progress of about 60% has been completed by end-FY 2019 and execution is in full swing in this project.

### Chutmalpur-Ganeshpur & Roorkee-Chutmalpur-Gagalheri (CGRG)

**Project Description:** 4-Laning of Chutmalpur-Ganeshpur section of NH-72A & Roorkee-Chutmalpur-Gagalheri section of NH-73 in UP & Uttarakhand.

**Bid Project Cost:** Rs. 9.42 Billion

**Project Status:** WEL acquired a stake in this project from the MBL group and become the project sponsor in January 2018. NHA declared the Appointed Date for the Project as February 28, 2018. Physical progress of about 60% has been completed by end-FY 2019 and execution is in full swing in this project.

### Aunta-Simaria (Ganga Bridge with Approach Roads)

**Project Description:** Six-Laning from Aunta-Simaria (Ganga Bridge with Approach Roads) Section from km 197.9 to Km 206.1 of NH-31 in Bihar.

**Bid Project Cost:** Rs. 11.61 Billion

**Project Status:** The Company was awarded the project in August 2017 by NHA. NHA declared the Appointed Date for the Project as August 30, 2018. Physical progress of about 10% has been completed by end-FY 2019 and execution is in full swing in this project.

### Chikhali-Tarsod (Package-IIA)

**Project Description:** 4-laning of Chikhali-Tarsod (Package-IIA) section of NH-6 from km. 360.0 to km. 422.7 in Maharashtra.

**Bid Project Cost:** Rs. 10.48 Billion

**Project Status:** WEL acquired a stake in this project from the Vishvaraj group and became the project sponsor in January 2018. NHA declared the Appointed Date for the Project as January 16, 2019. Physical progress of about 17% has been completed by end-FY 2019 and execution is in full swing in this project.

### Sattanathapuram-Nagapattinam

**Project Description:** 4-laning of Sattanathapuram to Nagapattinam (Design Ch Km 123.8 to Km 179.6) section of NH-45A (New NH-332) in Tamil Nadu

**Bid Project Cost:** Rs. 20.04 Billion

**Project Status:** Received Letter of Award (LoA) in July 2018; signed concession agreement on December 3, 2018. The Company has submitted financial closure documents to NHA and is awaiting appointed date.

### Package No. AM2 (Maharashtra Amravati)

**Project Description:** Upgradation of Roads in Maharashtra State or Two Laning Road/Two Laning Road with paved shoulder under MRIP Package on Hybrid Annuity Mode (HAM) Package No. AM 2

**Key Features:** Concessionaire to receive 60% of the Bid Project Cost (BPC) during the construction period (vs. 40% in NHA projects); balance 40% of BPC and O&M payments is paid back in semi-annual installments in a period of 10 years (vs. 15 years in NHA projects)

**Bid Project Cost:** Rs. 14.6 Billion

**Project Status:** Received Letter of Award in Nov 2018; concession agreement signed on January 10, 2019. Company has submitted financial closure documents to the authority and has received the appointed date in May 2019.

Apart from the HAM projects, the Company also has a small portfolio of legacy BOT projects. The Company currently operates two BOT projects - one in road & water each. The projects are:

- Himmatnagar bypass in Gujarat: Rs. 15.7 Million toll collection in the year
- Dewas water project in Madhya Pradesh: This project, which involves supply of treated water of up to 23 MLD to industrial customers in Dewas, has been modified under the Madhya Pradesh Swiss Challenge Guidelines. Construction of the modified project, with project cost of Rs. 1.46 Billion (including subsumed debt of old project), started in May 2018 and provisional COD was received w.e.f. from April 30, 2019.

During the year, the Company handed back Raisen-Rahatgarh BOT project to the authority on October 9, 2018. Also, the Company has a policy of regularly divesting completed assets in order to recycle capital. During the year, the 13% residual stake in Dewas Bhopal BOT road project was sold for Rs. 577 Million. With this, the total consideration received by Welspun was Rs. 1,841 Million as against its fund infusion of Rs. 854 Million implying a multiple of 2.15x.

## OUTLOOK

With a robust unexecuted EPC order book of Rs. 52+ Billion (Excluding GST) which is at a book-to-bill ratio of approximately 3 times, WEL has a good revenue visibility for next 2 years. The Company will continue to focus on operational excellence and prudent capital allocation by investing in projects which meet the Company's return-threshold.

WEL plans to continue its approach of prudent bid/buy strategy to strengthen its HAM portfolio. Major projects targetted will be the projects where differentiation is possible from the developer

side. The Company will also look to tap opportunities in State road HAM projects on a selective basis.

As part of its diversification strategy, WEL is looking to grow its business in the water infrastructure segment. The Company sees huge potential in the water projects space with focus on water transmission, water treatment and desalination projects, and expects to replicate its road sector success in water segment as well.

On the existing project portfolio, the Company is targeting to complete construction before schedule on all the projects. Once completed, WEL will look to divest or securitize / refinance these completed projects in order to unlock capital and create long-term sustainable value for the stakeholders.

## OIL & GAS

The Company is invested in the oil and gas sector through a Joint Venture Company - Adani Welspun Exploration Ltd. (AWEL), where it owns 35% stake. Under the existing portfolio, the Company has four relevant blocks:

- Kutch-1 or GK-OSN-2009/1 - AWEL has 25% stake in this block. Declaration of Commerciality (DoC) has been filed by the operator-ONGC. Once it is approved by DGH, Field Development Plan (FDP) will be prepared and submitted
- Mumbai Block or MB-OSN-2005/2- AWEL currently holds 100% ownership interest in Phase I. AWEL has decided to execute Phase-II of the exploration
- Palej or CB-ONN-2005/4 -WEL and Adani Group directly hold 35% and 55% respectively in this block. The consortium had stuck oil in the block but termination notice was served by MoPNG due to default of Naftogaz India holding 10% stake; non-defaulting partners

Adani Group and WEL have requested for transfer of this 10% stake to Adani/AWEL. The request is pending for approval by DGH/MoPNG

- B-9 Cluster (DSF) - This block is in close proximity to AWEL's prospective exploratory block (MB/OSN/2005/2) and ONGC's B-12 area, which is under advanced stage of development. The field development plan has been reviewed by DGH and development is expected to start soon. The anticipated capital cost is USD 110 Million at the AWEL level

During the year, AWEL decided not to participate in future exploration/appraisal of another of its blocks - GK-OSN-2009/2 in Kutch.

WEL believes that its existing blocks have considerable hydrocarbon potential, which would be quantifiable post the appraisal stage/during the development stage of each of these blocks. The Company intends to unlock value from these blocks at the right time.

## AWARDS

WEL's performance has been widely appreciated and it has won several awards during the year:

### Awards & Accolades for WEL

1. Chosen by Construction World magazine as the **'Fastest Growing Construction Company'** in the 'Small' segment.
2. Selected by Construction World magazine as one of the **'Top Challengers'** - companies who have demonstrated their ability to grow over the previous year despite challenging circumstances.

### Accolades for DME

1. DME Project was a **Finalist** in the **'Annual Awards for Excellence in National Highways'** instituted by the Ministry of Road Transport and Highways (MoRTH). The project was chosen as a **CHAMPION** in the category of **Excellence in Construction Management (PPP)**.
2. Awarded **'Best Transportation Infrastructure Project'** by Indian Concrete Institute.





## CORPORATE SOCIAL RESPONSIBILITY

Welspun is proactive to the immediate global need for sustainable practices and shares a cherished bond with the communities it influences. With a steadfast commitment to areas of Education, Empowerment, Environment and Health, Welspun works closely with the surrounding villages to touch, heal and better the quality of lives around the world. In everything Welspun does, there is a strong commitment to sustainable development, balancing the needs of the present with those of the future.

With an aim to encourage sanitation practices in women and empowering them to earn a better livelihood, Welspun initiated a project on promoting menstrual hygiene management in the villages. Through this initiative, Welspun has enabled 48 women entrepreneurs from 23 villages reaching out to 8,000 women across Anjar, Vapi, Saharanpur, Dewas, Bihar, Uttar Pradesh and Telangana. By 2020, the Company is well poised to scale the project up, creating 200 entrepreneurs and impacting half a Million women across the country.

In areas nearby its construction sites, the Company has taken initiatives for:



### Community Healthcare

- Weekly health check-up camps
- Regular fogging



### Potable Water Supply

- Distribution of potable water at nearby areas
- Providing clean & hygienic water bottles for storage



### Promoting Education

- Providing basic education at a young age
- Distribution of school kits and books for children





### Key Risks

#### Infrastructure

- Land acquisition issues
- Multiple clearances and associated delays
- Difficulties in raising long-term funding
- Too many assets available for sale combined with limited buyers, reducing valuation of assets
- Inadequate regulatory framework
- Interest rate risk

#### Oil & Gas

- Commercial viability of discoveries
- Volatility of oil & gas prices
- Infrastructure constraints for exploration and evacuation of products
- Regulatory controls

### HUMAN RESOURCES POLICY

Human resource is the biggest asset of the Company and it remains one of the core focus areas of the Company. The Management of the Company lays special emphasis on the welfare of its employees and training, welfare and safety measures are undertaken on a regular basis. The Company has a well-qualified and experienced team of professionals with a dedicated human resource department, which is competent to deliver when needed. The Company aims to provide a congenial work environment that respects individuals and encourages professional growth, innovation and superior performance. The headcount in the Company as on March 31, 2019 was 437.

### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

## DISCUSSION OF FINANCIAL PERFORMANCE - FY 2019

Note: This section discusses the financial performance on a comparable basis. The numbers might differ from the reported numbers.

The standalone financials are as shown below:

| Income Statement Snapshot (Rs. Million) | FY 2018-19    | FY 2017-18    | YoY Growth |
|---|---------------|---------------|------------|
| <b>Revenue from Operations</b>          | <b>17,394</b> | <b>9,972</b>  | <b>74%</b> |
| Other Income                            | 546           | 956           | -43%       |
| <b>Total Income</b>                     | <b>17,940</b> | <b>10,928</b> | <b>64%</b> |
| <b>EBITDA</b>                           | <b>2,369</b>  | <b>1,660</b>  | <b>43%</b> |
| EBITDA margin                           | 13.2%         | 15.2%         |            |
| <b>PBT</b>                              | <b>2,122</b>  | <b>1,385</b>  | <b>53%</b> |
| Exceptional gain                        | 199           | 142           |            |
| Reported PBT                            | 2,320         | 1,527         | 52%        |
| <b>PAT</b>                              | <b>1,537</b>  | <b>1,097</b>  | <b>40%</b> |
| PAT margin                              | 8.6%          | 10.0%         |            |
| <b>Cash PAT</b>                         | <b>1,809</b>  | <b>1,298</b>  | <b>39%</b> |

Note: Cash PAT = Reported PBDT - Current tax + Non-cash ESOP

| Balance Sheet Snapshot (Rs. Million)               | 31st Mar 2019 | 31st Mar 2018 |
|--|---------------|---------------|
| <b>Net Worth</b>                                   | <b>15,993</b> | <b>14,573</b> |
| Gross Debt   | 1,709         | 664           |
| - Long-Term Debt (incl. current maturities)        | 130           | 521           |
| - Short-Term Debt                                  | 1,579         | 143           |
| <b>Cash &amp; Cash Equivalents</b>                 | <b>4,737</b>  | <b>7,135</b>  |
| Net Debt /(Cash)                                   | (3,028)       | (6,471)       |
| Other Long-Term Liabilities                        | 315           | 303           |
| Total Net Fixed Assets (incl. CWIP)                | 645           | 87            |
| Net Current Assets (Excl. Cash & Cash Equivalents) | 1,328         | 1,053         |
| Other Long-Term Investments and Assets             | 11,306        | 7,263         |

Note: Cash & Cash Equivalents include liquid Investments & ICDs

### Revenue from Operations:

Revenue from Operations up 74% to Rs. 17,394 Million from Rs. 9,972 Million, primarily due to increased execution on multiple projects.

### EBITDA:

EBITDA up 43% to Rs. 2,369 Million from Rs. 1,660 Million with higher execution.

### Profitability:

Profit before tax (before exceptional) up 53% to Rs. 2,122 Million in FY 2019 from Rs. 1,385 Million in FY 2018.

Profit after tax up 40% to Rs. 1,537 Million in FY 2019 from Rs. 1,097 Million in FY 2018.

### Net Worth:

Networth was at Rs. 15,993 Million in FY 2019 as compared to Rs. 14,573 Million in FY 2018.

### Debt:

The Company's gross debt stands at Rs. 1,709 Million in FY 2019 compared to Rs. 664 Million in FY 2018. Taking into consideration, cash and cash equivalents of Rs. 4,737 Million, the Net Debt/(cash) stood at Rs. (3,028)

Million in FY 2019 as compared to Rs. (6,471) Million in FY 2018. The cash & cash equivalents exclude Rs. 1,091 Million which is given as temporary funding to subsidiaries/JVs in lieu of drawing debt at that level. The temporary funding was done in order to minimize the interest cost at the SPVs and the funds are available to WEL, on demand. The reduction in net cash was primarily on account of investments in SPV for under construction HAM projects.

## KEY FINANCIAL RATIOS

| Ratios                                    | Definitions                        | 31-Mar-19 | 31-Mar-18 | Remarks  |
|---|------------------------------------|-----------|-----------|--|
| (i) Debtors Turnover                      | Turnover / Average Debtors         | 7.64      | 14.98     | The Company had done temporary funding of its subsidiaries through outstanding receivables. This was done in order to minimize the interest cost at the subsidiaries |
| (ii) Inventory Turnover                   | Turnover / Average Inventory       | 2,395     | 1,412     | Inventory is negligible due to the Company's back to back subcontracting business model; so this ratio is not relevant to track                                      |
| (iii) Interest Coverage Ratio             | EBIT / Interest                    | 20.36     | 20.79     | Interest costs grew in line with the EBIT  |
| (iv) Current Ratio                        | Current Asset/ Current Liabilities | 1.70      | 3.18      | Decrease in cash due to investment in SPVs has resulted in lower current ratio   |
| (v) Debt Equity Ratio                     | Gross Debt/Net Worth               | 0.10      | 0.04      | Short-term debt taken (mostly in the form of CPs) has resulted in higher debt equity ratio   |
| (vi) Operating (EBITDA) Profit Margin (%) | Operating EBITDA/Turnover          | 12.1%     | 9.5%      | Operating profit margin is higher on account of improved profitability as fixed costs were spread over higher turnover as execution picked up pace                   |
| (vii) Net Profit Margin (%)               | Net Profit/ Turnover               | 8.8%      | 11.0%     | Net Profit Margin reduced mainly due to reduction in treasury income   |
| (viii) Return on Net Worth (%)            | Net Profit/Net Worth               | 9.6%      | 7.5%      | Improvement in net profit due to higher operating profit, resulted in better return on net worth   |

# Directors' Report

To,  
The Members,  
**Welspun Enterprises Limited**

The directors have pleasure in presenting the 25<sup>th</sup> Annual Report of the Company along with the Audited Financial Statements for the financial year ended March 31, 2019.

## 1. FINANCIAL RESULTS:

(Rs. in lakhs)

| Particulars  | Standalone     |                | Consolidated   |                |
|--|----------------|----------------|----------------|----------------|
|  | F.Y. 2018-19   | F.Y. 2017-18   | F.Y. 2018-19   | F.Y. 2017-18   |
| Revenue from operations                                  | 173,942        | 99,720         | 178,660        | 106,713        |
| Other Income   | 5,462          | 9,556          | 7,387          | 11,481         |
| <b>Total Income</b>                                      | <b>179,404</b> | <b>109,276</b> | <b>186,047</b> | <b>118,195</b> |
| <b>Total Expenditure</b>                                 | <b>158,187</b> | <b>95,427</b>  | <b>165,884</b> | <b>104,375</b> |
| Share of profit/ (loss) from associate and joint venture | -              | -              | (1,450)        | (285)          |
| <b>Profit Before Tax</b>                                 | <b>21,217</b>  | <b>13,849</b>  | <b>18,713</b>  | <b>13,534</b>  |
| Exceptional Items  | 1,985          | 1,417          | 1,985          | (1,961)        |
| Tax expenses/ (credit)                                   | 7,833          | 4,292          | 8,022          | 4,630          |
| <b>Profit for the year</b>                               | <b>15,369</b>  | <b>10,974</b>  | <b>12,676</b>  | <b>6,943</b>   |
| Other Comprehensive Income                               | (32)           | (88)           | (33)           | (92)           |
| <b>Total Comprehensive Income</b>                        | <b>15,337</b>  | <b>10,886</b>  | <b>12,643</b>  | <b>6,851</b>   |
| <b>Earnings Per Share</b>                                |                |                |                |                |
| Basic (Rs.)  | 10.40          | 7.44           | 8.58           | 4.71           |
| Diluted (Rs.)  | 10.34          | 7.37           | 8.53           | 4.66           |

The financial statements have been prepared in accordance with the applicable accounting standards.

## 2. PERFORMANCE HIGHLIGHTS:

Performance highlights for the financial year ended March 31, 2019 are as under:

(Rs. in lakhs)

| Particulars   | Standalone |            | Consolidated |            |
|---|------------|------------|--------------|------------|
|   | FY 2018-19 | FY 2017-18 | FY 2018-19   | FY 2017-18 |
| Revenue from Engineering, Procurement and Construction ('EPC') and other operating income | 173,478    | 96,741     | 177,597      | 102,695    |
| Toll Collection   | 464        | 2,979      | 1,063        | 4,018      |

### Since the last report the following developments took place:

- Delhi-Meerut Expressway Package-1 ("the Project"), India's first and only completed HAM project, was completed 332 days ahead of the scheduled completion date and received the certificate for commercial operation w.e.f. June 28, 2018. Welspun Delhi Meerut Expressway Private Limited (a wholly-owned subsidiary of the Company) received Rs. 27.09 crore (excluding GST) as bonus from National Highways Authority of India for early completion of the Project.

Accolades for the Project - (1) The Project was a Finalist in the Annual Awards for

Excellence in National Highways instituted by the Ministry of Road Transport and Highways (MORTH). (2) The Project was chosen as a CHAMPION in the category of Excellence in Construction Management (PPP). (3) Awarded 'Best Transportation Infrastructure Project' by Indian Concrete Institute.

- For project relating to upgradation of Roads/Two Laning of Roads/ Two Laning of Road with paved shoulder under MRIP Package on Hybrid Annuity Mode (HAM) Package No. AM 2 under Public Works Circle, Amravati in Maharashtra State, the Public

Works Department declared the Appointed Date as May 28, 2019.

- The Dewas Industrial Water Supply Project was completed ahead of the scheduled completion date and subsequently received the provisional completion certificate for commencing commercial operation w.e.f. April 30, 2019.
- For project relating to four laning of Chikhali - Tarsod (Package-IIA) section of NH-6 from km. 360.000 to km.422.700 in the State of Maharashtra, National Highways Authority of India declared the Appointed Date as January 16, 2019.
- For project relating to six laning of Aunta-Simaria (Ganga Bridge with approach roads), National Highways Authority of India declared the Appointed Date as August 30, 2018.
- The Company received award from the Construction World magazine for the "Fastest Growing Construction Company" in the 'Small' segment.
- Selected by the Construction World magazine as one of the "Top Challengers" which showcases promising companies who have demonstrated their ability to grow over the previous year despite challenging circumstances.

### 3. SCHEME OF AMALGAMATION:

The Scheme of Amalgamation of Anjar Road Private Limited ('ARPL' or the 'Transferor Company') with Welspun Enterprises Limited ('WEL' or the 'Transferee Company') and their respective shareholders and creditors ('the Scheme') was approved by the shareholders on March 19, 2019. The Hon'ble National Company Law Tribunal, Ahmedabad Bench heard the matter on June 12, 2019 and the order approving the Scheme is awaited.

The Scheme provides for transfer of all the assets and liabilities of the Transferor Company as on the Appointed Date to the Transferee Company and in consideration thereof 5,84,15,951 fully paid up equity shares of Rs. 10/- each of the Transferee Company shall be issued and allotted as fully paid up to the equity shareholders of the Transferor Company in proportion of their holding in the Transferor Company.

### 4. RECLASSIFICATION OF CO-PROMOTER AS PUBLIC SHAREHOLDER:

The Company's foreign co-promoter viz. Intech Metals S.A. has applied for re-classification as public shareholder. The reclassification

application is pending for approval of the stock exchanges.

### 5. DIVIDEND & TRANSFER TO RESERVES:

The Board is pleased to recommend a dividend @ 20% for the year ended March 31, 2019, i.e., Rs. 2/- per equity share of Rs. 10/- each fully paid up out of the net profits. In respect of profit declared during the previous year, Rs. 12.64 lakhs remained unclaimed as on March 31, 2019.

The Company has appointed Ms. Priya Pakhare, Company Secretary as the Nodal Officer for the purpose of co-ordination with Investor Education and Protection Fund Authority. Details of the Nodal Officer are available on the website of the Company at [www.welspunenterprises.com](http://www.welspunenterprises.com).

As per the Dividend Distribution Policy of the Company, the Board endeavors to achieve distribution of an amount of profit subject to maximum of 25% of Profit after Tax for a financial year, on consolidated basis or standalone basis, whichever is higher. The amount of dividend together with the Dividend Distribution Tax for the year ended March 31, 2019 works out to 23.23% of Profit After Tax on standalone basis. The Policy is available on the Company's website at:

[http://www.welspunenterprises.com/userfiles/file/WEL%20Dividend%20Distribution%20Policy%20%20\(1\).pdf](http://www.welspunenterprises.com/userfiles/file/WEL%20Dividend%20Distribution%20Policy%20%20(1).pdf)

### 6. INTERNAL CONTROLS:

The Company has adequate internal control system, which is commensurate with the size, scale and complexity of its operations. The Company has a process in place to continuously monitor existing controls and identify gaps and implement new and / or improved controls wherever the effect of such gaps would have a material impact on the Company's operation.

### 7. SUBSIDIARIES/JOINT VENTURES/ ASSOCIATE COMPANIES:

During the year, the following subsidiaries/ joint venture companies were incorporated: (1) Welsteel Enterprises Private Limited, (2) DME Infra Private Limited, (3) Grenoble Infrastructure Private Limited, (4) Welspun Sattanathapuram Nagapattinam Road Private Limited, (5) Welspun Road Infra Private Limited and (6) Welspun Amravati Highways Private Limited.

The Company completed the transaction for sale of balance 13% stake in Dewas Bhopal Corridor Private Limited with India Infrastructure Fund-II during the year.

A report on the performance and financial position of each of the subsidiaries/ joint venture/ associate companies included in the consolidated financial statements, is presented in Form AOC-1, annexed to this Report as Annexure - 1.

The Company's policy on Material Subsidiary as approved by the Board is uploaded on the Company's website [www.welspunenterprises.com](http://www.welspunenterprises.com) and a web link thereto is:

<http://www.welspunenterprises.com/userfiles/file/Policy%20for%20governance%20of%20Material%20and%20other%20Subsidiaries.pdf>

## 8. AUDITORS AND AUDITORS' REPORT:

### a) Statutory Auditors

The Company's Auditors, M/s. MGB & Co. LLP, Chartered Accountants, who have been appointed as the Auditors of the Company for the period up to the conclusion of the 26<sup>th</sup> Annual General Meeting, subject to ratification by the members of the Company at every Annual General Meeting, have given their consent to continue to act as the Auditors of the Company. They are holding a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. Members are requested to ratify their appointment as the Auditors of the Company and to fix their remuneration as recommended by the Board, by passing an ordinary resolution under Section 139 of the Companies Act, 2013.

Total fees for all services paid by the Company and its subsidiary/ joint venture/ associate companies, on a consolidated basis, to the Auditors and all entities in the network firm/network entity of which the auditor is a part during the financial year under Report is Rs. 50.44 lakh.

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

### b) Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board of Directors of the Company, on the recommendation of the Audit Committee, has appointed M/s. Kiran J. Mehta and Co., Cost Accountants (Firm Registration Number 000025) as the Cost Auditors of the Company for the financial year 2019-20. Members are requested to ratify their remuneration by passing an ordinary resolution.

As required under the Companies (Accounts) Rules, 2014, the cost accounting records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 were made and maintained by the Company.

The Company had appointed M/s. Kiran J. Mehta & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year 2018-19. The Cost Audit Report for the year 2017-18 was e-filed on August 8, 2018. The Cost Audit for the financial year 2018-19 is in progress and the report will be e-filed to Ministry of Corporate Affairs, Government of India, in due course.

### c) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s. Mihen Halani & Associates, Company Secretaries, as the Secretarial Auditors of the Company for the financial year 2018-19.

The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed with the report as Annexure - 2. There is no qualification, reservation or adverse remark or disclaimer made by the Company Secretary in Practice in the Secretarial Audit Report.

The Board of Directors has appointed M/s. Mihen Halani & Associates, Company Secretaries as the Secretarial Auditors of the Company for the financial year 2019-20.

### d) Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any fraud to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013 read with Rule 13 of the Companies (Audit and Auditors) Rules, 2014.

## 9. SHARE CAPITAL & LISTING

### a) Issue of equity shares with differential rights

The Company does not have any equity shares with differential rights.

### b) Issue of sweat equity shares

During the year under report, the Company has not issued any sweat equity share.

**c) Issue of employee stock options**

During the financial year 2018-19, 5,50,000 equity shares were allotted to the ESOP grantees who had exercised the option attached to the Welspun Enterprises Limited – Employees Stock Option Plan-2017” (“WEL ESOP Scheme 2017”).

The shareholders of the Company at the 24<sup>th</sup> Annual General Meeting held on August 14, 2018 approved modification of the WEL ESOP Scheme – 2017. The

applicable disclosures as stipulated under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 with regard to WEL ESOP Scheme 2017 are available on the website of the Company at [www.welspunenterprises.com](http://www.welspunenterprises.com) and weblink thereto is:

<http://www.welspunenterprises.com/userfiles/file/ESOP%20disclosure%20-%20Reg%2014%20-%202018-19.pdf>

The particulars required to be disclosed pursuant to the SEBI (Share Based Employee Benefits) Regulations, 2014 and Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are given below:

| Sr. No. | Particulars   | WEL ESOP Scheme -2017   |
|---------|---|---|
| a       | Options granted during FY 2018-19   | Nil   |
| b       | Options vested during FY 2018-19  | 600,000   |
| c       | Options exercised during FY 2018-19   | 550,000   |
| d       | Total number of shares arising as a result of exercise of Options                     | 550,000   |
| e       | Options lapsed  | Nil   |
| f       | Exercise Price  | Nil   |
| g       | Variation of terms of options   | Date of vesting of the last tranche was changed from 10.10.2022 to 14.07.2022   |
| h       | Money realized by exercise of options   | Nil   |
| i       | Total number of options in force  | 24,50,000   |
| j       | Employee wise details of options granted to   | <p>Key Managerial Personnel</p> <p>Other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.</p> <p>Employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.</p> |
| k       | Diluted Earnings Per Share (Rs.)  | 10.34   |
| l       | Weighted-average exercise price (Rs.)   | 0   |
| m       | Weighted-average fair values of options (Rs.) - As per Black Scholes Valuation model) | 139.30  |

**d) Provision of money by Company for purchase of its own shares by employees or by trustees for the benefit of employees**

The Company has not made any provision of money for the purchase of, or subscription for, shares in the Company, to be held by or for the benefit of the employees of the Company and hence the disclosure as required under Rule 16(4) of the Companies

(Share Capital and Debentures) Rules, 2014 is not required.

**e) Listing with the stock exchanges**

The Company's equity shares are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

Annual listing fees for the year 2019-20 have been paid to BSE and NSE.

**f) Disclosure with respect to shares held in unclaimed suspense account**

The details of unclaimed shares account as required to be disclosed pursuant to Point F to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

| Aggregate number of shareholders and the outstanding shares in the unclaimed shares account lying at the beginning of the year |                | Number of shareholders who approached issuer for transfer of shares from unclaimed shares account during the year |                | Number of shareholders to whom shares were transferred from unclaimed shares account during the year |                | Aggregate number of shareholders and the outstanding shares in the unclaimed shares account lying at the end of the year |                |
|--|----------------|---|----------------|--|----------------|--|----------------|
| No. of Shares  | No. of Holders | No. of Shares   | No. of Holders | No. of Shares  | No. of Holders | No. of Shares  | No. of Holders |
| 31,224   | 209            | 0   | 0              | 0  | 0              | 31,224   | 209            |

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

**10. FINANCE:**

**a) Credit Rating**

The details of credit rating assigned to the Company are as follows:

| Facilities                             | Rating   | Rating Agency                            |
|--|--|--|
| Long term bank facilities              | CARE AA-; Stable (Double A Minus; Outlook : Stable)                      | Credit Analysis & Research Limited       |
| Long term / Short term bank facilities | CARE AA-; Stable/ Care A1+ (Double A Minus; Outlook : Stable/A One Plus) | Credit Analysis & Research Limited       |
| Non - convertible Debentures           | BWR AA (SO)  | Brickwork Ratings India Private Limited. |

**b) Deposits**

The Company has not accepted any deposit within the meaning of Chapter V to the Companies Act, 2013. Further, no amount on account of principal or interest on deposit was outstanding as at the end of the year under report.

**11. EXTRACT OF THE ANNUAL RETURN:**

An extract of the annual return in Form MGT-9 of the Companies (Management and Administration) Rules, 2014 is attached to this Report as Annexure - 3 and is also placed on the website of the Company and can be accessed at [www.welspunenterprises.com](http://www.welspunenterprises.com).

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**Energy conservation -**

In the area of alternate energy, the Company has taken initiatives beyond its normal scope of works. At our Delhi Meerut Expressway Package-I project, an entire solar power plant of capacity 1050 kw, at an investment of Rs 7.5 crore has been installed. This power plant, installed on the Yamuna bridge, has generated 5.03 lakh units of green energy to meet the requirements of the complete 8.716 km stretch, thereby reducing the intake from the power grid.



Another initiative to reduce our carbon footprint is the installation of LED light bulbs at our Delhi Meerut Expressway Package-I project, reducing our power consumption.

**Technology absorption -**

- a) At our Delhi Meerut Expressway Package-I project, India's first and only completed HAM project, vertical green walls have been installed along both sides of the Yamuna bridge with drip irrigation technology. This helps in reducing pollution along with better aesthetics.
- b) The Company has utilized new building techniques in its projects - it is one of the few companies in India to have used pile foundations in constructing a river bridge which is a faster method of construction and helps in quality control.
- c) SAP PS-Module is used to monitor the physical and financial progress on all our projects.
- d) SAP - GRC, which is a modern access controls module is implemented for monitoring the user access risk's and to reduce the process complexity and cut costs - while protecting organizations reputation and financial well-being.
- e) Microsoft SharePoint Document Management System (DMS) is implemented and is being used efficiently for managing the sensitive and vulnerable information within the organization.
- f) Geofence which is a GPS technology is being implemented for recording the

attendance and movement of employees all across the project sites. This technology provides better connect and engagement with employees.

**Details of Foreign exchange earnings and outgo - Nil**

**13. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

In view of the absence of average net profits as computed pursuant to Section 198 of the Companies Act, 2013 during the three immediately preceding financial years, the Company was not required to contribute any amount for CSR activities as required under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014.

However, the Company has voluntarily contributed Rs. 2 crore to Welspun Foundation for Health and Knowledge, during the financial year 2018-19. Welspun Foundation for Health and Knowledge is a public charitable trust of Welspun Group which is committed mainly to areas of Education, Empowerment, Environment and Health under its CSR initiative.

The CSR Policy is hosted on the Company's website [www.welspunenterprises.com](http://www.welspunenterprises.com) and a web link thereto is:

<http://www.welspunenterprises.com/userfiles/file/CSR%20Policy%20-.pdf>

Disclosures as required under Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed to this Report as Annexure - 4.

**14. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

The Company's Board comprises of a mix of executive and non-executive directors with considerable experience and expertise across a range of fields such as finance, accounts, general management and business strategy. The details of the directors and their meetings held during the year have been given in the Corporate Governance Report, which forms part of the Annual Report.

**a) Changes in Directors and Key Managerial Personnel**

Since the last report, the following changes took place in the composition of the Board of Directors:

|                       |  |
|-----------------------|--|
| Mr. Yogesh Agarwal    | Resigned w.e.f. June 20, 2018 due to personal reasons  |
| Mr. Balkrishan Goenka | Appointed as Director not liable to retire by rotation w.e.f. August 14, 2018.                   |
| Mr. Ram Gopal Sharma  | Resigned w.e.f. October 30, 2018 on account of ill-health  |
| Dr. Aruna Sharma      | Appointed as an additional independent director w.e.f. January 29, 2019                          |
| Mr. Mohan Tandon      | Re-appointed as independent director for second term of 5 consecutive years w.e.f. April 1, 2019 |

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Sandeep Garg (DIN : 00036419) is retiring by rotation at the forthcoming Annual General Meeting and being eligible, has been recommended for re-appointment as a director liable to retire by rotation by the Board. Approval for his appointment as the Managing Director is for the period upto July 15, 2022.

Details about the directors being appointed / re-appointed are given in the Notice of the forthcoming Annual General Meeting being sent to the members along with the Annual Report.

**b) Declaration by Independent Director(s)**

The independent directors on the Board of the Company have given declaration that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 at the time of their respective appointment and there is no change in the circumstances as on the date of this report which may affect their status as an independent director.

Your Board confirms that in its opinion the independent directors fulfill the conditions prescribed under the SEBI (LODR), 2015 and they are independent of the management.

**c) Formal Annual Evaluation**

The Company followed the evaluation process with specific focus on the performance vis-à-vis the plans, meeting of challenging situations, performing of leadership role within, and effective functioning of the Board, etc. which was in line with the SEBI Guidance Note on Board Evaluation dated January 5, 2017. The evaluation process invited through IT enabled platform sought graded responses to a structured questionnaire for each aspect of the evaluation viz. time spent by each of the directors; accomplishment of specific responsibilities and expertise; conflict of interest; integrity of the Director; active participation and contribution during discussions. For the financial year 2018-19, the annual performance evaluation was carried out by the Independent Directors, Nomination and Remuneration Committee and the Board, which included evaluation of the Board, Independent Directors, Non-independent Directors, Executive Directors, Chairman, Committees of the Board, Quantity, Quality and Timeliness of Information to the Board. All the results were satisfactory.

**d) Familiarization program for Independent Directors**

The familiarization program aims to provide the Independent Directors with the scenario of the infrastructure industry, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant development so as to enable them to take well-informed decisions in timely manner. The familiarization program also seeks to update the directors on their roles, responsibilities, rights and duties under the Act and other statutes.

The policy on Company's familiarization program for independent directors is hosted on the Company's website [www.welspunenterprises.com](http://welspunenterprises.com) and a web link thereto is:

[http://welspunenterprises.com/userfiles/file/Familiarisation%20program%20WEL\(LODR\)-03\\_05\\_2019.pdf](http://welspunenterprises.com/userfiles/file/Familiarisation%20program%20WEL(LODR)-03_05_2019.pdf)

**e) Policy on directors' appointment, remuneration and other details**

The salient features of the Company's "Nomination and Remuneration Policy" on directors' appointment, remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 has been disclosed in Point No. "V. NOMINATION AND REMUNERATION COMMITTEE" of the Corporate Governance Report, which forms part of the Annual Report.

**f) Number of meetings of the Board**

The Board met 6 times during the financial year 2018-19, the details of which are given in the Corporate Governance Report forming part of the Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**g) Committee of the Board of Directors**

Information on the Audit Committee, the Nomination and Remuneration Committee, the Stakeholders' Relationship, Share Transfer and Investor Grievance Committee, Corporate Social Responsibility Committee and meetings of those Committees held during the year is given in the Corporate Governance Report.

**15. VIGIL MECHANISM:**

The Company has adopted Whistle Blower Policy and Vigil Mechanism for its directors and employees in terms of provisions of the

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and no personnel have been denied access to the Audit Committee. Protected Disclosures and other communication can be made in writing by an email addressed to the Chairman of the Audit Committee.

The policy on Whistle Blower Policy and Vigil Mechanism is disclosed on the Company's website and a web link thereto is as under:

<http://www.welspunenterprises.com/userfiles/file/Whistle%20Blower%20Policy%20and%20Vigil%20Mechanism.pdf>

## **16. LOANS, GUARANTEES AND INVESTMENTS:**

Pursuant to Section 186(11)(a) of the Companies Act, 2013, the Company being engaged in the business of providing infrastructural facilities is exempt from the requirement of providing the particulars of loans made, guarantees given or securities provided or any investment made.

## **17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All related party transactions that were entered into by the Company during the year under report were on an arm's length basis and were in the ordinary course of business, to serve the mutual needs and the mutual interest.

The approval of the shareholders was obtained on 18<sup>th</sup> March, 2019 by way of an ordinary resolution proposed vide postal ballot for entering into Engineering Procurement and Construction ("EPC) Contract between SPVs and the Company upto Rs. 5,000 crore for each project and upto Rs. 15,000 crore for all projects during any financial year for next 5 years. The EPC Contract would be in the ordinary course of business and on arm's length basis with related party/ies within the meaning of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In view of the changes in the business scenario, the Company could have opportunity to get EPC Contract exceeding the aforesaid threshold and hence, it was now proposed to enhance the value of EPC Contract between SPVs and the Company for each project from Rs. 5,000 crore to Rs. 10,000 crore and upto Rs. 30,000 crore for all projects upto 5<sup>th</sup> Anniversary of the date of passing of the shareholders resolution approving this proposal or Annual General Meeting to be held in calendar year 2024, whichever is later. The Board of Directors at its meeting held on April 16,

2019 recommended this proposal for approval of the shareholders at the forthcoming Annual General Meeting.

For the details of the related party transactions, please refer Note No. 46 of Notes to Accounts to the standalone financial statements.

The Audit Committee has given its omnibus approval for the transactions which could be envisaged and the same is valid for one financial year.

The Company's policy on dealing with Related Party Transactions as required under Regulation 23 of LODR is disclosed on the Company's website [www.welspunenterprises.com](http://www.welspunenterprises.com) and a web link thereto is as under:

<http://www.welspunenterprises.com/userfiles/file/Related%20Party%20Transaction%20Policy.pdf>

Disclosures as required under the Companies Act, 2013 are given in Form AOC-2 annexed as Annexure - 5 to this Report.

## **18. MANAGERIAL REMUNERATION:**

- a) Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:
  - i. The ratio of remuneration of Mr. Balkrishan Goenka, Chairman (Executive) and Mr. Sandeep Garg, Managing Director, to the median remuneration of the employees of the Company was 1:146 and 1:163 (including the value of ESOPs and remuneration from associate company) respectively.
  - ii. The percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year : Managing Director - 6% (excluding ESOP) Chief Financial Officer - 7% and Company Secretary - 21%.
  - iii. The percentage increase in the median remuneration of employees in the financial year 2018-19 was 200%.
  - iv. 437 permanent employees were on the rolls of the Company as on March 31, 2019.
  - v. Market Capitalization of the Company as on March 31, 2019 was Rs. 157,634 lakhs and as on March 31, 2018, it was Rs. 208,538 lakhs.

- vi. The share price increased to Rs. 106.45/- (NSE closing Price) as on March 31, 2019 in comparison to Rs. 30 (the rate at which the Company came out with the public issue in the year 2004).
- vii. Average percentile increase in the salaries of employees (other than the managerial personnel), and of the managerial personnel, in the FY 2018-19 was -9.5% and 30% respectively. Higher percentile rise in managerial remuneration viz-a-viz percentile rise in remuneration to the other employees, was to appropriately compensate the managerial personnel for handling key managerial responsibilities in increasingly competitive and challenging business environment.
- viii. The Profit before Tax (before exceptional items) of the Company for FY 2018-19 was Rs. 21,217/- lakhs whereas Managing Director's, the Chief Financial Officer's, and the Company Secretary's, remuneration were Rs. 360 lakhs (includes Rs. 120 lakhs paid from associate company but excluding ESOP); Rs. 82.03 lakhs and Rs. 14.92 lakhs respectively.
- ix. We affirm that the remuneration is as per the remuneration policy of the Company.

- b) Details of the top ten employees in terms of remuneration drawn and name of every employee of the Company as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

| Name                   | Designation           | Age (yrs) | DOJ        | Current CTC (Rs. in lakhs) | Qualification and experience | Previous Company                 | Nature of Employment (whether contractual or permanent) | % Of Equity Shares held in the Company | Relative of any Director/ Manager of the company | DOL/ Transfer |
|------------------------|-----------------------|-----------|------------|----------------------------|------------------------------|----------------------------------|---|--|--|---------------|
| Balkrishan Goenka      | Executive Chairman    | 52        | 29.05.2015 | 750*                       | B.Com, 34 years              | Not applicable                   | Contractual   | Negligible                             | No   | -             |
| Sandeep Garg           | MD                    | 58        | 16.07.2012 | 833.16%                    | BE, 37 years                 | IL&FS                            | Contractual   | 1.08                                   | No   | -             |
| Akhil Jindal           | Director*             | 49        | 01.07.2015 | 306.03                     | BE & MBA, 25 years           | S Kumar Group                    | Permanent   | 0.10                                   | No   | -             |
| Deepak Chauhan         | Director*             | 47        | 01.09.2017 | 216.53                     | B Com/ LLB/ LLM, 23 years    | GVK Power & Infrastructure Ltd   | Permanent   | -                                      | No   | -             |
| Jitendra Jain          | President             | 48        | 01.10.2018 | 185.00                     | PGD - Finance, 23 years      | GMR                              | Permanent   | -                                      | No   | -             |
| Banwari Lal Biyani     | Director*             | 59        | 01.08.2014 | 176.10                     | AICWA, 40 years              | Ispat Industrial Ltd.            | Permanent   | Negligible                             | No   | -             |
| Asim Chakraborty       | Director*             | 58        | 01.07.2016 | 160.87                     | BE, 37 years                 | Gherzi Eastern Ltd               | Permanent   | 0.01                                   | No   | -             |
| Yogen Lal              | Director*             | 51        | 12.06.2018 | 135.00                     | BE, 26 years                 | D.Thakkar Const. Pvt. Ltd.       | Permanent   | -                                      | No   | -             |
| Asim Tewari            | President             | 50        | 07.01.2019 | 120.00                     | BE/MPM, 26 Years             | Bharat Roads Network Limited     | Permanent   | -                                      | No   | -             |
| Girirajan Rajesh Kumar | Senior Vice President | 53        | 26.12.2018 | 118.00                     | BE, 28 years                 | Tarkett Flooring India Pvt. Ltd. | Permanent   | -                                      | No   | -             |

\* Not on the Board of the Company

# In addition the Company has provided for commission @ 2% of consolidated profits in the financial statement of the Company

% Includes Rs. 120 lakhs paid from associate company

**Particulars of the remuneration payable to the executive directors of the Company for the year under report is as under:**

(Rs. in lakhs)

| Particulars                           | Mr. Balkrishan Goenka-Chairman (Executive) | Mr. Sandeep Garg – Managing Director        |               |   |  |
|---------------------------------------|--|---|---------------|---|--|
|                                       |  | No. of ESOPs                                | Date of Grant | Date of Vesting   | Date of Exercise   |
| Salary & Allowance                    | 750.00                                     | 360.00#                                     |               |   |  |
| Perquisites                           | Nil  | 473.16                                      |               |   |  |
| Commission                            | 2%*  | Nil   |               |   |  |
| Details of fixed component            | Nil  | Nil   |               |   |  |
| Service Contract/Term of appointment  | 5 years from May 29, 2015 to May 28, 2020  | 5 years from July 16, 2017 to July 15, 2022 |               |   |  |
| Notice Period (as per Company policy) | 3 months                                   | 3 months                                    |               |   |  |
| Severance Fees                        | Nil  | Nil   |               |   |  |
| Stock Options                         | Nil  | <b>WEL ESOP – 2017:</b>                     |               |   |  |
|                                       |  | No. of ESOPs                                | Date of Grant | Date of Vesting   | Date of Exercise   |
|                                       |  | 30,00,000                                   | 10.10.2017    | At the rate of 20% of the total ESOPs granted at each anniversary from 1 <sup>st</sup> to 4 <sup>th</sup> anniversary of the date of grant in quantum of 20% of the total ESOPs granted, and the vesting of remaining 20% of the total ESOPs granted shall happen on July 14, 2022. | Upto 3 <sup>rd</sup> anniversary from the date of Vesting of ESOPs |

\* The Company has provided for commission in the financial statement of the Company.

# Includes Rs. 120 lakhs paid from associate company

c) No remuneration or perquisite was paid to, and no service contract was entered into with, the non-executive directors (including independent directors) of the Company except for the payment of the following sitting fees for attending meetings of Board / Committees of the Board/general meetings for the F.Y. 2018-19.

| Sr. No. | Name of the Director  | Sitting Fees (Rs.) |
|---------|-----------------------|--------------------|
| 1.      | Mr. Mohan Tandon      | 550,000            |
| 2.      | Mr. Ram Gopal Sharma* | 111,000            |
| 3.      | Ms. Mala Tadarwal     | 265,000            |
| 4.      | Mr. Yogesh Agarwal#   | 45,000             |
| 5.      | Mr. Dhruv Kaji        | 445,000            |
| 6.      | Dr. Aruna Sharma@     | 85,000             |

\* Resigned w.e.f. October 30, 2018

# Resigned w.e.f. June 20, 2018

@ Appointed w.e.f. January 29, 2019

The above mentioned sitting fees paid to the non-executive directors was in line with the Nomination and Remuneration Policy of the Company. The sitting fees paid to the directors was within the limits prescribed under the Companies Act, 2013 for payment of sitting fees and therefore, prior approval of the members as stipulated under Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was not required.

d) Mr. Sandeep Garg, Managing Director of the Company was neither in receipt of any commission from the Company nor remuneration or commission from the subsidiary companies.

e) Mr. Balkrishan Goenka, Chairman (Executive) of the Company, who was in receipt of remuneration of Rs. 750 lakhs from the Company and was eligible for commission of 2% of the annual profit (excluding profit/loss from capital

receipts and assets disposition) of the Company on consolidated basis, was not in receipt of any remuneration or commission from the subsidiary companies.

- f) Apart from Sitting Fees for meetings, there is no pecuniary transaction entered into by the non-executive directors with the Company.

## 19. SHAREHOLDING OF THE DIRECTORS OF THE COMPANY AS ON MARCH 31, 2019:

Refer Corporate Governance Report for detail of shareholding of directors.

Except as mentioned in the Corporate Governance Report, none of the other Directors hold any shares in the Company.

## 20. CORPORATE GOVERNANCE CERTIFICATE:

The Compliance certificate obtained from M/s. Mihen Halani & Associates, Company Secretaries, regarding compliance of conditions of corporate governance as stipulated under Part E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed with this Report.

## 21. RISK MANAGEMENT POLICY:

With its fast and continuous expansion in the volume of businesses in the highly competitive & challenging scenario, the Company is exposed to plethora of risks which may adversely impact growth and profitability. The Company recognizes that risk management is of concern to all levels of the businesses and requires a structured risk management policy and process involving all personnel. With this objective, the Company had formulated structured Risk Management Policy thereby to effectively address such risks namely strategic, business, regulatory and operational risks especially BOT projects.

The Policy envisages identification of risks together with the impact that these may have on the business objectives. It also provides a mechanism for categorization of risks into Low, Medium and High according to the severity of risks. The risks identified are reviewed by a committee of senior executives and the Managing Director of the Company and appropriate actions for mitigation of risks are advised; the risk profile is updated on the basis of change in the business environment.

For the key business risks identified by the Company please refer to the Management Discussion and Analysis annexed to this Report.

## 22. MISCELLANEOUS:

- During the year under Report, there was no change in the general nature of business of the Company.
- No material change or commitment has occurred which would have affected the financial position of the Company between the end of the financial year to which the financial statements relate and the date of the report.
- During the year under Report, no funds were raised through preferential allotment or qualified institutional placement.
- No significant and material order was passed by the regulators or courts or tribunals which would have impacted the going concern status and the Company's operations in future.
- Further, during the year under review, no case of sexual harassment was reported to the Internal Complaints Committee formed under the provisions of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

Disclosure of number of complaints filed, disposed of and pending in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as on the end of the financial year under Report are as under:

- number of complaints filed during the financial year - Nil
- number of complaints disposed of during the financial year - Not applicable
- number of complaints pending as on end of the financial year - Nil
- The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India.

## 23. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) & 134(5) of the Companies Act, 2013, the Directors hereby confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- b. the directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis;
- e. being a listed Company, the directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and

- f. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **24. ACKNOWLEDGEMENTS:**

The directors thank the government authorities, financial institutions, Banks, Customers, Suppliers, Shareholders, Employees and other business associates of the Company, who through their continued support and co-operation, have helped as partner in the Company's progress and achievement of its objectives.

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

**Place: Mumbai**  
**Date: July 11, 2019**

**Balkrishan Goenka**  
**Chairman**  
**DIN: 00270175**

## Annexure - 1

**Form AOC-1**  
(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures  
Part "A": Subsidiaries

| Sr. No. | Sr. No.   | 1   | 2  | 3                                  | 4   | 5   | 6                                 |
|---------|---|---|--|------------------------------------|---|---|-----------------------------------|
|         |   | MSK Projects (Himmatnagar Bypass) Private Limited | MSK Projects (Kim Mandvi Corridor) Private Limited | Welspun Build-Tech Private Limited | Welspun Natural Resources Private Limited | Welspun Delhi Meerut Expressway Private Limited | ARSS Bus Terminal Private Limited |
|         |   | N.A.  | N.A.   | N.A.                               | N.A.                                      | N.A.  | N.A.                              |
| 1.      | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     |   |  |                                    |   |   |                                   |
| 2.      | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | INR   | INR  | INR                                | INR                                       | INR   | INR                               |
| 3.      | Share capital   | 24  | 673  | 1                                  | 3,188                                     | 500   | 1,863                             |
| 4.      | Instruments entirely equity in nature   | 0   | 2,152  | 1,712                              | 15,997                                    | 10,055  | 0                                 |
| 5.      | Reserves and Surplus /Other Equity  | 933   | (2,204)  | (5)                                | (8,680)                                   | (957)   | (964)                             |
| 6.      | Total assets  | 1,006   | 1,333  | 1,710                              | 34,337                                    | 54,170  | 914                               |
| 7.      | Total Liabilities   | 1,006   | 1,333  | 1,710                              | 34,337                                    | 54,170  | 914                               |
| 8.      | Investments   | 690   | 850  | 0                                  | 20,348                                    | 0   | 0                                 |
| 9.      | Turnover  | 556   | 501  | 0                                  | 0   | 2,799   | 0                                 |
| 10.     | Profit before taxation  | 327   | (101)  | (1)                                | (1,788)                                   | (710)   | (2)                               |
| 11.     | Provision for taxation  | (58)  | 0  | 0                                  | 0   | (131)   | 0                                 |
| 12.     | Profit after taxation   | 269   | (101)  | (1)                                | (1,788)                                   | (841)   | (2)                               |
| 13.     | Proposed Dividend   | 0   | 0  | 0                                  | 0   | 0   | 0                                 |
| 14.     | % of shareholding   | 100   | 100  | 100                                | 100                                       | 100   | 100                               |

"0" denotes amount less than Rs. 50,000/-

**Notes:**

- Names of subsidiaries which are yet to commence operations: NA
- Names of subsidiaries which have been liquidated or sold during the year: NA



| Sr. No. | Name of the subsidiary  | 7   | 8                           | 9  | 10                                    | 11  | 12  |
|---------|---|---|-----------------------------|--|---------------------------------------|---|---|
| 1.      | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | Dewas Waterprojects Works Private Limited | DME Infra Private Limited * | Welspun Sattanathapuram Road Private Limited** | Welspun Road Infra Private Limited \$ | Welspun Amravati Highways Private Limited † | Welspun Aunta-Simaria Project Private Limited ^ |
|         |   | N.A.                                      | N.A.                        | NA   | N.A.                                  | N.A.  | N.A.  |
| 2.      | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | INR                                       | INR                         | INR  | INR                                   | INR   | INR   |
| 3.      | Share capital   | 1   | 1                           | 1  | 100                                   | 1   | 1   |
| 4.      | Instruments entirely equity in nature   | 2,291                                     | 0                           | 2,000  | 210                                   | 0   | 4,857   |
| 5.      | Reserves and Surplus /Other Equity  | (472)                                     | (0)                         | 23   | 0                                     | (0)   | (117)   |
| 6.      | Total assets  | 12,747                                    | 1                           | 11,466   | 10,386                                | 1   | 20,025  |
| 7.      | Total Liabilities   | 12,747                                    | 1                           | 11,466   | 10,386                                | 1   | 20,025  |
| 8.      | Investments   | 0   | 0                           | 0  | 0                                     | 0   | -   |
| 9.      | Turnover  | 5,468                                     | 0                           | 9,379  | 10,080                                | 0   | 16,452  |
| 10.     | Profit before taxation  | (441)                                     | (0)                         | 23   | 0                                     | (0)   | (74)  |
| 11.     | Provision for taxation  | 0   | 0                           | 0  | 0                                     | 0   | (31)  |
| 12.     | Profit after taxation   | (441)                                     | (0)                         | 23   | 0                                     | (0)   | (105)   |
| 13.     | Proposed Dividend   | 0   | 0                           | 0  | 0                                     | 0   | 0   |
| 14.     | % of shareholding   | 76  | 100                         | 70   | 100                                   | 100   | 74*   |

"0" denotes amount less than Rs 50,000/-

\* Subsidiary w.e.f. August 2, 2018

\$ Subsidiary w.e.f. September 28, 2018

^ Subsidiary w.e.f. October 13, 2017, as per Ind-AS it is treated as Joint Arrangement

+ In addition to aforesaid stake, 12.74% are held through Welsteel Enterprises Private Limited

**Notes:**

- Names of subsidiaries which are yet to commence operations: NA
- Names of subsidiaries which have been liquidated or sold during the year: NA

\*\* Subsidiary w.e.f. September 19, 2018

† Subsidiary w.e.f. December 5, 2018

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

(Rs. in lakhs)

| Name of Associate/joint venture   | Corbello Trading Private Limited | Chikhali - Tarsod Highways Private Limited | RGY Roads Private Limited | MBL (GSY) Road Limited | MBL (CGRG) Road Limited | Adani Welspun Exploration Limited  | Weisteel Enterprises Private Limited <sup>@</sup> | Grenoble Infrastructure Private Limited <sup>%</sup> |
|---|----------------------------------|--|---------------------------|------------------------|-------------------------|--|---|--|
| Latest audited Balance Sheet Date   | March 31, 2019                   | March 31, 2019                             | March 31, 2019            | March 31, 2019         | March 31, 2019          | March 31, 2019   | March 31, 2019                                    | March 31, 2019                                       |
| Shares of Associate/ Joint Venture held by the company on the year end                  | Joint Venture                    | Joint Venture                              | Joint Venture             | Joint Venture          | Joint Venture           | Associate  | Joint Venture                                     | Joint Venture  |
| No. of Shares   | 4,900                            | 4,90,000                                   | 4,900                     | 24,500                 | 24,500                  | 46,54,997  | 49,000  | 4,900  |
| Amount of Investment in Associates/Joint Venture  | 785                              | 49   | 2300                      | 2                      | 2                       | 20,348 <sup>#</sup>  | 5   | 0  |
| Extend of Holding %   | 49                               | 49 <sup>*</sup>                            | 49                        | 49 <sup>##</sup>       | 49 <sup>\$</sup>        | 35   | 49  | 49   |
| Description of how there is significant influence                                       | NA                               | NA   | NA                        | NA                     | NA                      | The Company through its wholly owned subsidiary Welspun Natural Resources Private Limited holds more than 20% voting power of Adani Welspun Exploration Limited. | NA  | NA   |
| Reason why the associate/joint venture is not consolidated                              | NA                               | NA   | NA                        | NA                     | NA                      | NA   | NA  | NA   |
| Net worth attributable to Shareholding as per latest audited Balance Sheet <sup>^</sup> | (0)                              | (36)                                       | 1                         | (752)                  | (461)                   | 34,516   | 5   | 0  |

| Name of Associate/joint venture    | Corbello Trading Private Limited | Chikhali - Tarsod Highways Private Limited | RGY Roads Private Limited | MBL (GSY) Road Limited | MBL (CGRG) Road Limited | Adani Welspun Exploration Limited | Weisteel Enterprises Private Limited <sup>@</sup> | Grenoble Infrastructure Private Limited <sup>%</sup> |
|------------------------------------|----------------------------------|--|---------------------------|------------------------|-------------------------|-----------------------------------|---|--|
| 6. Profit / Loss for the year      |                                  |  |                           |                        |                         |                                   |   |  |
| i. Considered in Consolidation     | (0)                              | 2  | (0)                       | (730)                  | (452)                   | (191)                             | (0)   | 0  |
| i. Not Considered in Consolidation | 0                                | 0  | 0                         | 0                      | 0                       | 0                                 | 0   | 0  |

“0” denotes amount less than Rs 50,000/-

# Held through Welspun Natural Resources Private Limited

\* In addition to aforesaid stake, 24.99% are held through Corbello Trading Private Limited

on

<sup>@</sup> Joint venture w.e.f. June 25, 2018

<sup>^</sup> Excluding Compulsorily Convertible Debentures and Optionally Convertible Debentures

\$ In addition to aforesaid stake, 24.94% are held through RGY Roads Private Limited

<sup>%</sup> Joint venture w.e.f. July 16, 2018 whereas as per Ind-AS treated as subsidiary based

the definition of control prescribed by Ind-AS

#### Notes:

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

For and on behalf of the Board of Directors

**Balkrishan Goenka**

Chairman

DIN: 00270175

**Sandeep Garg**

Managing Director

DIN: 00036419

Date: May 15, 2019

Place: Mumbai

**Shriniwas Kargutkar**

Chief Financial Officer

**Priya Pakhare**

Company Secretary

FCS - 7805

## Annexure - 2

**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED March 31, 2019**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies ((Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**WELSPUN ENTERPRISES LIMITED**  
CIN: L45201GJ1994PLC023920

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **WELSPUN ENTERPRISES LIMITED** (hereinafter called “the company”) Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made there under;
- iii. The Depositories Act, 2018/1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent applicable ;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’);
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018/2009;
  - e) The Securities and Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014;
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable during the period under review;
  - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable during the period under review and
  - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018/1998 - Not Applicable during the period under review.
- vi. We have relied on the representations made by the Company and its officers for systems and mechanism formed by the Company for compliances under other various applicable Acts, Laws, Rules and Regulations to the Company.

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

- (i) the Secretarial Standards issued by The Institute of Company Secretaries of India (“ICSI”);
- (ii) The Listing Agreements entered into by the Company with the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE).

To the best of our knowledge and belief, during the period under review, the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

- a) During the year under review, the Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

The committee of the Board is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- b) Adequate notice is given to all directors to schedule the Board Meetings and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and adequate system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) Majority decision is carried through while the dissenting members’ views are captured and recorded as part of the minutes, wherever applicable.

**We further report that;**

- Pursuant to Regulation 13(3) of the SEBI (LODR) Regulations, 2015, there was one day delay in filing of Statement of Investors Complaints for the period ended September 30, 2018. The fine levied by the BSE Limited and the National Stock Exchange of India Limited were paid by the Company.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the following material event has taken place in the company;

- The Company has entered into Scheme of Amalgamation of Anjar Road Private Limited (“Transferor Company”) with the Company (“Transferee Company”) and their respective shareholders and creditors vide order of Hon’ble National Company Law Tribunal, Ahmedabad Bench dated January 31, 2019.
- The Company has divested balance 13% of stake in Dewas Bhopal Corridor Private Limited to India Infrastructure Fund-II.
- The Company has passed special resolution for shifting of registered office of the Company from the state of Gujarat to Maharashtra.
- The Company has reclassified the holding of Intech Metals S.A., a foreign co-promoter not holding any equity shares, from “Promoter” category to “Public” category.

We further report that during the audit period, the company has co-operated with us and have produced before us all the required forms information, clarifications, returns and other documents as required for the purpose of our audit.

**For MIHEN HALANI & ASSOCIATES**  
**Practicing Company Secretary**

**Date: May 15, 2019**  
**Place: Mumbai**

**Mihen Halani**  
**(Proprietor)**  
**CP No: 12015**  
**FCS No:9926**

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

## “Annexure A”

To,  
The Members,  
**WELSPUN ENTERPRISES LIMITED**  
CIN: L45201GJ1994PLC023920

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For MIHEN HALANI & ASSOCIATES**  
*Practicing Company Secretary*

**Date: May 15, 2019**  
**Place: Mumbai**

**Mihen Halani**  
**(Proprietor)**  
**CP No: 12015**  
**FCS No:9926**

## Annexure - 3

### Form No. MGT - 9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

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

#### I. REGISTRATION AND OTHER DETAILS

|       |  |  |
|-------|--|--|
| (i)   | CIN:   | L45201GJ1994PLC023920  |
| (ii)  | Registration Date:   | December 20, 1994  |
| (iii) | Name of the Company:   | Welspun Enterprises Limited  |
| (iv)  | Category / Sub Category of the Company:                            | Public Company/ Company having Share Capital and Limited by Shares   |
| (v)   | Address of the Registered office and contact details:              | Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat-370110.<br>Contact: The Company Secretary,<br>Tel: 02836-662222;<br>Email: <a href="mailto:companysecretary_wel@welspun.com">companysecretary_wel@welspun.com</a>   |
| (vi)  | Whether listed company:  | Yes, equity shares listed on: <ul style="list-style-type: none"> <li>• National Stock Exchange of India Limited (NSE)</li> <li>• BSE Limited (BSE)</li> </ul>  |
| (vii) | Name, address and contact details of Registrar and Transfer Agent: | Link Intime India Private Limited<br>Unit : Welspun Enterprises Limited<br>C-101, 247 Park, L.B.S. Marg,<br>Vikhroli (West),<br>Mumbai - 400 083.<br>Email - <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a><br>Tel. No.: +91-22-49186270<br>Fax No.: +91-22-49186060 |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10% or more of the total turnover of the Company are stated as under:-

| Sr. No. | Name and description of main products / services       | NIC code of the product / service | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Construction and maintenance of roads / utilities etc. | 42101                             | 99.45                              |

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

| Sr. No. | Name and Address of the Company  | CIN / GLN             | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|----------------------------------|------------------|--------------------|
| 1       | Welspun Natural Resources Private Limited<br>Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370110.                        | U11201GJ2006PTC064142 | Subsidiary                       | 100.00           | 2(87)(ii)          |
| 2       | MSK Projects (Himmatnagar Bypass) Private Limited<br>Survey No.675, Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370110. | U45200GJ2005PTC045753 | Subsidiary                       | 100.00           | 2(87)(ii)          |

| Sr. No. | Name and Address of the Company  | CIN / GLN             | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|----------------------------------|------------------|--------------------|
| 3       | MSK Projects (Kim Mandvi Corridor) Private Limited<br>Survey No.675, Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370110.                | U45203GJ2005PTC047076 | Subsidiary                       | 100.00           | 2(87)(ii)          |
| 4       | ARSS Bus Terminal Private Limited<br>C-79, BDA Duplex, Near Airport, Palaspalli, Bhubaneswar, Cuttack, Orissa - 751002.  | U63031OR2010PTC012372 | Subsidiary                       | 100.00           | 2(87)(ii)          |
| 5       | Welspun Delhi Meerut Expressway Private Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B, Pocket - V, Vasant Kunj, New Delhi - 110070.           | U45203DL2016PTC291178 | Subsidiary                       | 100.00           | 2(87)(ii)          |
| 6       | Dewas Waterprojects Works Private Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B, Pocket - V, Vasant Kunj, New Delhi - 110070.                 | U74110DL2010PTC336664 | Subsidiary                       | 76.00            | 2(87)(ii)          |
| 7       | Welspun Build-Tech Private Limited<br>7 <sup>th</sup> Floor, Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400013.                          | U45200MH2008PTC178766 | Subsidiary                       | 100.00           | 2(87)(ii)          |
| 8       | Welspun Aunta - Simaria Project Private Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B, Pocket - V, Vasant Kunj, New Delhi - 110070.           | U45309DL2017PTC324923 | Subsidiary                       | 74.00            | 2(87)(ii)          |
| 9       | MBL (CGRG) Road Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B, Pocket - V, Vasant Kunj, New Delhi - 110070.                                   | U45201DL2016PLC299200 | Joint Venture                    | 49.00            | 2(6)               |
| 10      | MBL (GSY) Road Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B, Pocket - V, Vasant Kunj, New Delhi - 110070.                                    | U45202DL2016PLC299464 | Joint Venture                    | 49.00            | 2(6)               |
| 11      | RGY Roads Private Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B, Pocket - V, Vasant Kunj, New Delhi - 110070.                                 | U45309DL2017PTC318149 | Joint Venture                    | 49.00            | 2(6)               |
| 12      | Corbello Trading Private Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B, Pocket - V, Vasant Kunj, New Delhi - 110070.                          | U51909DL2017PTC337834 | Joint Venture                    | 49.00            | 2(6)               |
| 13      | Chikhali - Tarsod Highways Private Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B, Pocket - V, Vasant Kunj, New Delhi - 110070.                | U45201DL2016PTC337833 | Joint Venture                    | 49.00            | 2(6)               |
| 14      | Welsteel Enterprises Private Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B, Pocket - V, Vasant Kunj, New Delhi - 110070.                      | U45201DL2018PTC335713 | Joint Venture                    | 49.00            | 2(6)               |
| 15      | DME Infra Private Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B, Pocket - V, Vasant Kunj, New Delhi - 110070.                                 | U45202DL2018PTC337124 | Subsidiary                       | 100.00           | 2(87)(ii)          |
| 16      | Grenoble Infrastructure Private Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B, Pocket - V, Vasant Kunj, New Delhi - 110070.                   | U45309DL2018PTC336572 | Joint Venture                    | 49.00            | 2(6)               |
| 17      | Welspun Sattanathapuram Nagapattinam Road Private Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B, Pocket - V, Vasant Kunj, New Delhi - 110070. | U45500DL2018PTC338889 | Subsidiary                       | 70.00            | 2(87)(ii)          |



| Sr. No. | Name and Address of the Company  | CIN / GLN             | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|----------------------------------|------------------|--------------------|
| 18      | Welspun Road Infra Private Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector-B,<br>Pocket - V, Vasant Kunj, New Delhi - 110070. | U45209DL2018PTC339650 | Subsidiary                       | 100.00           | 2(87)(ii)          |
| 19      | Welspun Amravati Highways Private Limited<br>T-11, 3 <sup>rd</sup> Floor, Vasant Square Mall, Sector - B,<br>Pocket - V, Vasant Kunj.            | U45500DL2018PTC342566 | Subsidiary                       | 100.00           | 2(87)(ii)          |
| 20      | Adani Welspun Exploration Limited<br>Adani House, Nr Mithakhalisix Roads,<br>Narangpura, Ahmedabad - 380009.                                     | U40100GJ2005PLC046554 | Associate                        | 35.00            | 2(6)               |

#### IV. SHARE HOLDING PATTERN (Equity Share Capital break-up as percentage of Total Equity)

##### i. Category-wise shareholding:

| Sr. No.    | Category of Shareholders  | Shareholding at the beginning of the year - 2018 |          |                    |                   | Shareholding at the end of the year - 2019 |          |                    |                   | % Change during the year |
|------------|---|--|----------|--------------------|-------------------|--|----------|--------------------|-------------------|--------------------------|
|            |   | Demat  | Physical | Total              | % of Total Shares | Demat                                      | Physical | Total              | % of Total Shares |                          |
| <b>(A)</b> | <b>Shareholding of Promoter and Promoter Group</b>                        |  |          |                    |                   |  |          |                    |                   |                          |
| <b>[1]</b> | <b>Indian</b>   |  |          |                    |                   |  |          |                    |                   |                          |
| (a)        | Individuals / Hindu Undivided Family                                      | 15,50,264  | -        | 15,50,264          | 1.05              | 64,98,316                                  | -        | 64,98,316          | 4.39              | 3.34                     |
| (b)        | Central Government / State Government(s)                                  | -  | -        | -                  | 0.00              | -  | -        | -                  | 0.00              | 0.00                     |
| (c)        | Financial Institutions / Banks  | -  | -        | -                  | 0.00              | -  | -        | -                  | 0.00              | 0.00                     |
| (d)        | Any Other (Specify)   |  |          |                    |                   |  |          |                    |                   |                          |
|            | Bodies Corporate  | 6,13,15,751                                      | -        | 6,13,15,751        | 41.56             | 6,37,26,687                                | -        | 6,37,26,687        | 43.03             | 1.47                     |
|            | <b>Sub Total (A)(1)</b>   | <b>6,28,66,015</b>                               | <b>-</b> | <b>6,28,66,015</b> | <b>42.61</b>      | <b>7,02,25,003</b>                         | <b>-</b> | <b>7,02,25,003</b> | <b>47.42</b>      | <b>4.81</b>              |
| <b>[2]</b> | <b>Foreign</b>  |  |          |                    |                   |  |          |                    |                   |                          |
| (a)        | Individuals (Non-Resident Individuals / Foreign Individuals)              | -  | -        | -                  | 0.00              | -  | -        | -                  | 0.00              | 0.00                     |
| (b)        | Government  | -  | -        | -                  | 0.00              | -  | -        | -                  | 0.00              | 0.00                     |
| (c)        | Institutions  | -  | -        | -                  | 0.00              | -  | -        | -                  | 0.00              | 0.00                     |
| (d)        | Foreign Portfolio Investor  | -  | -        | -                  | 0.00              | -  | -        | -                  | 0.00              | 0.00                     |
| (e)        | Any Other (Specify)   |  |          |                    |                   |  |          |                    |                   |                          |
|            | Bodies Corporate  | 29,25,066  | -        | 29,25,066          | 1.98              | -  | -        | -                  | 0.00              | (1.98)                   |
|            | <b>Sub Total (A)(2)</b>   | <b>29,25,066</b>                                 | <b>-</b> | <b>29,25,066</b>   | <b>1.98</b>       | <b>-</b>                                   | <b>-</b> | <b>-</b>           | <b>0.00</b>       | <b>(1.98)</b>            |
|            | <b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b> | <b>6,57,91,081</b>                               | <b>-</b> | <b>6,57,91,081</b> | <b>44.59</b>      | <b>7,02,25,003</b>                         | <b>-</b> | <b>7,02,25,003</b> | <b>47.42</b>      | <b>2.83</b>              |

| Sr. No.    | Category of Shareholders  | Shareholding at the beginning of the year - 2018 |          |                    |                   | Shareholding at the end of the year - 2019 |          |                    |                   | % Change during the year |
|------------|---|--|----------|--------------------|-------------------|--|----------|--------------------|-------------------|--------------------------|
|            |   | Demat  | Physical | Total              | % of Total Shares | Demat                                      | Physical | Total              | % of Total Shares |                          |
| <b>(B)</b> | <b>Public Shareholding</b>  |  |          |                    |                   |  |          |                    |                   |                          |
| <b>[1]</b> | <b>Institutions</b>   |  |          |                    |                   |  |          |                    |                   |                          |
| (a)        | Mutual Funds / UTI  | 6,86,000   | -        | 6,86,000           | 0.46              | 6,65,000                                   | -        | 6,65,000           | 0.45              | (0.01)                   |
| (b)        | Venture Capital Funds   | -  | -        | -                  | 0.00              | -  | -        | -                  | 0.00              | 0.00                     |
| (c)        | Alternate Investment Funds  | 10,67,880  | -        | 10,67,880          | 0.72              | 10,87,880                                  | -        | 10,87,880          | 0.73              | 0.01                     |
| (d)        | Foreign Venture Capital Investors   | -  | -        | -                  | 0.00              | -  | -        | -                  | 0.00              | 0.00                     |
| (e)        | Foreign Portfolio Investor  | 40,82,771  | -        | 40,82,771          | 2.77              | 37,36,982                                  | -        | 37,36,982          | 2.52              | (0.25)                   |
| (f)        | Financial Institutions / Banks  | 62,51,467  | -        | 62,51,467          | 4.24              | 51,88,323                                  | -        | 51,88,323          | 3.50              | (0.74)                   |
| (g)        | Insurance Companies   | 1,62,000   | -        | 1,62,000           | 0.11              | 1,62,000                                   | -        | 1,62,000           | 0.11              | 0.00                     |
| (h)        | Provident Funds/ Pension Funds  | -  | -        | -                  | 0.00              | -  | -        | -                  | 0.00              | 0.00                     |
| (i)        | Any Other (Specify)   |  |          |                    |                   |  |          |                    |                   |                          |
|            | <b>Sub Total (B)(1)</b>   | <b>1,22,50,118</b>                               | <b>-</b> | <b>1,22,50,118</b> | <b>8.30</b>       | <b>1,08,40,185</b>                         | <b>-</b> | <b>1,08,40,185</b> | <b>7.32</b>       | <b>(0.98)</b>            |
| <b>[2]</b> | <b>Central Government/ State Government(s)/ President of India</b>            |  |          |                    |                   |  |          |                    |                   |                          |
|            | Central Government / State Government(s)                                      | 31,176   | -        | 31,176             | 0.02              | -  | -        | -                  | 0.00              | (0.02)                   |
|            | <b>Sub Total (B)(2)</b>   | <b>31,176</b>                                    | <b>-</b> | <b>31,176</b>      | <b>0.02</b>       | <b>-</b>                                   | <b>-</b> | <b>-</b>           | <b>0.00</b>       | <b>(0.02)</b>            |
| <b>[3]</b> | <b>Non-Institutions</b>   |  |          |                    |                   |  |          |                    |                   |                          |
| (a)        | Individuals   |  |          |                    |                   |  |          |                    |                   |                          |
| (i)        | Individual shareholders holding nominal share capital upto Rs. 1 lakh.        | 1,56,89,989                                      | 2,15,859 | 1,59,05,848        | 10.78             | 1,55,65,107                                | 2,10,179 | 1,57,75,286        | 10.65             | (0.13)                   |
| (ii)       | Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 2,98,10,782                                      | -        | 2,98,10,782        | 20.21             | 2,76,96,628                                | -        | 2,76,96,628        | 18.70             | (1.51)                   |
| (b)        | NBFCs registered with RBI   | -  | -        | -                  | 0.00              | 3,99,781                                   | -        | 3,99,781           | 0.27              | 0.27                     |
| (d)        | Overseas Depositories (holding DRs) (balancing figure)                        | -  | -        | -                  | 0.00              | -  | -        | -                  | 0.00              | 0.00                     |
| (e)        | Any Other (Specify)   |  |          |                    |                   |  |          |                    |                   |                          |
|            | IEPF  | -  | -        | -                  | 0.00              | 31,176                                     | -        | 31,176             | 0.02              | 0.02                     |
|            | Trusts  | 1,000  | -        | 1,000              | 0.00              | -  | -        | -                  | 0.00              | 0.00                     |
|            | Hindu Undivided Family  | 26,44,179  | -        | 26,44,179          | 1.79              | 29,73,510                                  | -        | 29,73,510          | 2.01              | 0.22                     |
|            | Non Resident Indians (Non Repat)  | 4,19,626   | -        | 4,19,626           | 0.28              | 3,82,317                                   | -        | 3,82,317           | 0.26              | (0.02)                   |
|            | Non Resident Indians (Repat)  | 8,67,345   | 32,352   | 8,99,697           | 0.61              | 9,35,480                                   | 32,352   | 9,67,832           | 0.65              | 0.04                     |
|            | Unclaimed Shares  | 31,224   | -        | 31,224             | 0.02              | -  | -        | -                  | 0.00              | (0.02)                   |

| Sr. No. | Category of Shareholders   | Shareholding at the beginning of the year - 2018 |                 |                     |                   | Shareholding at the end of the year - 2019 |                 |                     |                   | % Change during the year |
|---------|--|--|-----------------|---------------------|-------------------|--|-----------------|---------------------|-------------------|--------------------------|
|         |  | Demat  | Physical        | Total               | % of Total Shares | Demat                                      | Physical        | Total               | % of Total Shares |                          |
|         | Clearing Member Bodies Corporate   | 17,86,870  | -               | 17,86,870           | 1.21              | 20,52,014                                  | -               | 20,52,014           | 1.39              | 0.18                     |
|         |  | 1,79,55,875                                      | 5,580           | 1,79,61,455         | 12.17             | 1,67,35,844                                | 3,480           | 1,67,39,324         | 11.3              | (0.87)                   |
|         | <b>Sub Total (B)(3)</b>  | <b>6,92,06,890</b>                               | <b>2,53,791</b> | <b>6,94,60,681</b>  | <b>47.08</b>      | <b>6,67,71,857</b>                         | <b>2,46,011</b> | <b>6,70,17,868</b>  | <b>45.26</b>      | <b>(1.82)</b>            |
|         | <b>Total Public</b>  | <b>8,14,88,184</b>                               | <b>2,53,791</b> | <b>8,17,41,975</b>  | <b>55.41</b>      | <b>7,76,12,042</b>                         | <b>2,46,011</b> | <b>7,78,58,053</b>  | <b>52.58</b>      | <b>(2.83)</b>            |
|         | <b>Shareholding(B)= (B)(1) + (B)(2) + (B)(3)</b>                                     |  |                 |                     |                   |  |                 |                     |                   |                          |
|         | <b>Total (A)+(B)</b>   | <b>14,72,79,265</b>                              | <b>2,53,791</b> | <b>14,75,33,056</b> | <b>100</b>        | <b>14,78,37,045</b>                        | <b>2,46,011</b> | <b>14,80,83,056</b> | <b>100</b>        | <b>0.00</b>              |
| (C)     | <b>Non Promoter - Non Public</b>   |  |                 |                     |                   |  |                 |                     |                   |                          |
| [1]     | Custodian/DR Holder  | -  | -               | -                   | -                 | -  | -               | -                   | -                 | -                        |
| [2]     | Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | -  | -               | -                   | -                 | -  | -               | -                   | -                 | -                        |
|         | <b>Total (A)+(B)+(C)</b>   | <b>14,72,79,265</b>                              | <b>2,53,791</b> | <b>14,75,33,056</b> | <b>100</b>        | <b>14,78,37,045</b>                        | <b>2,46,011</b> | <b>14,80,83,056</b> | <b>100</b>        |                          |

**ii. Shareholding of Promoters:**

| Sr. No. | Shareholder's Name   | Shareholding at the beginning of the year - 2018 |                                  |  | Shareholding at the end of the year - 2019 |                                  |  | % change in shareholding during the year |
|---------|--|--|----------------------------------|--|--|----------------------------------|--|--|
|         |  | No. of Shares held                               | % of total shares of the Company | % of shares pledged / encumbered to total shares | No. of Shares held                         | % of total shares of the Company | % of shares pledged / encumbered to total shares |  |
| 1       | Anjar Road Private Limited   | 5,81,75,951                                      | 39.43                            | Nil  | 5,84,15,951                                | 39.45                            | Nil  | 0.02                                     |
| 2       | Balkrishan Gopiram Goenka  | 84   | 0.00                             | Nil  | 84   | 0.00                             | Nil  | 0.00                                     |
| 3       | Balkrishan Gopiram Goenka as Trustee of Welspun Group Master Trust | 15,50,060  | 1.05                             | Nil  | 64,98,112                                  | 4.39                             | Nil  | 3.34                                     |
| 4       | MGN Agro Properties Private Limited                                | -  | 0.00                             | Nil  | 20,70,936                                  | 1.40                             | Nil  | 1.40                                     |
| 5       | Rajesh R Mandawewala   | 120  | 0.00                             | Nil  | 120  | 0.00                             | Nil  | 0.00                                     |
| 6       | Welspun Investments And Commercials Limited                        | 31,39,800  | 2.13                             | Nil  | 32,39,800                                  | 2.19                             | Nil  | 0.06                                     |
|         | <b>Total of Co-Promoters (A)</b>                                   | <b>6,28,66,015</b>                               | <b>42.61</b>                     | <b>Nil</b>                                       | <b>7,02,25,003</b>                         | <b>47.43</b>                     | <b>0.00</b>                                      | <b>4.82</b>                              |
| 7       | Intech Metals S. A.  | 29,25,066  | 1.98                             | Nil  | -  | -                                | Nil  | (1.98)                                   |
|         | <b>Total of Co-Promoters (B)</b>                                   | <b>29,25,066</b>                                 | <b>1.98</b>                      | <b>Nil</b>                                       | <b>-</b>                                   | <b>-</b>                         | <b>Nil</b>                                       | <b>(1.98)</b>                            |
|         | <b>Total of Promoters (A) + (B)</b>                                | <b>6,57,91,081</b>                               | <b>44.59</b>                     | <b>Nil</b>                                       | <b>7,02,25,003</b>                         | <b>47.43</b>                     | <b>0.00</b>                                      | <b>2.84</b>                              |

**Note:** The Company's paid up share capital increased by 5,50,000 equity shares on account of issue of Equity shares to ESOP grantees pursuant to the WEL ESOP Scheme 2017. With the change in paid up capital, the % ages referred to above are not exactly comparable for the purposes of arriving at the differences.

**iii. Change in Promoter Groups' Shareholding:**

| Sr No. | Name & Type of Transaction                  | Shareholding at the beginning of the year - 2018 |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year - 2019 |                                  |
|--------|---|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
|        |   | No. of shares held                               | % of total shares of the Company | Date of transaction          | No. of shares | No of shares held                                     | % of total shares of the Company |
| 1      | ANJAR ROAD PRIVATE LIMITED                  | 5,81,75,951                                      | 39.29                            |                              |               | 5,81,75,951   | 39.29                            |
|        | Transfer                                    |  |                                  | 25 May 2018                  | 2,40,000      | 5,84,15,951   | 39.45                            |
|        | AT THE END OF THE YEAR                      |  |                                  |                              |               | 5,84,15,951   | 39.45                            |
| 2      | BALKRISHAN GOPIRAM GOENKA*                  | 15,50,060  | 1.05                             |                              |               | 15,50,060   | 1.05                             |
|        | Transfer                                    |  |                                  | 06 Apr 2018                  | 1,00,000      | 16,50,060   | 1.11                             |
|        | Transfer                                    |  |                                  | 25 May 2018                  | 21,13,052     | 37,63,112   | 2.54                             |
|        | Transfer                                    |  |                                  | 31 Aug 2018                  | 25,00,000     | 62,63,112   | 4.23                             |
|        | Transfer                                    |  |                                  | 05 Oct 2018                  | 2,35,000      | 64,98,112   | 4.39                             |
|        | AT THE END OF THE YEAR                      |  |                                  |                              |               | 64,98,112   | 4.39                             |
| 3      | WELSPUN INVESTMENTS AND COMMERCIALS LIMITED | 31,39,800  | 2.12                             |                              |               | 31,39,800   | 2.12                             |
|        | Transfer                                    |  |                                  | 31 Aug 2018                  | 1,00,000      | 32,39,800   | 2.19                             |
|        | AT THE END OF THE YEAR                      |  |                                  |                              |               | 32,39,800   | 2.19                             |
| 4      | MGN AGRO PROPERTIES PRIVATE LIMITED         | 0  | 0.00                             |                              |               | 0   | 0.00                             |
|        | Transfer                                    |  |                                  | 05 Oct 2018                  | 1,65,000      | 1,65,000  | 0.11                             |
|        | Transfer                                    |  |                                  | 14 Dec 2018                  | 45,936        | 2,10,936  | 0.14                             |
|        | Transfer                                    |  |                                  | 15 Feb 2019                  | 5,51,121      | 7,62,057  | 0.51                             |
|        | Transfer                                    |  |                                  | 22 Feb 2019                  | 8,21,694      | 15,83,751   | 1.07                             |
|        | Transfer                                    |  |                                  | 01 Mar 2019                  | 4,87,185      | 20,70,936   | 1.40                             |
|        | AT THE END OF THE YEAR                      |  |                                  |                              |               | 20,70,936   | 1.40                             |
| 5      | RAJESH R MANDAWEWALA                        | 120  | 0.00                             |                              |               | 120   | 0.00                             |
|        | AT THE END OF THE YEAR                      |  |                                  |                              |               | 120   | 0.00                             |
| 6      | BALKRISHAN GOPIRAM GOENKA                   | 84   | 0.00                             |                              |               | 84  | 0.00                             |
|        | AT THE END OF THE YEAR                      |  |                                  |                              |               | 84  | 0.00                             |
| 7      | INTECH METALS S. A.                         | 29,25,066  | 1.98                             |                              |               | 29,25,066   | 1.98                             |
|        | Transfer                                    |  |                                  | 27 Jul 2018                  | (5,00,000)    | 24,25,066   | 1.64                             |
|        | Transfer                                    |  |                                  | 27 Jul 2018                  | (24,25,066)   | 0   | 0.00                             |
|        | AT THE END OF THE YEAR                      |  |                                  |                              |               | 0   | 0.00                             |

\* Trustee of Welspun Group Master Trust.

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

| Sr No. | Name & Type of Transaction          | Shareholding at the beginning of the year - 2018 |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year - 2019 |                                  |
|--------|-------------------------------------|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
|        |                                     | No. of shares held                               | % of total shares of the Company | Date of transaction          | No. of shares | No of shares held                                     | % of total shares of the Company |
| 1      | DILIPKUMAR LAKHI                    | 68,60,243  | 4.63                             |                              |               | 68,60,243   | 4.63                             |
|        | AT THE END OF THE YEAR              |  |                                  |                              |               | 68,60,243   | 4.63                             |
| 2      | LIFE INSURANCE CORPORATION OF INDIA | 58,83,918  | 3.97                             |                              |               | 58,83,918   | 3.97                             |
|        | Sale                                |  |                                  | 18 Jan 2019                  | (2,10,841)    | 56,73,077   | 3.83                             |
|        | Sale                                |  |                                  | 25 Jan 2019                  | (3,57,492)    | 53,15,585   | 3.59                             |
|        | Sale                                |  |                                  | 15 Mar 2019                  | (68,297)      | 52,47,288   | 3.54                             |
|        | Sale                                |  |                                  | 22 Mar 2019                  | (1,33,691)    | 51,13,597   | 3.45                             |
|        | Sale                                |  |                                  | 29 Mar 2019                  | (1,55,878)    | 49,57,719   | 3.35                             |
|        | AT THE END OF THE YEAR              |  |                                  |                              |               | 49,57,719   | 3.35                             |
| 3      | MENTOR CAPITAL LIMITED              | 41,83,268  | 2.82                             |                              |               | 41,83,268   | 2.82                             |
|        | Purchase                            |  |                                  | 16 Nov 2018                  | 9             | 41,83,277   | 2.83                             |
|        | Purchase                            |  |                                  | 08 Feb 2019                  | 54,146        | 42,37,423   | 2.86                             |
|        | Purchase                            |  |                                  | 15 Mar 2019                  | 30,199        | 42,67,622   | 2.88                             |
|        | AT THE END OF THE YEAR              |  |                                  |                              |               | 42,67,622   | 2.88                             |
| 4      | CHIRAG DILIPKUMAR LAKHI             | 28,47,034  | 1.92                             |                              |               | 28,47,034   | 1.92                             |
|        | AT THE END OF THE YEAR              |  |                                  |                              |               | 28,47,034   | 1.92                             |
| 5      | SANDEEP GARG                        | 12,00,000  | 0.81                             |                              |               | 12,00,000   | 0.81                             |
|        | ESOP Allotment                      |  |                                  | 30 Nov 2018                  | 4,00,000      | 16,00,000   | 1.08                             |
|        | AT THE END OF THE YEAR              |  |                                  |                              |               | 16,00,000   | 1.08                             |
| 6      | PANNA LAL C KOTHARI HUF             | 13,00,000  | 0.88                             |                              |               | 13,00,000   | 0.88                             |
|        | AT THE END OF THE YEAR              |  |                                  |                              |               | 13,00,000   | 0.88                             |
| 7      | MAURYAN FIRST                       | 10,67,880  | 0.72                             |                              |               | 10,67,880   | 0.72                             |
|        | Purchase                            |  |                                  | 22 Feb 2019                  | 20,000        | 10,87,880   | 0.73                             |
|        | AT THE END OF THE YEAR              |  |                                  |                              |               | 10,87,880   | 0.73                             |
| 8      | POLUS GLOBAL FUND                   | 10,00,000  | 0.68                             |                              |               | 10,00,000   | 0.68                             |
|        | AT THE END OF THE YEAR              |  |                                  |                              |               | 10,00,000   | 0.68                             |
| 9      | AADI FINANCIAL ADVISORS LLP         | 0  | 0.00                             |                              |               | 0   | 0.00                             |
|        | Purchase                            |  |                                  | 05 Oct 2018                  | 6,14,038      | 6,14,038  | 0.41                             |
|        | Purchase                            |  |                                  | 12 Oct 2018                  | 1,36,962      | 7,51,000  | 0.51                             |
|        | Purchase                            |  |                                  | 19 Oct 2018                  | 1,00,000      | 8,51,000  | 0.57                             |
|        | AT THE END OF THE YEAR              |  |                                  |                              |               | 8,51,000  | 0.57                             |

| Sr No. | Name & Type of Transaction | Shareholding at the beginning of the year - 2018 |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year - 2019 |                                  |
|--------|----------------------------|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
|        |                            | No. of shares held                               | % of total shares of the Company | Date of transaction          | No. of shares | No of shares held                                     | % of total shares of the Company |
| 10     | SATYA NARAYAN DHOOT        | 2,93,500   | 0.20                             |                              |               | 2,93,500  | 0.20                             |
|        | Sale                       |  |                                  | 06 Apr 2018                  | (42,500)      | 2,51,000  | 0.17                             |
|        | Sale                       |  |                                  | 27 Apr 2018                  | (2,51,000)    | 0   | 0.00                             |
|        | Purchase                   |  |                                  | 04 May 2018                  | 2,000         | 2000  | 0.00                             |
|        | Purchase                   |  |                                  | 11 May 2018                  | 8,362         | 10,362  | 0.01                             |
|        | Sale                       |  |                                  | 18 May 2018                  | (10,000)      | 362   | 0.00                             |
|        | Sale                       |  |                                  | 15 Jun 2018                  | (362)         | 0   | 0.00                             |
|        | Purchase                   |  |                                  | 03 Aug 2018                  | 6,63,223      | 6,63,223  | 0.45                             |
|        | Purchase                   |  |                                  | 10 Aug 2018                  | 1,21,908      | 7,85,131  | 0.53                             |
|        | Sale                       |  |                                  | 31 Aug 2018                  | (7,85,131)    | 0   | 0.00                             |
|        | Purchase                   |  |                                  | 21 Sep 2018                  | 16,986        | 16,986  | 0.01                             |
|        | Purchase                   |  |                                  | 29 Sep 2018                  | 2,82,444      | 2,99,430  | 0.20                             |
|        | Purchase                   |  |                                  | 05 Oct 2018                  | 29,000        | 3,28,430  | 0.22                             |
|        | Purchase                   |  |                                  | 19 Oct 2018                  | 3,79,977      | 7,08,407  | 0.48                             |
|        | Purchase                   |  |                                  | 26 Oct 2018                  | 48,998        | 7,57,405  | 0.51                             |
|        | Purchase                   |  |                                  | 16 Nov 2018                  | 79,826        | 8,37,231  | 0.57                             |
|        | Purchase                   |  |                                  | 23 Nov 2018                  | 49,939        | 8,87,170  | 0.60                             |
|        | Purchase                   |  |                                  | 30 Nov 2018                  | 36,241        | 9,23,411  | 0.62                             |
|        | Purchase                   |  |                                  | 25 Jan 2019                  | 4,27,749      | 13,51,160   | 0.91                             |
|        | Purchase                   |  |                                  | 01 Feb 2019                  | 50,000        | 14,01,160   | 0.95                             |
|        | Purchase                   |  |                                  | 08 Feb 2019                  | 12,500        | 14,13,660   | 0.95                             |
|        | Sale                       |  |                                  | 22 Feb 2019                  | (5,84,082)    | 8,29,578  | 0.56                             |
|        | Sale                       |  |                                  | 01 Mar 2019                  | (32,102)      | 7,97,476  | 0.54                             |
|        | AT THE END OF THE YEAR     |  |                                  |                              |               | 7,97,476  | 0.54                             |

\* The information is an on the date of weekly BENPOS received from the Registrar and Share Transfer Agent. Exact dates of transaction is not available.

**v. Shareholding of Directors and Key Managerial Personnel (KMP):**

| Sr. No.                         | For each of the Directors and KMP                 | Shareholding at the beginning of the year |                                  | Transactions during the year |                                      |                                 | Cumulative Shareholding during the year |                                  | At the end of the year (or on the date of separation, if separated during the year) |                                  |
|---------------------------------|---|---|----------------------------------|------------------------------|--------------------------------------|---------------------------------|---|----------------------------------|---|----------------------------------|
|                                 |   | No. of shares                             | % of total shares of the Company | Date                         | Increase/ (Decrease) in shareholding | Reason for Increase/ (Decrease) | No. of shares                           | % of total shares of the Company | No. of shares   | % of total shares of the Company |
| <b>DIRECTORS</b>                |   |   |                                  |                              |                                      |                                 |   |                                  |   |                                  |
| 1                               | Mr. Rajesh R. Mandawewala                         | 120                                       | 0.00                             | -                            | -                                    | -                               | 120                                     | 0.00                             | 120   | 0.00                             |
| 2                               | Mr. Dhruv Kaji                                    | -   | 0.00                             | -                            | -                                    | -                               | -                                       | -                                | -   | -                                |
| 3                               | Mr. Mohan Tandon                                  | -   | 0.00                             | -                            | -                                    | -                               | -                                       | -                                | -   | -                                |
| 4                               | Ms. Mala Tadarwal                                 | 800                                       | 0.00                             | -                            | -                                    | -                               | 800                                     | 0.00                             | 800   | 0.00                             |
| 5                               | Dr. Aruna Sharma%                                 | N.A.                                      | N.A.                             | -                            | -                                    | -                               | -                                       | -                                | -   | -                                |
| 6                               | Mr. Yogesh Agarwal#                               | -   | 0.00                             | -                            | -                                    | -                               | -                                       | -                                | -   | -                                |
| 7                               | Mr. Ram Gopal Sharma*                             | 1   | 0.00                             | -                            | -                                    | -                               | 1                                       | 0.00                             | 1   | 0.00                             |
| <b>KEY MANAGERIAL PERSONNEL</b> |   |   |                                  |                              |                                      |                                 |   |                                  |   |                                  |
| 8                               | Mr. Balkrishan Goenka - Chairman (Executive)      | 84  | 0.00                             | -                            | -                                    | -                               | 84                                      | 0.00                             | -   | -                                |
| 9                               | Mr. Sandeep Garg - Managing Director              | 12,00,000                                 | 0.81                             | 30.11.2018 <sup>§</sup>      | 4,00,000                             | ESOP allotment                  | 16,00,000                               | 1.08                             | 16,00,000   | 1.08                             |
| 10                              | Mr. Shrinivas Kargutkar - Chief Financial Officer | -   | 0.00                             | -                            | -                                    | -                               | 300                                     | 0.00                             | 300   | 0.00                             |
| 11                              | Ms. Priya Pakhare - Company Secretary             | 1   | 0.00                             | 05.10.2018                   | 100                                  | Purchase                        | 101                                     | 0.00                             | 101   | 0.00                             |

# Resigned w.e.f. June 20, 2018 % Appointed w.e.f. January 29, 2019

\* Resigned w.e.f. October 30, 2018

§ The equity shares were allotted pursuant to resolution passed by the Nomination and Remuneration Committee of the Board of Directors on October 10, 2018.

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

(Rs. in lakhs)

| Particulars  | Secured loans excluding deposits | Unsecured loans | Deposits | Total indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount  | 5,180                            | -               | -        | 5,180              |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | 28                               | -               | -        | 28                 |
| <b>Total [(i)+(ii)+(iii)]</b>                              | <b>5,208</b>                     | -               | -        | <b>5,208</b>       |
| <b>Change in indebtedness during the financial year</b>    |                                  |                 |          |                    |
| • Addition   | 1,300                            | -               | -        | 1,300              |
| • Reduction  | 5,208                            | -               | -        | 5,208              |
| <b>Net Change</b>  | <b>1,300</b>                     | -               | -        | <b>1,300</b>       |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i) Principal Amount  | 1,300                            | -               | -        | 1,300              |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total [(i)+(ii)+(iii)]</b>                              | <b>1,300</b>                     | -               | -        | <b>1,300</b>       |

The above numbers of indebtedness do not include short term borrowings disclosed under current liabilities-borrowings in the financial statement.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director (MD), Whole-Time Directors (WTD) and/or Manager:

(Rs. in lakhs)

| Sr. No | Particulars of Remuneration  | Name of MD/WTD/Manager                                     |                                     | Total Amount |
|--------|--|--|-------------------------------------|--------------|
|        |  | Mr. Balkrishan Goenka-Chairman (Executive)                 | Mr. Sandeep Garg- Managing Director |              |
| 1.     | Gross Salary   |  |                                     |              |
|        | a) Salary as per provisions contained in section 17(1) of the Income Tax Act 1961. | 750  | 360%                                | 1,110        |
|        | b) Value of perquisites u/s 17(2) Income Tax Act, 1961                             | Nil  | 473.16                              | 473.16       |
|        | c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961              | Nil  | Nil                                 | Nil          |
| 2.     | Stock Options *  | Nil  | Nil                                 | Nil          |
| 3.     | Sweat equity   | N.A.   | N.A.                                | N.A.         |
| 4.     | Commission   | 2 #  | Nil                                 | Nil          |
|        | - As % of profit   |  |                                     |              |
|        | - Others, specify...   |  |                                     |              |
| 5.     | Others, please specify   | Nil  | Nil                                 | Nil          |
|        | Total (A)  | 750  | 833.16                              | 1,583.16     |
|        | Ceiling as per the Act   | Within the limits prescribed under the Companies Act, 2013 |                                     |              |

\* Included in the value of perquisites u/s 17(2) Income Tax Act, 1961

# Commission has been provided for in the financial statement of the Company.

% Include Rs. 120 lakhs paid from Associate Company

### B. Remuneration to other directors:

(Rs. in lakhs)

| Sr. No. | Particulars of Remuneration                   | Name of Directors  |                        |                   |                      |                |                    | Total amount |
|---------|---|--|------------------------|-------------------|----------------------|----------------|--------------------|--------------|
|         |   | Mr. Mohan Tandon   | Mr. Ram Gopal Sharma * | Ms. Mala Tadarwal | Mr. Yogesh Agarwal # | Mr. Dhruv Kaji | Dr. Aruna Sharma @ |              |
| 1.      | <b>Independent Directors</b>                  |  |                        |                   |                      |                |                    |              |
|         | • Fee for attending board/ committee meetings | 5.50   | 1.11                   | 2.65              | 0.45                 | 4.45           | 0.85               | <b>15.01</b> |
|         | • Commission                                  | -  | -                      | -                 | -                    | -              | -                  | -            |
|         | • Others, please specify                      | -  | -                      | -                 | -                    | -              | -                  | -            |
|         | <b>Total (1)</b>                              | <b>5.50</b>  | <b>1.11</b>            | <b>2.65</b>       | <b>0.45</b>          | <b>4.45</b>    | <b>0.85</b>        | <b>15.01</b> |
| 2.      | <b>Other Non-Executive Directors</b>          |  |                        |                   |                      |                |                    |              |
|         | • Fee for attending board/ committee meetings | -  | -                      | -                 | -                    | -              | -                  | -            |
|         | • Commission                                  | -  | -                      | -                 | -                    | -              | -                  | -            |
|         | • Others, please specify                      | -  | -                      | -                 | -                    | -              | -                  | -            |
|         | <b>Total (2)</b>                              | <b>-</b>   | <b>-</b>               | <b>-</b>          | <b>-</b>             | <b>-</b>       | <b>-</b>           | <b>-</b>     |
|         | <b>Total (B) = (1 + 2)</b>                    | <b>5.50</b>  | <b>1.11</b>            | <b>2.65</b>       | <b>0.45</b>          | <b>4.45</b>    | <b>0.85</b>        | <b>15.01</b> |
|         | Total Managerial Remuneration                 |  |                        |                   |                      |                |                    |              |
|         | Overall Ceiling as per the Act                | 1% of the Net profits of the Company (exclusive of any fees payable to directors for attending meetings of the Board or Committee thereof provided that the amount of such fees does not exceed Rs. one lakh per meeting of the Board or committee thereof.) |                        |                   |                      |                |                    |              |

\* Resigned w.e.f. October 30, 2018

@ Appointed w.e.f. January 29, 2019

# Resigned w.e.f. June 20, 2018



**C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director:**

(Rs. in lakhs)

| Sr. No.  | Particulars of Remuneration  | Key Managerial Personnel                         |                                      |              |
|----------|--|--|--------------------------------------|--------------|
|          |  | Mr. Shriniwas Kargutkar, Chief Financial Officer | Ms. Priya Pakhare, Company Secretary | Total        |
| <b>1</b> | Gross Salary   |  |                                      |              |
|          | a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 82.03  | 14.92                                | 96.95        |
|          | b) Value of perquisites u/s. 17(2) Income Tax Act, 1961                            | -  | -                                    | -            |
|          | c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961              | -  | -                                    | -            |
| <b>2</b> | Stock Option   | -  | -                                    | -            |
| <b>3</b> | Sweat Equity   | -  | -                                    | -            |
| <b>4</b> | Commission   | -  | -                                    | -            |
|          | - As % of profit   |  |                                      |              |
|          | - Others, specify  |  |                                      |              |
| <b>5</b> | Others, please specify   | -  | -                                    | -            |
|          | <b>Total</b>   | <b>82.03</b>                                     | <b>14.92</b>                         | <b>96.95</b> |

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

| Type                                | Section of the Companies Act | Brief Description | Details of penalty / punishment / compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| <b>A. Company</b>                   |                              |                   |  |                               |                                    |
| Penalty                             | -                            | -                 | -  | -                             | -                                  |
| Punishment                          | -                            | -                 | -  | -                             | -                                  |
| Compounding                         | -                            | -                 | -  | -                             | -                                  |
| <b>B. Directors</b>                 |                              |                   |  |                               |                                    |
| Penalty                             | -                            | -                 | -  | -                             | -                                  |
| Punishment                          | -                            | -                 | -  | -                             | -                                  |
| Compounding                         | -                            | -                 | -  | -                             | -                                  |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                               |                                    |
| Penalty                             | -                            | -                 | -  | -                             | -                                  |
| Punishment                          | -                            | -                 | -  | -                             | -                                  |
| Compounding                         | -                            | -                 | -  | -                             | -                                  |

## Annexure - 4

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

The Company is not only committed to complying with regulations relating to Corporate Social Responsibility but also aims at creating Corporate Social value. The CSR vision is enshrined in the 3E's i.e.: (i) Education; (ii) Empowerment of women; and (iii) Environment and Health.

These 3E's are implemented through:

- The programs organized by a trust, Welspun Foundation for Health and Knowledge created by the group;
- Tie-ups with Non-Governmental Organizations / Developmental Agencies / Institutions; and
- Facilitating Government initiatives.

The Company's CSR Policy is disclosed on the website of the Company [www.welspunenterprises.com](http://www.welspunenterprises.com), a web-link of which is as under: <http://www.welspunenterprises.com/userfiles/file/CSR%20Policy%20-.pdf>

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

The Committee comprises of the following three directors as on date of this Report:

- 1) Mr. Mohan Tandon - an Independent Director as the Chairman (appointed w.e.f. July 25, 2018);
- 2) Mr. Rajesh Mandawewala -Member; and
- 3) Mr. Sandeep Garg -Member, Ms. Priya Pakhare -Company Secretary acted as the Secretary to the Committee.

**3. Average net profit/loss of the Company for last three financial years: Rs. 903 lakh**

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Nil**

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

- a. Total amount to be spent for the financial year: Nil
- b. Amount unspent, if any: Nil
- c. Manner in which the amount spent during the financial year is detailed below:

| (1)    | (2)                                | (3)                                    | (4)                             | (5)   | (6)  | (7)   | (8)  |
|--------|------------------------------------|--|---------------------------------|---|--|---|--|
| Sr No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (Location) | Amount Outlay (Budget) project or programs wise (Rs.) | Amount spent on the projects or programs (Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads) | Cumulative expenditure up to the date of reporting period | Amount spent : Direct or through implementing agency |
| Nil    |                                    |  |                                 |   |  |   |  |

**6. Owing to average net loss of Rs. 903 lakh during the preceding three financial years, the Company could not spend any amount on CSR pursuant to section 135.**

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

**For and on Behalf of the Board**

**Place: Mumbai**  
**Date: May 15, 2019**

**Sandeep Garg**  
**Managing Director**  
**DIN: 00036419**

**Mohan Tandon**  
**Chairman - CSR Committee**  
**DIN : 00026460**

## Annexure - 5

### Form No. AOC-2

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

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

- 1. Details of contracts or arrangements or transactions not at arm's length basis - Not applicable**
- 2. Details of material contracts or arrangement or transactions at arm's length basis which are more than 10% of the total transactions of the same type:**

| Name(s) of the related party and nature of relationship                         | Nature of Contract                                    | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any                      | Date(s) of approval by the Board | Amount paid as advances, if any: | Amount (Rs. in lakh)    |
|---|---|--|---|----------------------------------|----------------------------------|-------------------------|
| Welspun Sattanathapuram Nagapattinam Road Private Limited (WSNRPL) - Subsidiary | Engineering Procurement & Construction (EPC) Contract | 730 days from appointed date                           | EPC Contract between the Company and WSNRPL for Rs. 1,850 crore<br><br>Completion: 730 days from Appointed Date | 30.10.2018                       | Nil                              | 1,85,000<br>incl<br>GST |
| Welspun Road Infra Private Limited (WRIPL) - Subsidiary                         | Engineering Procurement & Construction (EPC) Contract | 730 days from appointed date                           | EPC Contract between the Company and WRIPL for Rs. 1,321 crore<br><br>Completion: 730 days from Appointed Date  | 13.12.2018*                      | Nil                              | 1,32,100<br>Excl<br>GST |

\* Approved by the Finance and Administration Committee pursuant to the authority delegated by the Board.

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

**Place: Mumbai**  
**Date: May 15, 2019**

**Balkrishan Goenka**  
**Chairman**  
**DIN : 00270175**

# Corporate Governance Report

## I. PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors of the Company acts as trustee and assumes fiduciary responsibility of protecting the interests of the Company, its members and other stakeholders. The Board supports the broad principles of Corporate Governance. In order to attain the highest level of good Corporate Governance practice, Board lays strong emphasis on transparency, accountability and integrity.

## II. BOARD OF DIRECTORS

The Company's Board comprises of a mix of executive and non-executive directors with considerable experience and expertise across a range of fields such as finance, accounts, general management and business strategy. Except Mr. Balkrishan Goenka and the independent directors, all other directors are liable to retire by rotation as per the provisions of the Companies Act, 2013.

The composition and category of directors and relevant details relating to them are given below:

| Sr. No. | Name of the Director                 | Category | Board Meetings attended during FY 2018-19 | Attendance at the 24 <sup>th</sup> AGM | Directorship on the Board of other Companies |         |                      | Membership/ Chairpersonship in No. of Board /Committees including other Companies (as last declared to the Company)@ | No. of equity shares held in the Company |
|---------|--------------------------------------|----------|---|--|--|---------|----------------------|--|--|
|         |                                      |          |   |  | Public                                       | Private | Other Body Corporate |  |  |
| 1)      | Mr. Balkrishan Goenka-Chairman       | C, P, E  | 6/6                                       | No                                     | 9  | -       | 9                    | 1C, 1M   | 84                                       |
| 2)      | Dr. Aruna Sharma*                    | I        | 1/1                                       | N.A.                                   | -  | -       | -                    | 1M   | -  |
| 3)      | Mr. Dhruv Subodh Kaji                | I        | 5/6                                       | No                                     | 7  | 1       | 9                    | 3C, 4M   | -  |
| 4)      | Ms. Mala Todarwal                    | I        | 5/6                                       | No                                     | 8  | -       | 3                    | 4C, 5M   | 800                                      |
| 5)      | Mr. Mohan Tandon                     | I        | 6/6                                       | No                                     | 1  | -       | -                    | 1C, 2M   | -  |
| 6)      | Mr. Rajesh R. Mandawewala            | P, NE    | 5/6                                       | Yes                                    | 8  | 3       | 2                    | 5M   | 120                                      |
| 7)      | Mr. Sandeep Garg - Managing Director | E        | 6/6                                       | No                                     | 7  | -       | -                    | 1M   | 16,00,000                                |
| 8)      | Mr. Yogesh Agarwal §                 | I        | 1/1                                       | N.A.                                   | -  | -       | -                    | -  | -  |
| 9)      | Mr. Ram Gopal Sharma #               | I        | 1/4                                       | Yes                                    | -  | -       | -                    | -  | -  |

@ Chairmanship/membership of the Audit Committee and the Share Transfer, Investors' Grievance and Stakeholders' Relationship Committee alone considered

\* Appointed w.e.f. January 29, 2019

§ Resigned w.e.f. June 20, 2018, # Resigned w.e.f. October 30, 2018

### Abbreviations:

P = Promoter/Promoter Group; E = Executive Director; NE = Non-Executive Director; I = Independent Non-Executive; C = Chairman; and M= Member.

6 meetings of the Board of Directors were held during the financial year 2018-19 on the following dates: May 10, 2018, July 14, 2018, July 25, 2018, September 21, 2018, October 30, 2018 and January 29, 2019.

In addition to the above, a meeting of the Independent Directors was held on March 14, 2019 in compliance with Section 149(8) read with Schedule IV to the Companies Act, 2013 and Regulation 25 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said meeting was attended by all the Independent Directors of the Company.

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

The names of the listed entities where the person is a director and the category of directorship and matrix of the skills/expertise/competence identified by the board of directors as required in the context of its business(es)

and sector(s) for it to function effectively and those actually available with the board and directors who have such skills / expertise / competence. Details of current members of the Board is given below:

| Sr. No. | Name of the Director(s)   | Skills/expertise/competence  | Names of the other listed entities where the person is a director  | Category of Directorship | Detailed reasons for the resignation of an independent director who resigns before the expiry of his tenure (as applicable) |
|---------|---------------------------|--|--|--------------------------|---|
| 1       | Mr. Balkrishan Goenka     | Leading figure in textile and steel industry, Strategy and Business Management   | Welspun India Limited, Welspun Corp Limited and RMG Alloy Steel Limited  | Non-Independent          | N.A.  |
| 2       | Dr. Aruna Sharma          | Retd. IAS Officer with areas of specialisation - Information Technology and its use in Banking, Big Data & Cyber Security, Steel and Core Sector, Business Models, Convergence of Resources for Outcome and Rural Development. | -  | Independent              | N.A.  |
| 3       | Mr. Dhruv Kaji            | Evaluating and guiding business projects in India and abroad, Strategic planning, Finance  | Network18 Media & Investments Limited, TV18 Broadcast Limited, Welspun Corp Limited, Ceinsys Tech Limited, HDFC Asset Management Company Limited | Independent              | N.A.  |
| 4       | Ms. Mala Todarwal         | Chartered Accountant by profession and has experience in - Audit Assurance, Due Dilligence, Corporate Restructuring and Transaction Advisory.  | Welspun Investments and Commercials Limited, AYM Syntex Limited, Talwandi Saboo Power Limited  | Independent              | N.A.  |
| 5       | Mr. Mohan Tandon          | Professional with experience in Organization Restructuring and designing Productivity-oriented Incentive Schemes.  | AYM Syntex Limited   | Independent              | N.A.  |
| 6       | Mr. Rajesh R. Mandawewala | Leading figure in textiles and Steel, believes in driving innovation through continuous research and product developments.   | Welspun India Limited, AYM Syntex Limited and Welspun Corp Limited   | Non-Independent          | N.A.  |
| 7       | Mr. Sandeep Garg          | Prominent figure in the industry with long and varied experience of over three decades in engineering and construction of infrastructure in road, elevated roads, power, irrigation, railways, buildings and oil & gas.        | -  | Non-Independent          | N.A.  |
| 8       | Mr. Ramgopal Sharma*      | -  | -  | Independent              | Resigned due to indifferent health  |
| 9       | Mr. Yogesh Agarwal #      | -  | -  | Independent              | Resigned due to personal reasons  |

\* Resigned w.e.f. October 30, 2018

# Resigned w.e.f. June 20, 2018

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

The policy on Company's familiarization program (for independent directors) is disclosed on the Company's website [www.welspunenterprises.com](http://welspunenterprises.com) and a web link thereto is:  
[http://welspunenterprises.com/userfiles/file/Familiarisation%20program%20WEL\(LODR\).PDF](http://welspunenterprises.com/userfiles/file/Familiarisation%20program%20WEL(LODR).PDF)

### III. AUDIT COMMITTEE

The Committee comprises of 4 non-executive directors having accounts and finance background. All the members of the Committee are independent directors.

The composition of the Committee as on the date of this report and attendance of members for meetings held during the financial year 2018-19 is given hereunder:

| Name of the Member       | Member / Chairman | Number of Meetings Attended |
|--------------------------|-------------------|-----------------------------|
| Mr. Dhruv Kaji \$        | Chairman          | 5/6                         |
| Dr. Aruna Sharma @       | Member            | -                           |
| Mr. Mohan Tandon         | Member            | 6/6                         |
| Mr. Rajesh Mandawewala # | Member            | 0/2                         |
| Mr. Ram Gopal Sharma*    | Member            | 1/4                         |

\$ Appointed as Chairman w.e.f. October 30, 2018

@ Appointed as member w.e.f. January 29, 2019

# Appointed as member w.e.f. October 30, 2018

\* Resigned w.e.f. October 30, 2018

The Company Secretary of the Company, Ms. Priya Pakhare acts as the Secretary to the Committee.

6 meetings of the Audit Committee were held during the financial year 2018-19 on the following dates: May 10, 2018, July 17, 2018, July 25, 2018, September 21, 2018, October 30, 2018 and January 29, 2019.

None of the recommendations made by the Audit Committee were rejected by the Board.

**Terms of Reference:** The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

### IV. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Company has a Whistle Blower Policy and Vigil Mechanism for its directors and employees and no personnel has been denied access to the Audit Committee Chairman.

### V. NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted the Nomination and Remuneration Committee consisting of executive and non-executive directors, majority of which are independent directors. During the year under review, 4 meetings of the Committee were held on May 10, 2018, July 17, 2018, October 1, 2018 and January 29, 2019.

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

#### Composition of Committee:

The composition of the Committee as on the date of this report and attendance of the members for meetings held during the financial year 2018-19 is given hereunder:

| Name of the Member      | Member / Chairman | Number of Meetings Attended |
|-------------------------|-------------------|-----------------------------|
| Mr. Mohan Tandon        | Chairman          | 4/4                         |
| Mr. Dhruv Kaji          | Member            | 3/4                         |
| Mr. Rajesh Mandawewala# | Member            | -                           |
| Mr. Ram Gopal Sharma*   | Member            | 1/3                         |
| Mr. Balkrishan Goenka\$ | Member            | 2/4                         |

# Appointed as Member w.e.f. January 29, 2019

\* Ceased to be member of the Committee w.e.f. October 30, 2018

\$ Ceased to be member of the Committee w.e.f. January 29, 2019

### Remuneration Policy:

The Company follows the Nomination and Remuneration Policy for appointment of, payment of remuneration to, and performance evaluation of directors, key managerial personnel and senior management personnel which, inter alia, sets out the criteria for performance evaluation of independent directors. The salient features of the policy are as under:

- The Nomination and Remuneration (NRC) Committee shall be constituted from amongst the directors serving on the Board of Directors of the Company to recommend appointment of, payment of remuneration to and performance evaluation of directors, Key Managerial Personnel and Senior Management officials, to the Board of Directors.
- While appointing any person as director, important aspects like business of the Company; strength, weakness, opportunity and threats to Company's business; existing composition of the board of directors; diversity in background of existing directors; background; skills; expertise and qualification possessed by persons being considered and specific requirements under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws as to composition of the Board shall be taken into consideration.
- While identifying persons who may be appointed as independent directors, their qualifications and suitability shall be reviewed to ensure that such candidates will be able to function as directors 'Independently' and avoid any conflict of interest, obligations, pressure from other Board members, KMPs, senior management and other persons associated with the Company.
- While recommending appointment of any candidate as Key Managerial Personnel or as a part of senior management, factors such as expectations of the role of the position being considered, qualification, skill, expertise, background, human qualities such as abilities to perform as a part of a team, emotional quotient, etc. shall be taken into consideration.
- The NRC Committee shall recommend remuneration payable to directors, Key Managerial Personnel and senior management personnel taking into consideration top industry indicators, requirements of role, qualification and experience of candidate, expected contribution of executive to the profitability challenges specific to the Company and such other matters as the Committee may deem fit.
- The NRC Committee shall further co-ordinate the process of evaluation of performance of directors (including Independent Directors), various committees of the Board and the Board as required under section 178 of the Companies Act, 2013.

The Company's Nomination and Remuneration Policy as required under Section 178(3) of the Companies Act, 2013 is disclosed on the Company's website [www.welspunenterprises.com](http://welspunenterprises.com) and a web link thereto is as under: <http://welspunenterprises.com/userfiles/file/Nomination%20and%20Remuneration%20Policy.pdf>

## VI. REMUNERATION OF DIRECTORS

Refer point no. 18 of the Directors' Report.

## VII. SHARE TRANSFER, INVESTORS' GRIEVANCE AND STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Share Transfer, Investor's Grievance and Stakeholder's Relationship Committee is in accordance with the Section 178 of the Companies Act, 2013 and the Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to look into transfer of securities and redress investor's complaints and to review the functioning of the investors grievance redressal system.

The Chairman of the Committee is a non – executive and independent director. The composition of the Committee as on the date of this report is given hereunder:

| Name of the Member | Member / Chairman |
|--------------------|-------------------|
| Mr. Mohan Tandon   | Chairman          |
| Mr. Sandeep Garg   | Member            |
| Mr. Dhruv Kaji     | Member            |

Ms. Priya Pakhare, Company Secretary acts as the Compliance Officer.

During the year under review, 4 complaints were received from various shareholders. Break-up and number of complaints received under different category is given hereunder:

| Sr. No.      | Nature of Complaint                            | No. of requests received and processed |
|--------------|--|--|
| 1.           | Non-receipt of share certificate(s) – Transfer | 2                                      |
| 2.           | Non-receipt of rejected DRF                    | 1                                      |
| 3.           | SEBI   | 1                                      |
| <b>Total</b> |  | <b>4</b>                               |

All the complaints received during the year under report were resolved within the stipulated time to the satisfaction of the investors/shareholders and no complaint was pending as on March 31, 2019.

## VIII. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The composition and the terms of reference of the Corporate Social Responsibility Committee is as required under Section 135 of the Companies Act, 2013 and the rules made thereunder.

The composition of the Committee as on the date of this report is given hereunder:

| Name of the Member     | Member / Chairman |
|------------------------|-------------------|
| Mr. Mohan Tandon *     | Chairman          |
| Mr. Rajesh Mandawewala | Member            |
| Mr. Sandeep Garg       | Member            |
| Mr. Ram Gopal Sharma # | Member            |

\* Appointed w.e.f. July 25, 2018

# Ceased to be a member w.e.f. July 25, 2018

## IX. GENERAL BODY MEETINGS

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

| Meeting  | Day & Date of the Meeting                        | Time       | Place  | Special Resolutions passed  |
|--|--|------------|--|---|
| 24 <sup>th</sup><br>Annual<br>General<br>Meeting | Tuesday,<br>14 <sup>th</sup> August,<br>2018     | 12:30 p.m. | Registered Office:<br>Welspun City,<br>Village Versamedi,<br>Taluka Anjar,<br>District Kutch,<br>Gujarat-370110. | <ul style="list-style-type: none"> <li>• Revision in remuneration of Mr. Balkrishan Goenka (DIN: 00270175)</li> <li>• Borrowing by offer of issue of securities on a private placement basis</li> <li>• Shifting of the Registered Office from the State of Gujarat to the State of Maharashtra</li> <li>• Modification of WEL-ESOP Scheme 2017</li> </ul>  |
| 23 <sup>rd</sup><br>Annual<br>General<br>Meeting | Thursday, 28 <sup>th</sup><br>September,<br>2017 | 11:30 a.m. | Registered Office:<br>Welspun City,<br>Village Versamedi,<br>Taluka Anjar,<br>District Kutch,<br>Gujarat-370110. | <ul style="list-style-type: none"> <li>• Appointment of Mr. Dhruv Kaji as Independent Director.</li> <li>• Re-appointment of Mr. Sandeep Garg as Managing Director of the Company.</li> <li>• Increase in remuneration of Mr. Balkrishan Goenka.</li> <li>• Approval of Employee Stock Option Plan 2017.</li> <li>• Alteration of Articles of Association by way of deletion of Article 241 relating to Investor's rights.</li> </ul> |
| 22 <sup>nd</sup><br>Annual<br>General<br>Meeting | Thursday, 29 <sup>th</sup><br>September,<br>2016 | 11:30 a.m. | Registered Office:<br>Welspun City,<br>Village Versamedi,<br>Taluka Anjar,<br>District Kutch,<br>Gujarat-370110. | <ul style="list-style-type: none"> <li>• Re-appointment of Ms. Mala Tadarwal as an Independent Director.</li> </ul>   |



- During the year under Report, resolutions which were passed through postal ballot are as follows:

**Procedure for postal ballot:**

Procedure as given in Rule 22 of the Companies (Management and Administration) Rules, 2014 was followed. The postal ballot and all other papers relating to postal ballot including voting by electronic means, remained under the safe custody of the scrutinizer till the Chairman considered, approved and signed the minutes and thereafter, the scrutinizer returned the ballot papers and other related papers and register to the Company for preservation. The results of the postal ballot were declared by hosting it, along with the scrutinizer's report, on the website of the Company.

**Details of voting pattern on the resolutions, proposed through Postal Ballot Notice dated January 29, 2019 were as under:**

| Sr. No. | Resolution   | Type of Resolution | No. of votes polled | No. of votes in favour | No. of votes against | % of votes in favour | % of votes against | Who conducted the postal ballot exercise                                |
|---------|--|--------------------|---------------------|------------------------|----------------------|----------------------|--------------------|---|
| 1.      | Approval of material related party transactions for EPC Contracts entered into/to be entered between the Company and Project SPVs upto Rs. 5,000 crore for each project and upto Rs. 15,000 crore for all projects during any financial year for next 5 years. | Ordinary           | 14,566,909          | 14,563,317             | 3,592                | 99.98                | 0.02               | Mr. Mihen Halani of M/s. Mihen Halani & Associates, Company Secretaries |
| 2.      | Re-appointment of Mr. Mohan Tandon (holding DIN - 00026460) as an Independent Director for the second term of five consecutive years with effect from 1 <sup>st</sup> April, 2019.   | Special            | 82,931,912          | 82,927,628             | 4,284                | 99.99                | 0.01               |   |
| 3.      | Re-classification of Intech Metals S.A., a foreign co-promoter from "Promoter" category to the "Public" category.  | Special            | 82,931,912          | 82,929,112             | 2,800                | 100                  | 0.00               |   |

## X. MEANS OF COMMUNICATION

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

These results are simultaneously posted on the website of the Company at [www.welspunenterprises.com](http://www.welspunenterprises.com). The official press release and the presentations made to institutional investors or to the analyst are also available on the website of the Company.

## XI. GENERAL SHAREHOLDER INFORMATION

- a) **Annual General Meeting:** shall be held on Monday, August 12, 2019 at 12:30 p.m. at the Registered Office of the Company at Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat - 370110.

- b) **Financial Year:** of the Company is 1<sup>st</sup> April to 31<sup>st</sup> March.
- c) **Date of Book Closure:** Saturday, July 27, 2019 to Monday, July 29, 2019 (both days inclusive).
- d) **Dividend payment date:** From Monday, August 12, 2019 onwards.
- e) **Listing on Stock Exchanges:** At present, the equity shares of the Company are listed on:

| Sr. No. | Name of Stock Exchange                      | Address of Stock Exchange   | Stock code/ symbol for equity shares | Whether Annual Listing Fee paid for FY 2019-20 | Whether share suspended from trading during FY 2019-20 |
|---------|---|---|--------------------------------------|--|--|
| 1.      | National Stock Exchange of India Ltd. (NSE) | Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 | WELENT;<br>Series: EQ                | Yes  | No   |
| 2.      | BSE Limited (BSE)                           | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001                        | 532553                               | Yes  | No   |

Note: ISIN No. (For dematerialized shares) : INE625G01013

- f) **Stock Market price data, high and low price of equity shares during each month in FY 2018-19 on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) are as under:**

| Month           | BSE        |           | NSE        |           |
|-----------------|------------|-----------|------------|-----------|
|                 | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| April, 2018     | 157.00     | 143.75    | 157.55     | 143.75    |
| May, 2018       | 202.85     | 140.00    | 203.00     | 140.00    |
| June, 2018      | 200.00     | 150.00    | 201.00     | 151.65    |
| July, 2018      | 171.55     | 143.00    | 171.80     | 142.50    |
| August, 2018    | 179.00     | 149.20    | 177.00     | 148.90    |
| September, 2018 | 177.00     | 106.00    | 177.40     | 114.25    |
| October, 2018   | 137.00     | 108.40    | 137.00     | 108.00    |
| November, 2018  | 129.85     | 110.45    | 130.00     | 110.25    |
| December, 2018  | 122.00     | 101.00    | 122.80     | 100.55    |
| January, 2019   | 119.50     | 91.25     | 119.50     | 91.00     |
| February, 2019  | 104.60     | 88.20     | 104.25     | 88.05     |
| March, 2019     | 124.95     | 98.85     | 125.25     | 98.00     |

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

| Month           | BSE Index (Sensex) | BSE Closing price of Share (Rs.) | NSE (S&P Nifty) | NSE Closing price of Share (Rs.) |
|-----------------|--------------------|----------------------------------|-----------------|----------------------------------|
| April, 2018     | 35,160.36          | 150.50                           | 10,739.35       | 150.85                           |
| May, 2018       | 35,322.38          | 190.30                           | 10,736.15       | 190.85                           |
| June, 2018      | 35,423.48          | 168.45                           | 10,714.30       | 167.95                           |
| July, 2018      | 37,606.58          | 156.30                           | 11,356.50       | 155.85                           |
| August, 2018    | 38,645.07          | 176.35                           | 11,680.50       | 175.95                           |
| September, 2018 | 36,227.14          | 125.05                           | 10,930.45       | 125.20                           |
| October, 2018   | 34,442.05          | 123.55                           | 10,386.60       | 123.00                           |
| November, 2018  | 36,194.30          | 112.35                           | 10,876.75       | 112.35                           |
| December, 2018  | 36,068.33          | 113.40                           | 10,862.55       | 113.75                           |
| January, 2019   | 36,256.69          | 98.40                            | 10,830.95       | 98.25                            |
| February, 2019  | 35,867.44          | 97.35                            | 10,792.50       | 97.00                            |
| March, 2019     | 38,672.91          | 106.20                           | 11,623.90       | 106.45                           |

- h) Registrar and Transfer Agent: The Company has appointed Registrar and Transfer Agent to handle the share transfer / transmission work and to resolve the complaints of shareholders. Name, address and telephone number of Registrar and Transfer Agent is given hereunder :**

Link Intime India Private Limited  
 Unit : Welspun Enterprises Limited  
 C-101, 247 Park, L.B. S. Marg,  
 Vikhroli (West), Mumbai - 400 083.  
 Email - [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
 Tele. No.: +91-22- 4918 6270  
 Fax No. : +91-22- 4918 6060

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

- j) Distribution of Shareholding:**

Shareholding Pattern as on March 31, 2019:

| Number of Shares | No. of shareholders | Percentage of Shareholders | No. of Shares      | Percentage of Shares held |
|------------------|---------------------|----------------------------|--------------------|---------------------------|
| Upto - 500       | 47,770              | 86.34                      | 5,254,296          | 3.54                      |
| 501-1,000        | 3,336               | 6.03                       | 2,583,994          | 1.75                      |
| 1,001-2,000      | 1,848               | 3.34                       | 2,762,456          | 1.87                      |
| 2,001-3,000      | 664                 | 1.20                       | 1,691,702          | 1.14                      |
| 3,001-4,000      | 316                 | 0.57                       | 1,130,715          | 0.76                      |
| 4,001-5,000      | 308                 | 0.56                       | 1,458,785          | 0.99                      |
| 5,001-10,000     | 524                 | 0.95                       | 3,918,322          | 2.65                      |
| 10,001 and above | 560                 | 1.01                       | 129,282,786        | 87.30                     |
| <b>Total</b>     | <b>55,326</b>       | <b>100.00</b>              | <b>148,083,056</b> | <b>100.00</b>             |

- k) De-materialization of shares and liquidity:** As on March 31, 2019, 99.83% equity shares have been dematerialized and have reasonable liquidity on the BSE Limited and the National Stock Exchange of India Limited.

- l) Outstanding Employee Stock Options, Conversion date and likely impact on equity share capital is as under:**

| Outstanding as on 31.03.2019   | Conversion Date   | Likely impact on equity share capital                                   |
|--|---|---|
| 24,50,000 Stock Options carrying right to subscribe for equal number of equity shares in the Company | The vesting of ESOPs shall happen at the rate of 20% of the total ESOPs granted at each anniversary from 1 <sup>st</sup> to 4 <sup>th</sup> anniversary of the date of grant in quantum of 20% of the total ESOPs granted, and the vesting of remaining 20% of the total ESOPs granted shall happen on July 14, 2022. | Increase in equity capital by 24,50,000 equity shares of Rs. 10/- each. |

- m) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments / fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad.

| Facilities                             | Rating Agency                           | Credit Rating at the beginning of the year                                | Change in the Credit Rating as the end of the year                       |
|--|---|---|--|
| Long term bank facilities              | Credit Analysis & Research Limited      | CARE A +; Stable (Single A Plus; Outlook : Stable)                        | CARE AA-; Stable (Double A Minus; Outlook : Stable)                      |
| Long term / Short term bank facilities | Credit Analysis & Research Limited      | CARE A+; Stable / CARE A1+ (Single A Plus; Outlook : Stable / A One Plus) | CARE AA-; Stable/ Care A1+ (Double A Minus; Outlook : Stable/A One Plus) |
| Non-Convertible Debentures             | Brickwork Ratings India Private Limited | -   | BWR AA (SO)  |

- n) Project locations of the Company and its Subsidiaries:

• **Company**

| Sr. No. | Company                     | Location  | State                       | Nature of Business | Remark  |
|---------|-----------------------------|---|-----------------------------|--------------------|---|
| 1       | Welspun Enterprises Limited | Raisen - Gairatganj -Rahatgarh                        | Madhya Pradesh              | Project- BOT       | Handed over to MPRDC on 09.10.18 as per contractual terms |
| 2       | Welspun Enterprises Limited | Mohali  | Punjab                      | Project- EPC       | Commissioning work pending                                |
| 3       | Welspun Enterprises Limited | Delhi   | Delhi                       | Project- EPC       | COD achieved on 28 June 18                                |
| 4       | Welspun Enterprises Limited | Aunta-Simaria   | Bihar                       | Project- EPC       | -   |
| 5       | Welspun Enterprises Limited | Chutmalpur-Ganeshpur and Rorkee- Chutmalpur-Gagalheri | Uttar Pradesh & Uttarakhand | Project- EPC       | -   |
| 6       | Welspun Enterprises Limited | Gagalheri-Sahranpur-Yamunanagar                       | Uttar Pradesh               | Project- EPC       | -   |
| 7       | Welspun Enterprises Limited | Chikhali - Tarsod                                     | Maharashtra                 | Project- EPC       | -   |
| 8       | Welspun Enterprises Limited | Sattanathapuram Nagapattinam                          | Tamil Nadu                  | Project- EPC       | -   |
| 9       | Welspun Enterprises Limited | Amaravati Akola-                                      | Maharashtra                 | Project- EPC       | -   |

• **Subsidiaries**

| Sr. No. | Company  | Location    | State          | Nature of Business | Remark   |
|---------|--|-------------|----------------|--------------------|--|
| 1       | Dewas Waterprojects Works Private Limited          | Dewas       | Madhya Pradesh | Project- BOT       | Provisional COD received from MPSIDC on 30.04.19 and O&M has started |
| 2       | MSK Projects (Himmatnagar Bypass) Private Limited  | Himmatnagar | Gujarat        | Project- BOT       | Currently project is operational                                     |
| 3       | MSK Projects (Kim Mandvi Corridor) Private Limited | Kim Mandvi  | Gujarat        | Project- BOT       | Project handed over to GSRDC on 07.04.18                             |

| Sr. No. | Company   | Location                     | State       | Nature of Business     | Remark |
|---------|---|------------------------------|-------------|------------------------|--------|
| 4       | Welspun Delhi Meerut Expressway Private Limited           | Delhi                        | Delhi       | Project-Hybrid Annuity | -      |
| 5       | Welspun Aunta-Simaria Project Private Ltd                 | Aunta - Simaria              | Bihar       | Project-Hybrid Annuity | -      |
| 6       | Welspun Sattanathapuram Nagapattinam Road Private Limited | Sattanathapuram Nagapattinam | Tamil Nadu  | Project-Hybrid Annuity | -      |
| 7       | Welspun Road Infra Private Limited                        | Amaravati Akola-             | Maharashtra | Project-Hybrid Annuity | -      |

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

Refer to point No. 9(f) to the Directors' Report.

**p) Address for correspondence**

The Company Secretary,  
 Welspun Enterprises Limited  
 Welspun House, Kamala Mills Compound,  
 Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.  
 Tel: +91-22-66136000; +91-22-24908000, Fax: +91-22-24908020 /21  
 e-mail: companysecretary\_wel@welspun.com

## XII. OTHER DISCLOSURES

**a) Related Party Transactions**

For materially significant related party transactions, refer Note No. 46 of Notes to Accounts annexed to the Standalone Financial Statement and Annexure 5 to the Directors' Report.

The Company's policy on dealing with Related Party Transactions as required under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is disclosed on the Company's website and a web link thereto is as under:

<http://welspunenterprises.com/userfiles/file/Related%20Party%20Transaction%20Policy.pdf>

**b) Disclosure pursuant to Regulation 34 (3) of the SEBI (LODR), 2015.**

For disclosures pursuant to Regulation 34(3), refer Note No. 51 of Notes to Accounts annexed to the Standalone Financial Statement.

**c) Non-Compliance**

There was no non-compliance by the Company and hence no penalty or stricture was imposed / passed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital market, during the last 3 years.

**d) Policy for determining 'material' subsidiaries**

The Company's policy on determining material subsidiaries as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is disclosed on the Company's website [www.welspunenterprises.com](http://welspunenterprises.com) and a web link thereto is as under:

<http://welspunenterprises.com/userfiles/file/Policy%20for%20governance%20of%20Material%20and%20other%20Subsidiaries.pdf>

**e) Details of compliance with Corporate Governance Requirements specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Company has complied with the requirements of Part C (Corporate Governance Report) of sub-para (2) to (10) of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clause (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations and necessary disclosures thereof have been made in this Corporate Governance Report.

The Company is in compliance with mandatory requirements mentioned under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable and in addition the Company adopted non-mandatory requirement mentioned at (C) - "Modified Opinion(s) in Audit Report", (D) - "Separate posts of chairperson and chief executive officer"; and (E) - "Reporting of Internal Auditor" of Part E of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**f) Disclosure of commodity price risks and commodity hedging activities**

The Company enters into contracts with clients with provision for contract price escalation based on CPI and WPI movements. We enter into subcontracts on the same terms on price escalation with our subcontractor(s). Any actual escalation beyond the agreed terms is undertaken by the subcontractor(s). Thus, the Company is insulated from the risk of the commodity price fluctuation. Please refer para on "Key Risks" the Management Discussion and Analysis for other risks.

**g) Code of Conduct for Board and Senior Management**

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

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

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

"I hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year 2018-19."

**Sandeep Garg**  
**Managing Director**  
**DIN: 00036419**

**CERIFICATE OF PRACTICING COMPANY SECRETARY ON CORPORATE GOVERNANCE**

To

The Members,

**Welspun Enterprises Limited**

I have examined the compliance of conditions of Corporate Governance by Welspun Enterprises Limited for the year ended on March 31, 2019, as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations").

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

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulations.

I state that in respect of investor grievances received during the year ended March 31, 2019, the Registrars of the Company have certified that as at March 31, 2019, there was no investor grievance remaining unattended/ pending to the satisfaction of the investor.

**For Mihen Halani & Associates**  
***Practicing Company Secretary***

**Mumbai**  
**May 15, 2019**

**Mihen Halani**  
**C.P. No. 12015**  
**FCS No. 9926**

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and clause (10)(i) of Para C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
**Welspun Enterprises Limited**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Welspun Enterprises Limited bearing CIN-L45201GJ1994PLC023920 and having registered office at Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat - 370110 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal of the Ministry of Corporate Affairs at "www.mca.gov.in") as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of Director          | DIN      | Date of appointment in Company |
|---------|---------------------------|----------|--------------------------------|
| 1       | Mr. Balkrishan Goenka     | 00270175 | 27.04.2010                     |
| 2       | Dr. Aruna Sharma          | 06515361 | 29.01.2019                     |
| 3       | Mr. Dhruv Subodh Kaji     | 00192559 | 30.05.2017                     |
| 4       | Ms. Mala Todarwal         | 06933515 | 05.08.2014                     |
| 5       | Mr. Mohan Tandon          | 00026460 | 31.01.2012                     |
| 6       | Mr. Rajesh R. Mandawewala | 00007179 | 06.07.2012                     |
| 7       | Mr. Sandeep Garg          | 00036419 | 16.07.2012                     |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Mihen Halani & Associates**  
**Practicing Company Secretary**

**Mumbai**  
**May 15, 2019**

**Mihen Halani**  
**C.P. No. 12015**  
**FCS No. 9926**



# Independent Auditors' Report

To  
 The Members of  
**Welspun Enterprises Limited**

## Report on the Audit of the Standalone Financial Statements

### 1. Opinion

We have audited the accompanying standalone financial statements of Welspun Enterprises Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards

### 3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended 31 March 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter  | Auditor's response  |
|---|---|
| Accuracy in respect of Construction contract revenue involves critical estimates. <ul style="list-style-type: none"> <li>▪ Estimated cost is a critical estimate to determine revenues. This estimate has a high inherent uncertainty as it requires consideration of progress of the contract, costs incurred till date, costs required to complete the remaining contract performance obligations.</li> </ul> | Principal audit procedures <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> <li>▪ Evaluated the design of internal controls relating to recording of costs incurred and estimation of efforts required to complete the performance obligations.</li> <li>▪ Tested the access and application controls pertaining to allocation and budgeting systems which prevents unauthorized changes to recording of costs incurred.</li> <li>▪ Selected a sample of contracts and tested the operating effectiveness of the internal controls relating to costs incurred and estimated through inspection of evidence of performance of these controls.</li> <li>▪ Selected a sample of contracts and performed a retrospective review of costs incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining costs to complete the contract.</li> <li>▪ Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated costs to complete the remaining performance obligations.</li> <li>▪ Performed analytical procedures and test of details for reasonableness of incurred and estimated costs.</li> </ul> |

(Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### 2. Basis for opinion

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

#### 4. Other information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board Report and Chairman's Statement but does not include the standalone financial statements and our auditor's report thereon.

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

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

We have nothing to report in this regard.

#### 5. Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give

a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### 6. Auditor's responsibilities for the audit of the standalone financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls 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 system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter

should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 7. Report on Other Legal and Regulatory requirements

- A. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
- B. 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 standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors of the Company as on 31 March 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 over

- financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended :

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
- ii. The Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, in respect of long term contracts including derivative contracts; and
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For MGB & Co LLP**  
 Chartered Accountants  
 Firm Registration Number 101169W/W-100035

**Sanjay Kothari**  
 Partner  
 Membership Number 048215  
 Mumbai, 15 May 2019

## Annexure - A to the Independent Auditors' Report

**Annexure referred to in paragraph 7 (A) under "Report on Other Legal and Regulatory Requirements" of our Report of even date to the members of the Company on the standalone financial statements for the year ended 31 March 2019**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year as per the phased program designed to cover all the fixed assets over a period, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. As informed to us, no discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except in case of a freehold land of Rs. 36 lakhs whose title is not yet transferred in the name of the Company.
- ii. The physical verification of inventory has been conducted by the management at reasonable intervals during the year. As informed to us, no discrepancies were noticed on such verification.
- iii. According to information and explanation given to us, 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.
- iv. In our opinion and according to the information and explanations given to us, the Company has
- complicated with the provisions of Section 185 and 186 of the Act.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder.
- vi. We have broadly reviewed the cost records maintained by the Company prescribed by the Central Government under Section 148(1) of the Act and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of such records with a view to determine whether they are accurate or complete.
- vii. According to the records of the Company, examined by us and information and explanations given to us:
- a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and others as applicable have generally been regularly deposited with the appropriate authorities except delay in few cases. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2019 for a period of more than six months from the date they became payable except Works Contract Tax amounting to Rs. 69,462.
- b) There are no dues of duty of customs, sales tax and duty of excise which have not been deposited on account of any dispute. The disputed dues of income tax, service tax and value added tax which have not been deposited are as under:

| Name of the Statute               | Nature of the Dues | Amount in (Rs. in Lakhs) | Period to which the amount relate | Forum where dispute is pending                            |
|-----------------------------------|--------------------|--------------------------|-----------------------------------|---|
| The Income Tax Act, 1961          | Penalty            | 1                        | F.Y. 2007-2008                    | Assistant Commissioner of Income Tax                      |
|                                   |                    | 9                        | F.Y. 2007-08 and F.Y. 2009-2010   | Commissioner of Income Tax (Appeals)                      |
|                                   | Income Tax         | 67                       | F.Y. 2015-2016                    | Assistant Commissioner of Income Tax                      |
| The Central Excise Act, 1944      | Service tax        | 70                       | F.Y. 2008-2009 to F.Y. 2010-2011  | Additional Commissioner-Central Excise and Service Tax    |
|                                   |                    | 96                       | F.Y. 2007-2008 to F.Y. 2009-2010  | Central Excise Service Tax Appellate Tribunal             |
|                                   |                    | 2,173                    | F.Y. 2012-13 to F.Y. 2015-16      | Directorate General of Goods and Service Tax Intelligence |
| Haryana Value Added Tax Act, 2003 | Value Added Tax    | 171                      | F.Y. 2009-2010                    | Deputy Excise and Taxation Commissioner                   |
| Gujarat value Added Tax Act, 2003 | Value Added Tax    | 4                        | F.Y. 2011-12                      | Deputy Commissioner of Commercial Tax                     |

- viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution and banks. The Company has not taken any loans from Government and has not issued any debentures.
- ix. In our opinion and according to the information and explanations give to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Amount raised by way of term loan during the year has been applied for the purpose it was raised.
- 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 been informed of any such case by the management.
- xi. According to the records of the Company examined by us, and information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- xiv. According to the records of the Company examined by us, and information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For MGB & Co LLP**  
 Chartered Accountants  
 Firm Registration Number 101169W/W-100035

**Sanjay Kothari**  
 Partner  
 Membership Number 048215  
 Mumbai, 15 May 2019

## Annexure - B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 7(B)(f) under "Report on Other Legal and Regulatory requirements" of our Report of even date to the members of the Company on the standalone financial statements for the year ended 31 March 2019

We have audited the internal financial controls over financial reporting of Welspun Enterprises Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's responsibility for internal financial controls

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 (the "Guidance Note") 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.

### Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on "Audit of Internal Financial Controls over Financial Reporting" (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial

controls over financial reporting, 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 auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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 over financial reporting.

### Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting 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 over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, 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 issued by the Institute of Chartered Accountants of India.

**For MGB & Co LLP**

Chartered Accountants  
Firm Registration Number 101169W/W-100035

**Sanjay Kothari**

Partner  
Membership Number 048215  
Mumbai, 15 May 2019



# Balance Sheet

 as at 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

|   | Notes  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|--------|---------------------------------------|---------------------------------------|
| <b>Assets</b>   |        |                                       |                                       |
| <b>1. Non-current assets</b>  |        |                                       |                                       |
| (a) Property, plant and equipment                                     | 4      | 6,288                                 | 504                                   |
| (b) Capital work-in-progress  | 4      | 131                                   | -                                     |
| (c) Intangible assets   | 5      | -                                     | 329                                   |
| (d) Financial assets  |        |                                       |                                       |
| (i) Investments   | 6      | 84,935                                | 65,054                                |
| (ii) Loans  | 7      | 2,190                                 | 2,346                                 |
| (ii) Other financial assets   | 8      | 86                                    | -                                     |
| (e) Deferred tax assets (net)   | 36     | 539                                   | 668                                   |
| (f) Non-current tax assets  | 9      | 804                                   | 1,283                                 |
| (g) Other non-current assets  | 10     | 903                                   | 52                                    |
| <b>Total non-current assets</b>                                       |        | <b>95,876</b>                         | <b>70,236</b>                         |
| <b>2. Current assets</b>  |        |                                       |                                       |
| (a) Inventories   | 11     | 73                                    | 71                                    |
| (b) Financial assets  |        |                                       |                                       |
| (i) Investments   | 12     | 36,122                                | 69,923                                |
| (ii) Trade receivables  | 13     | 34,162                                | 11,398                                |
| (iii) Cash and cash equivalents                                       | 14     | 9,076                                 | 501                                   |
| (iv) Bank balances other than (iii) above                             | 15     | 2,074                                 | 3,876                                 |
| (v) Loans   | 16     | 18,019                                | 11,781                                |
| (vi) Other financial assets   | 17     | 52,913                                | 21,827                                |
| (c) Other current assets  | 18     | 11,429                                | 1,789                                 |
| <b>Total current assets</b>   |        | <b>1,63,868</b>                       | <b>1,21,166</b>                       |
| Assets held-for-sale  | 19     | 36                                    | 36                                    |
| <b>Total assets</b>   |        | <b>2,59,780</b>                       | <b>1,91,438</b>                       |
| <b>Equity and liabilities</b>   |        |                                       |                                       |
| <b>Equity</b>   |        |                                       |                                       |
| (a) Equity share capital  | 20 (a) | 14,808                                | 14,753                                |
| (b) Other equity  | 20 (b) | 1,45,120                              | 1,30,981                              |
| <b>Total equity</b>   |        | <b>1,59,928</b>                       | <b>1,45,734</b>                       |
| <b>Liabilities</b>  |        |                                       |                                       |
| <b>1. Non-current liabilities</b>                                     |        |                                       |                                       |
| (a) Financial liabilities   |        |                                       |                                       |
| Borrowings  | 21     | 560                                   | 4,605                                 |
| (b) Provisions  | 22     | 3,148                                 | 3,031                                 |
| <b>Total non-current liabilities</b>                                  |        | <b>3,708</b>                          | <b>7,636</b>                          |
| <b>2. Current liabilities</b>   |        |                                       |                                       |
| (a) Financial liabilities   |        |                                       |                                       |
| (i) Borrowings  | 23     | 15,790                                | 1,429                                 |
| (ii) Trade payables   | 24     |                                       |                                       |
| - Due of micro enterprises and small enterprises                      |        | 29                                    | -                                     |
| - Due of creditors other than micro enterprises and small enterprises |        | 56,332                                | 20,591                                |
| (iii) Other financial liabilities                                     | 25     | 11,206                                | 8,811                                 |
| (b) Provisions  | 26     | 139                                   | 73                                    |
| (c) Other current liabilities   | 27     | 12,057                                | 6,519                                 |
| (d) Current tax liabilities   | 28     | 591                                   | 645                                   |
| <b>Total current liabilities</b>                                      |        | <b>96,144</b>                         | <b>38,068</b>                         |
| <b>Total equity and liabilities</b>                                   |        | <b>2,59,780</b>                       | <b>1,91,438</b>                       |

Notes forming part of the standalone financial statements

1 to 55

As per our report of even date

**For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169W/W-100035

**For and on behalf of the Board**
**Balkrishan Goenka**

Chairman

DIN 00270175

**Sandeep Garg**

Managing Director

DIN 00036419

**Sanjay Kothari**

Partner

Membership Number 048215

**Shriniwas Kargutkar**

Chief Financial Officer

**Priya Pakhare**

Company Secretary

Place : Mumbai

 Date : 15<sup>th</sup> May, 2019

Place : Mumbai

 Date : 15<sup>th</sup> May, 2019

# Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

|   | Notes | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|-------|--|--|
| <b>Income</b>   |       |  |  |
| Revenue from operations                                       | 29    | 173,942                                    | 99,720                                     |
| Other income  | 30    | 5,462                                      | 9,556                                      |
| <b>Total income</b>   |       | <b>179,404</b>                             | <b>109,276</b>                             |
| <b>Expenses</b>   |       |  |  |
| Cost of materials consumed                                    | 31    | 1,732                                      | 1,415                                      |
| Subcontracting, civil and repair work                         |       | 139,533                                    | 79,732                                     |
| Employee benefits expense                                     | 32    | 7,726                                      | 4,951                                      |
| Finance costs   | 33    | 1,421                                      | 784  |
| Depreciation and amortisation expense                         | 34    | 1,051                                      | 1,962                                      |
| Other expenses  | 35    | 6,724                                      | 6,583                                      |
| <b>Total expenses</b>   |       | <b>158,187</b>                             | <b>95,427</b>                              |
| <b>Profit before exceptional items and tax</b>                |       | <b>21,217</b>                              | <b>13,849</b>                              |
| Exceptional items (net)                                       | 44    | 1,985                                      | 1,417                                      |
| <b>Profit before tax</b>                                      |       | <b>23,202</b>                              | <b>15,266</b>                              |
| <b>Tax expense</b>  |       |  |  |
| - Current tax   | 36    | 7,688                                      | 5,193                                      |
| - Deferred tax charge/ (credit)                               |       | 145  | (901)                                      |
| <b>Total tax expense</b>                                      |       | <b>7,833</b>                               | <b>4,292</b>                               |
| <b>Profit for the year</b>                                    |       | <b>15,369</b>                              | <b>10,974</b>                              |
| <b>Other comprehensive income</b>                             |       |  |  |
| Items that will not be reclassified to profit or loss         |       |  |  |
| - Remeasurement gains/(losses) on defined benefit plan        | 45    | (48)                                       | (135)                                      |
| Income tax effect on above                                    |       | 16   | 47   |
| <b>Other comprehensive income for the year (net of tax)</b>   |       | <b>(32)</b>                                | <b>(88)</b>                                |
| <b>Total comprehensive income for the year</b>                |       | <b>15,337</b>                              | <b>10,886</b>                              |
| <b>Earnings per equity share of Rs. 10 each fully paid up</b> |       |  |  |
| Basic (Rs.)   | 40    | 10.40                                      | 7.44                                       |
| Diluted (Rs.)   |       | 10.34                                      | 7.37                                       |

## Notes forming part of the standalone financial statements 1 to 55

As per our report of even date

**For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169W/W-100035

**For and on behalf of the Board****Balkrishan Goenka**Chairman  
DIN 00270175**Sandeep Garg**Managing Director  
DIN 00036419**Sanjay Kothari**Partner  
Membership Number 048215**Shrinivas Kargutkar**

Chief Financial Officer

**Priya Pakhare**

Company Secretary

Place : Mumbai  
Date : 15<sup>th</sup> May, 2019Place : Mumbai  
Date : 15<sup>th</sup> May, 2019

# Statement of cash flow

 for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| <b>A Cash flow from operating activities</b>                              |  |  |
| Profit before tax   | 23,202                                     | 15,266                                     |
| <b>Adjustments for</b>  |  |  |
| Depreciation and amortisation expense                                     | 1,051                                      | 1,962                                      |
| Gain on sale/discard of property, plant and equipment (net)               | (32)                                       | (1,344)                                    |
| Bad debts   | 1  | -  |
| Interest income   | (3,869)                                    | (5,451)                                    |
| Interest expense  | 1,049                                      | 662  |
| Gain on sale of non-current investments                                   | (1,985)                                    | (1,380)                                    |
| Provision for employee benefits   | 134  | 106  |
| Sundry balances written off   | -  | 9  |
| Impairment of investment in subsidiary                                    | -  | 1,368                                      |
| Net gain on financial assets mandatorily measured at FVTPL                | (981)                                      | (3,511)                                    |
| Realisation of contingent asset on account of income tax refund from WMSL | -  | (43)                                       |
| Reversal of provision no longer required                                  | (48)                                       | (355)                                      |
| Unwinding of discount on security deposits                                | (4)  | 0  |
| Expected credit loss  | 1,304                                      | 1,528                                      |
| Share based payments to employees   | 1,524                                      | 941  |
| Dividend income   | (16)                                       | (25)                                       |
| <b>Operating profit before working capital changes</b>                    | <b>21,331</b>                              | <b>9,733</b>                               |
| <b>Adjustments for</b>  |  |  |
| (Increase) / decrease in trade and other receivables                      | (64,083)                                   | (22,164)                                   |
| Increase / (decrease) in trade and other payables                         | 43,573                                     | 16,077                                     |
| (Increase) / decrease in inventories                                      | (2)  | 225  |
| <b>Cash generated/ (used) in operating activities</b>                     | <b>819</b>                                 | <b>3,870</b>                               |
| Direct taxes paid   | (7,262)                                    | (3,952)                                    |
| <b>Net cash generated/ (used) in operating activities (A)</b>             | <b>(6,443)</b>                             | <b>(82)</b>                                |
| <b>B Cash flow from investing activities</b>                              |  |  |
| Purchase of property, plant and equipment (including capital advances)    | (7,387)                                    | (305)                                      |
| Sale of property, plant and equipment                                     | 38   | 34   |
| Gain on sale of current investments (net)                                 | 62   | 870  |
| Investment in subsidiaries  | (1,604)                                    | (135)                                      |
| Investment in joint venture companies                                     | (6,444)                                    | (28,443)                                   |
| Investment in other entities  | (25)                                       | (13)                                       |
| Advance towards purchase of investment                                    | -  | (500)                                      |
| Loans given to subsidiaries   | (22,301)                                   | (2,393)                                    |
| Loans given to joint venture companies                                    | (11,589)                                   | (8,899)                                    |
| Loans given to associate  | (30)                                       | (44)                                       |
| Loans given to others   | (14)                                       | (2,267)                                    |
| Loans given to subsidiaries repaid  | 3,394                                      | 1,329                                      |
| Loans given to joint ventures repaid                                      | 12,705                                     | -  |
| Loans given to associate repaid   | 30   | 45   |
| Loans given to others repaid  | 5  | -  |

# Statement of cash flow

for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| Application money for optionally convertible debentures refunded          | -  | 92   |
| Redemption of investment in optionally convertible debentures             | 182  | 358  |
| Proceeds from sale of investment in wholly owned subsidiary               | -  | 135  |
| Proceeds from sale of investment in other entities                        | 5,911                                      | 1,394                                      |
| Realisation of contingent asset on account of income tax refund from WMSL | -  | 43   |
| Decrease in other bank balances   | 1,716                                      | 673  |
| Inter-corporate deposits given  | -  | (5,000)                                    |
| Inter-corporate deposits given repaid                                     | 50   | 10,020                                     |
| Dividend received   | 16   | 25   |
| Interest received   | 3,199                                      | 7,134                                      |
| <b>Net cash generated from / (used in) investing activities (B)</b>       | <b>(22,086)</b>                            | <b>(25,847)</b>                            |
| <b>C Cash flow from financing activities</b>                              |  |  |
| Proceeds from long-term borrowings  | 1,300                                      | -  |
| Repayment of long-term borrowings   | (5,181)                                    | (403)                                      |
| Increase/ (decrease) in short-term borrowings (net)                       | 14,557                                     | (546)                                      |
| Interest paid   | (1,035)                                    | (640)                                      |
| Dividend paid including dividend distribution tax                         | (2,668)                                    | (1,332)                                    |
| <b>Net cash used in financing activities (C)</b>                          | <b>6,973</b>                               | <b>(2,921)</b>                             |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>       | <b>(21,556)</b>                            | <b>(28,850)</b>                            |
| Cash and cash equivalents at the beginning of the year                    | 66,920                                     | 95,770                                     |
| Cash and cash equivalents at the end of the year                          | <b>45,364</b>                              | <b>66,920</b>                              |

## Notes

- | 1. Break up of cash and cash equivalents as follows | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| Current investments                                 | 36,288                                     | 66,419                                     |
| Cash and cash equivalents                           | 9,076                                      | 501  |
|   | <b>45,364</b>                              | <b>66,920</b>                              |
- As required by Ind AS 7 "Statement of Cash Flows", a reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities is given in note 54
  - The impact of non-cash transactions have not been given in the above cash flow statement details of which are given in note 54
  - Previous year figures are regrouped/ reclassified wherever considered necessary.

As per our report of even date

**For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169W/W-100035

**For and on behalf of the Board****Balkrishan Goenka**Chairman  
DIN 00270175**Shrinivas Kargutkar**

Chief Financial Officer

**Sandeep Garg**Managing Director  
DIN 00036419**Priya Pakhare**

Company Secretary

**Sanjay Kothari**Partner  
Membership Number 048215Place : Mumbai  
Date : 15<sup>th</sup> May, 2019Place : Mumbai  
Date : 15<sup>th</sup> May, 2019

# Statement of changes in equity

 for the year ended 31<sup>st</sup> March, 2019

## A. Equity share capital

(Rs. in Lakhs)

|   | Note          | Amount        |
|---|---------------|---------------|
| <b>Balances as at 1<sup>st</sup> April, 2017</b>  | <b>20 (a)</b> | <b>14,729</b> |
| Changes in equity share capital                   |               | 24            |
| <b>Balances as at 31<sup>st</sup> March, 2018</b> | <b>20 (a)</b> | <b>14,753</b> |
| Changes in equity share capital                   |               | 55            |
| <b>Balances as at 31<sup>st</sup> March, 2019</b> | <b>20 (a)</b> | <b>14,808</b> |

## B. Other equity

(Rs. in Lakhs)

|   | Notes     | Reserves and surplus |                    |                                   |                      |                 | Retained earnings | Total other equity |
|---|-----------|----------------------|--------------------|-----------------------------------|----------------------|-----------------|-------------------|--------------------|
|   |           | Capital reserve      | Securities premium | Share options outstanding account | Amalgamation reserve | General reserve |                   |                    |
| <b>Balance as at 1<sup>st</sup> April, 2017 (A)</b>           |           | <b>22,355</b>        | <b>92,036</b>      | <b>91</b>                         | <b>521</b>           | <b>322</b>      | <b>5,185</b>      | <b>120,510</b>     |
| Profit for the year   |           | -                    | -                  | -                                 | -                    | -               | 10,974            | 10,974             |
| Other comprehensive income for the year                       |           | -                    | -                  | -                                 | -                    | -               | (88)              | (88)               |
| <b>Total comprehensive income for the year (B)</b>            |           | -                    | -                  | -                                 | -                    | -               | <b>10,886</b>     | <b>10,886</b>      |
| Compensation options granted                                  | 42 & 20 b | -                    | -                  | 941                               | -                    | -               | -                 | 941                |
| Exercise of share options                                     | 42 & 20 b | -                    | 104                | (128)                             | -                    | -               | -                 | (24)               |
| Dividend paid   |           | -                    | -                  | -                                 | -                    | -               | (1107)            | (1,107)            |
| Dividend distribution tax paid                                |           | -                    | -                  | -                                 | -                    | -               | (225)             | (225)              |
| <b>Total (C)</b>  |           | -                    | <b>104</b>         | <b>813</b>                        | -                    | -               | <b>(1,332)</b>    | <b>(415)</b>       |
| <b>Balance as at 31<sup>st</sup> March, 2018 (D=A+B+C))</b>   |           | <b>22,355</b>        | <b>92,140</b>      | <b>904</b>                        | <b>521</b>           | <b>322</b>      | <b>14,739</b>     | <b>130,981</b>     |
| Profit for the year   |           | -                    | -                  | -                                 | -                    | -               | 15,369            | 15,369             |
| Other comprehensive income                                    |           | -                    | -                  | -                                 | -                    | -               | (32)              | (32)               |
| <b>Total comprehensive income for the year (E)</b>            |           | -                    | -                  | -                                 | -                    | -               | <b>15,337</b>     | <b>15,337</b>      |
| Compensation options granted                                  | 42 & 20 b | -                    | -                  | 1,524                             | -                    | -               | -                 | 1,524              |
| Exercise of share options                                     | 42 & 20 b | -                    | 711                | (766)                             | -                    | -               | -                 | (55)               |
| Dividend paid   | 53        | -                    | -                  | -                                 | -                    | -               | (2,213)           | (2,213)            |
| Dividend distribution tax paid                                | 53        | -                    | -                  | -                                 | -                    | -               | (455)             | (455)              |
| <b>Total (F)</b>  |           | -                    | <b>711</b>         | <b>758</b>                        | -                    | -               | <b>(2,668)</b>    | <b>(1,199)</b>     |
| <b>Balance as at 31<sup>st</sup> March, 2019 (G = D+E+F))</b> |           | <b>22,355</b>        | <b>92,851</b>      | <b>1,662</b>                      | <b>521</b>           | <b>322</b>      | <b>27,409</b>     | <b>145,120</b>     |

### Nature and purpose of reserves

- Capital reserve**  
Capital reserve represents capital surplus and not normally available for distribution as dividend.
- Securities premium**  
Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.
- Share options outstanding account**  
The share options outstanding account represents the value of equity settled share based payment provided to employees as part of their remuneration. Refer note 42 for further details of this plan.
- Amalgamation reserve**  
It represents reserve arising out of amalgamation of two subsidiaries with the Company.
- General reserve**  
The reserve is a distributable reserve maintained by the Company out of transfers made from profits.
- Other comprehensive income**  
Other comprehensive income comprises of re-measurement gains/ (losses) of defined benefit obligations

Notes forming part of the standalone financial statements

1 to 55

As per our report of even date

**For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169W/W-100035

**For and on behalf of the Board**
**Balkrishan Goenka**

 Chairman  
 DIN 00270175

**Sandeep Garg**

 Managing Director  
 DIN 00036419

**Sanjay Kothari**

 Partner  
 Membership Number 048215

**Shriniwas Kargutkar**

Chief Financial Officer

**Priya Pakhare**

Company Secretary

Place : Mumbai

 Date : 15<sup>th</sup> May, 2019

Place : Mumbai

 Date : 15<sup>th</sup> May, 2019

# Notes Forming Part of the Financial Statements

## 1 Corporate information

Welspun Enterprises Limited ('WEL' or 'the Company') is a public limited company incorporated in India. Its shares are publicly traded on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is engaged in infrastructure development (Engineering, Procurement and Construction ('EPC') and Build, Operate and Transfer (BOT) basis). It is also engaged in carrying out Operation and Maintenance ("O&M") activities for the transportation sector projects.

The separate financial statements (hereinafter referred to as "Financial Statements") of the Company for the financial year 2018-19 were authorised for issue in accordance with a resolution of board of directors on 15<sup>th</sup> May, 2019.

## 2 Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules (as amended) from time to time and other relevant provisions of the Act and rules framed thereunder and guidelines issued by Securities and Exchange Board of India (SEBI).

The financial statements have been prepared under the historical cost convention and on accrual basis, except for the following that are measured at fair value :

- a) Certain financial assets and liabilities (Refer accounting policy regarding financial instruments).
- b) Non current assets held-for-sale -measured at fair value less cost to sell
- c) Defined benefit plan assets and liabilities
- d) Share based payments

The financial statements are presented in Indian rupees (INR) with values rounded off to the nearest lakhs, except otherwise stated. Zero '0' denotes amount less than Rs. 50,000/-

## 3(A) Significant accounting policies

### i) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### ii) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Refer Note 3(B) for Changes in accounting policies and disclosures

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3(C).

### a) Construction contract revenue

The Company derives revenue from the long-term construction of major infrastructure projects across India. The transaction price is normally fixed at the start of the project. It is normal practice for contracts to include escalation clause based on timely construction or other performance criteria known

## Notes Forming Part of the Financial Statements

as variable consideration, discussed below. Revenue is recognized over time in the construction stream, when the customer simultaneously receives and consumes the benefits provided through the entity's performance or when the Company creates or enhances an asset that the customer controls.

The Company recognises revenue from construction contracts, using an input method on the basis of accumulated project expenses in relation to estimated accumulated project expenses upon completion. This method reflects close approximation of actual work performed. A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

### **b) Toll collection**

Toll revenue from operations is recognised on an accrual basis which coincides with the collection of toll.

### **c) Services revenue**

The Company performs maintenance and other services (advisory and consultancy). Revenue is recognised in the accounting period in which the services are rendered.

### **d) Variable consideration**

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved, known as "constraint" requirements. The Company assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of

the amount of revenue to recognise whilst also considering the constraint requirement.

### **e) Sale of goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects goods and service tax on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

### **f) Contract Balances**

#### **Contract assets and contract liabilities**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

Unlike the method used to recognise contract revenue related to construction contract, the amounts billed to the customer are based on achievement of the various milestones established in the contract. The amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to or certified by the customer. In the case of contracts in which the goods or services transferred to the customer exceed the related amount billed, the difference is recognised (as a contract asset) and presented in the statement of financial position under "Contract assets", whereas in contracts in which the goods or services transferred are lower than the amount billed to the customer, the difference is recognised (as a contract liability) and presented in the statement of financial position under "Contract liabilities".

#### **Trade receivables**

A trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is

## Notes Forming Part of the Financial Statements

due). Revenue earned from construction activities, but yet to be billed to customers, is initially recognised as contract assets and reclassified to trade receivables when the right to consideration becomes unconditional. We refer to the accounting policies on financial assets in this note for more information.

### g) Cost to obtain a contract

The Company incurs costs to obtain the contracts such as bidding costs, feasibility study. The Company has charged these costs to statement of profit and loss as the Company does not expect to recover these costs.

### h) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. As a consequence, the Company does not adjust any of the transaction prices for the time value of money. However incase financing element is present then the Company would split the transaction price between the consideration for services rendered and time value of money ('financing component')

### i) Interest income

Interest income for all debt instruments, measured at amortised cost or fair value through other comprehensive income, is recognised using the effective interest rate ('EIR') method and shown under interest income in the statement of profit and loss. Interest income on interest bearing financial assets classified as fair value through profit and loss is shown as interest income under other income. Interest income on debt instruments which are credit impaired is recognised using EIR on net carrying value (net of ECL) of debt instruments.

### j) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

### iii) Exceptional items

On certain occasions, the size, type, or incidences of the item of income or expenses pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expenses is classified as an exceptional item and accordingly, disclosed in the financial statements.

### iv) Service concession arrangement

The Company constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include Infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix C to Ind AS 115 - Revenue from Contracts with Customers, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Company receives a right (i.e. a franchisee) to charge users of the public service. The financial asset model is used to the extent the Company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Company performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Company manages concession arrangements which include toll road project and water supply project. The Company maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the service to be provided.

Income from the concession arrangements earned under the intangible asset model



## Notes Forming Part of the Financial Statements

consists of the (i) fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and (ii) payments actually received from the users. The intangible asset is amortised over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the Company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortised in line with the actual usage of the specific public utility facility, with a maximum of the duration of the concession.

In the financial assets model, the amount due from the grantor meet the identification of the receivable which is measured at fair value. Based on business model assessment, the Company measures such financial assets at fair value and subsequently also classifies the same as fair value through profit and loss ("FVTPL").

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

### Amortisation

Intangible assets i.e. BOT cost (Toll collection right) existing on transition date, viz., 1<sup>st</sup> April, 2015 are amortized over the period of concession, using revenue based amortization. Under this methodology, the carrying value is amortized in the proportion of actual toll revenue for the year to projected revenue for the balance toll period, to reflect the pattern in which the assets' economic benefits will be consumed. At each balance sheet date, the projected revenue for the balance toll period is reviewed by the management. If there is any change in the projected revenue from previous estimates, the amortization of toll collection rights is changed prospectively to reflect any change in the estimates.

### v) Property, plant and equipment

Freehold land is carried at cost. Other property, plant and equipment acquired are measured on initial recognition at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and

equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. The carrying amount of the replaced part accounted for as a separate asset previously is derecognised. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Depreciation on property, plant and equipment is provided on written down value basis as per the rate derived on the basis of useful life and method prescribed under Schedule - II of the Companies Act 2013. If the management estimate of the useful life of assets at the time of acquisition of assets or remaining useful life on a subsequent review is shorter/longer than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate/ lower rate based on the management estimate of the useful life/remaining useful life.

Pursuant to this policy, property, plant and equipment are depreciated over the useful life as provided below :-

| Assets description          | Useful life         |
|-----------------------------|---------------------|
| Plant and machinery         | 2 years to 12 years |
| Furniture and fixtures      | 10 years            |
| Vehicles                    | 8 years to 10 years |
| Office and other equipments | 3 years to 5 years  |
| Computers                   | 3 years to 6 years  |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected

## Notes Forming Part of the Financial Statements

from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

On transition to Ind AS, the Company had elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1<sup>st</sup> April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

### vi) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

On transition to Ind AS, the Company had elected to continue with the carrying value of all of its intangible assets recognised as at 1<sup>st</sup> April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

### vii) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying amount exceeds its recoverable value. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the assets. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. The impairment loss recognized in prior accounting periods is reversed by crediting the statement of profit and loss if there has been a change in the estimate of recoverable amount.

### viii) Valuation of Inventories

Raw materials and components are valued at lower of cost and net realizable value. Cost is determined on FIFO basis.

Traded goods are valued at lower of cost or net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO basis.

### ix) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the

## Notes Forming Part of the Financial Statements

periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments.

### x) Non-current assets held-for-sale

The Company classifies non-current assets as held-for-sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held-for-sale only if the management expects to complete the sale within one year from the date of classification. Non-current assets classified as held-for-sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets held-for-sale are not depreciated or amortized.

### xi) Employee benefits

#### a) Short-term benefits

Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

#### b) Defined benefit plans

Post-employment and other long-term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques.

Re-measurement of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised in other comprehensive income in the period in which they occur.

### c) Defined contribution plans

Payments to defined contribution retirement benefit schemes are charged to the statement of profit and loss of the year when the contribution to the respective funds are due. There are no other obligations other than the contribution payable to the fund.

### xii) Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions).

#### Employee stock options

The fair value of the options granted under the "Welspun Enterprises Limited - Employees Stock Option Plan 2017" and "Welspun Managing Director Stock Option Plan 2014" is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions, and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

### xiii) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consists of interest and other costs incurred in connection with the borrowing of funds.

## Notes Forming Part of the Financial Statements

### xiv) Taxes on income

#### a) Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current taxes are recognized in profit or loss except to the extent that the tax relates to items recognized in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### b) Deferred tax

Deferred income tax is recognized on all temporary differences which are the differences between the carrying amount of an asset or liability in the statement of financial position and its tax base except when the deferred income tax arises from the initial recognition of an asset or liability that effects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax liabilities are recognized for all taxable temporary differences; and deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date and based on the tax consequence which will follow from the manner in which the Company expects, at financial year end, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to item recognised outside the statement of profit and loss is recognised outside the statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liability and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### xv) Foreign Currency transactions

The Company's financial statements are presented in INR rupees in lakhs, which is also the Company's functional currency. Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or

## Notes Forming Part of the Financial Statements

expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

### xvi) Leases

#### a) Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lesser are classified as operating lease. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### b) Finance lease

Assets acquired under leases where Company has substantially all the risks and rewards of ownership are classified as finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### xvii) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and other short term highly liquid investments with an original maturity of three months or less

that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### xviii) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except when the results would be anti-dilutive.

### xix) Provisions, contingent liabilities and contingent assets

#### a) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. when discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no

## Notes Forming Part of the Financial Statements

longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

### b) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation which is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent asset is not recognized, but its existence is disclosed in the financial statements.

### xx) Investment in subsidiaries, associates and joint venture companies

The Company has accounted for its investment in subsidiaries, associates and joint venture companies at cost.

### xxi) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## A. Financial assets

### a) Initial recognition and measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets at initial recognition. All financial assets

are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset except for financial assets classified as fair value through profit or loss.

### b) Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- i) Debt instruments measured at amortised cost
- ii) Debt instruments measured at fair value through other comprehensive income (FVTOCI)
- iii) Debt instruments measured at fair value through profit or loss (FVTPL)
- iv) Equity instruments measured at FVTOCI or FVTPL

#### Debt instruments

The subsequent measurement of debt instruments depends on their classification. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

### i) Debt instruments measured at amortised cost

Debt instruments 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 the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is disclosed as interest income in the statement of profit and loss using the effective interest rate method.

### ii) Debt instruments measured at FVTOCI

Debt instruments that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payment of principal and interest, are measured at FVTOCI. Movements in the

## Notes Forming Part of the Financial Statements

carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income which are recognised in statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in the OCI is reclassified from equity to statement of profit and loss. Interest income from these financial assets is disclosed as interest income in the statement of profit and loss using the effective interest rate method.

### iii) Debt instruments measured at FVTPL

Debt instruments that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. Debt instruments which are held for trading are classified as FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised and presented net in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

### iv) Equity instruments (other than investment in associates, joint venture companies and subsidiaries - Refer note "xx" above)

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. The Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

### B. Derecognition of financial assets

A financial asset is derecognised only when

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

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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

### C. Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- i) Financial assets measured at amortised cost
- ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

Expected credit losses are measured through a loss allowance at an amount equal to

- i) the twelve months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within twelve after the reporting date) or
- ii) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

## Notes Forming Part of the Financial Statements

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on twelve months ECL.

### D. Financial liabilities

#### a) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial liability at initial recognition. All financial liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial liability except for financial liabilities classified as fair value through profit or loss.

#### b) Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- i) Financial liabilities measured at amortised cost
- ii) Financial liabilities measured at FVTPL (fair value through profit or loss)
- i) Financial liabilities measured at amortised cost**

After initial recognition, financial liability are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit and loss.

#### ii) Financial liabilities measured at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities at FVTPL are carried in the statement of profit and loss at fair value with changes in fair value recognized in the statement of profit and loss.

#### c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### xxii) Business combinations

In accordance with Ind AS 101, provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combination prospectively from 1<sup>st</sup> April, 2015. Business combinations are accounted for using the acquisition method as per Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Business combinations between entities under common control is accounted for at carrying value. Transaction costs that the Company incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and



## Notes Forming Part of the Financial Statements

other professional and consulting fees are expensed as incurred.

### xxiii) Fair value measurement

The Company measures financial instruments, such as, investment in debt and equity instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers, if any, have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 3(B) Changes in accounting policies and disclosures

#### New and amended standards

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

#### Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 28<sup>th</sup> March, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The company has elected to apply the cumulative catch-up method on the date of transition and the revised standard is applied to contracts that were in progress as of 1<sup>st</sup> April, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect of adoption of Ind AS 115 is not material to the financial statements.

### 3(C) Significant estimates, judgements and assumptions

The preparation of financial statements requires management to exercise judgment in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the

## Notes Forming Part of the Financial Statements

accompanying disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

### a) Contract estimates

The Company prepares budgets in respect of each EPC projects to compute project profitability and construction revenue under percentage of completion method. The major component of contract estimate is budgeted cost to complete the contract. Due to complexities involved in the budgeting process, contract estimates are sensitive to changes in these assumptions. Budgeted costs are reviewed at each reporting date.

### b) Provision for employee benefits

The cost of post-employment and other long term benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include determination of discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The assumptions used are disclosed in note 45.

### c) Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes, if any, but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.

### d) Impairment testing

#### i) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs

of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate.

#### ii) Impairment of financial assets

The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### e) Taxes

The Company periodically assesses its liabilities and contingencies related to income taxes for all years open to scrutiny based on latest information available. The Company records its best estimates of the tax liability in the current tax provision. The management believes that they have adequately provided for the probable outcome of these matters.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

### f) Fair value measurement

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. In applying the valuation techniques, management makes

## Notes Forming Part of the Financial Statements

maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. For details of the key assumptions used and the impact of changes to these assumptions (Refer note 37).

### g) Share based payments

Estimating fair value for share-based payment requires determination of the most appropriate valuation model. The estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 42.

### 3(D) Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard.

#### i. Ind AS 116 Leases

Ind AS 116 Leases was notified on 30<sup>th</sup> March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1<sup>st</sup> April, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will

recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases. The Company intends to adopt these standards, if applicable, when they become effective. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

#### ii. Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition - i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively

## Notes Forming Part of the Financial Statements

with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1<sup>st</sup> April, 2019. The Company will adopt the standard on 1<sup>st</sup> April, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1<sup>st</sup> April, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

### iii. Amendment to Ind AS 12 - Income taxes

On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after 1<sup>st</sup> April, 2019. The Company

is currently evaluating the effect of this amendment on the financial statements.

### iv. Amendment to Ind AS 19 - plan amendment, curtailment or settlement

On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after 1<sup>st</sup> April, 2019. The Company does not have any impact on account of this amendment.

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### 4 Property, plant and equipment

|  | Freehold Land | Buildings | Plant and Machinery | Construction Equipments | Furniture and Fixtures | Vehicles | Office and other Equipments | Computers | Total                              |                                    |
|--|---------------|-----------|---------------------|-------------------------|------------------------|----------|-----------------------------|-----------|------------------------------------|------------------------------------|
| (Rs. in Lakhs)                                   |               |           |                     |                         |                        |          |                             |           |                                    |                                    |
| <b>Gross carrying amount</b>                     |               |           |                     |                         |                        |          |                             |           |                                    |                                    |
| <b>Balance as at 1<sup>st</sup> April, 2017</b>  | 88*           | 6         | 278                 | 64                      | 7                      | 136      | 38                          | 8         | 626                                |                                    |
| Additions  | -             | -         | 2                   | -                       | 36                     | 207      | 46                          | 14        | 305                                |                                    |
| Disposals  | -             | -         | 79                  | -                       | -                      | 5        | -                           | -         | 84                                 |                                    |
| <b>Balance as at 31<sup>st</sup> March, 2018</b> | 88            | 6         | 201                 | 64                      | 44                     | 338      | 84                          | 22        | 847                                |                                    |
| Additions  | -             | -         | 4,597               | -                       | 49                     | 1,807    | 52                          | 6         | 6,512                              |                                    |
| Disposals  | -             | -         | 9                   | -                       | -                      | 11       | -                           | -         | 20                                 |                                    |
| <b>Balance as at 31<sup>st</sup> March, 2019</b> | 88            | 6         | 4,788               | 64                      | 93                     | 2,134    | 136                         | 28        | 7,339                              |                                    |
|  | Freehold Land | Buildings | Plant and Machinery | Construction Equipments | Furniture and Fixtures | Vehicles | Office and other Equipments | Computers | Total                              |                                    |
| <b>Accumulated depreciation</b>                  |               |           |                     |                         |                        |          |                             |           |                                    |                                    |
| <b>Upto 1<sup>st</sup> April, 2017</b>           | -             | 2         | 137                 | 64                      | 4                      | 61       | 18                          | 3         | 288                                |                                    |
| Additions  | -             | 0         | 28                  | -                       | 5                      | 54       | 21                          | 6         | 114                                |                                    |
| Disposals  | -             | -         | 56                  | -                       | -                      | 3        | -                           | -         | 59                                 |                                    |
| <b>Upto 31<sup>st</sup> March, 2018</b>          | -             | 2         | 109                 | 64                      | 9                      | 111      | 39                          | 9         | 343                                |                                    |
| Additions  | -             | 0         | 392                 | -                       | 13                     | 282      | 25                          | 9         | 721                                |                                    |
| Disposals  | -             | -         | 7                   | -                       | -                      | 7        | -                           | -         | 14                                 |                                    |
| <b>Upto 31<sup>st</sup> March, 2019</b>          | -             | 2         | 494                 | 64                      | 22                     | 386      | 64                          | 18        | 1,050                              |                                    |
| Net carrying amount                              |               |           |                     |                         |                        |          |                             |           |                                    |                                    |
| <b>Balance as at 31<sup>st</sup> March, 2019</b> | 88            | 4         | 4,294               | -                       | 71                     | 1,748    | 72                          | 10        | 6,288                              |                                    |
| <b>Balance as at 31<sup>st</sup> March, 2018</b> | 88            | 4         | 92                  | -                       | 34                     | 227      | 45                          | 13        | 504                                |                                    |
|  |               |           |                     |                         |                        |          |                             |           | As at 31 <sup>st</sup> March, 2019 | As at 31 <sup>st</sup> March, 2018 |
| <b>Net carrying amount</b>                       |               |           |                     |                         |                        |          |                             |           | 6,288                              | 504                                |
| Property, plant and equipment                    |               |           |                     |                         |                        |          |                             |           |                                    |                                    |
| Capital work-in-progress                         |               |           |                     |                         |                        |          |                             |           | 131                                | -                                  |

### Note

\* Includes value of land Rs. Nil (Original value of Rs. 36 lakhs) at Pune for which the legal documents are yet to be executed. For details of property, plant and equipment pledged as security, refer note 52

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### 5 Intangible assets (BOT Toll Collection Right)

| (Rs. in Lakhs)                             |                                     |                           |                               |       |
|--|-------------------------------------|---------------------------|-------------------------------|-------|
|  | Hoshanagabad-Harda-Khandwa Projects | Raisen Rahatgarh Projects | Ludhiana Bus Terminal Project | Total |
| <b>Gross carrying amount</b>               |                                     |                           |                               |       |
| Balance as at 1 <sup>st</sup> April, 2017  | 3,161                               | 2,749                     | 240                           | 6,150 |
| Additions                                  | -                                   | -                         | -                             | -     |
| Balance as at 31 <sup>st</sup> March, 2018 | 3,161                               | 2,749                     | 240                           | 6,150 |
| Additions                                  | -                                   | -                         | -                             | -     |
| Balance as at 31 <sup>st</sup> March, 2019 | 3,161                               | 2,749                     | 240                           | 6,150 |
| <b>Accumulated Amortisation</b>            |                                     |                           |                               |       |
| Upto 1 <sup>st</sup> April, 2017           | 2,048                               | 1,685                     | 240                           | 3,973 |
| Additions                                  | 1,113                               | 735                       | -                             | 1,848 |
| Upto 31 <sup>st</sup> March, 2018          | 3,161                               | 2,420                     | 240                           | 5,821 |
| Additions                                  | -                                   | 329                       | -                             | 329   |
| Upto 31 <sup>st</sup> March, 2019          | 3,161                               | 2,749                     | 240                           | 6,150 |
| Net carrying amount                        |                                     |                           |                               |       |
| Balance as at 31 <sup>st</sup> March, 2019 | -                                   | -                         | -                             | -     |
| Balance as at 31 <sup>st</sup> March, 2018 | -                                   | 329                       | -                             | 329   |

Note : For details of intangible assets pledged as security, refer note 52

### 6 Non-current investments

| (Rs. in Lakhs)   |                                    |                                    |
|--|------------------------------------|------------------------------------|
|  | As at 31 <sup>st</sup> March, 2019 | As at 31 <sup>st</sup> March, 2018 |
| <b>Unquoted</b>  |                                    |                                    |
| <b>Investments in subsidiaries - at cost unless otherwise stated</b>   |                                    |                                    |
| MSK Projects(Himmatnagar Bypass) Private Limited<br>242,000 (31 <sup>st</sup> March, 2018 : 242,000) equity shares of Rs. 10/- each fully paid up  | 233                                | 233                                |
| MSK Projects (Kim Mandvi Corridor) Private Limited<br>6,730,000 (31 <sup>st</sup> March, 2018 :6,730,000) equity shares of Rs. 10/- each fully paid up   | 673                                | 673                                |
| 1,001,784 (31 <sup>st</sup> March, 2018 :1,001,784) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up #   | 1,002                              | 1,002                              |
| Welspun Natural Resources Private Limited<br>31,875,000 (31 <sup>st</sup> March, 2018 :31,875,000) equity shares of Rs. 10 each fully paid up @  | 4,036                              | 4,036                              |
| 15,997,260 (31 <sup>st</sup> March, 2018 :14,424,022) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up #   | 15,997                             | 14,424                             |
| Dewas Waterprojects Works Private Limited<br>(Formerly known as Anjar Water Solutions Private Limited)<br>7,600 (31 <sup>st</sup> March, 2018 :10,000) equity shares of Rs. 10 each fully paid up ^^ | 1                                  | 1                                  |
| 2,291,080 (31 <sup>st</sup> March, 2018 : Nil) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up ^^ ##  | 2,291                              | -                                  |
| Welspun Build-Tech Private Limited<br>(Formerly known as Welspun Construction Private Limited)   |                                    |                                    |

## Notes Forming Part of the Financial Statements

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| 10,000 (31 <sup>st</sup> March, 2018 :10,000) equity shares of Rs. 10 each fully paid up   | 1                                     | 1                                     |
| 1,711,775 (31 <sup>st</sup> March, 2018 :1,711,775) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up #                 | 1,712                                 | 1,712                                 |
| ARSS Bus Terminal Private Limited  |                                       |                                       |
| 18,627,451 (31 <sup>st</sup> March, 2018 :18,627,451) equity shares of Rs. 10 each fully paid up   | 3,101                                 | 3,101                                 |
| Welspun Delhi Meerut Expressway Private Limited  |                                       |                                       |
| 5,000,000 (31 <sup>st</sup> March, 2018 : 5,000,000) equity shares of Rs. 10 each fully paid up ^^   | 500                                   | 500                                   |
| 2,155,000 (31 <sup>st</sup> March, 2018 : 10,055,000) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up #               | 2,155                                 | 10,055                                |
| 7,900,000 (31 <sup>st</sup> March, 2018 : Nil) 0% unsecured optionally convertible debentures of Rs. 100 each fully paid up \$\$                     | 7,900                                 | -                                     |
| Grenoble Infrastructure Private Limited  |                                       |                                       |
| 4,900 (31 <sup>st</sup> March, 2018 : Nil) equity shares of Rs. 10/- each fully paid up (a)  | 0                                     | -                                     |
| DME Infra Private Limited  |                                       |                                       |
| 10,000 (31 <sup>st</sup> March, 2018 : Nil) equity shares of Rs. 10/- each fully paid up (b)   | 1                                     | -                                     |
| Welspun Sattanathapuram Nagapattinam Road Private Limited  |                                       |                                       |
| 7,000 (31 <sup>st</sup> March, 2018: Nil) equity shares of Rs. 10/- each fully paid up (c)   | 1                                     | -                                     |
| 2,000,000 (31 <sup>st</sup> March, 2018 :Nil) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up #                       | 2,000                                 | -                                     |
| Welspun Road Infra Private Limited   |                                       |                                       |
| 1,000,000 (31 <sup>st</sup> March, 2018 : Nil) equity shares of Rs. 10/- each fully paid up (d)  | 100                                   | -                                     |
| 210,212 (31 <sup>st</sup> March, 2018 :Nil) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up #                         | 210                                   | -                                     |
| Welspun Amravati Highways Private Limited  |                                       |                                       |
| 10,000 (31 <sup>st</sup> March, 2018 : Nil) equity shares of Rs. 10/- each fully paid up (e)   | 1                                     | -                                     |
| <b>Investment in joint venture entities (at cost unless otherwise stated)</b>  |                                       |                                       |
| RGY Roads Private Limited  |                                       |                                       |
| 4,900 (31 <sup>st</sup> March, 2018 : 4,900 ) equity shares of Rs. 10 each fully paid up ^^  | 2,300                                 | 2,300                                 |
| 6,372,910 (31 <sup>st</sup> March, 2018 : Nil) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up #                      | 6,373                                 | -                                     |
| MBL (GSY) Road Limited   |                                       |                                       |
| 24,500 (31 <sup>st</sup> March, 2018 : 24,500) equity shares of Rs. 10 each fully paid up ^^   | 2                                     | 2                                     |
| 3,549,550 (31 <sup>st</sup> March, 2018 : 3,549,550) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up #                | 3,550                                 | 3,550                                 |
| 7,103,995 (31 <sup>st</sup> March, 2018 : 7,103,995) 0% unsecured optionally convertible debentures of Rs. 100 each fully paid up (at fair value) \$ | 7,104                                 | 7,104                                 |
| MBL (CGRG) Road Limited  |                                       |                                       |
| 24,500 (31 <sup>st</sup> March, 2018 : 24,500) equity shares of Rs. 10 each fully paid up ^^   | 2                                     | 2                                     |
| 2,823,550 (31 <sup>st</sup> March, 2018 : 2,823,550) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up #                | 2,824                                 | 2,824                                 |
| 5,651,995 (31 <sup>st</sup> March, 2018 : 5,651,995) 0% unsecured optionally convertible debentures of Rs. 100 each fully paid up (at fair value) \$ | 5,652                                 | 5,652                                 |
| Corbello Trading Private Limited   |                                       |                                       |
| 4,900 (31 <sup>st</sup> March, 2018 : 4,900) equity shares of Rs. 10/- each fully paid up ^^   | 785                                   | 785                                   |

## Notes Forming Part of the Financial Statements

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| 3,143,790 (31 <sup>st</sup> March, 2018 : Nil) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up #<br>Chikhali - Tarsod Highways Private Limited                   | 3,144                                 | -                                     |
| 490,000 (31 <sup>st</sup> March, 2018 : 4,900) equity shares of Rs. 10/- each fully paid up ^^  | 49                                    | 0                                     |
| 3,095,300 (31 <sup>st</sup> March, 2018 : 873,500) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up #<br>Welsteel Enterprises Private Limited                     | 3,095                                 | 874                                   |
| 49,000 (31 <sup>st</sup> March, 2018 : Nil ) equity shares of Rs. 10 each fully paid up (f)   | 5                                     | -                                     |
| 1,375,000 (31 <sup>st</sup> March, 2018 : Nil) 0% unsecured optionally convertible debentures of Rs. 100 each fully paid up (at fair value) \$<br>Welspun Aunta-Simaria Project Private Limited | 1,375                                 | -                                     |
| 7,400 (31 <sup>st</sup> March, 2018 : 7,400) equity shares of Rs. 10 each fully paid up ^^  | 1                                     | 1                                     |
| 3,482,260 (31 <sup>st</sup> March, 2018 : 3,482,260) 0% unsecured compulsorily convertible debentures of Rs. 100 each fully paid up #   | 3,482                                 | 3,482                                 |
| 2,585,305 (31 <sup>st</sup> March, 2018 : 1,867,740) 0% unsecured optionally convertible debentures of Rs. 100 each fully paid up (at fair value) \$  | 2,585                                 | 1,868                                 |
| <b>Investment at fair value through profit and loss</b>   |                                       |                                       |
| <b>Other Investments - Quoted</b>   |                                       |                                       |
| Corporation Bank Limited  |                                       |                                       |
| 8,000 (31 <sup>st</sup> March, 2018 : 8,000) equity Shares of Rs. 2/- each fully paid up  | 2                                     | 2                                     |
| <b>Other Investments - Unquoted</b>   |                                       |                                       |
| Welspun Energy Thermal Private Limited<br>(Formerly known as Solarsys Infra Projects Private Limited)   |                                       |                                       |
| 1,549 (31 <sup>st</sup> March, 2018:1,549) equity shares of Rs. 10 each fully paid up   | 0                                     | 0                                     |
| 20,264,500 (31 <sup>st</sup> March, 2018 :20,264,500) 0% unsecured compulsorily convertible debentures of Rs. 10 each fully paid up @<br>Welspun Steel Limited                                  | 2,026                                 | 2,026                                 |
| Nil (31 <sup>st</sup> March, 2018 :1,820,000) 0% unsecured optionally convertible debentures of Rs. 10 each fully paid up<br>Ecstatic Engineering Consultants Private Limited                   | -                                     | 182                                   |
| 480 (31 <sup>st</sup> March, 2018:Nil) equity shares of Rs. 10 each fully paid up   | 0                                     | -                                     |
| <b>Investment in Government Securities</b>  |                                       |                                       |
| Indira Vikash Patra   | 0                                     | 0                                     |
| Sardar Sarovar Narmada Nigam Limited  |                                       |                                       |
| 3 (31 <sup>st</sup> March, 2018 : 3) bonds of Rs. 1,000,000/- each fully paid up  | 30                                    | 30                                    |
|   | <b>86,303</b>                         | <b>66,422</b>                         |
| Less : Provision for impairment   | (1,368)                               | (1,368)                               |
| <b>Total</b>  | <b>84,935</b>                         | <b>65,054</b>                         |
| Aggregate book value of quoted investments  | 2                                     | 2                                     |
| Aggregate book value of unquoted investments  | 86,301                                | 66,420                                |
| Aggregate market value of quoted investments  | 2                                     | 2                                     |
| Aggregate amount of impairment in value of investments  | 1,368                                 | 1,368                                 |

# Each debenture having face value of Rs. 100 each shall be compulsorily convertible into 10 equity shares of Rs. 10 each fully paid up at the end of the 5 years from the date of allotment or as mutually agreed before the end of the tenure.



## Notes Forming Part of the Financial Statements

- ## Each debenture having face value of Rs. 100 each shall be compulsorily convertible into 10 equity shares of Rs. 10 each fully paid up at any time after 29<sup>th</sup> March, 2024. Unless converted earlier, the CCDs shall be compulsorily converted into equity shares at the end of the Concession period.
- \$ Each debenture having face value of Rs. 100 each shall be convertible, at the option of the holder or the Company into 10 equity shares of Rs. 10 each of the Company at any time after the expiry of 5 years and such conversion option shall be available till the expiry of the tenure (10 years from date of allotment) unless redeemed earlier. Besides, the Debenture holder as well as the Company has the right to seek redemption or do redemption, as the case may be, any time after the allotment of debentures. If the debentures are not converted into equity or redeemed until the expiry of the tenure, the debentures shall be redeemed at the expiry of the tenure.
- \$\$ Each debenture having face value of Rs. 100 each shall be convertible at the option of the holder at any time during the tenure of the debentures into 10 equity shares of Rs. 10 each. If the debentures are not redeemed within 18 years from the date of issue, the debentures will be mandatorily converted into equity shares. Debentures shall be redeemable at the option of the Issuer, any-time after a period of 3 months from the date of issue but not later than 18 years (indicative -TBD). (Rationale for 18 years - 3 years prior to COD + 15 years of annuity collection. If redeemed after a period of 2 years from the date of issue, the redemption amount shall be the aggregate of the Issue price and premium equivalent to 15% of the aggregate of present value of Free Cash Flow for Equity (FCFE) and cash balance, if any of the Issuer. Before redeeming the OCDs, the issuer shall give option to holder to convert the OCDs in to equity by issuing 15 day's notice thereto. If the holder does not opt for converting, the issuer shall redeem within 7 days of the expiry of the notice period.
- @ Each debenture having face value of Rs. 10 each shall be compulsorily convertible into 1 equity shares of Rs. 10 each fully paid up at the end of the 5 years from the date of allotment or as mutually agreed before the end of the tenure.
- ^^ The Company has pledged below mentioned equity shares and CCD :-

(Rs. in Lakhs)

| Entities  | As at                        | As at                        |
|---|------------------------------|------------------------------|
|   | 31 <sup>st</sup> March, 2019 | 31 <sup>st</sup> March, 2018 |
|   | Units                        | Units                        |
| <b>A) Equity shares</b>                             |                              |                              |
| Welspun Delhi Meerut Expressway Private Limited     | 2,550,000                    | 2,550,000                    |
| Dewas Waterprojects Works Private Limited           | 5,100                        | -                            |
| Welspun Aunta-Simaria Project Private Limited       | 5,100                        | 5,100                        |
| RGY Roads Private Limited                           | 4,900                        | 4,900                        |
| MBL (GSY) Road Limited                              | 24,495                       | 24,495                       |
| MBL (CGRG) Road Limited                             | 24,495                       | 24,495                       |
| Corbello Trading Private Limited                    | 4,895                        | 4,896                        |
| Chikhali - Tarsod Highways Private Limited          | 4,895                        | 4,896                        |
| <b>B) Compulsorily Convertible Debentures (CCD)</b> |                              |                              |
| Dewas Waterprojects Works Private Limited           | 2,000,000                    | -                            |

(a) became subsidiary w.e.f. 16<sup>th</sup> July, 2018

(b) became subsidiary w.e.f. 2<sup>nd</sup> August, 2018

(c) became subsidiary w.e.f. 19<sup>th</sup> September, 2018

(d) became subsidiary w.e.f. 5<sup>th</sup> December, 2018

(e) became subsidiary w.e.f. 28<sup>th</sup> September, 2018

(f) became joint venture entity w.e.f. 25<sup>th</sup> June, 2018

@ Investment as at 31<sup>st</sup> March, 2019 includes cumulative adjustment for fair value of interest free loan Rs. 1,036 lakhs (31<sup>st</sup> March, 2018 : Rs. 1,036 lakhs).

## Notes Forming Part of the Financial Statements

### 7 Non-current financial assets - Loans

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| <b>Unsecured</b>                         |                                       |                                       |
| Security deposits- considered good       |                                       |                                       |
| - Related parties (Refer note 46)        | 12                                    | 224                                   |
| - Others                                 | 387                                   | 384                                   |
|  | <b>399</b>                            | <b>608</b>                            |
| Loans to related parties (Refer note 46) |                                       |                                       |
| Considered good                          | 1,791                                 | 1,738                                 |
| Credit impaired                          | 13,377                                | 12,072                                |
|  | 15,168                                | 13,810                                |
| Less : Expected credit loss              | 13,377                                | 12,072                                |
|  | <b>1,791</b>                          | <b>1,738</b>                          |
| <b>Total</b>                             | <b>2,190</b>                          | <b>2,346</b>                          |

Loans are non-derivative financial assets carried at amortised cost which generate a fixed or variable interest income. The carrying value may be affected by changes in the credit risk of the counterparties.

### 8 Non-current financial assets - Others

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Bank deposit having maturity of more than 12 months - Held as margin money or security against guarantees and other commitments (with various government authorities and banks) | 86                                    | -                                     |
| <b>Total</b>  | <b>86</b>                             | <b>-</b>                              |

### 9 Non-current tax assets

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Balance with government authorities          |                                       |                                       |
| - Direct tax (net of provision for taxation) | 804                                   | 1,283                                 |
| <b>Total</b>                                 | <b>804</b>                            | <b>1,283</b>                          |

### 10 Other non-current assets

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Capital advances                                    | 744                                   | -                                     |
| Prepaid expenses                                    | 132                                   | 10                                    |
| Balances with government authorities - Indirect tax | 11                                    | 12                                    |
| Deferred revenue                                    | 16                                    | 30                                    |
| <b>Total</b>  | <b>903</b>                            | <b>52</b>                             |

### 11 Inventories

(Rs. in Lakhs)

|               | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---------------|---------------------------------------|---------------------------------------|
| Raw materials | 73                                    | 71                                    |
| <b>Total</b>  | <b>73</b>                             | <b>71</b>                             |

## Notes Forming Part of the Financial Statements

### 12 Current investments

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| <b>Investments at fair value through profit and loss</b>  |                                       |                                       |
| <b>I. Quoted</b>  |                                       |                                       |
| a) Investment in bonds  | 35,748                                | 65,064                                |
| b) Investment in mutual funds   | 245                                   | 1,790                                 |
| c) Investment in equity shares  |                                       |                                       |
| National Mineral Development Corporation  | 104                                   | 119                                   |
| 100,000 (31 <sup>st</sup> March, 2018 : 100,000) shares of face value of Rs. 1/- each fully paid up                       |                                       |                                       |
| <b>II Unquoted</b>  |                                       |                                       |
| <b>Investment in equity shares</b>  |                                       |                                       |
| Dewas Bhopal Corridor Private Limited   | -                                     | 2,950                                 |
| Nil (31 <sup>st</sup> March, 2018 : 13,000) equity shares of Rs. 10/- each fully paid up.                                 |                                       |                                       |
| Ecstatic Engineering Consultants Private Limited  |                                       |                                       |
| 5,584 (31 <sup>st</sup> March, 2018 : Nil) 0% unsecured optionally convertible debentures of Rs. 100 each fully paid up # | 25                                    | -                                     |
| <b>Total</b>  | <b>36,122</b>                         | <b>69,923</b>                         |
| Aggregate book value of quoted investments  | 36,097                                | 66,973                                |
| Aggregate book value of unquoted investments  | 25                                    | 2,950                                 |
| Aggregate market value of quoted investments  | 36,097                                | 66,973                                |

# Each debenture having face value of Rs. 100 each shall be convertible, at the option of the holder into 1 equity share of Rs. 10 each of the Company at any time after the expiry of 6 months and may be redeemed or renewed or converted upon maturity at the option of the debentureholder.

### 13 Trade receivables

(Rs. in Lakhs)

|                                   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| <b>Unsecured</b>                  |                                       |                                       |
| Considered good                   |                                       |                                       |
| - Related parties (Refer note 46) | 32,477                                | 8,112                                 |
| - Others                          | 1,685                                 | 3,286                                 |
| <b>Total</b>                      | <b>34,162</b>                         | <b>11,398</b>                         |

Trade receivables are non-interest bearing and are normally settled as per payment terms mentioned in the contract.

### 14 Cash and cash equivalents

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Balances with banks :                                       |                                       |                                       |
| - On current accounts                                       | 7,938                                 | 492                                   |
| - Deposit with original maturity of less than three months* | 1,133                                 | -                                     |
| Cash on hand  | 5                                     | 9                                     |
| <b>Total</b>  | <b>9,076</b>                          | <b>501</b>                            |

## Notes Forming Part of the Financial Statements

### 15 Bank balances (other than 14 above)

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Balances with banks  |                                       |                                       |
| - Deposits having maturity period less than twelve months*   | 5                                     | 3,579                                 |
| - Held as margin money or security against guarantees and other commitments (with various government authorities and banks)* | 2,056                                 | 297                                   |
| - Unclaimed dividend account   | 13                                    | -                                     |
| <b>Total</b>   | <b>2,074</b>                          | <b>3,876</b>                          |

Note: \*Deposits with banks earns interest at prevailing bank deposit rates.

### 16 Current financial assets - loans

(Rs. in Lakhs)

|                                   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| <b>Unsecured, considered good</b> |                                       |                                       |
| Inter corporate deposits - Others | 100                                   | 150                                   |
| Security deposits                 |                                       |                                       |
| - Related parties (Refer note 46) | 235                                   | -                                     |
| - Others                          | 266                                   | -                                     |
| Loans and advances                |                                       |                                       |
| - Related parties (Refer note 46) | 15,151                                | 9,364                                 |
| - Others                          | 2,267                                 | 2,267                                 |
| <b>Total</b>                      | <b>18,019</b>                         | <b>11,781</b>                         |

### 17 Other current financial assets

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| <b>Unsecured, considered good</b>                    |                                       |                                       |
| Advances recoverable                                 | 165                                   | 426                                   |
| Advance towards purchase of investment               | -                                     | 500                                   |
| Amount receivable from related party (Refer note 46) | -                                     | 6,961                                 |
| Contract assets (Refer note 49) :                    |                                       |                                       |
| - Related parties (Refer note 46)                    | 51,761                                | 13,528                                |
| - Others   | 987                                   | 412                                   |
| <b>Total</b>   | <b>52,913</b>                         | <b>21,827</b>                         |

### 18 Other current assets

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| <b>Unsecured, considered good</b>                   |                                       |                                       |
| Advance against goods and services                  | 2,965                                 | 563                                   |
| Mobilisation advance receivable                     | 2,448                                 | -                                     |
| Prepaid expenses                                    | 156                                   | 280                                   |
| Balances with government authorities - Indirect tax | 5,860                                 | 946                                   |
| <b>Total</b>  | <b>11,429</b>                         | <b>1,789</b>                          |

## Notes Forming Part of the Financial Statements

### 19 Assets held-for-sale

(Rs. in Lakhs)

|                      | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|----------------------|---------------------------------------|---------------------------------------|
| Assets held-for-sale | 36                                    | 36                                    |
| <b>Total</b>         | <b>36</b>                             | <b>36</b>                             |

### 20 Equity

#### (a) Equity share capital

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| <b>Authorised</b>   |                                       |                                       |
| 180,000,000 (31 March 2018: 180,000,000) equity shares of Rs. 10/- each               | 18,000                                | 18,000                                |
|   | <b>18,000</b>                         | <b>18,000</b>                         |
| <b>Issued, subscribed and paid up</b>   |                                       |                                       |
| 148,083,056 (31 March 2018: 147,533,056) equity shares of Rs. 10/- each fully paid up | 14,808                                | 14,753                                |
|   | <b>14,808</b>                         | <b>14,753</b>                         |

#### (i) Reconciliation of the number of equity shares outstanding and the amount of the share capital

|   | As at<br>31 <sup>st</sup> March, 2019 |                   | As at<br>31 <sup>st</sup> March, 2018 |                   |
|---|---------------------------------------|-------------------|---------------------------------------|-------------------|
|   | Number of<br>equity shares            | (Rs. in<br>lakhs) | Number of<br>equity shares            | (Rs. in<br>lakhs) |
| At the beginning of the year                                | 147,533,056                           | 14,753            | 147,293,056                           | 14,729            |
| Add : Pursuant to exercise of stock options (Refer note 42) | 550,000                               | 55                | 240,000                               | 24                |
|   | <b>148,083,056</b>                    | <b>14,808</b>     | <b>147,533,056</b>                    | <b>14,753</b>     |

#### (ii) Rights, preference and restriction on shares

The Company has only one class of equity having par value of Rs. 10 per share. Each shareholder is entitled to one vote per share held. The dividend, incase proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except incase of interim dividend.

In the event of liquidation of the Company, the holders of the equity shares are entitled to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

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

|                            | As at<br>31 <sup>st</sup> March, 2019 |           | As at<br>31 <sup>st</sup> March, 2018 |           |
|----------------------------|---------------------------------------|-----------|---------------------------------------|-----------|
|                            | Number of<br>equity shares            | % Holding | Number of<br>equity shares            | % Holding |
| Anjar Road Private Limited | 58,415,951                            | 39.45%    | 58,175,951                            | 39.43%    |

## Notes Forming Part of the Financial Statements

(iv) Aggregate number of shares issued for consideration other than cash, bonus shares issued and shares bought back during the last five years immediately preceding the reporting date.

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| a) Equity shares allotted as fully paid up for consideration other than cash |                                       |                                       |
| - Pursuant to the Scheme of Amalgamation and Arrangement                     | 157,768,980                           | 157,768,980                           |
| - Pursuant to exercise of stock options (Refer note 42)                      | 1,750,000                             | 1,200,000                             |
| b) Equity shares bought back   | (26,987,479)                          | (26,987,479)                          |

(v) Shares reserved for issue under options

For details of shares reserved for issue under the share based payment plan of the company, please refer note 42

(b) Other equity

|                                   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Capital reserve                   | 22,355                                | 22,355                                |
| Securities premium                | 92,851                                | 92,140                                |
| Share options outstanding account | 1,662                                 | 904                                   |
| Amalgamation reserve              | 521                                   | 521                                   |
| General reserve                   | 322                                   | 322                                   |
| Retained earnings                 | 27,409                                | 14,739                                |
| <b>Total</b>                      | <b>145,120</b>                        | <b>130,981</b>                        |

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| <b>(i) Capital reserve</b>                   |                                       |                                       |
| As per last balance sheet                    | 22,355                                | 22,355                                |
| <b>(ii) Securities premium</b>               |                                       |                                       |
| As per last balance sheet                    | 92,140                                | 92,036                                |
| Exercise of share options                    | 711                                   | 104                                   |
|  | <b>92,851</b>                         | <b>92,140</b>                         |
| <b>(iii) Other reserves</b>                  |                                       |                                       |
| <b>(a) Share options outstanding account</b> |                                       |                                       |
| As per last balance sheet                    | 904                                   | 91                                    |
| Compensation options granted during the year | 1,524                                 | 941                                   |
| Share options exercised during the year      | (766)                                 | (128)                                 |
|  | <b>1,662</b>                          | <b>904</b>                            |
| <b>(b) Amalgamation reserve</b>              |                                       |                                       |
| As per last balance sheet                    | 521                                   | 521                                   |
| <b>(c) General reserve</b>                   |                                       |                                       |
| As per last balance sheet                    | 322                                   | 322                                   |
| <b>(d) Retained earnings</b>                 |                                       |                                       |
| As per last balance sheet                    | 14,739                                | 5,185                                 |
| Total comprehensive income for the year      | 15,337                                | 10,886                                |
| Dividends paid                               | (2,213)                               | (1,107)                               |
| Dividends distribution tax paid              | (455)                                 | (225)                                 |
|  | <b>27,409</b>                         | <b>14,739</b>                         |
| <b>Total</b>                                 | <b>145,120</b>                        | <b>130,981</b>                        |

## Notes Forming Part of the Financial Statements

### 21 Non-current borrowings

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| <b>Secured</b>  |                                       |                                       |
| Term loans from banks (Refer note (i) below)  | -                                     | 5,208                                 |
| Term loans from financial institutions (Refer note (ii) below)                                | 1,300                                 | -                                     |
| Less : Current maturities disclosed under other current financial liabilities (Refer note 25) | (740)                                 | (603)                                 |
| <b>Total</b>  | <b>560</b>                            | <b>4,605</b>                          |

#### Nature of security and terms of repayments for long term borrowings

##### i. Industrial Development Finance Corporation Limited ('IDFC')

Term loan from IDFC of Rs. Nil ( 31<sup>st</sup> March, 2018 Rs. 5,208 lakhs) was secured by way of mortgage in favour of IDFC of all movable properties pertaining to the Dewas Water Supply Projects, present and future. A first charge by way of hypothecation of all the movable assets including movable plant and machinery, machinery spares, tools & accessories, furniture and fixtures, vehicles and all other movable assets pertaining to the project, present and future. First charge of all book debts, operating cash flows, revenues and receivables of the Company pertaining to the project, present and future. First charge on all intangibles including but not limited to goodwill, uncalled capital, present and future. Assignment of all rights, title, interest, benefits, claims and demands of the Company in respect of all the assets of the projects agreement and contracts including concession agreement. First charge over the escrow account, debt service reserve account and other reserve and any other bank account the Company wherever maintained.

Repayment terms : Repayment in monthly installments w.e.f. 16<sup>th</sup> April, 2016 i.e- FY 17-3%; FY18-7%; FY19-10%; FY20-20%; FY21-22%; FY22-33%; FY23-5%. However the loan has been repaid during the year.

Rate of Interest : 11.25% p.a.

##### ii. Tata Capital Financial Services Limited ('TCFSL')

Term loan from TCFSL of Rs. 1,300 lakhs (31<sup>st</sup> March, 2019 Nil) is secured by hypothecation of first and exclusive charge on construction equipment which is forming part of Property, Plant and Equipment ('PPE')

Repayment terms : Repayment in 23 monthly installments w.e.f. 21<sup>st</sup> April, 2019 (Rs. 71.96 lakhs EMI per month including interest)

Rate of Interest : 10.75% p.a.

### 22 Non-current provisions

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Provision for employee benefits                             | 560                                   | 443                                   |
| Provision for Welspun Maxsteel Limited (WMSL) obligations * | 2,588                                 | 2,588                                 |
| <b>Total</b>  | <b>3,148</b>                          | <b>3,031</b>                          |

\* Represents certain obligations related to stamp duty, etc of Welspun Maxsteel Limited, an erstwhile subsidiary disposed off in earlier period. There is no movement during the year.

## Notes Forming Part of the Financial Statements

### 23 Current financial liabilities - borrowings

(Rs. in Lakhs)

|                                      | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| <b>Secured</b>                       |                                       |                                       |
| Loans repayable on demand from banks | 987                                   | 1,429                                 |
| <b>Unsecured</b>                     |                                       |                                       |
| Commercial paper                     | 14,803                                | -                                     |
| <b>Total</b>                         | <b>15,790</b>                         | <b>1,429</b>                          |

#### Nature of security and terms of repayment for secured borrowings

Loan from bank is secured by hypothecation of inventories and book debts of the Company.

Rate of interest: 1 year MCLR + 1.65%

### 24 Trade payables

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Dues of micro enterprises and small enterprises (Refer note 48)      | 29                                    | -                                     |
| Dues of creditors other than micro enterprises and small enterprises |                                       |                                       |
| - Others   | 56,332                                | 20,591                                |
| <b>Total</b>   | <b>56,361</b>                         | <b>20,591</b>                         |

### 25 Current financial liabilities - others

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Current maturities of long-term borrowings (Refer Note 21) * | 740                                   | 603                                   |
| Security deposits/ retention money payable                   | 10,292                                | 8,104                                 |
| Payable to employees   | 162                                   | 84                                    |
| Unclaimed dividend payable                                   | 13                                    | -                                     |
| Other payables   | -                                     | 20                                    |
| <b>Total</b>   | <b>11,206</b>                         | <b>8,811</b>                          |

\* Includes interest accrued but not due Rs. Nil (31<sup>st</sup> March, 2018 Rs. 27 lakhs)

### 26 Current provisions

(Rs. in Lakhs)

|                                 | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---------------------------------|---------------------------------------|---------------------------------------|
| Provision for employee benefits | 139                                   | 73                                    |
| <b>Total</b>                    | <b>139</b>                            | <b>73</b>                             |

### 27 Other current liabilities

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Contract liabilities (Refer note 49) : |                                       |                                       |
| - Related party (Refer note 46)        | 9,300                                 | -                                     |
| - Other parties                        | 214                                   | 4,545                                 |
| Statutory dues                         | 2,543                                 | 1,974                                 |
| <b>Total</b>                           | <b>12,057</b>                         | <b>6,519</b>                          |



## Notes Forming Part of the Financial Statements

### 28 Current tax liabilities

|                   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|-------------------|---------------------------------------|---------------------------------------|
| Provision for tax | 591                                   | 645                                   |
| <b>Total</b>      | <b>591</b>                            | <b>645</b>                            |

(Rs. in Lakhs)

### 29 Revenue from operations

|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| <b>Revenue from</b>                           |  |  |
| - Engineering, Procurement and Construction # | 172,987                                    | 96,378                                     |
| - Operation and Maintenance #                 | 333  | -  |
| - Build Operate Transfer (BOT) Business       | 464  | 2,979                                      |
| - Advisory and consultancy income #           | 126  | 65   |
| <b>Other operating revenues</b>               |  |  |
| - Scrap sales                                 | 32   | -  |
| - Other material sales                        | -  | 298  |
| <b>Total</b>                                  | <b>173,942</b>                             | <b>99,720</b>                              |

(Rs. in Lakhs)

# Refer note 46 for related parties transactions

### 30 Other income

|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|--|--|--|
| <b>Interest income on financial assets at amortised cost</b>   |  |  |
| - On bank deposits   | 443  | 198  |
| - On inter corporate deposits  | -  | 786  |
| - On loans and advances  | 1,401                                      | 1,528                                      |
| <b>Interest income</b>   |  |  |
| - Financial assets mandatorily measured at fair value through profit and loss ('FVTPL')                  | 2,025                                      | 2,940                                      |
| - Others *   | 158  | 68   |
| Dividend income on financial assets mandatorily measured at fair value through profit and loss ('FVTPL') | 16   | 25   |
| Net gain on financial assets mandatorily measured at fair value through profit and loss ('FVTPL')        | 981  | 3,511                                      |
| Reversal of provision no longer required   | 48   | 355  |
| Insurance claim received   | 25   | 114  |
| Recovery of bad debts  | 297  | -  |
| Unwinding of discount on interest free deposits  | 34   | 30   |
| Gain on sale of property, plant and equipment (net)  | 32   | -  |
| Miscellaneous income   | 3  | -  |
| <b>Total</b>   | <b>5,462</b>                               | <b>9,556</b>                               |

(Rs. in Lakhs)

\* Includes interest income recognised on mobilisation advances

## Notes Forming Part of the Financial Statements

### 31 Cost of materials consumed

|  | (Rs. in Lakhs)                             |  |
|--|--|--|
|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| Inventories at the beginning of the year | 71   | 296  |
| Add: Purchases                           | 1,734                                      | 1,190                                      |
|  | <b>1,805</b>                               | <b>1,486</b>                               |
| Less: Inventories at the end of the year | (73)                                       | (71)                                       |
| <b>Total</b>                             | <b>1,732</b>                               | <b>1,415</b>                               |

### 32 Employee benefits expense

|   | (Rs. in Lakhs)                             |  |
|---|--|--|
|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| Salaries, wages and bonus                         | 5,554                                      | 3,615                                      |
| Contribution to provident and other funds         | 422  | 278  |
| Share based payments to employees (Refer note 42) | 1,524                                      | 941  |
| Staff welfare expenses                            | 226  | 117  |
| <b>Total</b>                                      | <b>7,726</b>                               | <b>4,951</b>                               |

### 33 Finance costs

|  | (Rs. in Lakhs)                             |  |
|--|--|--|
|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| Interest expenses on financial liabilities at amortised cost |  |  |
| - Term loans   | 370  | 605  |
| - Working capital  | 636  | 33   |
| Net interest on net defined benefit liability                | 43   | 24   |
| Other interest costs   | 90   | 62   |
|  | <b>1,139</b>                               | <b>724</b>                                 |
| Bank charges and other finance costs                         | 252  | 30   |
| Unwinding of discount on interest free deposits              | 30   | 30   |
| <b>Total</b>   | <b>1,421</b>                               | <b>784</b>                                 |

### 34 Depreciation and amortisation expense

|   | (Rs. in Lakhs)                             |  |
|---|--|--|
|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| Depreciation on property, plant and equipment | 722  | 114  |
| Amortisation of intangible assets             | 329  | 1,848                                      |
| <b>Total</b>                                  | <b>1,051</b>                               | <b>1,962</b>                               |

## Notes Forming Part of the Financial Statements

### 35 Other expenses

|   | (Rs. in Lakhs)                             |  |
|---|--|--|
|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| Site expenses                                       | 283  | 383  |
| Hire charges  | 173  | 94   |
| Power, fuel and water charges                       | 258  | 362  |
| Repairs and maintenance :-                          |  |  |
| - Property, plant and equipment                     | 1  | 11   |
| - Others  | 536  | 544  |
| Project monitoring and maintenance fees             | 12   | 64   |
| Rent  | 363  | 416  |
| Rates and taxes                                     | 1,116                                      | 1,006                                      |
| Insurance   | 186  | 102  |
| Travelling and conveyance expense                   | 559  | 390  |
| Communication expenses                              | 31   | 29   |
| Legal and professional fees                         | 1,226                                      | 783  |
| Freight   | 5  | 14   |
| Business promotion and advertisement                | 235  | 151  |
| Printing and stationary                             | 36   | 21   |
| Directors sitting fees                              | 15   | 23   |
| Payment to Auditor :-                               |  |  |
| - Audit fees (including fees for limited review)    | 35   | 30   |
| - Certifications                                    | 3  | 2  |
| - Reimbursement of expenses                         | 2  | 1  |
| Bad debts   | 1  | -  |
| Donation  | 208  | 162  |
| Loss on sale of property, plant and equipment (net) | -  | 4  |
| Expected credit loss                                | 1,304                                      | 1,528                                      |
| Miscellaneous expenses                              | 135  | 463  |
| <b>Total</b>  | <b>6,724</b>                               | <b>6,583</b>                               |

### 36 Income tax

a) The major components of income tax for the year ended 31<sup>st</sup> March, 2019 are as under:

i) Income tax related to items recognised in Statement of profit and loss during the year

|  | (Rs. in Lakhs)                             |  |
|--|--|--|
|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Current tax</b>   |  |  |
| Current tax on taxable income for the year                             | 7,688                                      | 5,193                                      |
| <b>Deferred tax</b>  |  |  |
| Relating to origination and reversal of temporary differences          | 145  | (901)                                      |
| <b>Total deferred tax charge/ (credit)</b>                             | <b>145</b>                                 | <b>(901)</b>                               |
| <b>Income tax expense reported in the statement of profit and loss</b> | <b>7,833</b>                               | <b>4,292</b>                               |

## Notes Forming Part of the Financial Statements

ii) Deferred tax related to items recognized in other comprehensive income (OCI) during the year

(Rs. in Lakhs)

|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|--|--|--|
| Deferred tax on remeasurement (gains)/losses on defined benefit plan | 16   | 47   |
| <b>Deferred tax charged to other comprehensive income</b>            | <b>16</b>                                  | <b>47</b>                                  |

b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

(Rs. in Lakhs)

|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| <b>Accounting profit before tax</b>                                   | <b>23,202</b>                              | <b>15,266</b>                              |
| Income tax @ 34.944% (31 <sup>st</sup> March, 2018: 34.608%)          | 8,108                                      | 5,283                                      |
| <b>Non-deductible expenses for tax purpose</b>                        |  |  |
| - Expected credit loss on loans                                       | 456  | 529  |
| - Depreciation on grant exempted from tax                             | 52   | 212  |
| - Other non deductible expenses                                       | 34   | 534  |
| Other allowances for tax purpose                                      | (290)                                      | (535)                                      |
| Utilisation of previously unrecognised tax losses                     | (527)                                      | (1,731)                                    |
| <b>Income tax expense charged to the statement of profit and loss</b> | <b>7,833</b>                               | <b>4,292</b>                               |

c) Deferred tax relates to the following:

(Rs. in Lakhs)

|   | Balance Sheet                |                              | Recognized in the statement of profit and loss |                              | Recognized in OCI            |                              |
|---|------------------------------|------------------------------|--|------------------------------|------------------------------|------------------------------|
|   | 31 <sup>st</sup> March, 2019 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2019                   | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2019 | 31 <sup>st</sup> March, 2018 |
| <b>a) Taxable temporary differences</b>                             |                              |                              |  |                              |                              |                              |
| Depreciation on property, plant and equipment and intangible assets | (76)                         | (8)                          | (68)   | (1,288)                      | -                            | -                            |
| Fair valuation of financial instruments                             | (219)                        | 696                          | (916)  | (22)                         | -                            | -                            |
| <b>Total (a)</b>  | <b>(295)</b>                 | <b>688</b>                   | <b>(984)</b>                                   | <b>(1,310)</b>               | <b>-</b>                     | <b>-</b>                     |
| <b>b) Deductible temporary differences</b>                          |                              |                              |  |                              |                              |                              |
| Allowance for doubtful debts  | -                            | -                            | -  | -                            | -                            | -                            |
| Employee benefits / expenses allowable on payment basis             | 244                          | 180                          | (47)   | 2                            | (16)                         | (47)                         |
| Unused tax losses and unabsorbed depreciation                       | -                            | 687                          | 687  | 407                          | -                            | -                            |
| <b>Total (b)</b>  | <b>244</b>                   | <b>867</b>                   | <b>640</b>                                     | <b>409</b>                   | <b>(16)</b>                  | <b>(47)</b>                  |
| Less: MAT credit entitlement (c)                                    | -                            | 489                          | 489  | -                            | -                            | -                            |
| <b>Net deferred tax (assets)/liabilities (a-b-c)</b>                | <b>(539)</b>                 | <b>(668)</b>                 |  |                              |                              |                              |
| <b>Deferred tax charge/(credit) (a+b)</b>                           |                              |                              | <b>145</b>                                     | <b>(901)</b>                 | <b>(16)</b>                  | <b>(47)</b>                  |

## Notes Forming Part of the Financial Statements

### d) Unrecognised deferred tax assets on unused tax losses

The Company has brought forward long term capital losses of Rs. 81,167 lakhs (31<sup>st</sup> March, 2018 Rs. 84,128 lakhs) (majority of which is expiring in 31<sup>st</sup> March, 2023) and short term capital losses of Rs. 7,607 lakhs (31<sup>st</sup> March, 2018 Rs. 7,667 Lakhs) (majority of which is expiring in 31<sup>st</sup> March, 2023) that are available for offsetting against future taxable capital gains. Deferred tax assets of Rs. 18,909 lakhs (31<sup>st</sup> March, 2018 Rs. 19,598 Lakhs) have not been recognized in respect of long term capital losses in view of uncertainty of future taxable capital gains and deferred tax assets (@ 34.944%) of Rs. 2,658 lakhs (31<sup>st</sup> March, 2018 Rs. 2,654 lakhs) have not been recognized in respect of short term capital losses in view of uncertainty of future taxable capital gains.

## 37 Fair value measurements

### Financial instruments by category

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 |                   | As at<br>31 <sup>st</sup> March, 2018 |                   |
|---|---------------------------------------|-------------------|---------------------------------------|-------------------|
|   | FVTPL                                 | Amortised<br>Cost | FVTPL                                 | Amortised<br>Cost |
| <b>Financial assets (other than investment in subsidiaries, associates and joint venture companies at cost)</b> |                                       |                   |                                       |                   |
| <b>Non-current assets</b>   |                                       |                   |                                       |                   |
| Investments   | 18,776                                | -                 | 16,865                                | -                 |
| Loans #   | -                                     | 2,190             | -                                     | 2,346             |
| Other financial assets  | -                                     | 86                | -                                     | -                 |
| <b>Current assets</b>   |                                       |                   |                                       |                   |
| Investments   | 36,122                                | -                 | 69,923                                | -                 |
| Trade receivables   | -                                     | 34,162            | -                                     | 11,398            |
| Cash and cash equivalents   | -                                     | 9,076             | -                                     | 501               |
| Other bank balances   | -                                     | 2,074             | -                                     | 3,876             |
| Loans   | -                                     | 18,019            | -                                     | 11,781            |
| Other financial assets  | -                                     | 52,913            | -                                     | 21,827            |
| <b>Total financial assets</b>   | <b>54,898</b>                         | <b>118,520</b>    | <b>86,788</b>                         | <b>51,729</b>     |
| <b>Non-current liabilities</b>  |                                       |                   |                                       |                   |
| Borrowings  | -                                     | 560               | -                                     | 4,605             |
| <b>Current liabilities</b>  |                                       |                   |                                       |                   |
| Borrowings  | -                                     | 15,790            | -                                     | 1,429             |
| Trade and other payables  | -                                     | 56,361            | -                                     | 20,591            |
| Other financial liabilities   | -                                     | 11,206            | -                                     | 8,811             |
| <b>Total financial liabilities</b>  | <b>-</b>                              | <b>83,917</b>     | <b>-</b>                              | <b>35,436</b>     |

# Includes loan given Rs. 1,791 lakhs (Gross Rs. 15,168 lakhs less Expected Credit Loan ('ECL') Rs. 13,377 lakhs) to Welspun Natural Resources Private Limited ('WNRPL'), one of its subsidiary, which was designated as credit impaired based on assessment of various factors like financial difficulty of the issuer etc and subsequent to this designation, interest income under EIR is computed based on net carrying value of loan (net of ECL provided) w.e.f 01.01.2019

### Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of the cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to short term maturities of these instruments.

## Notes Forming Part of the Financial Statements

2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

(Rs. in Lakhs)

|   | As at 31 <sup>st</sup> March, 2019 |               |              |               |               |
|---|------------------------------------|---------------|--------------|---------------|---------------|
|   | Carrying Value                     | Fair Value    | Level 1      | Level 2       | Level 3       |
| <b>Financial assets measured at FVTPL</b> |                                    |               |              |               |               |
| Non-current investments                   | 18,776                             | 18,776        | 2            | 31            | 18,743        |
| Current investments                       | 36,122                             | 36,122        | 349          | 35,748        | 25            |
| <b>Total</b>                              | <b>54,898</b>                      | <b>54,898</b> | <b>351</b>   | <b>35,779</b> | <b>18,768</b> |
|   | As at 31 <sup>st</sup> March, 2018 |               |              |               |               |
|   | Carrying Value                     | Fair Value    | Level 1      | Level 2       | Level 3       |
| <b>Financial assets measured at FVTPL</b> |                                    |               |              |               |               |
| Non-current investments                   | 16,865                             | 16,865        | 2            | 30            | 16,833        |
| Current investments                       | 69,923                             | 69,923        | 1,909        | 68,014        | -             |
| <b>Total</b>                              | <b>86,788</b>                      | <b>86,788</b> | <b>1,911</b> | <b>68,044</b> | <b>16,833</b> |

### Valuation technique used to determine fair value

- Investments included in Level 1 of fair value hierarchy are based on prices quoted in stock exchange and/ or NAV declared by the funds.
- Investments included in Level 2 of fair value hierarchy have been valued based on inputs from banks and other recognised institutions such as FIMMDA/ FEDAI
- Investments included in Level 3 of fair value hierarchy have been valued using acceptable valuation techniques such as Net Asset Value and/ or Discounted Cash Flow Method.

**Note :** All financial instruments for which fair value is recognised or disclosed are categorised within the Fair Value Hierarchy described as above, based on the lowest level input that is significant to the fair value measurement as a whole.

The carrying amounts of loans, trade receivables, cash and cash equivalents, Other bank balances, other financial assets, non-current and current borrowings, trade payables and other financial liabilities that are measured at amortised cost are considered to be approximately equal to the fair value due to short-term maturities of these financial assets/ liabilities.

## 38 Financial risk management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board. The Company is exposed to market risk, credit risk and liquidity risk.

### (A) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations provisions and on the non-financial assets and liabilities. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in respective market risks.

#### a) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize Company's position with regard to interest income and interest expenses and manage the interest rate risk, treasury

## Notes Forming Part of the Financial Statements

performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instrument in its total portfolio.

### (i) Interest rate risk exposure

(Rs. in Lakhs)

|                          | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--------------------------|---------------------------------------|---------------------------------------|
| Variable rate borrowings | 17,089                                | 6,637                                 |

### (ii) Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact of change in interest rate of borrowings, as follows:

(Rs. in Lakhs)

|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|--|--|--|
| Interest rates : (Increase) by 50 basis points | (57)                                       | (34)                                       |
| Interest rates : Decrease by 50 basis points   | 57   | 34   |

### b) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows fluctuate because of changes in market prices of various currencies against the functional currency. However the Company is currently not exposed to foreign currency risk.

### (B) Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

#### a) Trade receivables

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The Company has also taken advances and security deposits from some of its customers, which mitigate the credit risk to an extent.

#### b) Financial instruments and cash deposits

The Company considers factors such as track record, size of the institution, market reputation, financial strength / rating and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the Company has also availed borrowings.

#### c) The ageing analysis of the receivables (gross of expected credit loss) has been considered from the date the invoice falls due.

(Rs. in Lakhs)

|                      | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|----------------------|---------------------------------------|---------------------------------------|
| Up to 3 months       | 28,375                                | 8,148                                 |
| 3 to 6 months        | 4,328                                 | 4                                     |
| More than 6 months * | 1,459                                 | 3,246                                 |
| <b>Total</b>         | <b>34,162</b>                         | <b>11,398</b>                         |

\* Includes mainly retention money

No significant changes in estimation techniques or assumption were made during the reporting period.

## Notes Forming Part of the Financial Statements

### (C) Liquidity risk

a) Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

### b) Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on the contractual undiscounted payments.

(Rs. in Lakhs)

| As at 31 <sup>st</sup> March, 2019 | Total  | Less than<br>1 Year | 1 to 5<br>years | Beyond<br>5 years |
|------------------------------------|--------|---------------------|-----------------|-------------------|
| Long term borrowings               | 560    | -                   | 560             | -                 |
| Short term borrowings              | 15,790 | 15,790              | -               | -                 |
| Trade payables                     | 56,361 | 56,361              | -               | -                 |
| Other financial liabilities        | 11,206 | 11,206              | -               | -                 |
| As at 31 <sup>st</sup> March, 2018 | Total  | Less than<br>1 Year | 1 to 5<br>years | Beyond<br>5 years |
| Long term borrowings               | 4,605  | -                   | 4,317           | 288               |
| Short term borrowings              | 1,429  | 1,429               | -               | -                 |
| Trade payables                     | 20,591 | 20,591              | -               | -                 |
| Other financial liabilities        | 8,811  | 8,811               | -               | -                 |

## 39 Capital Management

For the purpose of Company's capital management, capital includes issued capital and other equity reserves attributable to the shareholders. The primary objective of the Company's Capital Management is to maximize shareholders value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants, if any.

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing borrowings, trade and other payables, less cash and cash equivalents.

(Rs. in Lakhs)

|                      |            | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|----------------------|------------|---------------------------------------|---------------------------------------|
| Net debts            | A          | 50,695                                | (29,249)                              |
| Total capital        | B          | 159,928                               | 145,734                               |
| Capital and net debt | C=A+B      | 210,623                               | 116,485                               |
| <b>Gearing ratio</b> | <b>A/C</b> | <b>24%</b>                            | <b>-25%</b>                           |



## Notes Forming Part of the Financial Statements

### 40 Earnings per share (EPS)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Profit for the year (Rs. in lakhs)   | 15,369                                | 10,974                                |
| Weighted average number of equity shares for Basic EPS<br>(Number of shares)   | 147,793,741                           | 147,505,129                           |
| Weighted average number of equity shares for Diluted EPS<br>(Number of shares) | 148,624,397                           | 148,918,827                           |
| Nominal value of equity shares (Rs.)   | 10                                    | 10                                    |
| Basic EPS (Rs.)  | 10.40                                 | 7.44                                  |
| Diluted EPS (Rs.)  | 10.34                                 | 7.37                                  |

### 41 Contingencies and Commitments

#### (a) Leases

##### Operating lease commitments — Company as lessee

The Company has taken office premises and residential facilities under cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease varies from six months to thirty six months. Lease rental charges for 31<sup>st</sup> March, 2019 is Rs. 363 lakhs (31<sup>st</sup> March, 2018 : Rs. 416 Lakhs)

Future minimum rental receivables under non-cancellable operating leases are as follows :-

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Not later than one year                           | 268                                   | 200                                   |
| Later than one year but not later than five years | 280                                   | -                                     |
| Later than five years                             | -                                     | -                                     |
|   | <b>548</b>                            | <b>200</b>                            |

(Rs. in Lakhs)

#### (b) Contingent liabilities (to the extent not provided for)

##### i) Claims against the Company not acknowledged as debts

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Disputed labour cess demand (net of provision)                                    | 384                                   | 229                                   |
| Stamp duty payable on concession agreement<br>disputed in respect of BOT Projects | 115                                   | 542                                   |
| Disputed income tax liability   | 780                                   | 1,118                                 |
| Disputed service tax liability  | 2,347                                 | 174                                   |
| Disputed value added tax liability  | 175                                   | 175                                   |
| Other claims against the Company  | 281                                   | 283                                   |
|   | <b>4,082</b>                          | <b>2,521</b>                          |

##### ii) Guarantees excluding financial guarantees

(Rs. in Lakhs)

|                        | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|------------------------|---------------------------------------|---------------------------------------|
| Bank guarantees issued | 34,134                                | 6,927                                 |
|                        | <b>34,134</b>                         | <b>6,927</b>                          |

## Notes Forming Part of the Financial Statements

iii) Financial guarantees (Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Guarantee given for the facilities granted  |                                       |                                       |
| - <b>Subsidiaries and joint ventures</b>  | 55,500                                | 2,102                                 |
| Loan outstanding is Rs. 55,500 lakhs (31 <sup>st</sup> March, 2018 Rs. 2,102 lakhs) against guarantees provided of Rs. 233,439 lakhs (31 <sup>st</sup> March, 2018 Rs. 193,359 lakhs) |                                       |                                       |
|   | <b>55,500</b>                         | <b>2,102</b>                          |

As undertaking (financial guarantee as per IND AS) is given to lenders for Rs. 70,605 Lakhs for financial assistance to be given to Welspun Aunta-Simaria Project Private Limited.

### (c) Commitments

- i) The Company has an outstanding commitments of Rs. 49,938 lakhs (31<sup>st</sup> March, 2018 Rs. 26,653 lakhs) and Rs. 1,582 lakhs (31<sup>st</sup> March, 2018 Rs. 3,873 lakhs) towards equity contribution in joint venture entities and its subsidiary respectively under the financing arrangement tied up with bankers.
- ii) Pursuant to the understanding with MBL Projects Private Limited, with respect to investment in RGY Roads Private Limited ('RGY'), paid against option for acquisition of balance 51% shares in RGY equivalent to Rs. 1,450 lakhs (31<sup>st</sup> March, 2018 Rs. 1450 lakhs) on 22<sup>nd</sup> February, 2018. The balance amount is Rs. 122 lakhs (31<sup>st</sup> March, 2018 Rs. 122 lakhs).
- iii) With respect to investment in MBL (GSY) Road Limited ('GSY') and MBL (CGRG) Road Limited ('CGRG'), Rs. 1.63 lakhs (31<sup>st</sup> March, 2018 Rs. 1.63 lakhs) each is paid against option for acquisition of balance 51% shares in GSY & CGRG. The balance amount is Rs. 0.13 lakhs (31<sup>st</sup> March, 2018 Rs. 0.13 lakhs).
- iv) Pursuant to the understanding with Vishvaraj Environment Private Limited, with respect to investment in Corbello Trading Private Limited ('CTPL') paid against option for acquisition of balance 51% shares in CTPL equivalent to Rs. 745 lakhs (31<sup>st</sup> March, 2018 Rs. 745 lakhs). The balance amount is Rs. 72 lakhs (31<sup>st</sup> March, 2018 Rs. 72 lakhs).
- v) With respect to investment in Chikhali-Tarsod Highways Private Limited ('CTHPL') Rs. 0.48 lakhs (31<sup>st</sup> March, 2018 Rs. 0.48 lakhs) is paid against option for acquisition of balance 51% shares in CTHPL. The balance amount is Rs. 0.03 lakhs (31<sup>st</sup> March, 2018 Rs. 0.03 lakhs).

## 42 Share based payments

- a) In accordance with the "Welspun Enterprises Limited - Employees Stock Option Plan 2017" the company has granted 3,000,000 equity shares (maximum 2,000,000 equity shares to the "Managing Director") at zero cost on 10<sup>th</sup> October, 2017. The fair value of the above stock option of Rs. 4,179 lakhs is calculated at the average rate of Rs. 139.30 per share is amortised on the straight line basis over the vesting period in accordance with the Ind AS 102 "Share-based payment". Accordingly proportionate amount of Rs. 1,524 lakhs (31<sup>st</sup> March, 2018 - Rs. 904 lakhs) is shown as "Share based payment to employees" in the statement of profit and loss (Refer note 32)."
- b) In accordance with the "Welspun Managing Director Stock Option Plan 2014" the Company has granted 240,000 equity shares to the "Managing Director" of the Company at zero Cost on 14<sup>th</sup> July, 2016. The fair value of the above Stock Options of Rs. 128 Lakhs as on 14<sup>th</sup> July, 2016 is calculated at the average rate of Rs. 53.23/- per share is amortized on the straight line basis over the vesting period of one year in accordance with the Ind AS 102 "Share-based payment". Accordingly proportionate amount of Rs. Nil (31<sup>st</sup> March, 2018 - Rs. 37 Lakhs) is shown as "Share based payment to employees" in the statement of profit and loss (Refer note 32)."

## Notes Forming Part of the Financial Statements

The salient features of the Scheme (“Welspun Enterprises Limited - Employees Stock Option Plan 2017”) are as under:

- (i) **Vesting:** Options to vest shall happen at every anniversary of the date of grant in quantum of 20% of the total ESOPs granted, over the period of 5 years from the date of grant. However vesting period may be extended by the entire duration of the leave period for Employees on the long Leave. The Vesting Schedule is as under:

| Number of ESOP | Date of Grant | Date of Vesting |
|----------------|---------------|-----------------|
| 600,000        | 10-Oct-17     | 10-Oct-18       |
| 600,000        | 10-Oct-17     | 10-Oct-19       |
| 600,000        | 10-Oct-17     | 10-Oct-20       |
| 600,000        | 10-Oct-17     | 10-Oct-21       |
| 600,000        | 10-Oct-17     | 14-Jul-22       |

- (ii) **Exercise:** Options granted shall be capable of being exercised in one or more tranches in multiples of 5000 shares, within a period of 3 years from the date of vesting of the respective Employee Stock Options. In the event of cessation of employment due to death or permanent incapacity, all the vested and unvested options may be exercised immediately but not later than six months from the cessation of employment. In the event of cessation of employment due to normal retirement, all the vested options should be exercised immediately but not later than six months from date of retirement and all unvested options will stand cancelled. In the event of cessation of employment due to resignation prior to retirement, all the vested options should be exercised immediately but not later than one month from date of submission of resignation and all unvested options will stand cancelled.

|                                  |   |
|----------------------------------|---|
| <b>Date of Grant</b>             | <b>10-Oct-17</b>  |
| <b>Number of Options Granted</b> | 3,000,000   |
| <b>Exercise Period</b>           | 3 years from date of Vesting of respective Employee Stock Options |
| <b>Exercise Price</b>            | Rs. Nil   |

|   | As at<br>31 <sup>st</sup> March, 2019 |  | As at<br>31 <sup>st</sup> March, 2018 |  |
|---|---------------------------------------|--|---------------------------------------|--|
|   | No. of<br>Stock<br>Options            | Weighted<br>Average<br>Exercise<br>Price (Rs.) | No. of<br>Stock<br>Options            | Weighted<br>Average<br>Exercise<br>Price (Rs.) |
| Options outstanding at the beginning of the year        | 3,000,000                             | Nil  | 240,000                               | Nil  |
| Options granted during the year                         | Nil                                   | Nil  | 3,000,000                             | Nil  |
| Options exercised during the year                       | 550,000                               | Nil  | 240,000                               | Nil  |
| Options cancelled/ lapsed during the year               | Nil                                   | Nil  | Nil                                   | Nil  |
| Options outstanding at the end of the year*             | 2,450,000                             | Nil  | 3,000,000                             | Nil  |
| Options vested but not exercised at the end of the year | 50,000                                | Nil  | Nil                                   | Nil  |

\* includes options vested but not exercised

## Notes Forming Part of the Financial Statements

### (iii) Information in respect of options outstanding as at 31<sup>st</sup> March, 2019

| No. of Stock Options | Remaining life in months | Weighted Average Exercise Price (Rs.) |
|----------------------|--------------------------|---------------------------------------|
| 2,450,000            | 39                       | Nil                                   |

### Information in respect of options outstanding as at 31<sup>st</sup> March, 2018

| No. of Stock Options | Remaining life in months | Weighted Average Exercise Price (Rs.) |
|----------------------|--------------------------|---------------------------------------|
| 3,000,000            | 51                       | Nil                                   |

### (iv) The fair value of each option granted is estimated on the date of grant using the Black Scholes valuation model with the following assumptions :

| No of Stock Options | Grant Date | Vesting Date |
|---------------------|------------|--------------|
| 600,000             | 10-Oct-17  | 10-Oct-18    |
| 600,000             | 10-Oct-17  | 10-Oct-19    |
| 600,000             | 10-Oct-17  | 10-Oct-20    |
| 600,000             | 10-Oct-17  | 10-Oct-21    |
| 600,000             | 10-Oct-17  | 14-Jul-22    |

#### Variables :-

|   |                |
|---|----------------|
| Stock price                             | 139.30         |
| Volatility                              | 45.14%         |
| Risk free rate (on the basis of tenure) | 6.43% to 6.69% |
| Exercise price                          | Nil            |
| Time to maturity                        | 2 to 6         |
| Dividend yield                          | 0%             |
| Option fair value                       | 139.30         |

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

### (v) Effect of share- based payment plan on the Balance sheet and Statement of profit and loss:

|  | (Rs. in Lakhs)                     |                                    |
|--|------------------------------------|------------------------------------|
|  | As at 31 <sup>st</sup> March, 2019 | As at 31 <sup>st</sup> March, 2018 |
| Share options outstanding account (Refer note 20(b)) | 1,662                              | 904                                |
| Share based payments to employees (Refer note 32)    | 1,524                              | 941                                |

## 43 Segment Information

The financial statements of the Company contains both the consolidated financial statements as well as the standalone financial statements of the Company. Hence, the Company has presented segment information based on the consolidated financial statements as permitted by Ind AS - 108 "Operating segments".

## Notes Forming Part of the Financial Statements

### 44 Exceptional items (net)

(Rs. in Lakhs)

|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|--|--|--|
| a) Profit on sale of Dewas Bhopal Corridor Limited stake   | 1,844                                      | -  |
| b) Gain on sale of stake in Welspun Energy Private Limited   | 141  | 1,394                                      |
| c) Realisation of contingent asset on account of income tax refund from Welspun Maxsteel Limited (now renamed as JSW Steel (Salav) Limited). | -  | 43   |
| d) Gain on sale of 'Assets held-for-sale'  | -  | 1,348                                      |
| e) Impairment of investment in MSK Projects (Kim Mandvi Corridor) Private Limited  | -  | (1,368)                                    |
| <b>Total</b>   | <b>1,985</b>                               | <b>1,417</b>                               |

### 45 Gratuity and other post employment benefits plans

The disclosures of employee benefit as defined in the Ind AS 19 - "Employee Benefits" are given below :

- a. The Company makes annual contributions to the employees' gratuity fund scheme, a funded defined benefit plan which is managed by LIC of India. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.
- b. Leave encashment is a non-funded defined benefit scheme. The obligation for leave encashment is recognized in the same manner as gratuity.
- c. **Details of post retirement gratuity plan are as follows :-**

#### i. Net expenses recognised during the year in the statement of profit and loss :- (Rs. in Lakhs)

|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|--|--|--|
| Current service cost   | 63   | 58   |
| Interest cost (net)  | 23   | 11   |
| <b>Net expenses recognised in statement of profit and loss</b> | <b>86</b>                                  | <b>69</b>                                  |

#### ii. Net expenses recognised during the year in other comprehensive income (OCI) (Rs. in Lakhs)

|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|--|--|--|
| Actuarial (gains) / losses arising from changes in demographic assumptions | 5  | -  |
| Actuarial (gains) / losses arising from changes in financial assumptions   | 44   | 2  |
| Actuarial (gains) / losses arising from changes in experience assumptions  | 7  | 96   |
| Expected return on plan assets excluding interest                          | 2  | 9  |
| <b>Net expenses recognised in other comprehensive income</b>               | <b>57</b>                                  | <b>107</b>                                 |

#### iii. Net liability recognised in the balance sheet

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Fair value of plan assets                        | 83                                    | 122                                   |
| Present value of obligation                      | 513                                   | 413                                   |
| <b>Net liability recognized in balance sheet</b> | <b>430</b>                            | <b>291</b>                            |

## Notes Forming Part of the Financial Statements

### iv. Reconciliation of opening and closing balances of defined benefit obligation

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Defined benefit obligation as at the beginning of the year | 413                                   | 261                                   |
| Current service cost                                       | 63                                    | 58                                    |
| Interest cost  | 32                                    | 20                                    |
| Actuarial (gain) / loss on obligation                      | 56                                    | 98                                    |
| Liability transferred in/ (paid)                           | (51)                                  | (24)                                  |
| <b>Defined benefit obligation at the end of the year</b>   | <b>513</b>                            | <b>413</b>                            |

### v. Reconciliation of opening and closing balance of fair value of plan assets

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Fair values of plan assets at the beginning of the year | 122                                   | 121                                   |
| Return on plant assets, excluding interest income       | 8                                     | 0                                     |
| Recoverable from LIC                                    | -                                     | 21                                    |
| Fund charges  | (1)                                   | -                                     |
| Benefits paid   | (46)                                  | (20)                                  |
| <b>Fair value of plan assets at year end</b>            | <b>83</b>                             | <b>122</b>                            |

### vi. Reconciliation of opening and closing balance of net defined benefit obligation

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Net defined benefit obligation as at the beginning of the year | 291                                   | 140                                   |
| Current service cost   | 63                                    | 58                                    |
| Interest cost (net)  | 24                                    | 20                                    |
| Actuarial (gain) / loss on obligation                          | 56                                    | 98                                    |
| Liability transferred in/ (paid)                               | (5)                                   | (4)                                   |
| Fund charges   | 1                                     | -                                     |
| Recoverable from LIC   | -                                     | (21)                                  |
| <b>Net defined benefit obligation at the end of the year</b>   | <b>430</b>                            | <b>291</b>                            |

### vii. Actuarial assumptions

|  | As at<br>31 <sup>st</sup> March, 2019                      | As at<br>31 <sup>st</sup> March, 2018                      |
|--|--|--|
| Mortality Table                                    | 100% of Indian assured lives Mortality (2006-08)           | 100% of Indian assured lives Mortality (2006-08)           |
| Discount rate (per annum)                          | 7.65%  | 7.72%  |
| Expected rate of return on plan assets (per annum) | -  | -  |
| Rate of escalation in salary (per annum)           | 6.00%  | 6.00%  |
| Attrition rate                                     | 38% up to age 30, 26% from age 31 to 44 and 19% thereafter | 25% up to age 30, 10% from age 31 to 44 and 10% thereafter |

## Notes Forming Part of the Financial Statements

### vii. Quantitative sensitivity analysis

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| (Rs. in Lakhs)                                    |                                       |                                       |
| <b>Impact of change in discount rate</b>          |                                       |                                       |
| Present value obligation at the end of the period | 513                                   | 413                                   |
| Impact due to increase of 0.50%                   | (8)                                   | (2)                                   |
| Impact due to decrease of 0.50%                   | 8                                     | 2                                     |
| <b>Impact of change in salary increase</b>        |                                       |                                       |
| Present value obligation at the end of the period | 513                                   | 413                                   |
| Impact due to increase of 0.50%                   | 9                                     | 1                                     |
| Impact due to decrease of 0.50%                   | (8)                                   | (1)                                   |

Sensitivities due to mortality & withdrawals are insignificant & hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

### ix. Maturity analysis of projected benefit obligation: from the fund

|                | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|----------------|---------------------------------------|---------------------------------------|
| (Rs. in Lakhs) |                                       |                                       |
| Year ended     |                                       |                                       |
| 31-Mar-19      | -                                     | 88                                    |
| 31-Mar-20      | 267                                   | 118                                   |
| 31-Mar-21      | 138                                   | 83                                    |
| 31-Mar-22      | 138                                   | 101                                   |
| 31-Mar-23      | 157                                   | 94                                    |
| 31-Mar-24      | 172                                   | -                                     |

The weighted average duration of defined benefit obligation is 11.71 (31<sup>st</sup> March, 2018 - 10.31)

### Notes

- Amounts recognized as an expense and included in the Note 32 "Employee benefits expense" are gratuity Rs. 63 lakhs (31<sup>st</sup> March, 2018 Rs. 58 lakhs) and leave encashment Rs. 55 lakhs (31<sup>st</sup> March, 2018 Rs. 48 lakhs). Net interest cost on defined benefit obligation recognised in Note 33 under "Finance costs" is Rs. 43 lakhs (31<sup>st</sup> March, 2018 Rs. 24 lakhs)
- The estimate of future salary increases considered in the actuarial valuation, takes into account the rate of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- Contribution to provident and other funds which is a defined plan is recognized as an expense in Note 32 of the financial statements.

## Notes Forming Part of the Financial Statements

### 46 Disclosure as required by Ind AS 24 - Related Party disclosures

#### a) Particulars of subsidiaries

(Rs. in Lakhs)

| Direct subsidiaries   | Principal activities    | Extent of holding                  |                                    | Principal place of business |
|---|-------------------------|------------------------------------|------------------------------------|-----------------------------|
|   |                         | As at 31 <sup>st</sup> March, 2019 | As at 31 <sup>st</sup> March, 2018 |                             |
| MSK Projects (Himmatnagar Bypass) Private Limited   | Infrastructure          | 100%                               | 100%                               | India                       |
| MSK Projects (Kim Mandvi Corridor) Private Limited  | Infrastructure          | 100%                               | 100%                               | India                       |
| Dewas Waterprojects Works Private Limited @ (Formerly known as Anjar Water Solutions Private Limited) | Infrastructure          | 76%                                | 100%                               | India                       |
| Welspun Build-Tech Private Limited (Formerly known as Welspun Construction Private Limited)           | Infrastructure          | 100%                               | 100%                               | India                       |
| Welspun Natural Resources Private Limited   | Oil and Gas exploration | 100%                               | 100%                               | India                       |
| Welspun Delhi Meerut Expressway Private Limited   | Infrastructure          | 100%                               | 100%                               | India                       |
| Welspun Financial Services Limited *  | Financial Services      | -                                  | -                                  | India                       |
| ARSS Bus Terminal Private Limited   | Infrastructure          | 100%                               | 100%                               | India                       |
| Grenoble Infrastructure Private Limited **  | Infrastructure          | 49%                                | -                                  | India                       |
| DME Infra Private Limited ***   | Infrastructure          | 100%                               | -                                  | India                       |
| Welspun Sattanathapuram Nagapattinam Road Private Limited **** \$                                     | Infrastructure          | 70%                                | -                                  | India                       |
| Welspun Amravati Highways Private Limited *****   | Infrastructure          | 100%                               | -                                  | India                       |
| Welspun Road Infra Private Limited *****  | Infrastructure          | 100%                               | -                                  | India                       |

\* Became subsidiary on 27<sup>th</sup> July, 2017 and ceased to be subsidiary w.e.f. 19<sup>th</sup> December, 2017

\*\* Became subsidiary on 16<sup>th</sup> July, 2018

\*\*\* Became subsidiary on 2<sup>nd</sup> August, 2018

\*\*\*\* Became subsidiary on 19<sup>th</sup> September, 2018

\*\*\*\*\* Became subsidiary on 5<sup>th</sup> December, 2018

\*\*\*\*\* Became subsidiary on 28<sup>th</sup> September, 2018

@ In addition to aforesaid stake, 24% are held through MSK Projects (Kim Mandvi Corridor) Private Limited

\$ In addition to aforesaid stake, 14.65% are held through Grenoble Infrastructure Private Limited

#### b) Joint venture companies

(Rs. in Lakhs)

| Name of the Entities                            | Extent of holding                  |                                    | Principal place of business |
|---|------------------------------------|------------------------------------|-----------------------------|
|   | As at 31 <sup>st</sup> March, 2019 | As at 31 <sup>st</sup> March, 2018 |                             |
| Welspun Aunta-Simaria Project Private Limited # | 74%                                | 74%                                | India                       |
| RGY Roads Private Limited                       | 49%                                | 49%                                | India                       |
| MBL (GSY) Road Limited ##                       | 49%                                | 49%                                | India                       |
| MBL (CGRG) Road Limited ##                      | 49%                                | 49%                                | India                       |
| Corbello Trading Private Limited                | 49%                                | 49%                                | India                       |
| Chikhali - Tarsod Highways Private Limited ###  | 49%                                | 49%                                | India                       |
| Welsteel Enterprises Private Limited *          | 49%                                | -                                  | India                       |



## Notes Forming Part of the Financial Statements

\* Became Joint venture w.e.f. 25<sup>th</sup> June, 2018

# In addition to aforesaid stake, 12.74% are held through Welsteel Enterprises Private Limited

## In addition to aforesaid stake, 24.94% are held through RGY Roads Private Limited

### In addition to aforesaid stake, 24.99% are held through Corbello Trading Private Limited

### c) Associate

(Rs. in Lakhs)

| Name of the Entities  | Extent of holding                  |                                    | Principal place of business |
|---|------------------------------------|------------------------------------|-----------------------------|
|   | As at 31 <sup>st</sup> March, 2019 | As at 31 <sup>st</sup> March, 2018 |                             |
| Adani Welspun Exploration Limited<br>(Held through Welspun Natural Resources Private Limited - Wholly owned subsidiary) | 35%                                | 35%                                | India                       |

### c) Directors / Key Managerial Personnel (KMP)

| Name of the Related Parties | Nature of Relationship                     |
|-----------------------------|--|
| Mr. B. K. Goenka            | Executive Chairman and Whole Time Director |
| Mr. Sandeep Garg            | Managing Director                          |
| Mr. Rajesh R. Mandawewala   | Non Independent Director                   |
| Dr. Aruna Sharma ^          | Independent Director                       |
| Mr. Dhruv Subodh Kaji       | Independent Director                       |
| Mr. Mohan Tandon            | Independent Director                       |
| Mr. Ramgopal Sharma *       | Independent Director                       |
| Mr. Yogesh Agarwal **       | Independent Director                       |
| Ms. Mala Todarwal           | Independent Director                       |
| Mr. Utsav Bajjal ***        | Independent Director                       |
| Mr. Mintoo Bhandari ***     | Independent Director                       |
| Mr. Shrinivas Kargutkar     | Chief Financial Officer                    |
| Ms. Indu Daryani ****       | Company Secretary                          |
| Ms. Priya Pakhare ^^        | Company Secretary                          |

^ Appointed as director w.e.f. 29<sup>th</sup> January, 2019

^^ Appointed as Company Secretary w.e.f. 10<sup>th</sup> May, 2018

\* Ceased to be director w.e.f. 30<sup>th</sup> October, 2018

\*\* Ceased to be director w.e.f. 20<sup>th</sup> June, 2018

\*\*\* Ceased to be director w.e.f. 22<sup>nd</sup> November, 2017

\*\*\*\* Ceased to be Company Secretary w.e.f. 28<sup>th</sup> February, 2018

### d) Other related parties with whom transactions have taken place or balances outstanding at the year end

Welspun India Limited, Welspun Corp Limited, Welspun Steel Limited, Welspun Realty Private Limited, Welspun Global Brands Limited, Welspun Energy Private Limited #, Welspun Foundation for Health and Knowledge, Welspun Energy Thermal Private Limited (Formerly known as Solarsys Infra Projects Private Limited), Diameter Trading Private Limited; Anjar Road Private Limited; Welspun Multiventures LLP; Welshop Trading Private Limited\*

# Welspun Energy Private Limited ('WEPL') merged with Welspun Steel Limited ('WSL') w.e.f. 21<sup>st</sup> August, 2017

\* Welshop Trading Private Limited merged with Welspun Steel Limited ('WSL') w.e.f. 19<sup>th</sup> August, 2017

## Notes Forming Part of the Financial Statements

### e) Transactions with related parties

| Nature of transactions   | (Rs. in Lakhs)                             |  |
|--|--|--|
|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Construction contract revenue (including unbilled work-in-progress)</b> | <b>173,036</b>                             | <b>94,600</b>                              |
| <b>Subsidiaries</b>  |  |  |
| Welspun Delhi Meerut Expressway Private Limited                            | 72   | 64,181                                     |
| Dewas Waterprojects Works Private Limited                                  | 4,177                                      | -  |
| Welspun Sattanathapuram Nagapattinam Road Private Limited                  | 9,358                                      | -  |
| Welspun Road Infra Private Limited   | 10,075                                     | -  |
| <b>Joint Venture Companies</b>   |  |  |
| Welspun Aunta-Simaria Project Private Limited                              | 16,374                                     | 349  |
| MBL (CGRG) Road Limited  | 51,093                                     | 10,194                                     |
| MBL (GSY) Road Limited   | 57,950                                     | 19,876                                     |
| Chikhali - Tarsod Highways Private Limited                                 | 23,950                                     | -  |
| <b>Other Related Party</b>   |  |  |
| Welspun India Limited  | (13)                                       | -  |
| <b>Rent expenses</b>   | <b>225</b>                                 | <b>202</b>                                 |
| <b>Other Related Parties</b>   |  |  |
| Welspun Corp Limited   | 24   | 2  |
| Welspun Realty Private Limited   | 200  | 200  |
| Welspun Multiventures LLP  | 1  | -  |
| <b>Provision for impairment of investment</b>                              | <b>-</b>                                   | <b>1,368</b>                               |
| <b>Subsidiary</b>  |  |  |
| MSK Projects (Kim Mandvi Corridor) Private Limited                         | -  | 1,368                                      |
| <b>Business promotion expenses</b>   | <b>38</b>                                  | <b>23</b>                                  |
| <b>Other Related Party</b>   |  |  |
| Welspun Global Brands Limited  | 38   | 23   |
| <b>Staff welfare expenses</b>  | <b>85</b>                                  | <b>-</b>                                   |
| <b>Other Related Parties</b>   |  |  |
| Welspun Global Brands Limited  | 75   | -  |
| Welspun Corp Limited   | 10   | -  |
| <b>Donation</b>  | <b>200</b>                                 | <b>138</b>                                 |
| <b>Other Related Party</b>   |  |  |
| Welspun Foundation for Health and Knowledge                                | 200  | 138  |
| <b>Interest income</b>   | <b>44</b>                                  | <b>62</b>                                  |
| <b>Subsidiary</b>  |  |  |
| Welspun Natural Resources Private Limited                                  | 44   | -  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | -  | 62   |
| <b>Operation and maintenance income</b>                                    | <b>333</b>                                 | <b>-</b>                                   |
| <b>Subsidiary</b>  |  |  |
| Welspun Delhi Meerut Expressway Private Limited                            | 333  | -  |
| <b>Advisory and consultancy income</b>                                     | <b>125</b>                                 | <b>65</b>                                  |
| <b>Subsidiary</b>  |  |  |
| Welspun Delhi Meerut Expressway Private Limited                            | 50   | 65   |

## Notes Forming Part of the Financial Statements

| (Rs. in Lakhs)   |  |  |
|--|--|--|
| Nature of transactions   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Joint Venture Companies</b>                                       |  |  |
| MBL (CGRG) Road Limited  | 53   | -  |
| MBL (GSY) Road Limited   | 22   | -  |
| <b>Interest income #</b>   | <b>1,357</b>                               | <b>1,528</b>                               |
| <b>Subsidiary</b>  |  |  |
| Welspun Natural Resources Private Limited                            | 1,357                                      | 1,528                                      |
| <b>Expected Credit Loss #</b>  | <b>1,304</b>                               | <b>1,528</b>                               |
| <b>Subsidiary</b>  |  |  |
| Welspun Natural Resources Private Limited                            | 1,304                                      | 1,528                                      |
| <b>Income on unwinding of discount on interest free deposits #</b>   | <b>34</b>                                  | <b>30</b>                                  |
| <b>Other Related Party</b>   |  |  |
| Welspun Realty Private Limited                                       | 34   | 30   |
| <b>Expenses on unwinding of discount on interest free deposits #</b> | <b>30</b>                                  | <b>30</b>                                  |
| <b>Other Related Party</b>   |  |  |
| Welspun Realty Private Limited                                       | 30   | 30   |
| <b>Repairs and maintenance</b>                                       | <b>11</b>                                  | <b>-</b>                                   |
| <b>Other Related Party</b>   |  |  |
| Welspun India Limited  | 11   | -  |
| <b>Purchase of materials</b>   | <b>506</b>                                 | <b>-</b>                                   |
| <b>Other Related Parties</b>   |  |  |
| Welspun Corp Limited   | 502  | -  |
| Welspun India Limited  | 4  | -  |
| <b>Sale of materials</b>   | <b>-</b>                                   | <b>29</b>                                  |
| <b>Other Related Party</b>   |  |  |
| Welspun India Limited  | -  | 29   |
| <b>Sale of 'Asset held-for-sale'</b>                                 | <b>-</b>                                   | <b>6,961</b>                               |
| <b>Subsidiary</b>  |  |  |
| Dewas Waterprojects Works Private Limited                            | -  | 6,961                                      |
| <b>Loans/ advances received</b>                                      | <b>-</b>                                   | <b>4,868</b>                               |
| <b>Subsidiary</b>  |  |  |
| MSK Projects (Himmatnagar Bypass ) Private Limited                   | -  | 85   |
| <b>Joint Venture</b>   |  |  |
| Welspun Aunta-Simaria Project Private Limited                        | -  | 4,766                                      |
| <b>Other Related Party</b>   |  |  |
| Welspun India Limited  | -  | 17   |
| <b>Loans/ advances received repaid / adjusted</b>                    | <b>-</b>                                   | <b>708</b>                                 |
| <b>Subsidiaries</b>  |  |  |
| MSK Projects (Himmatnagar Bypass ) Private Limited                   | -  | 267  |
| Welspun Delhi Meerut Expressway Private Limited                      | -  | 425  |
| <b>Other Related Party</b>   |  |  |
| Welspun India Limited  | -  | 16   |

## Notes Forming Part of the Financial Statements

| Nature of transactions                                    | (Rs. in Lakhs)                             |  |
|---|--|--|
|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Retention money released / adjusted</b>                | -  | 36   |
| <b>Other Related Party</b>                                |  |  |
| Welspun India Limited                                     | -  | 36   |
| <b>Loans/ deposits/ advances given</b>                    | <b>32,868</b>                              | <b>10,542</b>                              |
| <b>Subsidiaries</b>                                       |  |  |
| ARSS Bus Terminal Private Limited                         | 2  | 5  |
| Dewas Waterprojects Works Private Limited                 | 2,287                                      | 222  |
| MSK Projects (Himmatnagar Bypass) Private Limited         | 94   | 318  |
| MSK Projects (Kim Mandvi Corridor) Private Limited        | 615  | 210  |
| Welspun Build-Tech Private Limited                        | 0  | 1  |
| Welspun Natural Resources Private Limited                 | 9,807                                      | 815  |
| Welspun Delhi Meerut Expressway Private Limited           | 7,335                                      | -  |
| DME Infra Private Limited                                 | 0  | -  |
| Grenoble Infrastructure Private Limited                   | 0  | -  |
| Welspun Amravati Highways Private Limited                 | 0  | -  |
| Welspun Sattanathapuram Nagapattinam Road Private Limited | 786  | -  |
| Welspun Road Infra Private Limited                        | 309  | -  |
| Welspun Financial Services Limited                        | -  | 28   |
| <b>Associate</b>  |  |  |
| Adani Welspun Exploration Limited                         | 30   | 44   |
| <b>Joint Venture Companies</b>                            |  |  |
| RGY Roads Private Limited                                 | 9,026                                      | 0  |
| MBL (GSY) Road Limited                                    | 785  | 6,016                                      |
| MBL (CGRG) Road Limited                                   | 469  | 2,797                                      |
| Welsteel Enterprises Private Limited                      | 0  | -  |
| Welspun Aunta-Simaria Project Private Limited             | 820  | 21   |
| Corbello Trading Private Limited                          | 1  | 2  |
| Chikhali - Tarsod Highways Private Limited                | 488  | 62   |
| <b>Other Related Parties</b>                              |  |  |
| Welspun India Limited                                     | 5  | -  |
| Anjar Road Private Limited                                | 10   | -  |
| <b>Repayments of loans/ advances given</b>                | <b>16,227</b>                              | <b>595</b>                                 |
| <b>Subsidiaries</b>                                       |  |  |
| Dewas Waterprojects Works Private Limited                 | 86   | 91   |
| MSK Projects (Himmatnagar Bypass) Private Limited         | 94   | 318  |
| MSK Projects (Kim Mandvi Corridor) Private Limited        | 222  | -  |
| Welspun Delhi Meerut Expressway Private Limited           | 2,783                                      | -  |
| Welspun Natural Resources Private Limited                 | -  | 105  |
| Welspun Sattanathapuram Nagapattinam Road Private Limited | 303  | -  |
| Welspun Financial Services Limited                        | -  | 28   |
| <b>Associate</b>  |  |  |
| Adani Welspun Exploration Limited                         | 30   | 45   |

## Notes Forming Part of the Financial Statements

| (Rs. in Lakhs)   |  |  |
|--|--|--|
| Nature of transactions   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Joint Venture Companies</b>   |  |  |
| RGY Roads Private Limited  | 2,651                                      | -  |
| MBL (GSY) Road Limited   | 6,577                                      | -  |
| MBL (CGRG) Road Limited  | 3,176                                      | -  |
| Welspun Aunta-Simaria Project Private Limited  | 100  | -  |
| Corbello Trading Private Limited   | 0  | -  |
| Chikhali - Tarsod Highways Private Limited   | 200  | -  |
| <b>Other Related Parties</b>   |  |  |
| Welspun India Limited  | 5  | -  |
| Welspun Foundation for Health and Knowledge  | -  | 8  |
| <b>Security deposit given</b>  |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Multiventures LLP  | 5  | -  |
| Welspun Corp Limited   | 7  | -  |
| <b>Security deposit given refunded</b>   |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Realty Private Limited   | 23   | 21   |
| <b>Mobilisation advance received</b>   |  |  |
| <b>Joint Venture Company</b>   |  |  |
| Chikhali - Tarsod Highways Private Limited   | 9,300                                      | -  |
| <b>Mobilisation advance repaid/ adjusted</b>   |  |  |
| <b>Subsidiary</b>  |  |  |
| Welspun Delhi Meerut Expressway Private Limited  | -  | 6,507                                      |
| <b>Application money for optionally convertible debentures refunded</b>                  |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | -  | 92   |
| <b>Redemption of Investment in optionally convertible debentures</b>                     |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | 182  | 358  |
| <b>Additional sale consideration for equity shares of Welspun Energy Private Limited</b> |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | 141  | 1,394                                      |
| <b>Inter-corporate deposit given</b>   |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | -  | 5,000                                      |
| <b>Inter-corporate deposit given repaid</b>  |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | -  | 5,515                                      |
| <b>Conversion of loan/ advance to equity shares</b>                                      |  |  |
|  | 148  | -  |

## Notes Forming Part of the Financial Statements

| Nature of transactions  | (Rs. in Lakhs)                             |  |
|---|--|--|
|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Subsidiary</b>   |  |  |
| Welspun Road Infra Private Limited  | 99   | -  |
| <b>Joint Venture Company</b>  |  |  |
| Chikhali - Tarsod Highways Private Limited  | 49   | -  |
| <b>Conversion of loan/ advance to Compulsorily Convertible Debentures</b>                     | <b>9,987</b>                               | <b>-</b>                                   |
| <b>Subsidiaries</b>   |  |  |
| Dewas Waterprojects Works Private Limited   | 1,130                                      | -  |
| Welspun Natural Resources Private Limited   | 1,573                                      | -  |
| Welspun Sattanathapuram Nagapattinam Road Private Limited                                     | 400  | -  |
| Welspun Road Infra Private Limited  | 210  | -  |
| <b>Joint Venture Companies</b>  |  |  |
| RGY Roads Private Limited   | 6,373                                      | -  |
| Chikhali - Tarsod Highways Private Limited  | 301  | -  |
| Conversion of loan/ advance to Optionally Convertible Debentures                              | 718  | -  |
| <b>Joint Venture Company</b>  |  |  |
| Welspun Aunta-Simaria Project Private Limited   | 718  | -  |
| <b>Conversion of Compulsorily Convertible Debentures to Optionally Convertible Debentures</b> | <b>7,900</b>                               | <b>-</b>                                   |
| <b>Subsidiary</b>   |  |  |
| Welspun Delhi Meerut Expressway Private Limited   | 7,900                                      | -  |
| <b>Conversion of trade receivable to Compulsorily Convertible Debentures</b>                  | <b>1,161</b>                               | <b>-</b>                                   |
| <b>Subsidiary</b>   |  |  |
| Dewas Waterprojects Works Private Limited   | 1,161                                      | -  |
| <b>Investment in equity shares</b>  | <b>9</b>                                   | <b>3,090</b>                               |
| <b>Subsidiaries</b>   |  |  |
| Welspun Road Infra Private Limited  | 1  | -  |
| Welspun Sattanathapuram Nagapattinam Road Private Limited                                     | 1  | -  |
| DME Infra Private Limited   | 1  | -  |
| Grenoble Infrastructure Private Limited   | 0  | -  |
| Welspun Amravati Highways Private Limited   | 1  | -  |
| <b>Joint Venture Companies</b>  |  |  |
| Welsteel Enterprises Private Limited  | 5  | -  |
| RGY Roads Private Limited   | -  | 2,300                                      |
| MBL (GSY) Road Limited  | -  | 2  |
| MBL (CGRG) Road Limited   | -  | 2  |
| Welspun Aunta-Simaria Project Private Limited   | -  | 1  |
| Corbello Trading Private Limited  | -  | 785  |
| Chikhali - Tarsod Highways Private Limited  | -  | 0  |
| <b>Purchase of equity shares of Welspun Financial Services Limited</b>                        | <b>-</b>                                   | <b>135</b>                                 |
| <b>Other Related Party</b>  |  |  |
| Diameter Trading Private Limited  | -  | 135  |

## Notes Forming Part of the Financial Statements

| (Rs. in Lakhs)  |  |  |
|---|--|--|
| Nature of transactions  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Sale of equity shares of Welspun Financial Services Limited</b>      | -  | <b>135</b>                                 |
| <b>Other Related Party</b>  |  |  |
| Diameter Trading Private Limited  | -  | 135  |
| <b>Investment in compulsorily convertible debentures</b>                | <b>6,665</b>                               | <b>10,743</b>                              |
| <b>Subsidiary</b>   |  |  |
| Welspun Sattanathapuram Nagapattinam Road Private Limited               | 1,600                                      | -  |
| <b>Joint Venture Companies</b>  |  |  |
| MBL (GSY) Road Limited  | -  | 3,550                                      |
| MBL (CGRG) Road Limited   | -  | 2,824                                      |
| Welspun Aunta-Simaria Project Private Limited                           | -  | 3,482                                      |
| Corbello Trading Private Limited  | 3,144                                      | -  |
| Chikhali - Tarsod Highways Private Limited                              | 1,921                                      | 874  |
| <b>Other Related Party</b>  |  |  |
| Welspun Energy Thermal Private Limited                                  | -  | 13   |
| <b>Investment in optionally convertible debentures</b>                  | <b>1,375</b>                               | <b>15,164</b>                              |
| <b>Joint Venture Companies</b>  |  |  |
| Welsteel Enterprises Private Limited                                    | 1,375                                      | -  |
| MBL (GSY) Road Limited  | -  | 7,104                                      |
| MBL (CGRG) Road Limited   | -  | 5,652                                      |
| Welspun Aunta-Simaria Project Private Limited                           | -  | 1,868                                      |
| <b>Other Related Party</b>  |  |  |
| Welspun Steel Limited   | -  | 540  |
| <b>Bank guarantee given/ (discharged)</b>                               | <b>28,612</b>                              | <b>(2,104)</b>                             |
| <b>Subsidiaries</b>   |  |  |
| MSK Projects (Kim Mandvi Corridor) Private Limited                      | (21)                                       | -  |
| Dewas Waterprojects Works Private Limited                               | 5  | 11   |
| Welspun Delhi Meerut Expressway Private Limited                         | 950  | (2,115)                                    |
| <b>Joint Venture Companies</b>  |  |  |
| MBL (GSY) Road Limited  | 4,144                                      | -  |
| MBL (CGRG) Road Limited   | 3,297                                      | -  |
| Welspun Aunta-Simaria Project Private Limited                           | 8,708                                      | -  |
| Chikhali - Tarsod Highways Private Limited                              | 11,529                                     | -  |
| <b>Corporate guarantee given/ (discharged) for financial assistance</b> | <b>40,080</b>                              | <b>179,559</b>                             |
| <b>Subsidiaries</b>   |  |  |
| MSK Projects (Kim Mandvi Corridor) Private Limited                      | (3,720)                                    | -  |
| Welspun Delhi Meerut Expressway Private Limited                         | -  | (7,720)                                    |
| Dewas Waterprojects Works Private Limited                               | -  | 10,759                                     |
| Welspun Road Infra Private Limited                                      | 43,800                                     | -  |
| <b>Associate</b>  |  |  |
| Adani Welspun Exploration Limited                                       | -  | (2,360)                                    |

## Notes Forming Part of the Financial Statements

| Nature of transactions  | (Rs. in Lakhs)                             |  |
|---|--|--|
|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Joint Venture Companies</b>                                |  |  |
| MBL (GSY) Road Limited  | -  | 66,940                                     |
| MBL (CGRG) Road Limited                                       | -  | 53,380                                     |
| Chikhali - Tarsod Highways Private Limited                    | -  | 58,560                                     |
| <b>Guarantee given/ (discharged) for performance security</b> | <b>12,159</b>                              | <b>20,101</b>                              |
| <b>Subsidiaries</b>   |  |  |
| Dewas Waterprojects Works Private Limited                     | -  | 350  |
| Welspun Road Infra Private Limited                            | 7,300                                      | -  |
| Welspun Sattanathapuram Nagapattinam Road Private Limited     | 10,100                                     | -  |
| Welspun Delhi Meerut Expressway Private Limited               | -  | (8,531)                                    |
| <b>Associate</b>  |  |  |
| Adani Welspun Exploration Limited                             | -  | 1,365                                      |
| <b>Joint Venture Companies</b>                                |  |  |
| Welspun Aunta-Simaria Project Private Limited                 | -  | 5,805                                      |
| MBL (GSY) Road Limited  | -  | 5,920                                      |
| MBL (CGRG) Road Limited                                       | -  | 4,710                                      |
| Chikhali - Tarsod Highways Private Limited                    | (5,241)                                    | 10,482                                     |
| <b>Directors Sitting Fees paid/ provided</b>                  | <b>15</b>                                  | <b>24</b>                                  |
| Mr. Mohan Tandon  | 6  | 6  |
| Mr. Ram Gopal Sharma  | 1  | 6  |
| Ms. Mala Todarwal   | 3  | 3  |
| Mr. Yogesh Agarwal  | 0  | 3  |
| Mr. Dhruv Kaji  | 4  | 5  |
| Dr. Aruna Sharma  | 1  | -  |
| Mr Utsav Baijal   | -  | 1  |
| <b>Remuneration paid/ provided to KMP ^</b>                   | <b>2,266</b>                               | <b>1,508</b>                               |
| Short term benefits   | 2,266                                      | 1,508                                      |

^ excludes retirement benefits (employer PF contribution, gratuity, leave encashment etc)

# Represents transactions related to Ind AS adjustments

| Nature of transactions                                    | (Rs. in Lakhs)                        |                                       |
|---|---------------------------------------|---------------------------------------|
|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
| <b>Loans, advances and deposits given</b>                 | <b>30,566</b>                         | <b>23,397</b>                         |
| <b>Subsidiaries</b>                                       |                                       |                                       |
| Welspun Natural Resources Private Limited                 | 23,401                                | 13,810                                |
| Dewas Waterprojects Works Private Limited                 | 1,209                                 | 139                                   |
| MSK Projects (Kim Mandvi Corridor) Private Limited        | 699                                   | 306                                   |
| ARSS Bus Terminal Private Limited                         | 14                                    | 12                                    |
| Welspun Delhi Meerut Expressway Private Limited           | 4,558                                 | 6                                     |
| Welspun Build-Tech Private Limited                        | 2                                     | 2                                     |
| Welspun Sattanathapuram Nagapattinam Road Private Limited | 83                                    | -                                     |
| DME Infra Private Limited                                 | 0                                     | -                                     |
| Grenoble Infrastructure Private Limited                   | 0                                     | -                                     |



## Notes Forming Part of the Financial Statements

| * Closing balances as at                                       |                                       | (Rs. in Lakhs)                        |  |
|--|---------------------------------------|---------------------------------------|--|
| Nature of transactions   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |  |
| Welspun Amravati Highways Private Limited                      | 0                                     | -                                     |  |
| Welspun Road Infra Private Limited                             | 0                                     | -                                     |  |
| <b>Associate</b>   |                                       |                                       |  |
| Adani Welspun Exploration Limited                              | 0                                     | 0                                     |  |
| <b>Joint Venture Companies</b>                                 |                                       |                                       |  |
| RGY Roads Private Limited                                      | 3                                     | 0                                     |  |
| MBL (GSY) Road Limited   | 224                                   | 6,016                                 |  |
| MBL (CGRG) Road Limited  | 90                                    | 2,797                                 |  |
| Welsteel Enterprises Private Limited                           | 0                                     | -                                     |  |
| Welspun Aunta-Simaria Project Private Limited                  | 23                                    | 21                                    |  |
| Corbello Trading Private Limited                               | 3                                     | 2                                     |  |
| Chikhali - Tarsod Highways Private Limited                     | -                                     | 62                                    |  |
| <b>Other related parties</b>                                   |                                       |                                       |  |
| Welspun Realty Private Limited                                 | 235                                   | 224                                   |  |
| Anjar Road Private Limited                                     | 10                                    | -                                     |  |
| Welspun Multiventures LLP                                      | 5                                     | -                                     |  |
| Welspun Corp Limited   | 7                                     | -                                     |  |
| <b>Trade and other receivables (including Contract Assets)</b> | <b>84,237</b>                         | <b>28,601</b>                         |  |
| <b>Subsidiaries</b>  |                                       |                                       |  |
| Welspun Delhi Meerut Expressway Private Limited                | 1,312                                 | 12,256                                |  |
| Dewas Waterprojects Works Private Limited                      | 4,812                                 | 6,993                                 |  |
| Welspun Sattanathapuram Nagapattinam Road Private Limited      | 9,171                                 | -                                     |  |
| Welspun Road Infra Private Limited                             | 9,874                                 | -                                     |  |
| <b>Joint Venture Companies</b>                                 |                                       |                                       |  |
| Welspun Aunta-Simaria Project Private Limited                  | 938                                   | -                                     |  |
| Chikhali - Tarsod Highways Private Limited                     | 24,658                                | -                                     |  |
| MBL (GSY) Road Limited   | 17,252                                | 6,136                                 |  |
| MBL (CGRG) Road Limited  | 16,220                                | 3,186                                 |  |
| <b>Other related parties</b>                                   |                                       |                                       |  |
| Welspun Global Brands Limited                                  | 0                                     | -                                     |  |
| Welspun India Limited  | -                                     | 30                                    |  |
| <b>Payable at the end of the year</b>                          |                                       |                                       |  |
| <b>Trade advances, deposits received and other payable</b>     | <b>5</b>                              | <b>12</b>                             |  |
| <b>Other related parties</b>                                   |                                       |                                       |  |
| Welspun Corp Limited   | 5                                     | -                                     |  |
| Welspun Global Brands Limited                                  | -                                     | 12                                    |  |
| <b>Expected credit loss</b>                                    | <b>13,377</b>                         | <b>12,072</b>                         |  |
| <b>Subsidiary</b>  |                                       |                                       |  |
| Welspun Natural Resources Private Limited                      | 13,377                                | 12,072                                |  |
| <b>Contract liabilities</b>                                    | <b>166</b>                            | <b>4,417</b>                          |  |
| <b>Subsidiary</b>  |                                       |                                       |  |
| Dewas Waterprojects Works Private Limited                      | 166                                   | -                                     |  |

## Notes Forming Part of the Financial Statements

| * Closing balances as at                                  | (Rs. in Lakhs)                        |                                       |
|---|---------------------------------------|---------------------------------------|
| Nature of transactions                                    | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
| <b>Joint Venture Company</b>                              |                                       |                                       |
| Welspun Aunta-Simaria Projects Private Limited            | -                                     | 4,417                                 |
| <b>Provision for impairment of investment</b>             | <b>1,368</b>                          | <b>1,368</b>                          |
| <b>Subsidiary</b>   |                                       |                                       |
| MSK Projects (Kim Mandvi Corridor) Private Limited        | 1,368                                 | 1,368                                 |
| <b>Investment in equity shares</b>                        | <b>11,792</b>                         | <b>11,635</b>                         |
| <b>Subsidiaries</b>                                       |                                       |                                       |
| Welspun Natural Resources Private Limited                 | 4,036                                 | 4,036                                 |
| ARSS Bus Terminal Private Limited                         | 3,101                                 | 3,101                                 |
| Welspun Build-Tech Private Limited                        | 1                                     | 1                                     |
| MSK Projects(Himmatnagar Bypass) Private Limited          | 233                                   | 233                                   |
| MSK Projects (Kim Mandvi Corridor) Private Limited        | 673                                   | 673                                   |
| Dewas Waterprojects Works Private Limited                 | 1                                     | 1                                     |
| Welspun Delhi Meerut Expressway Private Limited           | 500                                   | 500                                   |
| Welspun Sattanathapuram Nagapattinam Road Private Limited | 1                                     | -                                     |
| DME Infra Private Limited                                 | 1                                     | -                                     |
| Grenoble Infrastructure Private Limited                   | 0                                     | -                                     |
| Welspun Amravati Highways Private Limited                 | 1                                     | -                                     |
| Welspun Road Infra Private Limited                        | 100                                   | -                                     |
| <b>Joint Venture Companies</b>                            |                                       |                                       |
| RGY Roads Private Limited                                 | 2,300                                 | 2,300                                 |
| MBL (GSY) Road Limited                                    | 2                                     | 2                                     |
| MBL (CGRG) Road Limited                                   | 2                                     | 2                                     |
| Welspun Aunta-Simaria Project Private Limited             | 1                                     | 1                                     |
| Corbello Trading Private Limited                          | 785                                   | 785                                   |
| Chikhali - Tarsod Highways Private Limited                | 49                                    | 0                                     |
| Welsteel Enterprises Private Limited                      | 5                                     | -                                     |
| Other related party                                       |                                       |                                       |
| Welspun Energy Thermal Private Limited                    | 0                                     | 0                                     |
| <b>Investment in compulsorily convertible debentures</b>  | <b>49,862</b>                         | <b>39,949</b>                         |
| <b>Subsidiaries</b>                                       |                                       |                                       |
| Welspun Natural Resources Private Limited                 | 15,997                                | 14,424                                |
| Welspun Build-Tech Private Limited                        | 1,712                                 | 1,712                                 |
| MSK Projects (Kim Mandvi Corridor) Private Limited        | 1,002                                 | 1,002                                 |
| Welspun Delhi Meerut Expressway Private Limited           | 2,155                                 | 10,055                                |
| Dewas Waterprojects Works Private Limited                 | 2,291                                 | -                                     |
| Welspun Sattanathapuram Nagapattinam Road Private Limited | 2,000                                 | -                                     |
| Welspun Road Infra Private Limited                        | 210                                   | -                                     |
| <b>Joint Venture Companies</b>                            |                                       |                                       |
| RGY Roads Private Limited                                 | 6,373                                 | -                                     |
| MBL (GSY) Road Limited                                    | 3,550                                 | 3,550                                 |
| MBL (CGRG) Road Limited                                   | 2,824                                 | 2,824                                 |

## Notes Forming Part of the Financial Statements

| * Closing balances as at  |                                       | (Rs. in Lakhs)                        |  |
|---|---------------------------------------|---------------------------------------|--|
| Nature of transactions  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |  |
| Welspun Aunta-Simaria Project Private Limited                   | 3,482                                 | 3,482                                 |  |
| Corbello Trading Private Limited                                | 3,144                                 | -                                     |  |
| Chikhali - Tarsod Highways Private Limited                      | 3,095                                 | 874                                   |  |
| <b>Other related party</b>                                      |                                       |                                       |  |
| Welspun Energy Thermal Private Limited                          | 2,026                                 | 2,026                                 |  |
| <b>Investment in optionally convertible debentures</b>          | <b>24,616</b>                         | <b>14,806</b>                         |  |
| <b>Subsidiary</b>   |                                       |                                       |  |
| Welspun Delhi Meerut Expressway Private Limited                 | 7,900                                 | -                                     |  |
| <b>Joint Venture Companies</b>                                  |                                       |                                       |  |
| MBL (GSY) Road Limited  | 7,104                                 | 7,104                                 |  |
| MBL (CGRG) Road Limited   | 5,652                                 | 5,652                                 |  |
| Welspun Aunta-Simaria Project Private Limited                   | 2,585                                 | 1,868                                 |  |
| Welsteel Enterprises Private Limited                            | 1,375                                 | -                                     |  |
| <b>Other related party</b>                                      |                                       |                                       |  |
| Welspun Steel Limited   | -                                     | 182                                   |  |
| <b>Bank guarantee outstanding</b>                               | <b>28,654</b>                         | <b>42</b>                             |  |
| <b>Subsidiaries</b>   |                                       |                                       |  |
| MSK Projects (Kim Mandvi Corridor) Private Limited              | -                                     | 21                                    |  |
| MSK Projects (Himmatnagar Bypass) Private Limited               | 10                                    | 10                                    |  |
| Dewas Waterprojects Works Private Limited                       | 16                                    | 11                                    |  |
| Welspun Delhi Meerut Expressway Private Limited                 | 950                                   | -                                     |  |
| <b>Joint Venture Companies</b>                                  |                                       |                                       |  |
| MBL (GSY) Road Limited  | 4,144                                 | -                                     |  |
| MBL (CGRG) Road Limited   | 3,297                                 | -                                     |  |
| Welspun Aunta-Simaria Project Private Limited                   | 8,708                                 | -                                     |  |
| Chikhali - Tarsod Highways Private Limited                      | 11,529                                | -                                     |  |
| <b>Corporate guarantee outstanding for financial assistance</b> | <b>233,439</b>                        | <b>193,359</b>                        |  |
| <b>Subsidiaries</b>   |                                       |                                       |  |
| MSK Projects (Kim Mandvi Corridor) Private Limited              | -                                     | 3,720                                 |  |
| Dewas Waterprojects Works Private Limited                       | 10,759                                | 10,759                                |  |
| Welspun Road Infra Private Limited                              | 43,800                                | -                                     |  |
| <b>Joint Venture Companies</b>                                  |                                       |                                       |  |
| MBL (GSY) Road Limited  | 66,940                                | 66,940                                |  |
| MBL (CGRG) Road Limited   | 53,380                                | 53,380                                |  |
| Chikhali - Tarsod Highways Private Limited                      | 58,560                                | 58,560                                |  |
| <b>Guarantee outstanding for performance security</b>           | <b>41,369</b>                         | <b>29,210</b>                         |  |
| <b>Subsidiaries</b>   |                                       |                                       |  |
| Welspun Sattanathapuram Nagapattinam Road Private Limited       | 10,100                                | -                                     |  |
| Welspun Road Infra Private Limited                              | 7,300                                 | -                                     |  |
| Dewas Waterprojects Works Private Limited                       | 350                                   | 350                                   |  |
| <b>Associate</b>  |                                       |                                       |  |
| Adani Welspun Exploration Limited                               | 1,943                                 | 1,943                                 |  |

## Notes Forming Part of the Financial Statements

| * Closing balances as at                      |                                       | (Rs. in Lakhs)                        |  |
|---|---------------------------------------|---------------------------------------|--|
| Nature of transactions                        | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |  |
| <b>Joint Venture Companies</b>                |                                       |                                       |  |
| Welspun Aunta-Simaria Project Private Limited | 5,805                                 | 5,805                                 |  |
| MBL (GSY) Road Limited                        | 5,920                                 | 5,920                                 |  |
| MBL (CGRG) Road Limited                       | 4,710                                 | 4,710                                 |  |
| Chikhali - Tarsod Highways Private Limited    | 5,241                                 | 10,482                                |  |

\* Closing balances are considered after considering the Ind AS adjustments to make comparable with financial statements for reporting purpose.

**Notes :**

- An undertaking (financial guarantee as per Ind AS) is given to lenders for Rs. 70,605 lakhs for financial assistance to be given to Welspun Aunta-Simaria Project Private Limited.
- All transactions with related parties are made on arm's length basis in the ordinary course of business.

### 47 Concession arrangements - main features

|   |  |
|---|--|
| (i) Name of the concession              | BOT Project at Raisen & Rahatgarh With Madhya Pradesh Road Development Corporation Limited   |
| (ii) Description of arrangements        | Toll Collection for 101.1 km length & 7 meter width + 4 meter unpaved shoulder Road  |
| (iii) Significant terms of arrangements | Period of Concession: 13 Years<br>a) Remuneration: Toll Collection<br>b) Investment grant from concession grantor: Yes<br>c) Infrastructure return to grantor at end of concession : Yes |
| (iv) Asset                              | Intangible   |

### 48 Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 ('The Act') are given as follows :-

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| a) Principal amount payable to the suppliers under the Act  |                                       |                                       |
| - For capital goods   | -                                     | -                                     |
| - For others  | 29                                    | -                                     |
| b) Principal amount due to the suppliers under the Act  | -                                     | -                                     |
| c) Interest accrued and due to the suppliers under the Act, on the above amount   | -                                     | -                                     |
| d) Payment made to suppliers other than interest beyond the appointed day, during the year  | -                                     | -                                     |
| e) Interest paid to suppliers under the Act   | -                                     | -                                     |
| f) Interest due and payable to suppliers under the Act, for payment already made  | -                                     | -                                     |
| g) Interest accrued and remaining unpaid at the end of the year under the Act   | -                                     | -                                     |
| h) The amount of further interest remaining due and payable even in the succeeding years for the purpose of disallowances under Section 23 of the Act | -                                     | -                                     |

Note : The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available to the Company.

## Notes Forming Part of the Financial Statements

### 49 A) Disclosure pertaining to Ind AS 115 “Revenue from Contracts with Customers”

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Contract revenue for the year                                      | 172,987                               | 96,378                                |
| Contract cost incurred including recognised profits/ (losses) upto | 314,355                               | 141,355                               |
| Advances received (Contract Liabilities) as at                     | 9,300                                 | -                                     |
| Retention money withheld by customers as at                        | 1,312                                 | 1,299                                 |
| Gross amount due from customers for contract work as at            | 53,805                                | 13,941                                |
| Gross amount due to customers for contract work as at              | 166                                   | 4,527                                 |

### B) Contract Balances

(Rs. in Lakhs)

|                      | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|----------------------|---------------------------------------|---------------------------------------|
| Trade receivables    | 34,162                                | 11,398                                |
| Contract assets      | 52,748                                | 13,940                                |
| Contract liabilities | 9,514                                 | 4,545                                 |

a) Trade receivables are non-interest bearing and are generally on terms as per agreements.

b) Explanation for increase in Contract assets/ Contract liabilities

- (i) Revenue earned from construction activities, but yet to be billed to customers, is initially recognised as contract assets and reclassified to trade receivables when the right to consideration becomes unconditional. The significant increase in Contract assets in March 2019 is on account of new contracts awarded during the year.
- (ii) A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. The increase in Contract liabilities in March 2019 is on account of mobilisation advance received as per the terms of the contract and unbilled revenue.
- (iii) Amount of revenue recognised from :-

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Amounts included in Contract liabilities at the beginning of the year | 4,545                                 | 8,597                                 |

### 50 Details of loans given, investments made and guarantee given covered U/s 186 of the Companies Act, 2013

- a) The Company is engaged in the business of providing infrastructural facilities as specified under Schedule VI of the Companies Act 2013 (the ‘Act’) and hence the provisions of Section 186 of the Act related to loans/ guarantees given or securities provided are not applicable to the Company.
- b) There are no investments other than as disclosed in Note 6 and 12 forming part of the financial statements.

## Notes Forming Part of the Financial Statements

### 51 Disclosure as required by Schedule V (A) (2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

(Rs. in Lakhs)

|  | Balance as at 31 <sup>st</sup> March, 2019 @ | Maximum amount outstanding during the year ended 31 <sup>st</sup> March, 2019 | Balance as at 31 <sup>st</sup> March, 2018 @@ | Maximum amount outstanding during the year ended 31 <sup>st</sup> March, 2018 |
|--|--|---|---|---|
| <b>i. Loans and advances in the nature of loans to subsidiary</b>  |  |   |   |   |
| Welspun Natural Resources Private Limited @@   | 10,024                                       | 14,263  | 1,738   | 18,102  |
| MSK Projects (Kim Mandvi Corridor) Private Limited   | 699  | 699   | 306   | 306   |
| ARSS Bus Terminal Private Limited  | 14   | 14  | 12  | 14  |
| Dewas Waterprojects Works Private Limited  | 1,209  | 2,150   | 139   | 191   |
| Welspun Delhi Meerut Expressway Private Limited  | 4,558  | 6,310   | 6   | 150   |
| Welspun Build-Tech Private Limited (Formerly Welspun Construction Private Limited)                         | 2  | 2   | 2   | 2   |
| Welspun Sattanathapuram Nagapattinam Road Private Limited  | 83   | 483   | -   | -   |
| DME Infra Private Limited  | 0  | 0   | -   | -   |
| Grenoble Infrastructure Private Limited  | 0  | 0   | -   | -   |
| Welspun Amravati Highways Private Limited  | 0  | 0   | -   | -   |
| Welspun Road Infra Private Limited   | 0  | 308   | -   | -   |
| <b>ii. Loans and advances in the nature of loans to Associate</b>  |  |   |   |   |
| Adani Welspun Exploration Limited  | 0  | 30  | 0   | 70  |
| <b>iii. Loans and advances in the nature of loans to Joint Venture Companies</b>                           |  |   |   |   |
| Welspun Aunta-Simaria Project Private Limited  | 23   | 741   | 21  | 21  |
| RGY Roads Private Limited  | 3  | 9,024   | 0   | 0   |
| MBL (GSY) Road Limited   | 224  | 7,870   | 6,016   | 6,016   |
| MBL (CGRG) Road Limited  | 90   | 2,791   | 2,797   | 2,797   |
| Corbello Trading Private Limited   | 3  | 3   | 2   | 2   |
| Chikhali - Tarsod Highways Private Limited   | -  | 408   | 62  | 62  |
| Welsteel Enterprises Private Limited   | 0  | 0   | -   | -   |
| <b>iv. Loans and advances in the nature of loans to firms/ companies in which directors are interested</b> |  |   |   |   |
| Anjar Road Private Limited   | 10   | 10  | -   | -   |
| Welspun Steel Limited  | -  | -   | -   | 5,500   |
| <b>v. Investment by the loanee in the shares of the Company</b>  | Nil  | Nil   | Nil   | Nil   |

@ Closing balances are considered after considering the Ind AS adjustments to make comparable with financial statements for reporting purpose.

@@ After considering expected credit loss of Rs. 13,377 Lakhs (31<sup>st</sup> March, 2018 : Rs. 12,073 Lakhs)

## Notes Forming Part of the Financial Statements

### 52 Collateral / security pledged

The carrying amount of assets pledged as security for current and non-current borrowings availed (Fund based - 31<sup>st</sup> March, 2019 : Rs. 2,286 lakhs (31<sup>st</sup> March, 2018 : Rs. 6,609 lakhs) and Non-fund based - 31<sup>st</sup> March, 2019 : Rs. 54,088 lakhs (31<sup>st</sup> March, 2018 Rs. 24,789 lakhs)) of the Company are as under:

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
|  |                                       | (Rs. in Lakhs)                        |
| Property, plant and equipments                                     | 476                                   | 504                                   |
| Intangible assets  | -                                     | 329                                   |
| Inventories  | 73                                    | 71                                    |
| Other current and non-current assets excluding investments and tax | 125,113                               | 53,106                                |
| <b>Total assets pledged</b>  | <b>125,662</b>                        | <b>54,010</b>                         |

### 53 Proposed dividends on equity shares

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
|   |                                       | (Rs. in Lakhs)                        |
| Dividend proposed for 31 <sup>st</sup> March, 2019 Rs. 2.00 per share (31 <sup>st</sup> March, 2018 Rs. 1.50 per share) | 2,962                                 | 2,213                                 |
| Dividend distribution tax on above  | 609                                   | 455                                   |

Proposed dividends on equity shares are subject to approval of shareholders at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at reporting date.

### 54 a) Reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities as required by Ind AS 7 "Statement of Cash Flows" is as under:

|   | Long term borrowings<br>(Including current maturities) | Short term borrowings | Equity share capital | Securities Premium |
|---|--|-----------------------|----------------------|--------------------|
|   |  |                       |                      | (Rs. in Lakhs)     |
| <b>As at 31<sup>st</sup> March, 2018</b>                | 5,208  | 1,429                 | 14,753               | 92,140             |
| Cash inflow   | 1,300  | 15,986                | -                    | -                  |
| Cash outflow  | (5,208)  | (1,429)               | -                    | -                  |
| Non cash changes - other changes (Refer note below (b)) | -  | (197)                 | 55                   | 711                |
| <b>As at 31<sup>st</sup> March, 2019</b>                | <b>1,300</b>   | <b>15,789</b>         | <b>14,808</b>        | <b>92,851</b>      |

## Notes Forming Part of the Financial Statements

### b) Non- cash investing and financing activities for the current year

- i) Other Non-cash changes in short term borrowings are related to amortisation of processing fees
- ii) Other Non-cash changes in equity share capital and securities premium are on account of equity shares allotted pursuant to exercise of stock option (Refer note 42)
- iii) Conversion of loan to investment in subsidiaries during the year is Rs. 3,413 lakhs
- iv) Conversion of loan to investment in joint venture companies during the year is Rs. 7,440 lakhs
- iv) Conversion of receivables to investment in subsidiary during the year is Rs. 1,161 lakhs

**55** Figures for the previous year are re-classified/ re-arranged/ re-grouped, wherever necessary to be in conformity with the figures of the current year's classification/ disclosure.

As per our report of even date

**For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169W/W-100035

**For and on behalf of the Board**

**Balkrishan Goenka**

Chairman  
DIN 00270175

**Sandeep Garg**

Managing Director  
DIN 00036419

**Sanjay Kothari**

Partner  
Membership Number 048215

**Shrinivas Kargutkar**

Chief Financial Officer

**Priya Pakhare**

Company Secretary

Place : Mumbai  
Date : 15<sup>th</sup> May, 2019

Place : Mumbai  
Date : 15<sup>th</sup> May, 2019



# Independent Auditors' Report

To  
The Members of  
**Welspun Enterprises Limited**

## Report on the Audit of the Consolidated Financial Statements

### 1. Opinion

We have audited the accompanying consolidated financial statements of Welspun Enterprises Limited ("the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associate and joint venture companies which comprise the consolidated balance sheet as at 31 March 2019, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (herein after referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statement and on other financial information of subsidiaries, associate and joint venture companies referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Companies

Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs of the Group as at 31 March 2019, and its consolidated profit, consolidated total comprehensive income, the consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### 2. Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) prescribed under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated 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 ICAI's Code of Ethics. We believe that the audit evidence obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

### 3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 March 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter  | Auditor's response  |
|---|---|
| <p><b>Accuracy in respect of Construction contract revenue involves critical estimates.</b></p> <ul style="list-style-type: none"> <li>Estimated cost is a critical estimate to determine revenues. This estimate has a high inherent uncertainty as it requires consideration of progress of the contract, costs incurred till date, costs required to complete the remaining contract performance obligations.</li> </ul> | <p><b>Principal audit procedures</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> <li>Evaluated the design of internal controls relating to recording of costs incurred and estimation of efforts required to complete the performance obligations.</li> <li>Tested the access and application controls pertaining to allocation and budgeting systems which prevents unauthorized changes to recording of costs incurred.</li> <li>Selected a sample of contracts and tested the operating effectiveness of the internal controls relating to costs incurred and estimated through inspection of evidence of performance of these controls.</li> </ul> |

| Key audit matter | Auditor's response   |
|------------------|--|
|                  | <ul style="list-style-type: none"> <li>▪ Selected a sample of contracts and performed a retrospective review of costs incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining costs to complete the contract.</li> <li>▪ Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated costs to complete the remaining performance obligations.</li> <li>▪ Performed analytical procedures and test of details for reasonableness of incurred and estimated costs.</li> </ul> |

#### 4. Other information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board Report and Chairman's Statement but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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

#### 5. Management's responsibility for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirement of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its associate and joint venture companies in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group and of its associate and

joint venture companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and joint venture companies 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture companies are responsible for assessing the ability of the Group and of its associates and joint venture companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group and of its associates and joint venture companies are responsible for overseeing the financial reporting process of the Group and of its associate and joint venture companies.

#### 6. Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls 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 and its subsidiary Companies which are companies incorporated in India has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture companies to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint venture companies to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate and joint venture companies to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

## 7. Other matters

We did not audit the financial statements of ten subsidiaries whose financial statements reflect total assets of Rs.61,155 lakhs as at 31 March 2019, total revenues of Rs.20,704 lakhs, total net loss after tax of Rs.1,601 lakhs, total comprehensive loss of Rs.1,603 lakhs and total cash inflows of Rs.595 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial

statements also include the Group's share of net loss after tax of Rs.1,375 lakhs and total comprehensive loss of Rs. 1,374 lakhs for the year ended 31 March 2019, in respect of an associate and five joint venture companies, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint venture companies and our report in terms of Section 143(3) of the Act, in so far as it relates to these subsidiaries, associate and joint venture companies, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## 8. Report on Other Legal and Regulatory requirements

- A. 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 of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss including other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the books of account for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries, associate and joint venture companies which are incorporated in India, none of the directors of the Group, its associate and joint venture companies incorporated in India is disqualified as on 31 March, 2019 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 over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture companies.
  - ii. Provision has been made in consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
  - iii. There has been no delay in transferring the amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its associates and joint venture companies during the year.

**For MGB & Co LLP**  
 Chartered Accountants  
 Firm Registration Number 101169W/W-100035

**Sanjay Kothari**  
 Partner  
 Membership Number 048215  
 Mumbai, 15 May 2019

## Annexure 'A' to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 8(A) (f) under 'Report on other Legal and Regulatory Requirements' of the Independent Auditor's Report of even date to the members of the Company on the consolidated financial statements for the year ended 31 March 2019.

We have audited the internal financial controls over financial reporting of Welspun Enterprises Limited ("the Holding Company") and its subsidiaries, associate and joint venture companies incorporated in India as at 31 March 2019 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

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

### Auditor's responsibility

Our responsibility is to express an opinion on the Holding Company's, its subsidiaries, associate and joint venture companies incorporated in India internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on "Audit of Internal Financial Controls over financial reporting" (the "Guidance Note") issued by Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was established and

maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors of the subsidiary companies, associate and joint venture companies incorporated in India, in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiaries, associate and joint venture companies incorporated in India.

### Meaning of internal financial controls over financial reporting

A Holding Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Holding Company, its subsidiary companies, associate and joint venture companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Holding Company, its subsidiaries, associate and joint venture companies incorporated in India considering the essential components of Internal control stated in the Guidance Note issued by the ICAI.

### **Other matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to subsidiaries, associate and joint venture companies incorporated in India is based on corresponding reports of the auditors of such companies. Our opinion is not qualified in respect of this matter.

**For MGB & Co LLP**  
Chartered Accountants  
Firm Registration Number 101169W/W-100035

**Sanjay Kothari**  
Partner  
Membership Number 048215  
Mumbai, 15 May 2019

# Consolidated Balance Sheet

 as at 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

|   | Notes | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|-------|---------------------------------------|---------------------------------------|
| <b>Assets</b>   |       |                                       |                                       |
| <b>1. Non-current assets</b>  |       |                                       |                                       |
| (a) Property, plant and equipment                                     | 4     | 8,004                                 | 2,224                                 |
| (b) Capital work-in-progress  | 4     | 12,013                                | 6,381                                 |
| (c) Intangible assets   | 5     | 39                                    | 464                                   |
| (d) Investments in an associate and joint venture companies           | 49    | 53,651                                | 39,646                                |
| (e) Financial assets  |       |                                       |                                       |
| i. Investments  | 6     | 2,059                                 | 2,240                                 |
| ii. Loans   | 7     | 565                                   | 694                                   |
| iii. Receivable under service concession arrangement                  | 8     | 63,612                                | 45,050                                |
| iv. Others  | 9     | 86                                    | -                                     |
| (f) Deferred tax assets (net)   | 38    | 817                                   | 908                                   |
| (g) Non-current tax assets  | 10    | 1,727                                 | 2,026                                 |
| (h) Other non-current assets  | 11    | 1,040                                 | 54                                    |
| <b>Total non-current assets</b>                                       |       | <b>143,613</b>                        | <b>99,687</b>                         |
| <b>2. Current assets</b>  |       |                                       |                                       |
| (a) Inventories   | 12    | 73                                    | 71                                    |
| (b) Financial assets  |       |                                       |                                       |
| i. Investments  | 13    | 37,661                                | 69,923                                |
| ii. Trade receivables   | 14    | 28,069                                | 3,400                                 |
| iii. Cash and cash equivalents  | 15    | 11,550                                | 3,252                                 |
| iv. Bank balances other than (iii) above                              | 16    | 3,416                                 | 4,511                                 |
| v. Loans  | 17    | 11,528                                | 11,343                                |
| vi. Receivable under service concession arrangement                   | 18    | 7,252                                 | 12,284                                |
| vii. Other financial assets   | 19    | 33,870                                | 10,766                                |
| (c) Other current assets  | 20    | 12,209                                | 2,029                                 |
| <b>Total current assets</b>   |       | <b>145,628</b>                        | <b>117,579</b>                        |
| Assets held-for-sale  | 21    | 53                                    | 2,863                                 |
| <b>Total assets</b>   |       | <b>289,294</b>                        | <b>220,129</b>                        |
| <b>Equity and liabilities</b>   |       |                                       |                                       |
| <b>Equity</b>   |       |                                       |                                       |
| (a) Equity share capital  | 22(a) | 14,808                                | 14,753                                |
| (b) Other equity  | 22(b) | 130,554                               | 119,115                               |
| <b>Equity attributable to equity holders of the parent</b>            |       | <b>145,362</b>                        | <b>133,868</b>                        |
| Non-controlling interests   | 50    | 7                                     | -                                     |
| <b>Total equity</b>   |       | <b>145,369</b>                        | <b>133,868</b>                        |
| <b>Liabilities</b>  |       |                                       |                                       |
| <b>1. Non-current liabilities</b>                                     |       |                                       |                                       |
| (a) Financial liabilities   |       |                                       |                                       |
| Borrowings  | 23    | 40,394                                | 41,515                                |
| (b) Provisions  | 24    | 3,217                                 | 3,054                                 |
| (c) Deferred tax liabilities (net)                                    | 38    | 333                                   | 202                                   |
| <b>Total non-current liabilities</b>                                  |       | <b>43,944</b>                         | <b>44,771</b>                         |
| <b>2. Current liabilities</b>   |       |                                       |                                       |
| (a) Financial liabilities   |       |                                       |                                       |
| i. Borrowings   | 25    | 15,790                                | 1,429                                 |
| ii. Trade payables  | 26    |                                       |                                       |
| - Due of micro enterprises and small enterprises                      |       | 29                                    | -                                     |
| - Due of creditors other than micro enterprises and small enterprises |       | 57,392                                | 21,483                                |
| iii. Other financial liabilities                                      | 27    | 13,654                                | 11,249                                |
| (b) Provisions  | 28    | 143                                   | 74                                    |
| (c) Other current liabilities   | 29    | 12,359                                | 6,602                                 |
| (d) Current tax liabilities   | 30    | 614                                   | 653                                   |
| <b>Total current liabilities</b>                                      |       | <b>99,981</b>                         | <b>41,490</b>                         |
| <b>Total equity and liabilities</b>                                   |       | <b>289,294</b>                        | <b>220,129</b>                        |

Notes forming part of the consolidated financial statements 1 to 59

As per our report of even date

**For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169W/W-100035

**For and on behalf of the Board**
**Balkrishan Goenka**

 Chairman  
 DIN 00270175

**Sandeep Garg**

 Managing Director  
 DIN 00036419

**Sanjay Kothari**

 Partner  
 Membership Number 048215

**Shriniwas Kargutkar**

Chief Financial Officer

**Priya Pakhare**

Company Secretary

 Place : Mumbai  
 Date : 15<sup>th</sup> May, 2019

 Place : Mumbai  
 Date : 15<sup>th</sup> May, 2019

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

|   | Notes | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|-------|--|--|
| <b>Income</b>   |       |  |  |
| Revenue from operations   | 31    | 178,660                                    | 106,713                                    |
| Other income  | 32    | 7,387                                      | 11,481                                     |
| <b>Total income</b>   |       | <b>186,047</b>                             | <b>118,194</b>                             |
| <b>Expenses</b>   |       |  |  |
| Cost of materials consumed  | 33    | 1,732                                      | 1,415                                      |
| Subcontracting, civil and repair work   |       | 142,923                                    | 83,739                                     |
| Employee benefits expense   | 34    | 8,084                                      | 5,167                                      |
| Finance costs   | 35    | 5,366                                      | 3,317                                      |
| Depreciation and amortisation expense   | 36    | 1,149                                      | 2,359                                      |
| Other expenses  | 37    | 6,630                                      | 8,378                                      |
| <b>Total expenses</b>   |       | <b>165,884</b>                             | <b>104,375</b>                             |
| <b>Profit before share of profit of an associate and joint ventures and exceptional items</b> |       | <b>20,163</b>                              | <b>13,819</b>                              |
| Share of loss from an associate and joint ventures companies                                  | 49    | (1,450)                                    | (285)                                      |
| <b>Profit before exceptional items and tax</b>  |       | <b>18,713</b>                              | <b>13,534</b>                              |
| Exceptional items (net)   | 45    | 1,985                                      | (1,961)                                    |
| <b>Profit before tax</b>  |       | <b>20,698</b>                              | <b>11,573</b>                              |
| <b>Tax expense</b>  |       |  |  |
| - Current tax   | 38    | 7,766                                      | 5,297                                      |
| - Earlier year tax  |       | -  | 57   |
| - Deferred tax charge/ (credit)   |       | 256  | (724)                                      |
| <b>Total tax expense</b>  |       | <b>8,022</b>                               | <b>4,630</b>                               |
| <b>Profit for the year</b>  |       | <b>12,676</b>                              | <b>6,943</b>                               |
| <b>Other comprehensive income (OCI)</b>   |       |  |  |
| Items that will not be reclassified to profit or loss   |       |  |  |
| - Remeasurement gains/(losses) on defined benefit plan  |       | (51)                                       | (140)                                      |
| Income tax effect on above  |       | 17   | 48   |
| Share of OCI of associate   |       | 1  | 0  |
| <b>Other comprehensive income for the year (net of tax)</b>                                   |       | <b>(33)</b>                                | <b>(92)</b>                                |
| <b>Total comprehensive income for the year</b>  |       | <b>12,643</b>                              | <b>6,851</b>                               |
| <b>Profit attributable to :</b>   |       |  |  |
| Equity holders of the parent  |       | 12,669                                     | 6,943                                      |
| Non-controlling interest  |       | 7  | -  |
| <b>Total comprehensive income attributable to :</b>   |       |  |  |
| Equity holders of the parent  |       | 12,636                                     | 6,851                                      |
| Non-controlling interest  |       | 7  | -  |
| <b>Earnings per equity share of Rs. 10 each fully paid up</b>                                 | 42    |  |  |
| Basic (Rs.)   |       | 8.58                                       | 4.71                                       |
| Diluted (Rs.)   |       | 8.53                                       | 4.66                                       |

Notes forming part of the consolidated financial statements 1 to 59

As per our report of even date

**For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169W/W-100035

**For and on behalf of the Board**

**Balkrishan Goenka**  
Chairman  
DIN 00270175

**Sandeep Garg**  
Managing Director  
DIN 00036419

**Sanjay Kothari**  
Partner  
Membership Number 048215

**Shrinivas Kargutkar**  
Chief Financial Officer

**Priya Pakhare**  
Company Secretary

Place : Mumbai  
Date : 15<sup>th</sup> May, 2019

Place : Mumbai  
Date : 15<sup>th</sup> May, 2019



# Consolidated Statement of cash flow

 for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|--|--|--|
| <b>A Cash flow from operating activities</b>                                   |  |  |
| Profit before tax  | 20,698                                     | 11,573                                     |
| <b>Adjustments for</b>   |  |  |
| Depreciation and amortisation expense  | 1,149                                      | 4,604                                      |
| Loss/ (Gain) on sale/ discard of property, plant and equipment (net)           | (32)                                       | 4  |
| Gain on sale of assets held-for-sale   | (490)                                      | -  |
| Bad debts  | 1  | -  |
| Interest income  | (2,625)                                    | (6,525)                                    |
| Interest expense   | 4,885                                      | 2,880                                      |
| Gain on sale of non-current investments  | (1,985)                                    | (1,380)                                    |
| Dividend income  | (16)                                       | (25)                                       |
| Provision for gratuity and leave encashment                                    | 232  | 235  |
| Sundry balances written off  | -  | 9  |
| Net loss on financial assets mandatorily measured at FVTPL                     | (1,453)                                    | (4,318)                                    |
| Realisation of contingent asset on account of income tax refund from WMSL      |  | (43)                                       |
| Reversal of provision no longer required                                       | (99)                                       | (374)                                      |
| Impairment loss  | -  | 1,183                                      |
| Unwinding of discount on security deposits                                     | (4)  | 0  |
| Expected credit loss   | -  | 1,127                                      |
| Share based payments to employees  | 1,524                                      | 941  |
| Exchange difference (net)  | -  | (27)                                       |
| Share of loss from associate and joint venture companies                       | 1,450                                      | 285  |
| <b>Operating profit before working capital changes</b>                         | <b>23,235</b>                              | <b>10,149</b>                              |
| <b>Adjustments for</b>   |  |  |
| (Increase)/ decrease in trade and other receivables                            | (71,740)                                   | (52,811)                                   |
| Increase/ (decrease) in trade and other payables                               | 44,146                                     | 18,300                                     |
| (Increase)/ decrease in inventories  | (3)  | 226  |
| <b>Cash generated/(used) from operations</b>                                   | <b>(4,362)</b>                             | <b>(24,136)</b>                            |
| Direct taxes paid (net of refund)  | (7,505)                                    | (4,594)                                    |
| <b>Net cash generated/ (used) in operating activities (A)</b>                  | <b>(11,867)</b>                            | <b>(28,730)</b>                            |
| <b>B Cash flow from investing activities</b>                                   |  |  |
| Purchase of property, plant and equipment (including capital work-in-progress) | (10,011)                                   | (314)                                      |
| Sale of property, plant and equipment and assets held for sale                 | 527  | 33   |
| Gain on sale of current investments (net)                                      | 80   | 870  |
| Investment in joint venture companies  | (6,444)                                    | (28,443)                                   |
| Investment in other entity   | (25)                                       | (13)                                       |
| Investment in associate  | (1,570)                                    | -  |
| Advance towards purchase of investment   | -  | (500)                                      |
| Proceeds from sale of investment in other entity                               | 5,911                                      | 1,394                                      |
| Loans given to joint venture companies   | (11,589)                                   | (8,899)                                    |
| Loans given to associate   | (8,263)                                    | (44)                                       |
| Loans given to others  | (9)  | (2,273)                                    |
| Loans given to joint venture companies repaid                                  | 12,705                                     | -  |

# Consolidated Statement of Cash Flow

for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| Loans given to associate repaid   | 30   | 45   |
| Loans given to others repaid  | 6  | -  |
| Application money for optionally convertible debentures refunded          | -  | 92   |
| Redemption of investment in optionally convertible debentures             | 181  | 358  |
| Realisation of contingent asset on account of income tax refund from WMSL | -  | 43   |
| Increase in other bank balances   | 1,008                                      | 366  |
| Inter-corporate deposits given  | -  | (5,000)                                    |
| Inter-corporate deposits given repaid                                     | 50   | 10,020                                     |
| Dividend received   | 16   | 25   |
| Interest received   | 3,343                                      | 7,211                                      |
| <b>Net cash generated from investing activities (B)</b>                   | <b>(14,054)</b>                            | <b>(25,029)</b>                            |
| <b>C Cash flow from financing activities</b>                              |  |  |
| Proceeds from long-term borrowings  | 6,821                                      | 31,807                                     |
| Repayment of long-term borrowings   | (7,683)                                    | (591)                                      |
| Increase/ (decrease) in short-term borrowings (net)                       | 14,360                                     | (545)                                      |
| Interest paid   | (5,158)                                    | (2,571)                                    |
| Dividend paid including dividend distribution tax                         | (2,667)                                    | (1,332)                                    |
| <b>Net cash used in financing activities (C)</b>                          | <b>5,673</b>                               | <b>26,768</b>                              |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>       | <b>(20,248)</b>                            | <b>(26,991)</b>                            |
| Cash and cash equivalents at the beginning of the year                    | 69,670                                     | 96,662                                     |
| <b>Cash and cash equivalents at the end of the year</b>                   | <b>49,422</b>                              | <b>69,671</b>                              |

**Notes:**

| 1. Break up of cash and cash equivalents are as follows | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| Current investments                                     | 37,872                                     | 66,419                                     |
| Cash and cash equivalents                               | 11,550                                     | 3,252                                      |
| <b>Total</b>  | <b>49,422</b>                              | <b>69,671</b>                              |

- As required by Ind AS 7 "Statement of Cash Flows", a reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities is given in note 57
- The impact of non-cash transactions have not been given in the above cash flow statement details of which are given in note 57
- The previous year figures are regrouped/ reclassified wherever necessary.

As per our report of even date

**For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169W/W-100035

**For and on behalf of the Board****Balkrishan Goenka**Chairman  
DIN 00270175**Sandeep Garg**Managing Director  
DIN 00036419**Sanjay Kothari**Partner  
Membership Number 048215**Shrinivas Kargutkar**

Chief Financial Officer

**Priya Pakhare**

Company Secretary

Place : Mumbai  
Date : 15<sup>th</sup> May, 2019Place : Mumbai  
Date : 15<sup>th</sup> May, 2019

# Consolidated Statement of changes in equity

for the year ended 31<sup>st</sup> March, 2019

## A. Equity share capital

(Rs. in Lakhs)

|   | Note          | Amount        |
|---|---------------|---------------|
| <b>Balances as at 1<sup>st</sup> April, 2017</b>  | <b>22 (a)</b> | <b>14,729</b> |
| Changes in equity share capital                   |               | 24            |
| <b>Balances as at 31<sup>st</sup> March, 2018</b> | <b>22 (a)</b> | <b>14,753</b> |
| Changes in equity share capital                   |               | 55            |
| <b>Balances as at 31<sup>st</sup> March, 2019</b> | <b>22 (a)</b> | <b>14,808</b> |

## B. Other equity

(Rs. in Lakhs)

| Particulars  | Notes      | Reserves and surplus |                    |                                   |                      |                 |                   | Total other equity | Non-controlling interests | Total          |
|--|------------|----------------------|--------------------|-----------------------------------|----------------------|-----------------|-------------------|--------------------|---------------------------|----------------|
|  |            | Capital reserve      | Securities premium | Share options outstanding account | Amalgamation reserve | General reserve | Retained earnings |                    |                           |                |
| Balance as at 1 <sup>st</sup> April, 2017 (A)                |            | 26,425               | 92,034             | 91                                | 521                  | 322             | (8,282)           | 111,112            | -                         | 111,112        |
| Profit for the year  |            | -                    | -                  | -                                 | -                    | -               | 6,944             | 6,944              | -                         | 6,944          |
| Other comprehensive income for the year                      |            | -                    | -                  | -                                 | -                    | -               | (92)              | (92)               | -                         | (92)           |
| <b>Total comprehensive income for the year (B)</b>           |            | -                    | -                  | -                                 | -                    | -               | <b>6,851</b>      | <b>6,851</b>       | -                         | <b>6,851</b>   |
| Compensation options granted                                 | 44 & 22(b) | -                    | -                  | 941                               | -                    | -               | -                 | 941                | -                         | 941            |
| Exercise of share options                                    | 44 & 22(b) | -                    | 104                | (128)                             | -                    | -               | -                 | (24)               | -                         | (24)           |
| Dividends paid   |            | -                    | -                  | -                                 | -                    | -               | (1,107)           | (1,107)            | -                         | (1,107)        |
| Dividends distribution tax paid                              |            | -                    | -                  | -                                 | -                    | -               | (225)             | (225)              | -                         | (225)          |
| Gain on bargain purchase                                     |            | 1,568                | -                  | -                                 | -                    | -               | -                 | 1,568              | -                         | 1,568          |
| Share of an associate  | 49         | -                    | -                  | -                                 | -                    | -               | (0)               | (0)                | -                         | (0)            |
| <b>Total (C)</b>   |            | <b>1,568</b>         | <b>104</b>         | <b>813</b>                        | <b>-</b>             | <b>-</b>        | <b>(1,332)</b>    | <b>1,153</b>       | <b>-</b>                  | <b>1,153</b>   |
| <b>Balance as at 31<sup>st</sup> March, 2018 (D=A+B+C)</b>   |            | <b>27,993</b>        | <b>92,138</b>      | <b>904</b>                        | <b>521</b>           | <b>322</b>      | <b>(2,763)</b>    | <b>119,115</b>     | <b>-</b>                  | <b>119,115</b> |
| Profit for the year  |            | -                    | -                  | -                                 | -                    | -               | 12,669            | 12,669             | 7                         | 12,676         |
| Other comprehensive income                                   |            | -                    | -                  | -                                 | -                    | -               | (33)              | (33)               | -                         | (33)           |
| <b>Total comprehensive income for the year (E)</b>           |            | <b>-</b>             | <b>-</b>           | <b>-</b>                          | <b>-</b>             | <b>-</b>        | <b>12,636</b>     | <b>12,636</b>      | <b>7</b>                  | <b>12,643</b>  |
| Compensation options granted                                 | 44 & 22(b) | -                    | -                  | 1,524                             | -                    | -               | -                 | 1,524              | -                         | 1,524          |
| Exercise of share options                                    | 44 & 22(b) | -                    | 711                | (766)                             | -                    | -               | -                 | (55)               | -                         | (55)           |
| Dividends paid   | 55         | -                    | -                  | -                                 | -                    | -               | (2,213)           | (2,213)            | -                         | (2,213)        |
| Dividends distribution tax paid                              | 55         | -                    | -                  | -                                 | -                    | -               | (454)             | (454)              | -                         | (454)          |
| Non-controlling interest                                     |            | -                    | -                  | -                                 | -                    | -               | -                 | -                  | 0                         | 0              |
| Share of an associate  | 49         | -                    | -                  | -                                 | -                    | -               | 0                 | 0                  | -                         | 0              |
| <b>Total (F)</b>   |            | <b>-</b>             | <b>711</b>         | <b>758</b>                        | <b>-</b>             | <b>-</b>        | <b>(2,667)</b>    | <b>(1,198)</b>     | <b>1</b>                  | <b>(1,197)</b> |
| <b>Balance as at 31<sup>st</sup> March, 2019 (G = D+E+F)</b> |            | <b>27,993</b>        | <b>92,849</b>      | <b>1,662</b>                      | <b>521</b>           | <b>322</b>      | <b>7,207</b>      | <b>130,554</b>     | <b>7</b>                  | <b>130,561</b> |

### Nature and purpose of reserves

#### a) Capital reserve

Capital reserve represents capital surplus and not normally available for distribution as dividend.

#### b) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

#### c) Share options outstanding account

The share options outstanding account represents the value of equity settled share based payment provided to employees as part of their remuneration. Refer note 44 for further details of this plan.

#### d) Amalgamation reserve

It represents reserve arising out of amalgamation of two subsidiaries with the Company.

#### e) General reserve

The reserve is a distributable reserve maintained by the Company out of transfers made from profits.

#### f) Other comprehensive income

Other comprehensive income comprises of re-measurement gains/ (losses) of defined benefit obligations.

### Notes forming part of the consolidated financial statements 1 to 59

As per our report of even date

#### For MGB & Co LLP

Chartered Accountants

Firm Registration Number 101169W/W-100035

#### For and on behalf of the Board

#### Balkrishan Goenka

Chairman  
DIN 00270175

#### Sandeep Garg

Managing Director  
DIN 00036419

#### Sanjay Kothari

Partner

Membership Number 048215

Place : Mumbai

Date : 15<sup>th</sup> May, 2019

#### Shriniwas Kargutkar

Chief Financial Officer

Place : Mumbai

Date : 15<sup>th</sup> May, 2019

#### Priya Pakhare

Company Secretary

# Notes forming part of the consolidated financial statements

## 1. Corporate information

“Welspun Enterprises Limited (herein after referred to as ‘WEL’ or the ‘company’ or the ‘parent company’) is a public limited company incorporated in India. Its shares are publicly traded on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company along with its subsidiaries (the ‘Group’), an associate and joint venture companies is engaged in infrastructure development (Engineering, Procurement and Construction (‘EPC’) and Build, Operate and Transfer (BOT) basis) and oil and gas exploration activities. It is also engaged in carrying out Operation and Maintenance (“O&M”) activities for the transportation sector projects.

The Consolidated Financial Statements (hereinafter referred to as “CFS”) of the group for the year ended 31<sup>st</sup> March, 2019 were authorised for issue by the Board of Directors at their meeting held on 15<sup>th</sup> May, 2019.

## 2 Basis of preparation

The CFS have been prepared to comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) from time to time and other relevant provisions of the Act and rules framed thereunder and guidelines issued by Securities and Exchange Board of India (SEBI)

The CFS have been prepared under the historical cost convention and on accrual basis, except for the following that are measured at fair value :

- a) Certain financial assets and liabilities. (Refer accounting policy regarding financial instruments).
- b) Non current assets held-for-sale - measured at fair value less cost to sell
- c) Defined benefit plan assets and liabilities
- d) Share based payments

The Consolidated Financial Statements are presented in Indian rupees (INR) with values rounded off to the nearest lakhs, except otherwise stated. Zero ‘0’ denotes amount less than Rs. 50,000/-

## 3 (A) Principles of Consolidation and equity accounting

### i) Subsidiaries

- a) The consolidated financial statements incorporate the financial statements of WEL and entities controlled by WEL and its subsidiaries.
- b) Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.
- c) The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The financial statements of the parent company and its subsidiaries have been consolidated using uniform accounting policies. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group’s accounting policies. The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the parent i.e. year ended 31<sup>st</sup> March, 2019.
- d) Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.
- e) Listed below are the subsidiaries considered in the CFS. Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date that control ceases.

## Notes forming part of the consolidated financial statements

| Name of the Subsidiaries  | Proportion of interest (including beneficial interest) / Voting Power (either directly/indirectly through subsidiaries) |                              | Country of Incorporation |
|---|---|------------------------------|--------------------------|
|   | 31 <sup>st</sup> March, 2019  | 31 <sup>st</sup> March, 2018 |                          |
| MSK Projects (Himmatnagar Bypass) Private Limited   | 100%  | 100%                         | India                    |
| MSK Projects (Kim Mandvi Corridor) Private Limited  | 100%  | 100%                         | India                    |
| Dewas Waterprojects Works Private Limited @ (Formerly known as Anjar Water Solutions Private Limited) | 76%   | 100%                         | India                    |
| Welspun Build-Tech Private Limited (Formerly known as Welspun Construction Private Limited)           | 100%  | 100%                         | India                    |
| Welspun Natural Resources Private Limited   | 100%  | 100%                         | India                    |
| Welspun Delhi Meerut Expressway Private Limited   | 100%  | 100%                         | India                    |
| ARSS Bus Terminal Private Limited   | 100%  | 100%                         | India                    |
| Welspun Financial Services Limited *  | -   | -                            | India                    |
| Grenoble Infrastructure Private Limited **  | 49%   | -                            | India                    |
| DME Infra Private Limited ***   | 100%  | -                            | India                    |
| Welspun Sattanathapuram Nagapattinam Road Private Limited **** \$                                     | 70%   | -                            | India                    |
| Welspun Amravati Highways Private Limited *****   | 100%  | -                            | India                    |
| Welspun Road Infra Private Limited *****  | 100%  | -                            | India                    |

\* Became subsidiary on 27<sup>th</sup> July 2017 and ceased to be subsidiary w.e.f. 19<sup>th</sup> December, 2017

\*\* Became subsidiary on 16<sup>th</sup> July, 2018

\*\*\* Became subsidiary on 02<sup>nd</sup> August, 2018

\*\*\*\* Became subsidiary on 19<sup>th</sup> September, 2018

\*\*\*\*\* Became subsidiary on 5<sup>th</sup> December, 2018

\*\*\*\*\* Became subsidiary on 28<sup>th</sup> September, 2018

@ In addition to aforesaid stake, 24% are held through MSK Projects (Kim Mandvi Corridor) Private Limited

\$ In addition to aforesaid stake, 14.65% are held through Grenoble Infrastructure Private Limited

### ii) Associate and joint venture companies

- Associate is an entity over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting, after initially being recognised at cost.
- Under Ind AS 111 "Joint Arrangements", investments in joint arrangements are classified as either joint operations or joint venture. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The group has interest in joint venture that are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.
- Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint venture are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group, its associate and joint venture companies are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment.

## Notes forming part of the consolidated financial statements

**d) List of investments in associate and joint venture companies accounted for using “Equity method” are as under:**

| Name of the Associate/ joint venture companies   | Extent of holding            |                              | Country of Incorporation |
|--|------------------------------|------------------------------|--------------------------|
|  | 31 <sup>st</sup> March, 2019 | 31 <sup>st</sup> March, 2018 |                          |
| <b>Associate</b>   |                              |                              |                          |
| Adani Welspun Exploration Limited<br>(Held through Welspun Natural Resources Private Limited –Wholly owned subsidiary) | 35%                          | 35%                          | India                    |
| <b>Joint venture companies</b>   |                              |                              |                          |
| Welspun Aunta-Simaria Project Private Limited #  | 74%                          | 74%                          | India                    |
| RGY Roads Private Limited  | 49%                          | 49%                          | India                    |
| MBL (GSY) Road Limited ##  | 49%                          | 49%                          | India                    |
| MBL (CGRG) Road Limited ##   | 49%                          | 49%                          | India                    |
| Corbello Trading Private Limited   | 49%                          | 49%                          | India                    |
| Chikhali - Tarsod Highways Private Limited ###   | 49%                          | 49%                          | India                    |
| Welsteel Enterprises Private Limited *   | 49%                          | -                            | India                    |

\* Became Joint venture w.e.f 25<sup>th</sup> June, 2018

# In addition to aforesaid stake, 12.74% are held through Welsteel Enterprises Private Limited

## In addition to aforesaid stake, 24.94% are held through RGY Roads Private Limited

### In addition to aforesaid stake, 24.99% are held through Corbello Trading Private Limited

### 3 (B) Significant accounting policies

**i) Current versus non-current classification**

The group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**ii) Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Refer Note 3(C) for Changes in accounting policies and disclosures

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3(D).

## Notes forming part of the consolidated financial statements

### a) Construction contract revenue

The Company derives revenue from the long-term construction of major infrastructure projects across India. The transaction price is normally fixed at the start of the project. It is normal practice for contracts to include escalation clause based on timely construction or other performance criteria known as variable consideration, discussed below. Revenue is recognized over time in the construction stream, when the customer simultaneously receives and consumes the benefits provided through the entity's performance or when the Company creates or enhances an asset that the customer controls.

The Company recognises revenue from construction contracts, using an input method on the basis of accumulated project expenses in relation to estimated accumulated project expenses upon completion. This method reflects close approximation of actual work performed. A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

### b) Toll collection

Toll revenue from operations is recognised on an accrual basis which coincides with the collection of toll.

### c) Services revenue

The Company performs maintenance and other services (advisory and consultancy). Revenue is recognised in the accounting period in which the services are rendered.

### d) Variable consideration

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved, known as "constraint" requirements. The Company assesses the constraint requirements on a periodic basis when estimating the variable consideration

to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

### e) Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects goods and service tax on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

### f) Contract Balances

#### Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

Unlike the method used to recognise contract revenue related to construction contract, the amounts billed to the customer are based on achievement of the various milestones established in the contract. The amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to or certified by the customer. In the case of contracts in which the goods or services transferred to the customer exceed the related amount billed, the difference is recognised (as a contract asset) and presented in the statement of financial position under "Contract assets", whereas in contracts in which the goods or services transferred are lower than the amount billed to the customer, the difference is recognised (as a contract liability) and presented in the statement of financial position under "Contract liabilities".

## Notes forming part of the consolidated financial statements

### Trade receivables

A trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Revenue earned from construction activities, but yet to be billed to customers, is initially recognised as contract assets and reclassified to trade receivables when the right to consideration becomes unconditional. We refer to the accounting policies on financial assets in this note for more information.

### g) Cost to obtain a contract

The Company incurs costs to obtain the contracts such as bidding costs, feasibility study. The Company has charged these costs to statement of profit and loss as the Company does not expect to recover these costs.

### h) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. As a consequence, the Company does not adjust any of the transaction prices for the time value of money. However incase financing element is present then the Company would split the transaction price between the consideration for services rendered and time value of money ('financing component')

### i) Interest income

Interest income for all debt instruments, measured at amortised cost or fair value through other comprehensive income, is recognised using the effective interest rate ('EIR') method and shown under interest income in the statement of profit and loss. Interest income on interest bearing financial assets classified as fair value through profit and loss is shown as interest income under other income.

### j) Dividend income

Dividend income is recognised when right to receive the payment is established, which is generally when shareholders approve the dividend.

### iii) Exceptional items

On certain occasions, the size, type, or incidences of the item of income or expenses pertaining to the ordinary activities of the group is such that its disclosure improves the understanding of the performance of the group, such income or expenses is classified as an exceptional item and accordingly, disclosed in the financial statements.

### iv) Service concession arrangement

(a) The group constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include Infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix C to Ind AS 115 - Revenue from Contracts with Customers, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the group receives a right (i.e. a franchisee) to charge users of the public service. The financial asset model is used to the extent the group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the group performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The group manages concession arrangements which include toll road project, hybrid annuity road project and water supply project. The group maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the service to be provided.

Income from the concession arrangements earned under the intangible asset model consists of the (i) fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the



## Notes forming part of the consolidated financial statements

asset; and (ii) payments actually received from the users. The intangible asset is amortised over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the group, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortised in line with the actual usage of the specific public utility facility, with a maximum of the duration of the concession.

Financial receivable under the financial asset model is recorded at a fair value of guaranteed value to be received over the concession period. Based on business model assessment, the group measures such financial assets at fair value and subsequently also classifies the same as fair value through profit and loss ("FVTPL").

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

### (b) Amortisation

Intangible assets i.e. BOT cost (Toll collection right) existing on transition date, viz., 1<sup>st</sup> April, 2015 are amortized over the period of concession, using revenue based amortization. Under this methodology, the carrying value is amortized in the proportion of actual toll revenue for the year to projected revenue for the balance toll period, to reflect the pattern in which the assets' economic benefits will be consumed. At each balance sheet date, the projected revenue for the balance toll period is reviewed by the management. If there is any change in the projected revenue from previous estimates, the amortization of toll collection rights is changed prospectively to reflect any change in the estimates.

### v) Property, plant and equipment

Freehold land is carried at cost. Other property, plant and equipment acquired are measured on initial recognition at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be

replaced at intervals, the Group depreciates them separately based on their specific useful lives. The carrying amount of the replaced part accounted for as a separate asset previously is derecognised. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Depreciation on property, plant and equipment is provided on written down value basis as per the rate derived on the basis of useful life and method prescribed under Schedule - II of the Companies Act 2013. If the management estimate of the useful life of assets at the time of acquisition of assets or remaining useful life on a subsequent review is shorter/longer than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate/ lower rate based on the management estimate of the useful life/remaining useful life.

Pursuant to this policy, property, plant and equipment are depreciated over the useful life as provided below :-

| Assets description          | Useful life         |
|-----------------------------|---------------------|
| Plant and machinery         | 2 years to 12 years |
| Furniture and fixtures      | 10 years            |
| Vehicles                    | 8 years to 10 years |
| Office and other equipments | 3 years to 5 years  |
| Computers                   | 3 years to 6 years  |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal

## Notes forming part of the consolidated financial statements

proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

On transition to Ind AS, the group had elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1<sup>st</sup> April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

### vi) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal

proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangibles assets are amortised as explained in note iv (b) above

On transition to Ind AS, the group had elected to continue with the carrying value of all of its intangible assets recognised as at 1<sup>st</sup> April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

### vii) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. If indication exists, an asset is treated as impaired when the carrying amount exceeds its recoverable value. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the assets. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. The impairment loss recognized in prior accounting periods is reversed by crediting the statement of profit and loss if there has been a change in the estimate of recoverable amount.

### viii) Valuation of inventories

Raw materials and components are valued at lower of cost and net realizable value. Cost is determined on FIFO basis.

Traded goods are valued at lower of cost or net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO basis.

### ix) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the

## Notes forming part of the consolidated financial statements

periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments.

### x) Non-current assets held for sale

The group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

### xi) Employee benefits

#### a) Short-term benefits

Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

#### b) Defined benefit plans

Post-employment and other long-term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques.

Re-measurement of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised in other comprehensive income in the period in which they occur.

### c) Defined contribution plans

Payments to defined contribution retirement benefit schemes are charged to the statement of profit and loss of the year when the contribution to the respective funds are due. There are no other obligations other than the contribution payable to the fund.

### xii) Share based payments

Employees (including senior executives) of the group receive remuneration also in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions)

#### Employee stock options

The fair value of the options granted under the “Welspun Enterprises Limited - Employees Stock Option Plan 2017” and “Welspun Managing Director Stock Option Plan 2014” is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions, and
- including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

### xiii) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consists of interest and other costs incurred in connection with the borrowing of funds.

## Notes forming part of the consolidated financial statements

### xiv) Taxes on income

#### a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current taxes are recognized in profit or loss except to the extent that the tax relates to items recognized in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### b) Deferred tax

Deferred tax is recognized on all temporary differences which are the differences between the carrying amount of an asset or liability in the consolidated balance sheet and its tax base except when the deferred income tax arises from the initial recognition of an asset or liability that effects neither accounting nor taxable profit or loss at the time of the transaction other than business combination that at the time of the transaction affects neither accounting profit nor taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences; and deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent

that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where the group is able to control the timing of the reversal of the temporary differences and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date and based on the tax consequence which will follow from the manner in which the group expects, at financial year end, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to item recognised outside the statement of profit and loss is recognised outside the statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liability and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the entity

## Notes forming part of the consolidated financial statements

will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the entity will pay normal income tax during the specified period.

### xv) Foreign Currency transactions

The consolidated financial statements are presented in Indian rupee (INR), which is Welspun Enterprises Limited's functional and presentation currency. Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date, are translated at the closing rate and are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

### xvi) Leases

#### a) Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lesser are classified as operating lease. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### b) Finance lease

Assets acquired under leases where group has substantially all the risks and rewards of ownership are classified as finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower,

at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### xvii) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and other short term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the group's cash management.

### xviii) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except when the results would be anti-dilutive.

### xix) Provisions, contingent liabilities and contingent assets

#### a) Provisions

Provisions are recognized when the group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the

## Notes forming part of the consolidated financial statements

obligation and a reliable estimate can be made to the amount of the obligation. When the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

### b) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the group or a present obligation which is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Contingent asset is not recognized, but its existence is disclosed in the financial statements.

### xx) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### A. Financial assets

##### a) Initial recognition and measurement

Financial assets are recognized when the group becomes a party to the contractual provisions of the instrument. The group determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset except for financial assets classified as fair value through profit or loss.

##### b) Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- i) Debt instruments measured at amortised cost
- ii) Debt instruments measured at fair value through other comprehensive income (FVTOCI)
- iii) Debt instruments measured at fair value through profit or loss (FVTPL)
- iv) Equity instruments measured at FVTOCI or FVTPL

#### Debt instruments

The subsequent measurement of debt instruments depends on their classification. The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

##### i) Debt instruments measured at amortised cost

Debt instruments 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 the statement of profit and loss when the asset is derecognised or impaired.

## Notes forming part of the consolidated financial statements

Interest income from these financial assets is disclosed as interest income in the statement of profit and loss using the effective interest rate method.

### ii) Debt instruments measured at FVTOCI

Debt instruments that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payment of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income which are recognised in statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in the OCI is reclassified from equity to statement of profit and loss. Interest income from these financial assets is disclosed as interest income in the statement of profit and loss using the effective interest rate method.

### iii) Debt instruments measured at FVTPL

Debt instruments that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. Debt instruments which are held for trading are classified as FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised and presented net in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

### iv) Equity instruments (other than investment in an associate and joint venture companies)

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. The group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument,

excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

## B. Derecognition of financial assets

A financial asset is derecognised only when

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

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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

## C. Impairment of financial assets

The group assesses impairment based on expected credit losses (ECL) model to the following:

- i) Financial assets measured at amortised cost
- ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

Expected credit losses are measured through a loss allowance at an amount equal to

## Notes forming part of the consolidated financial statements

- i) the twelve months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within twelve months after the reporting date) or
- ii) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the group reverts to recognising impairment loss allowance based on twelve months ECL.

### D. Financial liabilities

#### a) Initial recognition and measurement

Financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. The group determines the classification of its financial liability at initial recognition. All financial liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial liability except for financial liabilities classified as fair value through profit or loss.

#### b) Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- (i) Financial liabilities measured at amortised cost
  - (ii) Financial liabilities measured at FVTPL (fair value through profit or loss)
- i) Financial liabilities measured at amortised cost**

After initial recognition, financial liability are subsequently measured

at amortized cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit and loss.

#### ii) Financial liabilities measured at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities at FVTPL are carried in the statement of profit and loss at fair value with changes in fair value recognized in the statement of profit and loss.

#### c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### xxi) Business combinations

In accordance with Ind AS 101, provisions related to first time adoption, the group has elected to apply Ind AS accounting for business combination prospectively from 1<sup>st</sup> April, 2015. Business combinations are accounted for using the acquisition method as per Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which



## Notes forming part of the consolidated financial statements

is the date on which control is transferred to the group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Business combinations between entities under common control is accounted for at carrying value. Transaction costs that the group incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

### xxii) Fair value measurement

The group measures financial instruments, such as, investment in debt and equity instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based

on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers, if any, have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 3 (C) Changes in accounting policies and disclosures

### New and amended standards

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

### Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 28<sup>th</sup> March, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

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The company has elected to apply the cumulative catch-up method on the date of transition and the revised standard is applied to contracts that were in progress as of 1<sup>st</sup> April, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect of adoption of Ind AS 115 is not material to the financial statements.

### 3 (D) Significant estimates, judgements and assumptions

The preparation of consolidated financial statements requires management to exercise judgment in applying the group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

#### a) Contract estimates

The group prepares budgets in respect of each EPC projects to compute project profitability and construction revenue under percentage of completion method. The major component of contract estimate is budgeted cost to complete the contract. Due to such complexities involved in the budgeting process, contract estimates are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### b) Provision for employee benefits

The cost of post-employment and other long term benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include determination of discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The assumptions used are disclosed in note 46.

#### c) Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation and other claims against the group. Potential liabilities

that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes, if any, but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.

#### d) Impairment testing

##### i) Impairment of non-financial asset

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the future years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate.

##### ii) Impairment of financial assets

The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### e) Taxes

The group periodically assesses its liabilities and contingencies related to income taxes for all years open to scrutiny based on latest information available. The group records its best estimates of the tax liability in the current tax provision. The management believes that they have adequately provided for the probable outcome of these matters.

## Notes forming part of the consolidated financial statements

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

### f) Fair value measurement

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. For details of the key assumptions used and the impact of changes to these assumptions (Refer note 39).

### g) Classification of associate and joint arrangement

Please refer note 49 (b) (v) and 49 (c) (v)

### h) Share based payments

Estimating fair value for share-based payment requires determination of the most appropriate valuation model. The estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 44.

## 3 (E) Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard.

### i. Ind AS 116 Leases

Ind AS 116 Leases was notified on 30<sup>th</sup> March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1<sup>st</sup> April, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases. The Group intends to adopt these standards, if applicable, when they become effective. As the Group does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

## Notes forming part of the consolidated financial statements

### ii. **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments**

On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition - i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1<sup>st</sup> April, 2019. The Group will adopt the standard on 1<sup>st</sup> April, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1<sup>st</sup> April, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

### iii. **Amendment to Ind AS 12 - Income taxes**

On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after 1<sup>st</sup> April, 2019. The Group is currently evaluating the effect of this amendment on the financial statements.

### iv. **Amendment to Ind AS 19 - plan amendment, curtailment or settlement**

On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after 1<sup>st</sup> April, 2019. The Group does not have any impact on account of this amendment.



## Notes forming part of the consolidated financial statements

### 5 Intangible assets (BOT Toll Collection Right)

(Rs. in Lakhs)

| Particulars                                      | Hoshanagabad-Harda-Khandwa Projects | Raisen Rahatgarh Projects | Ludhiana Bus Terminal Project | Dewas Water Supply Project | Himmatnagar Bypass Private Limited | Kim Mandvi Corridor Private Limited | Total         |
|--|-------------------------------------|---------------------------|-------------------------------|----------------------------|------------------------------------|-------------------------------------|---------------|
| <b>Gross carrying amount</b>                     |                                     |                           |                               |                            |                                    |                                     |               |
| Balance as at 1 <sup>st</sup> April, 2017        | 3,163                               | 2,749                     | 240                           | 11,225                     | 350                                | 4,767                               | 22,494        |
| Additions  | -                                   | -                         | -                             | -                          | -                                  | -                                   | -             |
| Reclassification as held for sale                | -                                   | -                         | -                             | -                          | -                                  | 4,767                               | 4,767         |
| <b>Balance as at 31<sup>st</sup> March, 2018</b> | <b>3,163</b>                        | <b>2,749</b>              | <b>240</b>                    | <b>11,225</b>              | <b>350</b>                         | <b>-</b>                            | <b>17,727</b> |
| Additions  | -                                   | -                         | -                             | -                          | -                                  | -                                   | -             |
| <b>Balance as at 31<sup>st</sup> March, 2019</b> | <b>3,163</b>                        | <b>2,749</b>              | <b>240</b>                    | <b>11,225</b>              | <b>350</b>                         | <b>-</b>                            | <b>17,727</b> |
| <b>Accumulated depreciation</b>                  |                                     |                           |                               |                            |                                    |                                     |               |
| Up to at 1 <sup>st</sup> April, 2017             | 2,049                               | 1,685                     | 240                           | 8,980                      | 126                                | 484                                 | 13,564        |
| Additions  | 1,114                               | 735                       | -                             | 2,245                      | 89                                 | 300                                 | 4,483         |
| Reclassification as held for sale                | -                                   | -                         | -                             | -                          | -                                  | 784                                 | 784           |
| <b>Up to at 31<sup>st</sup> March, 2018</b>      | <b>3,163</b>                        | <b>2,420</b>              | <b>240</b>                    | <b>11,225</b>              | <b>215</b>                         | <b>-</b>                            | <b>17,263</b> |
| Additions  | -                                   | 329                       | -                             | -                          | 96                                 | -                                   | 425           |
| <b>Up to at 31<sup>st</sup> March, 2019</b>      | <b>3,163</b>                        | <b>2,749</b>              | <b>240</b>                    | <b>11,225</b>              | <b>311</b>                         | <b>-</b>                            | <b>17,688</b> |
| <b>Net carrying amount</b>                       |                                     |                           |                               |                            |                                    |                                     |               |
| Upto 31 <sup>st</sup> March, 2019                | -                                   | -                         | -                             | -                          | 39                                 | -                                   | 39            |
| Upto 31 <sup>st</sup> March, 2018                | 0                                   | 329                       | -                             | -                          | 135                                | -                                   | 464           |

**Note :** For details of intangible assets pledged as security, refer note 54

### 6 Non-current investments

(Rs. in Lakhs)

|  | As at 31 <sup>st</sup> March, 2019 | As at 31 <sup>st</sup> March, 2018 |
|--|------------------------------------|------------------------------------|
| <b>Investment at fair value through profit and loss</b>  |                                    |                                    |
| <b>Investment - Quoted</b>   |                                    |                                    |
| Corporation Bank Limited   |                                    |                                    |
| 8,000 (31 <sup>st</sup> March, 2018 : 8,000) equity shares of Rs. 2/- each fully paid up   | 2                                  | 2                                  |
| <b>Investments - Unquoted</b>  |                                    |                                    |
| Welspun Energy Thermal Private Limited<br>(Formerly known as Solarsys Infra Projects Private Limited)                                  |                                    |                                    |
| 1,549 (31 <sup>st</sup> March, 2018 : 1,549) equity shares of Rs. 10 each fully paid up  | 0                                  | 0                                  |
| 20,264,500 (31 <sup>st</sup> March, 2018 : 20,264,500) 0% unsecured compulsorily convertible debentures of Rs. 10 each fully paid up # | 2,026                              | 2,026                              |
| Welspun Steel Limited  |                                    |                                    |
| Nil (31 <sup>st</sup> March, 2018 : 1,820,000) 0% unsecured optionally convertible debentures of Rs. 10 each fully paid up             | -                                  | 182                                |
| Ecstatic Engineering Consultants Private Limited   |                                    |                                    |
| 480 (31 <sup>st</sup> March, 2018 : Nil) equity shares of Rs. 10 each fully paid up  | 0                                  | -                                  |

## Notes forming part of the consolidated financial statements

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| <b>Investment in Government Securities</b>                                       |                                       |                                       |
| Indira Vikash Patra  | 0                                     | 0                                     |
| Sardar Sarovar Narmada Nigam Limited   |                                       |                                       |
| 3 (31 <sup>st</sup> March, 2018 : 3) bonds of Rs. 1,000,000/- each fully paid up | 30                                    | 30                                    |
| <b>Total</b>   | <b>2,059</b>                          | <b>2,240</b>                          |
| Aggregate book value of quoted investments                                       | 2                                     | 2                                     |
| Aggregate book value of unquoted investments                                     | 2,057                                 | 2,238                                 |
| Aggregate market value of quoted investments                                     | 2                                     | 2                                     |

# Each debenture having face value of Rs. 10 each shall be compulsorily convertible into 1 equity shares of Rs. 10 each fully paid up at the end of the 5 years from the date of allotment or as mutually agreed before the end of the tenure.

### 7 Non-current financial assets - Loans

(Rs. in Lakhs)

|                                    | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|------------------------------------|---------------------------------------|---------------------------------------|
| <b>Unsecured</b>                   |                                       |                                       |
| Security deposits- considered good |                                       |                                       |
| - Related parties (Refer note 47)  | 12                                    | 224                                   |
| - Others                           | 553                                   | 470                                   |
| <b>Total</b>                       | <b>565</b>                            | <b>694</b>                            |

### 8 Receivable under service concession arrangement

(Rs. in Lakhs)

|                                | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--------------------------------|---------------------------------------|---------------------------------------|
| Service concession receivables | 63,612                                | 45,050                                |
| <b>Total</b>                   | <b>63,612</b>                         | <b>45,050</b>                         |

### 9 Non-current financial assets -others

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Bank deposit having maturity of more than 12 months - Held as margin money or security against guarantees and other commitments (with various government authorities and banks) | 86                                    | -                                     |
| <b>Total</b>  | <b>86</b>                             | <b>-</b>                              |

### 10 Non-current tax assets

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Balances with government authorities :       |                                       |                                       |
| - Direct tax (net of provision for taxation) | 1,727                                 | 2,026                                 |
| <b>Total</b>                                 | <b>1,727</b>                          | <b>2,026</b>                          |

## Notes forming part of the consolidated financial statements

### 11 Other non-current assets

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Capital advances                                      | 745                                   | -                                     |
| Prepaid expenses                                      | 261                                   | 9                                     |
| Balances with government authorities - Indirect taxes | 18                                    | 14                                    |
| Deferred revenue                                      | 16                                    | 30                                    |
| <b>Total</b>  | <b>1,040</b>                          | <b>54</b>                             |

### 12 Inventories

(Rs. in Lakhs)

|               | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---------------|---------------------------------------|---------------------------------------|
| Raw materials | 73                                    | 71                                    |
| <b>Total</b>  | <b>73</b>                             | <b>71</b>                             |

### 13 Current investments

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| <b>Investments at fair value through profit and loss</b>  |                                       |                                       |
| <b>I. Quoted</b>  |                                       |                                       |
| a) Investment in bonds  | 37,287                                | 65,064                                |
| b) Investment in mutual funds   | 245                                   | 1,790                                 |
| c) Investment in equity shares  |                                       |                                       |
| National Mineral Development Corporation  | 104                                   | 119                                   |
| 100,000 (31 <sup>st</sup> March, 2018 : 100,000) shares of face value of Rs. 1/- each fully paid up                                       |                                       |                                       |
| <b>II Unquoted</b>  |                                       |                                       |
| <b>Investment in equity shares</b>  |                                       |                                       |
| Dewas Bhopal Corridor Private Limited   | -                                     | 2,950                                 |
| Nil (31 <sup>st</sup> March, 2018 : 13,000) equity shares of Rs. 10/- each fully paid up.   |                                       |                                       |
| Ecstatic Engineering Consultants Private Limited  |                                       |                                       |
| 5,584 (31 <sup>st</sup> March, 2018 : Nil) 0% unsecured optionally convertible debentures of Rs. 100 each fully paid up (at fair value) # | 25                                    | -                                     |
| <b>Total</b>  | <b>37,661</b>                         | <b>69,923</b>                         |
| Aggregate book value of quoted investments  | 37,636                                | 66,973                                |
| Aggregate book value of unquoted investments  | 25                                    | 2,950                                 |
| Aggregate market value of quoted investments  | 37,636                                | 66,973                                |

# Each debenture having face value of Rs. 100 each shall be convertible, at the option of the holder into 1 equity share of Rs. 10 each of the Company at any time after the expiry of 6 months and may be redeemed or renewed or converted upon maturity at the option of the debentureholder.



## Notes forming part of the consolidated financial statements

### 14 Trade receivables

(Rs. in Lakhs)

|                                   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| <b>Unsecured</b>                  |                                       |                                       |
| Considered good                   |                                       |                                       |
| - Related parties (Refer note 47) | 26,353                                | 57                                    |
| - Others                          | 1,716                                 | 3,343                                 |
| <b>Total</b>                      | <b>28,069</b>                         | <b>3,400</b>                          |

Trade receivables are non-interest bearing and are normally settled as per payment terms mentioned in the contract.

### 15 Cash and cash equivalents

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Balances with banks in  |                                       |                                       |
| - Current accounts  | 10,181                                | 1,523                                 |
| - Deposits with banks having original maturity period of less than three months * | 1,359                                 | 1,713                                 |
| Cash on hand  | 10                                    | 16                                    |
| <b>Total</b>  | <b>11,550</b>                         | <b>3,252</b>                          |

### 16 Bank balances (other than 15 above)

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Balances with banks   |                                       |                                       |
| - Deposits with banks having maturity period of less than twelve months *   | 1,318                                 | 4,172                                 |
| - Held as margin money or security against guarantees and other commitments (with various government authorities and banks) * # | 2,085                                 | 339                                   |
| - Unclaimed dividend account  | 13                                    | -                                     |
| <b>Total</b>  | <b>3,416</b>                          | <b>4,511</b>                          |

#### Note:

\* Deposits with banks earns interest at prevailing bank deposit rates.

# includes Rs. 42 lakhs (31<sup>st</sup> March, 2018 : Rs. 42 lakhs) restricted bank balance due to freezing of account by bank

### 17 Current financial assets - loans

(Rs. in Lakhs)

|                                   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| <b>Unsecured, considered good</b> |                                       |                                       |
| Inter corporate deposits - Others | 100                                   | 150                                   |
| Security deposits                 |                                       |                                       |
| - Related parties (Refer note 47) | 235                                   | -                                     |
| - Others                          | 340                                   | 22                                    |
| Loans and advances                |                                       |                                       |
| - Related parties (Refer note 47) | 8,586                                 | 8,905                                 |
| - Others                          | 2,267                                 | 2,267                                 |
| <b>Total</b>                      | <b>11,528</b>                         | <b>11,343</b>                         |

## Notes forming part of the consolidated financial statements

### 18 Receivable under service concession arrangement

(Rs. in Lakhs)

|                                | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--------------------------------|---------------------------------------|---------------------------------------|
| Service concession receivables | 7,252                                 | 12,284                                |
| <b>Total</b>                   | <b>7,252</b>                          | <b>12,284</b>                         |

### 19 Other current financial assets

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| <b>Unsecured, considered good</b>      |                                       |                                       |
| Contract assets (Refer note 53)        |                                       |                                       |
| - Related parties (Refer note 47)      | 32,717                                | 9,296                                 |
| - Others                               | 987                                   | 510                                   |
| Advances recoverable                   | 166                                   | 460                                   |
| Advance towards purchase of investment | -                                     | 500                                   |
| <b>Total</b>                           | <b>33,870</b>                         | <b>10,766</b>                         |

### 20 Other current assets

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| <b>Unsecured, considered good</b>                    |                                       |                                       |
| Advance against goods and services                   | 3,054                                 | 570                                   |
| Advances to employees                                | -                                     | 1                                     |
| Mobilisation advances receivable                     | 2,448                                 | -                                     |
| Prepaid expenses                                     | 586                                   | 280                                   |
| Balance with government authorities - Indirect taxes | 6,120                                 | 1,178                                 |
| <b>Total</b>   | <b>12,209</b>                         | <b>2,029</b>                          |

### 21 Assets held-for-sale

(Rs. in Lakhs)

|                      | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|----------------------|---------------------------------------|---------------------------------------|
| Assets held-for-sale | 53                                    | 2,863                                 |
| <b>Total</b>         | <b>53</b>                             | <b>2,863</b>                          |

### 22 Equity

#### 22 (a) Equity share capital

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| <b>Authorised</b>  |                                       |                                       |
| 180,000,000 (31 <sup>st</sup> March, 2018: 180,000,000) equity shares of Rs. 10/- each               | 18,000                                | 18,000                                |
|  | <b>18,000</b>                         | <b>18,000</b>                         |
| <b>Issued, subscribed and paid up</b>  |                                       |                                       |
| 148,083,056 (31 <sup>st</sup> March, 2018: 147,533,056) equity shares of Rs. 10/- each fully paid up | 14,808                                | 14,753                                |
| <b>Total</b>   | <b>14,808</b>                         | <b>14,753</b>                         |

## Notes forming part of the consolidated financial statements

### i) Reconciliation of the number of shares outstanding and the amount of the share capital

|   | As at<br>31 <sup>st</sup> March, 2019 |                   | As at<br>31 <sup>st</sup> March, 2018 |                   |
|---|---------------------------------------|-------------------|---------------------------------------|-------------------|
|   | Number of<br>equity shares            | (Rs. in<br>lakhs) | Number of<br>equity shares            | (Rs. in<br>lakhs) |
| At the beginning of the year                                | 147,533,056                           | 14,753            | 147,293,056                           | 14,729            |
| Add : Pursuant to exercise of stock options (Refer note 44) | 550,000                               | 55                | 240,000                               | 24                |
| <b>Outstanding at the end of the year</b>                   | <b>148,083,056</b>                    | <b>14,808</b>     | <b>147,533,056</b>                    | <b>14,753</b>     |

### ii) Rights, preference and restriction on shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each shareholder is entitled to one vote per share held. The dividend, in case proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the company, the holders of the equity shares are entitled to receive remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding.

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

|                            | As at<br>31 <sup>st</sup> March, 2019 |           | As at<br>31 <sup>st</sup> March, 2018 |           |
|----------------------------|---------------------------------------|-----------|---------------------------------------|-----------|
|                            | Number of<br>equity shares            | % Holding | Number of<br>equity shares            | % Holding |
| Anjar Road Private Limited | 58,415,951                            | 39.45%    | 58,175,951                            | 39.43%    |

### (iv) Aggregate number of shares issued for consideration other than cash, bonus shares issued and shares bought back during the last five years immediately preceding the reporting date.

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| a) Equity shares allotted as fully paid up for consideration other than cash |                                       |                                       |
| - Pursuant to the Scheme of Amalgamation and Arrangement                     | 157,768,980                           | 157,768,980                           |
| - Pursuant to exercise of stock options (Refer note 44)                      | 1,750,000                             | 1,200,000                             |
| b) Equity shares bought back during the year                                 | (26,987,479)                          | (26,987,479)                          |

### v) Shares reserved for issue under options

For details of shares reserved for issue under the share based payment plan of the company, please refer note 44

## Notes forming part of the consolidated financial statements

### 22 (b) Other equity

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Capital reserve                              | 27,993                                | 27,993                                |
| Securities premium                           | 92,849                                | 92,138                                |
| Share options outstanding account            | 1,662                                 | 904                                   |
| Amalgamation reserve                         | 521                                   | 521                                   |
| General reserve                              | 322                                   | 322                                   |
| Retained earnings                            | 7,207                                 | (2,763)                               |
| <b>Total</b>                                 | <b>130,554</b>                        | <b>119,115</b>                        |
| <b>(i) Capital reserve</b>                   |                                       |                                       |
| As per last balance sheet                    | 27,993                                | 26,425                                |
| Gain on bargain purchase                     | -                                     | 1,568                                 |
|  | <b>27,993</b>                         | <b>27,993</b>                         |
| <b>(ii) Securities premium</b>               |                                       |                                       |
| As per last balance sheet                    | 92,138                                | 92,035                                |
| Exercise of share options                    | 711                                   | 104                                   |
|  | <b>92,849</b>                         | <b>92,138</b>                         |
| <b>(iii) Other reserves</b>                  |                                       |                                       |
| <b>(a) Share options outstanding account</b> |                                       |                                       |
| As per last balance sheet                    | 904                                   | 91                                    |
| Compensation options granted during the year | 1,524                                 | 941                                   |
| Share options exercised during the year      | (766)                                 | (128)                                 |
|  | <b>1,662</b>                          | <b>904</b>                            |
| <b>(b) Amalgamation reserve</b>              |                                       |                                       |
| As per last balance sheet                    | 521                                   | 521                                   |
| <b>(c) General reserve</b>                   |                                       |                                       |
| As per last balance sheet                    | 322                                   | 322                                   |
| <b>(d) Retained earnings</b>                 |                                       |                                       |
| As per last balance sheet                    | (2,763)                               | (8,282)                               |
| Total comprehensive income for the year      | 12,636                                | 6,851                                 |
| Dividend paid                                | (2,213)                               | (1,107)                               |
| Dividend distribution tax paid               | (454)                                 | (225)                                 |
| Share of an associate                        | 0                                     | 0                                     |
|  | <b>7,207</b>                          | <b>(2,763)</b>                        |
| <b>Total</b>                                 | <b>130,554</b>                        | <b>119,115</b>                        |

## Notes forming part of the consolidated financial statements

### 23 Non-current borrowings

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| <b>Secured</b>  |                                       |                                       |
| Term loans from banks   | 37,176                                | 44,554                                |
| Term loans from financial institutions  | 6,242                                 | -                                     |
| Less : Current maturities disclosed under other current financial liabilities - Refer note 27 | (3,024)                               | (3,039)                               |
| <b>Total</b>  | <b>40,394</b>                         | <b>41,515</b>                         |
| <b>Term loans from banks / financial institutions</b>   |                                       |                                       |
| <b>In Parent Company</b>  |                                       |                                       |
| Industrial Development Finance Corporation Limited ('IDFC')                                   | -                                     | 5,208                                 |
| Tata Capital Financial Services Limited ('TCFSL')   | 1,300                                 | -                                     |
| <b>In Subsidiary Companies</b>  |                                       |                                       |
| Union Bank of India   | 9,170                                 | 9,445                                 |
| State Bank of India   | 9,122                                 | 9,424                                 |
| Punjab National Bank  | 18,884                                | 18,376                                |
| L&T Infrastructure Finance Company Limited  | 4,942                                 | -                                     |
| State Bank of India   | -                                     | 2,102                                 |
| <b>Total</b>  | <b>43,418</b>                         | <b>44,554</b>                         |

### Nature of security and terms of repayments for long term borrowings

#### A In Parent Company

##### i. Industrial Development Finance Corporation Limited ('IDFC')

Secured by way of mortgage in favour of IDFC of all movable properties pertaining to the Dewas Water Supply Projects, present and future. A first charge by way of hypothecation of all the movable assets including movable plant and machinery, machinery spares, tools & accessories, furniture and fixtures, vehicles and all other movable assets pertaining to the project, present and future. First charge of all book debts, operating cash flows, revenues and receivables of the Company pertaining to the project, present and future. First charge on all intangibles including but not limited to goodwill, uncalled capital, present and future. Assignment of all rights, title, interest, benefits, claims and demands of the Company in respect of all the assets of the projects agreement and contracts including concession agreement. First charge over the escrow account, debt service reserve account and other reserve and any other bank account the Company wherever maintained.

Repayment terms : Repayment in monthly installments w.e.f. 16<sup>th</sup> April, 2016 i.e- FY 17-3%; FY18-7%; FY19-10%; FY20-20%; FY21-22%; FY22-33%; FY23-5%. However the loan has been repaid during the year.

Rate of Interest : 11.25% p.a.

##### ii. Tata Capital Financial Services Limited ('TCFSL')

Secured by hypothecation of first and exclusive charge on construction equipment which is forming part of Property, Plant and Equipment ('PPE')

Repayment terms : Repayment in 23 monthly installments w.e.f. 21<sup>st</sup> April, 2019 (Rs. 71.96 lakhs EMI per month including interest)

Rate of Interest : 10.75% p.a.

#### B In Subsidiaries

##### i) Union Bank of India

Secured by first pari passu charges on all immovable properties including lease hold rights, if any, both present and future. First pari passu charges on all tangible moveable assets including moveable plant & machineries, machinery spares, tools & accessories, furniture & fixture, vehicles and other moveable assets both present & future. Lien over all accounts of the Welspun Delhi Meerut Expressway Private

## Notes forming part of the consolidated financial statements

Limited ('DME'), including the escrow accounts and sub accounts and all funds from time to time, deposited therein. First charge in all intangible assets, if any including but not limited to, goodwill rights, undertaking intellectual property and uncalled capital present & future excluding the project assets.

Collateral security : Parent company has pledged 51% of the shares of its subsidiary "Welspun Delhi Merrut Expressway Private Limited".

Repayment terms : Term loan is repayable in half yearly installments starting from 2019 and ending in 2034

Rate of interest : 1 year MCLR plus 0.85% p.a.

### ii) State Bank of India

Secured by first pari passu charges on all borrower immovable properties, including lease hold rights if any both present and future. First pari passu charges on all borrower, tangible movable assets including movable plant and machinery, spares, accessories, furniture & fixture, vehicles and all other movable assets, both present and future. Lien over all accounts, of the Welspun Delhi Meerut Expressway Private Limited ('DME'), including the escrow accounts and sub-accounts and all funds from time to time, deposited therein. First charge on all intangible assets, of the borrower, if any including but not limited to goodwill, right, undertaking, intellectual property, uncalled capital present and future excluding the project assets.

Repayment terms : Term loan is repayable in half yearly installments starting from 2019 and ending in 2034

Rate of interest : One year SBI MCLR Rate plus spread of 0.25% p.a. payable monthly installment.

### iii) Punjab National Bank

Secured by first pari passu charges on all borrower immovable properties, including lease hold rights if any both present and future. First pari passu charges on all borrower, tangible movable assets including movable plant and machinery, spares, accessories, furniture & fixture, vehicles and all other movable assets, both present and future. Lien over all accounts, of the Welspun Delhi Meerut Expressway Private Limited ('DME'), including the escrow accounts and sub-accounts and all funds from time to time, deposited therein. First charge on all intangible assets, of the borrower, if any including but not limited to goodwill, right, undertaking, intellectual property, uncalled capital present and future excluding the project assets.

Repayment terms : Term loan is repayable in half yearly installments starting from 2019 and ending in 2034

Rate of interest : 1 year MCLR plus 0.70% p.a.

### iv) L&T Infrastructure Finance Company Limited

Secured by first charge on all borrower immovable properties, tangible movable assets, and intangible assets, both present and future except Project assets. A first charge over all accounts of the Dewas Waterprojects Works Private Limited ('DWWPL') including Escrow account and the sub accounts.

Repayment terms : 44 quarterly installments - 11 years from end of moratorium (Moratorium period : 1.5 years from COD)

Rate of Interest : 10.82% p.a.

### v) State Bank of India

Secured by first charge over on the assignment of project rights/ movable / immovable property/ intangible assets / uncalled capital of the MSK Projects (Kim Mandvi Corridor) Private Limited ('KM') for the respective projects and on assignment of all the receivable / revenue of the projects. First charge on KM's bank accounts from the Kim Mandvi projects including the Trust and Retention account / Escrow Account and Debt Service Reserve Account /Maintenance Reserve Account or such other account to be opened as directed by the bank. First Charge / Assignment Security Interest on the KM's right under the concession agreement, project documents, contracts and all licences permits, approvals, consents, and insurance policies in respect of the Kim Mandvi Projects). Assignment of contractors guarantee, liquidated damages letter of credit, guarantee or performance bond and insurance policies pertaining to the Kim Mandvi Projects noting the interest of the lenders. First charge on all the intangible assets of the KM including but not limited to the Goodwill of the KM pertaining and specific to the Kim Mandvi Projects.

Rate of Interest : 5.09% + 3.50% LIBOR

## Notes forming part of the consolidated financial statements

### 24 Non-current provisions

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Provision for employee benefits                             | 629                                   | 466                                   |
| Provision for Welspun Maxsteel Limited (WMSL) obligations * | 2,588                                 | 2,588                                 |
| <b>Total</b>  | <b>3,217</b>                          | <b>3,054</b>                          |

\* Represents certain obligations related to stamp duty, etc of Welspun Maxsteel Limited, an erstwhile subsidiary disposed off in earlier period. There is no movement during the year.

### 25 Current financial liabilities - borrowings

(Rs. in Lakhs)

|                                      | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| <b>Secured</b>                       |                                       |                                       |
| Loans repayable on demand from banks | 987                                   | 1,429                                 |
| <b>Unsecured</b>                     |                                       |                                       |
| Commercial paper                     | 14,803                                | -                                     |
| <b>Total</b>                         | <b>15,790</b>                         | <b>1,429</b>                          |

#### Nature of security and terms of repayment for secured borrowings

Loan from bank is secured by hypothecation of inventories and book debts of the Company

Rate of interest: 1 year MCLR + 1.65%

### 26 Trade payables

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Dues of micro enterprises and small enterprises (Refer note 52)      | 29                                    | -                                     |
| Dues of creditors other than micro enterprises and small enterprises |                                       |                                       |
| - Others   | 57,392                                | 21,483                                |
| <b>Total</b>   | <b>57,421</b>                         | <b>21,483</b>                         |

#### Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled as per payment terms mentioned in the contract.

### 27 Current financial liabilities - others

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Current maturities of long-term borrowings (Refer note 23) * | 3,024                                 | 3,039                                 |
| Security deposits/ retention money payable                   | 10,455                                | 8,105                                 |
| Payable to employees   | 163                                   | 85                                    |
| Unclaimed dividend payable                                   | 13                                    | -                                     |
| Other payables   | -                                     | 20                                    |
| <b>Total</b>   | <b>13,654</b>                         | <b>11,249</b>                         |

\* Includes interest accrued but not due Rs. 78 lakhs (31<sup>st</sup> March, 2018 : Rs. 352 lakhs)

## Notes forming part of the consolidated financial statements

### 28 Current provisions

|                                 | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---------------------------------|---------------------------------------|---------------------------------------|
| Provision for employee benefits | 143                                   | 74                                    |
| <b>Total</b>                    | <b>143</b>                            | <b>74</b>                             |

(Rs. in Lakhs)

### 29 Other current liabilities

|                                      | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Trade advances                       | 49                                    | 18                                    |
| Contract liabilities (Refer note 53) |                                       |                                       |
| - Related party (Refer note 47)      | 9,300                                 | -                                     |
| - Other parties                      | -                                     | 4,527                                 |
| Statutory dues                       | 3,010                                 | 2,057                                 |
| <b>Total</b>                         | <b>12,359</b>                         | <b>6,602</b>                          |

(Rs. in Lakhs)

### 30 Current tax liabilities

|                   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|-------------------|---------------------------------------|---------------------------------------|
| Provision for tax | 614                                   | 653                                   |
| <b>Total</b>      | <b>614</b>                            | <b>653</b>                            |

(Rs. in Lakhs)

### 31 Revenue from operations

|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| <b>Revenue from</b>                           |  |  |
| - Engineering, Procurement and Construction # | 176,666                                    | 102,397                                    |
| - Operation and Maintenance                   | 333  | -  |
| - Build Operate Transfer (BOT) Business       | 1,063                                      | 4,018                                      |
| - Advisory and consultancy income #           | 75   | -  |
| <b>Other operating revenues</b>               |  |  |
| - Gain on sale of assets held-for-sale        | 490  | -  |
| - Scrap sales                                 | 33   | -  |
| - Other material sales                        | -  | 298  |
| <b>Total</b>                                  | <b>178,660</b>                             | <b>106,713</b>                             |

(Rs. in Lakhs)

# Refer note 47 for related parties transactions



## Notes forming part of the consolidated financial statements

### 32 Other income

|  | (Rs. in Lakhs)                             |  |
|--|--|--|
|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| Interest income on financial assets at amortised cost  |  |  |
| - On bank deposits   | 529  | 275  |
| - On inter corporate deposits  | -  | 786  |
| - On loans and advances  | 44   | 1,127                                      |
| - On financial assets  | 2,605                                      | 1,397                                      |
| Interest income  |  |  |
| - Financial assets mandatorily measured at fair value through profit and loss ('FVTPL')                  | 2,052                                      | 2,940                                      |
| - Others *   | 162  | 68   |
| Dividend income on financial assets mandatorily measured at fair value through profit and loss ('FVTPL') | 16   | 25   |
| Net gain on financial assets mandatorily measured at fair value through profit and loss ('FVTPL')        | 1,490                                      | 4,318                                      |
| Reversal of provision no longer required   | 99   | 374  |
| Recovery of bad debts  | 296  | -  |
| Insurance claim received   | 25   | 114  |
| Unwinding of discount on interest free deposits  | 34   | 30   |
| Gain on sale of property, plant and equipment (net)  | 32   | -  |
| Unclaimed liabilities written back   | -  | 0  |
| Exchange difference (net)  | -  | 27   |
| Miscellaneous income   | 3  | -  |
| <b>Total</b>   | <b>7,387</b>                               | <b>11,481</b>                              |

\* Includes interest income recognised on mobilisation advances

### 33 Cost of materials consumed

|  | (Rs. in Lakhs)                             |  |
|--|--|--|
|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| Inventories at the beginning of the year | 71   | 296  |
| Add: Purchases                           | 1,734                                      | 1,189                                      |
|  | <b>1,805</b>                               | <b>1,485</b>                               |
| Less: Inventories at the end of the year | (73)                                       | (71)                                       |
| <b>Total</b>                             | <b>1,732</b>                               | <b>1,415</b>                               |

### 34 Employee benefits expense

|   | (Rs. in Lakhs)                             |  |
|---|--|--|
|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| Salaries, wages and bonus                         | 5,816                                      | 3,805                                      |
| Contribution to provident and other funds         | 507  | 293  |
| Share based payments to employees (Refer note 44) | 1,524                                      | 941  |
| Staff welfare expenses                            | 237  | 129  |
| <b>Total</b>                                      | <b>8,084</b>                               | <b>5,167</b>                               |

## Notes forming part of the consolidated financial statements

### 35 Finance costs

|  | (Rs. in Lakhs)                             |  |
|--|--|--|
|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| Interest expenses on financial liabilities at amortised cost |  |  |
| - Term loans   | 4,248                                      | 2,847                                      |
| - Working capital  | 637  | 33   |
| Net interest on net defined benefit liability                | 43   | 24   |
| Other interest costs   | 95   | 263  |
|  | <b>5,023</b>                               | <b>3,167</b>                               |
| Bank charges and other finance costs                         | 313  | 120  |
| Unwinding of discount on interest free deposits              | 30   | 30   |
| <b>Total</b>   | <b>5,366</b>                               | <b>3,317</b>                               |

### 36 Depreciation and amortisation expense

|   | (Rs. in Lakhs)                             |  |
|---|--|--|
|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| Depreciation on property, plant and equipment | 724  | 121  |
| Amortisation of intangible assets             | 425  | 2,238                                      |
| <b>Total</b>                                  | <b>1,149</b>                               | <b>2,359</b>                               |

### 37 Other expenses

|   | (Rs. in Lakhs)                             |  |
|---|--|--|
|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| Site expenses                           | 312  | 401  |
| Stores and spares consumed              | 58   | 20   |
| Hire charges                            | 183  | 109  |
| Power, fuel and water charges           | 521  | 419  |
| Repairs and maintenance                 |  |  |
| - Property, plant and equipment         | 3  | 12   |
| - Others                                | 591  | 550  |
| Project monitoring and maintenance fees | 13   | 64   |
| Rent                                    | 378  | 422  |
| Rates and taxes                         | 1,396                                      | 2,763                                      |
| Insurance                               | 251  | 162  |
| Travelling and conveyance expenses      | 566  | 394  |
| Communications expenses                 | 34   | 29   |
| Legal and professional fees             | 1,534                                      | 1,000                                      |
| Freight                                 | 5  | 14   |
| Business promotion and advertisement    | 235  | 151  |
| Printing and stationary                 | 38   | 21   |
| Directors sitting fees                  | 17   | 25   |

## Notes forming part of the consolidated financial statements

### 37 Other expenses (Contd...)

(Rs. in Lakhs)

|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| Payment to Auditor :-   |  |  |
| - Audit fees (including fees for limited review)  | 35   | 30   |
| - Certifications  | 3  | 2  |
| - Reimbursement of expenses   | 2  | 1  |
| Bad debts   | 1  | -  |
| Donation  | 207  | 162  |
| Loss on sale of property, plant and equipment (net)   | -  | 4  |
| Net loss on financial assets mandatorily measured at fair value through profit and loss ('FVTPL') | 37   | -  |
| Expected credit loss  | -  | 1,127                                      |
| Miscellaneous expenses  | 210  | 493  |
| Preliminary expenses written off  | -  | 4  |
| <b>Total</b>  | <b>6,630</b>                               | <b>8,378</b>                               |

### 38 Income tax

#### a) The major components of income tax for the year ended 31<sup>st</sup> March, 2019 are as under:

- i) Income tax related to items recognised in the consolidated statement of profit and loss during the year

(Rs. in Lakhs)

|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| <b>Current tax</b>  |  |  |
| Current tax on taxable income for the year  | 7,766                                      | 5,297                                      |
| Earlier year tax  | -  | 57   |
|   | <b>7,766</b>                               | <b>5,354</b>                               |
| <b>Deferred tax</b>   |  |  |
| Relating to origination and reversal of temporary differences                                 | 256  | (672)                                      |
| MAT credit taken  | -  | (52)                                       |
| <b>Total deferred tax (credit) / charge</b>   | <b>256</b>                                 | <b>(724)</b>                               |
| <b>Income tax expense/ (credit) reported in the consolidated statement of profit and loss</b> | <b>8,022</b>                               | <b>4,630</b>                               |

- ii) Deferred tax related to items recognized in other comprehensive income (OCI) during the year

(Rs. in Lakhs)

|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|--|--|--|
| Deferred tax on remeasurement (gains)/losses on defined benefit plan | (17)                                       | (48)                                       |
| <b>Deferred tax charged/(credited) to Other Comprehensive Income</b> | <b>(17)</b>                                | <b>(48)</b>                                |

## Notes forming part of the consolidated financial statements

### b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

(Rs. in Lakhs)

|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| <b>Accounting profit before tax</b>   | <b>20,698</b>                              | <b>11,573</b>                              |
| Income tax @ 34.944% (31 <sup>st</sup> March, 2018: 34.608%)                                  | 7,233                                      | 4,005                                      |
| Non-deductible expenses for tax purpose   |  |  |
| - ECL on loans  | 456  | 529  |
| - Depreciation on grant exempted from tax   | 52   | 212  |
| - Other non deductible expenses   | 990  | 1,950                                      |
| - Impact of fair value adjustment   | 164  | 224  |
| Taxes paid/ provided for earlier years  | -  | 57   |
| Other allowances for tax purpose  | (290)                                      | (616)                                      |
| Utilisation of previously unrecognised tax losses/ MAT credit                                 | (583)                                      | (1,731)                                    |
| <b>Income tax expense/ (credit) reported in the consolidated statement of profit and loss</b> | <b>8,022</b>                               | <b>4,630</b>                               |

### c) Deferred tax relates to the following:

(Rs. in Lakhs)

|   | Balance Sheet                |                              | Recognized in the statement of profit and loss |                              | Recognized in OCI            |                              |
|---|------------------------------|------------------------------|--|------------------------------|------------------------------|------------------------------|
|   | 31 <sup>st</sup> March, 2019 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2019                   | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2019 | 31 <sup>st</sup> March, 2018 |
| <b>A. Deferred tax assets (net)</b>                                 |                              |                              |  |                              |                              |                              |
| <b>I). Deferred tax assets</b>                                      |                              |                              |  |                              |                              |                              |
| Unused tax losses and unabsorbed depreciation                       | 954                          | 1,641                        | 687  | (687)                        | -                            | -                            |
| Allowance for doubtful debts  | -                            | -                            | -  | -                            | -                            | -                            |
| Employee benefits / expenses allowable on payment basis             | 247                          | 185                          | (45)   | (183)                        | (17)                         | (48)                         |
| <b>Total (i)</b>  | <b>1,201</b>                 | <b>1,826</b>                 | <b>642</b>                                     | <b>(870)</b>                 | <b>(17)</b>                  | <b>(48)</b>                  |
| <b>Less : Deferred tax liabilities</b>                              |                              |                              |  |                              |                              |                              |
| Depreciation on property, plant and equipment and intangible assets | 660                          | 729                          | (69)   | (0)                          | -                            | -                            |
| Fair valuation of financial instruments                             | (219)                        | 696                          | (916)  | 696                          | -                            | -                            |
| <b>Total (ii)</b>   | <b>441</b>                   | <b>1,425</b>                 | <b>(985)</b>                                   | <b>696</b>                   | <b>-</b>                     | <b>-</b>                     |
| Add: MAT credit entitlement of earlier years recognised (iii)       | -                            | -                            | -  | (28)                         | -                            | -                            |
| Add: MAT credit entitlement (iv)                                    | 57                           | 507                          | 468  | (491)                        | -                            | -                            |
| <b>(A) Total ( i - ii + iii + iv )</b>                              | <b>817</b>                   | <b>908</b>                   | <b>125</b>                                     | <b>(693)</b>                 | <b>(17)</b>                  | <b>(48)</b>                  |

## Notes forming part of the consolidated financial statements

### 38 Income tax (Contd...)

#### c) Deferred tax relates to the following: (Contd...)

(Rs. in Lakhs)

|   | Balance Sheet                |                              | Recognized in the statement of profit and loss |                              | Recognized in OCI            |                              |
|---|------------------------------|------------------------------|--|------------------------------|------------------------------|------------------------------|
|   | 31 <sup>st</sup> March, 2019 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2019                   | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2019 | 31 <sup>st</sup> March, 2018 |
| <b>B. Deferred tax liabilities (net)</b>                            |                              |                              |  |                              |                              |                              |
| <b>II). Deferred tax liabilities</b>                                |                              |                              |  |                              |                              |                              |
| Depreciation on property, plant and equipment and intangible assets | -                            | -                            | -  | (1,280)                      | -                            | -                            |
| Fair valuation of financial instruments                             | 333                          | 224                          | 109  | (495)                        | -                            | -                            |
| <b>Total (i)</b>  | <b>333</b>                   | <b>224</b>                   | <b>109</b>                                     | <b>(1,775)</b>               | <b>-</b>                     | <b>-</b>                     |
| Less : Deferred tax assets  |                              |                              |  |                              |                              |                              |
| Employee benefits / expenses allowable on payment basis             | -                            | -                            | -  | 183                          | -                            | -                            |
| Unused tax losses and unabsorbed depreciation                       | -                            | -                            | -  | 1,094                        | -                            | -                            |
| <b>Total (ii)</b>   | <b>-</b>                     | <b>-</b>                     | <b>-</b>                                       | <b>1,277</b>                 | <b>-</b>                     | <b>-</b>                     |
| Less: MAT credit entitlement (iii)                                  | -                            | 22                           | 22   | 467                          | -                            | -                            |
| <b>(B) Total ( i - ii - iii )</b>                                   | <b>333</b>                   | <b>202</b>                   | <b>131</b>                                     | <b>(31)</b>                  | <b>-</b>                     | <b>-</b>                     |
| <b>Deferred tax charge/(credit) (A + B)</b>                         |                              |                              | <b>256</b>                                     | <b>(724)</b>                 | <b>(17)</b>                  | <b>(48)</b>                  |

#### d) Unrecognised deferred tax assets on unused tax losses

- i) The Group has brought forward long term capital losses of Rs. 81,167 lakhs (31<sup>st</sup> March, 2018 Rs. 84,128 lakhs) (majority of which is expiring in 31<sup>st</sup> March, 2023) and short term capital losses of Rs. 7,607 lakhs (31<sup>st</sup> March, 2018 Rs. 7,667 Lakhs) (majority of which is expiring in 31<sup>st</sup> March, 2023) that are available for offsetting against future taxable capital gains. Deferred tax assets of Rs. 18,909 lakhs (31<sup>st</sup> March, 2018 Rs. 19,598 Lakhs) have not been recognized in respect of long term capital losses in view of uncertainty of future taxable capital gains and deferred tax assets (@ 34.944%) of Rs. 2,658 lakhs (31<sup>st</sup> March, 2018 Rs. 2,654 lakhs) have not been recognized in respect of short term capital losses in view of uncertainty of future taxable capital gains.
- ii) The Group has brought forward business losses of Rs. 1,860 Lakhs (31<sup>st</sup> March, 2018 Rs. 1,055 Lakhs) (majority of which is expiring in 31<sup>st</sup> March, 2022) that are available for offsetting future taxable business losses . Deferred tax assets of Rs. 517 Lakhs (31<sup>st</sup> March, 2018 Rs. 293 Lakhs) have not been recognized in respect of these losses in view of uncertainty of future taxable business profits.
- iii) The Group has brought forward unabsorbed depreciation of Rs. 3,974 Lakhs (31<sup>st</sup> March, 2018 Rs. 1,190 Lakhs) that are available for offsetting against future taxable income. Deferred tax assets of Rs. 1,105 Lakhs (31<sup>st</sup> March, 2018 Rs. 331 Lakhs) have not been recognized in respect of these losses in view of uncertainty of future taxable business profits.

## Notes forming part of the consolidated financial statements

### 39 Fair value measurements

#### Financial instruments by category

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 |                   | As at<br>31 <sup>st</sup> March, 2018 |                   |
|---|---------------------------------------|-------------------|---------------------------------------|-------------------|
|   | FVTPL                                 | Amortised<br>Cost | FVTPL                                 | Amortised<br>Cost |
| <b>Financial assets (other than investment in subsidiaries, associates and joint venture companies at cost)</b> |                                       |                   |                                       |                   |
| <b>Non-current assets</b>   |                                       |                   |                                       |                   |
| Investments   | 2,059                                 | -                 | 2,240                                 | -                 |
| Investments in optionally convertible debentures  | 16,716                                | -                 | 14,624                                | -                 |
| Service concession receivables  | 63,612                                | -                 | 45,050                                | -                 |
| Loans   | -                                     | 565               | -                                     | 694               |
| Other financial assets  | -                                     | 86                | -                                     | -                 |
| <b>Current assets</b>   |                                       |                   |                                       |                   |
| Investments   | 37,661                                | -                 | 69,923                                | -                 |
| Service concession receivables  | 7,252                                 | -                 | 12,284                                | -                 |
| Trade receivables   | -                                     | 28,069            | -                                     | 3,400             |
| Cash and cash equivalents   | -                                     | 11,550            | -                                     | 3,252             |
| Other bank balances   | -                                     | 3,416             | -                                     | 4,511             |
| Loans   | -                                     | 11,528            | -                                     | 11,343            |
| Other financial assets  | -                                     | 33,870            | -                                     | 10,766            |
| <b>Total financial assets</b>   | <b>127,300</b>                        | <b>89,084</b>     | <b>144,120</b>                        | <b>33,967</b>     |
| <b>Non-current liabilities</b>  |                                       |                   |                                       |                   |
| Borrowings  | -                                     | 40,394            | -                                     | 41,515            |
| <b>Current liabilities</b>  |                                       |                   |                                       |                   |
| Borrowings  | -                                     | 15,790            | -                                     | 1,429             |
| Trade and other payables  | -                                     | 57,421            | -                                     | 21,483            |
| Other financial liabilities   | -                                     | 13,654            | -                                     | 11,249            |
| <b>Total financial liabilities</b>  | <b>-</b>                              | <b>127,259</b>    | <b>-</b>                              | <b>75,676</b>     |

#### Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Notes forming part of the consolidated financial statements

### The following methods and assumptions were used to estimate the fair values:

The carrying amounts of loans, trade receivables, cash and cash equivalents, other bank balances, other financial assets, non-current and current borrowings, trade payables and other financial liabilities that are measured at amortised cost are considered to be approximately equal to the fair value due to short-term maturities of these financial assets/ liabilities.

(Rs. in Lakhs)

|  | As at 31 <sup>st</sup> March, 2019 |                |            |               |               |
|--|------------------------------------|----------------|------------|---------------|---------------|
|  | Carrying Value                     | Fair Value     | Level 1    | Level 2       | Level 3       |
| <b>Financial assets measured at FVTPL</b>        |                                    |                |            |               |               |
| Non-current investments                          | 2,059                              | 2,059          | 2          | 30            | 2,027         |
| Investments in optionally convertible debentures | 16,716                             | 16,716         | -          | -             | 16,716        |
| Non- current Service concession receivables      | 63,612                             | 63,612         | -          | -             | 63,612        |
| Current Investments                              | 37,661                             | 37,661         | 349        | 37,287        | 25            |
| Current Service concession receivables           | 7,252                              | 7,252          | -          | -             | 7,252         |
| <b>Total</b>                                     | <b>127,300</b>                     | <b>127,300</b> | <b>352</b> | <b>37,317</b> | <b>89,632</b> |

|  | As at 31 <sup>st</sup> March, 2018 |                |              |               |               |
|--|------------------------------------|----------------|--------------|---------------|---------------|
|  | Carrying Value                     | Fair Value     | Level 1      | Level 2       | Level 3       |
| <b>Financial assets measured at FVTPL</b>        |                                    |                |              |               |               |
| Non-current investments                          | 2,240                              | 2,240          | 2            | 29            | 2,209         |
| Investments in optionally convertible debentures | 14,624                             | 14,624         | -            | -             | 14,624        |
| Non- current Service concession receivables      | 45,050                             | 45,050         | -            | -             | 45,050        |
| Current Investments                              | 69,923                             | 69,923         | 1,909        | 68,014        | -             |
| Current Service concession receivables           | 12,284                             | 12,284         | -            | -             | 12,284        |
| <b>Total</b>                                     | <b>144,121</b>                     | <b>144,121</b> | <b>1,911</b> | <b>68,043</b> | <b>74,167</b> |

### Valuation technique used to determine fair value

- Investments included in Level 1 of fair value hierarchy are based on prices quoted in stock exchange and/ or NAV declared by the funds.
- Investments included in Level 2 of fair value hierarchy have been valued based on inputs from banks and other recognised institutions such as FIMMDA/ FEDAI
- Investments included in Level 3 of fair value hierarchy have been valued using acceptable valuation techniques such as Net Asset Value and/ or Discounted Cash Flow Method.

**Note :** All financial instruments for which fair value is recognised or disclosed are categorised within the Fair Value Hierarchy described as above, based on the lowest level input that is significant to the fair value measurement as a whole.

## 40 Financial risk management

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by the Managing Board. The Group is exposed to market risk - foreign currency and interest rate, credit risk and liquidity risk.

### (A) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

## Notes forming part of the consolidated financial statements

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations provisions and on the non-financial assets and liabilities. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in respective market risks.

### a) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize group's position with regard to interest income and interest expenses and manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instrument in its total portfolio.

#### (i) Interest rate risk exposure

(Rs. in Lakhs)

|                          | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--------------------------|---------------------------------------|---------------------------------------|
| Variable rate borrowings | 52,966                                | 45,983                                |

#### (ii) Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact of change in interest rate of borrowings, as follows:

(Rs. in Lakhs)

|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|--|--|--|
| Effect on Profit before tax                    |  |  |
| Interest rates : (Increase) by 50 basis points | (162)                                      | (145)                                      |
| Interest rates : Decrease by 50 basis points   | 162  | 145  |

### b) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows fluctuate because of changes in market prices of various currencies against the functional currency. The group manages its foreign currency risk, by hedging transaction that are expected or occur within maximum 36 months, period for hedge. The group hedges its exposure to fluctuation on transaction in to INR by holding net borrowing in foreign currency and using foreign currency forward contracts.

#### (i) Foreign currency risk exposure

(Rs. in Lakhs)

| Currency | Liabilities                           |                                       |
|----------|---------------------------------------|---------------------------------------|
|          | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
| USD      | -                                     | 33                                    |

The group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are not hedged considering the small quantum and short period of such exposure.

#### (ii) Sensitivity to foreign currency risk

The impact of increase / decrease in USD by 5% on foreign currency borrowings shall result in gain / loss as given below:

(Rs. in Lakhs)

|                             | 31 <sup>st</sup> March, 2019 | 31 <sup>st</sup> March, 2018 |
|-----------------------------|------------------------------|------------------------------|
|                             | + / (-) 5%                   | + / (-) 5%                   |
| Effect on profit before tax | -                            | (105) / 105                  |
|                             | + / (-) 5%                   | + / (-) 5%                   |
| Effect on Equity            | -                            | (105) / 105                  |



## Notes forming part of the consolidated financial statements

### (B) Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

#### a) Trade receivables

The group extends credit to customers in normal course of business. The group considers factors such as credit track record in the market and past dealings for extension of credit to customers. The group monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The group has also taken advances and security deposits from some of its customers, which mitigate the credit risk to an extent.

#### b) Financial instruments and cash deposits

The group considers factors such as track record, size of the institution, market reputation, financial strength / rating and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the group has also availed borrowings.

#### c) The ageing analysis of the receivables (gross of expected credit loss) has been considered from the date the invoice falls due.

|                      | (Rs. in Lakhs)                        |                                       |
|----------------------|---------------------------------------|---------------------------------------|
|                      | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
| Up to 3 months       | 22,281                                | 153                                   |
| 3 to 6 months        | 4,329                                 | 0                                     |
| More than 6 months * | 1,459                                 | 3,246                                 |
| <b>Total</b>         | <b>28,069</b>                         | <b>3,400</b>                          |

\* Includes mainly retention money

No significant changes in estimation techniques or assumption were made during the reporting period.

#### d) Service concession receivables

The Company manages concession arrangement which include the construction of road on hybrid annuity basis followed by a period in which the Company maintains and services the infrastructure. These concession arrangements set out rights and obligations relating to the infrastructure and services to be provided. For fulfilling those obligations, the Company is entitled to receive cash from the grantor. The Consideration received or receivable is allocated by reference to the relative fair value of the services provided. The same is classified and disclosed as current and non current service concession receivables in the balance sheet based on the criteria of current and non current classification mentioned in note 3(B)(i).

The carrying amount of following financial assets represents the maximum credit exposure

|                     | (Rs. in Lakhs)                        |                                       |
|---------------------|---------------------------------------|---------------------------------------|
|                     | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
| More than 12 months | 63,612                                | 45,050                                |
| Less than 12 months | 7,252                                 | 12,284                                |
| <b>Total</b>        | <b>70,864</b>                         | <b>57,334</b>                         |

### (C) Liquidity risk

a) Liquidity risk is defined as the risk that the group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the group's net liquidity position through rolling forecasts on the basis of expected cash flows.

## Notes forming part of the consolidated financial statements

### b) Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on the contractual undiscounted payments.

(Rs. in Lakhs)

| As at 31 <sup>st</sup> March, 2019 | Total  | Less than<br>1 Year | 1 to 5<br>years | Beyond<br>5 years |
|------------------------------------|--------|---------------------|-----------------|-------------------|
| Long term borrowings               | 40,394 | -                   | 11,773          | 28,621            |
| Short term borrowings              | 15,790 | 15,790              | -               | -                 |
| Trade payables                     | 57,392 | 57,392              | -               | -                 |
| Other financial liabilities        | 13,654 | 13,654              | -               | -                 |
| As at 31 <sup>st</sup> March, 2018 | Total  | Less than<br>1 Year | 1 to 5<br>years | Beyond<br>5 years |
| Long term borrowings               | 41,515 | -                   | 13,857          | 27,658            |
| Short term borrowings              | 1,429  | 1,429               | -               | -                 |
| Trade payables                     | 21,483 | 21,483              | -               | -                 |
| Other financial liabilities        | 11,249 | 11,249              | -               | -                 |

### 41 Capital Management

For the purpose of group's capital management, capital includes issued capital and other equity reserves attributable to the shareholders. The primary objective of the Group's capital management is to maximize shareholder value. The group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants, if any.

The group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The group includes within net debt, interest bearing borrowings, trade and other payables, less cash and cash equivalents.

(Rs. in Lakhs)

|                      |         | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|----------------------|---------|---------------------------------------|---------------------------------------|
| Net debt             | A       | 88,971                                | 7,731                                 |
| Total capital        | B       | 145,362                               | 133,868                               |
| Capital and net debt | C = A+B | 234,333                               | 141,600                               |
| <b>Gearing ratio</b> | A / C   | <b>38%</b>                            | <b>5%</b>                             |

### 42 Earnings per share (EPS)

(Rs. in Lakhs)

|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|--|--|--|
| Profit for the year (Rs. in lakhs)   | 12,676                                     | 6,943                                      |
| Weighted average number of equity shares for Basic EPS<br>(Number of shares)   | 147,793,741                                | 147,505,129                                |
| Weighted average number of equity shares for Diluted EPS<br>(Number of shares) | 148,624,397                                | 148,918,827                                |
| Nominal value of equity shares (Rs.)   | 10   | 10   |
| Basic EPS (Rs.)  | 8.58                                       | 4.71                                       |
| Diluted EPS (Rs.)  | 8.53                                       | 4.66                                       |

## Notes forming part of the consolidated financial statements

### 43 Contingencies and Commitments

#### (a) Leases

##### Operating lease commitments — Company as lessee

The Group has taken office premises and residential facilities under cancellable and non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease varies from six months to thirty-six months. Lease rental charges for 31<sup>st</sup> March, 2019 is Rs. 378 Lakhs (31<sup>st</sup> March, 2018 : Rs. 422 Lakhs).

Future minimum rental receivables under non-cancellable operating leases are as follows :-

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
|   |                                       | (Rs. in Lakhs)                        |
| Not later than one year                           | 268                                   | 202                                   |
| Later than one year but not later than five years | 280                                   | -                                     |
| Later than five years                             | -                                     | -                                     |
|   | <b>548</b>                            | <b>202</b>                            |

#### (b) Contingent liabilities (to the extent not provided for)

##### i) Claims against the group not acknowledged as debts

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
|  |                                       | (Rs. in Lakhs)                        |
| Disputed labour cess demand (net of provision)                                 | 384                                   | 229                                   |
| Stamp duty payable on concession agreement disputed in respect of BOT Projects | 115                                   | 542                                   |
| Disputed income tax liability  | 780                                   | 1,118                                 |
| Disputed service tax liability   | 2,347                                 | 174                                   |
| Disputed value added tax liability   | 175                                   | 175                                   |
| Claims against the Company not acknowledged as debts                           | 281                                   | 283                                   |
|  | <b>4,082</b>                          | <b>2,521</b>                          |

##### ii) Guarantees excluding financial guarantees

|                        | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|------------------------|---------------------------------------|---------------------------------------|
|                        |                                       | (Rs. in Lakhs)                        |
| Bank guarantees issued | 34,134                                | 6,927                                 |
|                        | <b>34,134</b>                         | <b>6,927</b>                          |

##### iii) Financial guarantees

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
|  |                                       | (Rs. in Lakhs)                        |
| <b>Guarantee given to the bankers for the facilities granted</b>   |                                       |                                       |
| - <b>Associate and Joint venture companies</b>   | 50,500                                | -                                     |
| (Loan outstanding is Rs. 50,500 (31 <sup>st</sup> March, 2018 Rs. Nil) against guarantees provided of Rs. 194,751 lakhs (31 <sup>st</sup> March, 2018 Rs. 178,880 lakhs) |                                       |                                       |
|  | <b>50,500</b>                         | <b>-</b>                              |

An undertaking (Financial Guarantee as per IND AS) is given to lender for Rs. 70,605 Lakhs for financial assistance to be given to Welspun Aunta-Simarria Project Private Limited.

## Notes forming part of the consolidated financial statements

### (c) Commitments

- i) The group has an outstanding commitments of Rs. 49,938 lakhs (31<sup>st</sup> March, 2018 Rs. 26,653 lakhs) towards equity contribution in joint venture companies under the financing arrangement tied up with bankers.
- ii) Pursuant to the understanding with MBL Projects Private Limited, with respect to investment in RGY Roads Private Limited ('RGY'), paid against option for acquisition of balance 51% shares in RGY equivalent to Rs. 1,450 lakhs (31<sup>st</sup> March, 2018 Rs. 1450 lakhs) on 22<sup>nd</sup> February, 2018. The balance amount is Rs. 122 lakhs (31<sup>st</sup> March, 2018 Rs. 122 lakhs).
- iii) With respect to investment in MBL (GSY) Road Limited ('GSY') and MBL (CGRG) Road Limited ('CGRG'), Rs. 1.63 lakhs (31<sup>st</sup> March, 2018 Rs. 1.63 lakhs) each is paid against option for acquisition of balance 51% shares in GSY & CGRG. The balance amount is Rs. 0.13 lakhs (31<sup>st</sup> March, 2018 Rs. 0.13 lakhs).
- iv) Pursuant to the understanding with Vishvaraj Environment Private Limited, with respect to investment in Corbello Trading Private Limited ('CTPL') paid against option for acquisition of balance 51% shares in CTPL equivalent to Rs. 745 lakhs (31<sup>st</sup> March, 2018 Rs. 745 lakhs) . The balance amount is Rs. 72 lakhs (31<sup>st</sup> March, 2018 Rs. 72 lakhs).
- v) With respect to investment in Chikhali-Tarsod Highways Private Limited ('CTHPL') Rs. 0.48 lakhs (31<sup>st</sup> March, 2018 Rs. 0.48 lakhs) is paid against option for acquisition of balance 51% shares in CTHPL. The balance amount is Rs. 0.03 lakhs (31<sup>st</sup> March, 2018 Rs. 0.03 lakhs).

### 44 Share based payments

- a) In accordance with the "Welspun Enterprises Limited - Employees Stock Option Plan 2017" the company has granted 3,000,000 equity shares (maximum 2,000,000 equity shares to the "Managing Director") at zero cost on 10<sup>th</sup> October, 2017. The fair value of the above stock option of Rs. 4,179 lakhs is calculated at the average rate of Rs. 139.30 per share is amortised on the straight line basis over the vesting period in accordance with the Ind AS 102 "Share-based payment". Accordingly proportionate amount of Rs. 1,524 lakhs (31<sup>st</sup> March, 2018 - Rs. 904 lakhs) is shown as "Share based payment to employees" in the statement of profit and loss (Refer note 34).
- b) In accordance with the "Welspun Managing Director Stock Option Plan 2014" the Company has granted 240,000 equity shares to the "Managing Director" of the Company at zero Cost on 14<sup>th</sup> July, 2016. The fair value of the above Stock Options of Rs. 128 Lakhs as on 14<sup>th</sup> July, 2016 is calculated at the average rate of Rs. 53.23/- per share is amortized on the straight line basis over the vesting period of one year in accordance with the Ind AS 102 "Share-based payment". Accordingly proportionate amount of Rs. Nil (31<sup>st</sup> March, 2018 - Rs. 37 Lakhs) is shown as "Share based payment to employees" in the statement of profit and loss (Refer note 34).

#### The salient features of the Scheme ("Welspun Enterprises Limited - Employees Stock Option Plan 2017") are as under:

- (i) **Vesting:** Options to vest shall happen at every anniversary of the date of grant in quantum of 20% of the total ESOPs granted, over the period of 5 years from the date of grant.. However vesting period may be extended by the entire duration of the leave period for Employees on the long Leave. The Vesting Schedule is as under:

(Rs. in Lakhs)

| Number of ESOP | Date of Grant | Date of Vesting |
|----------------|---------------|-----------------|
| 600,000        | 10-Oct-17     | 10-Oct-18       |
| 600,000        | 10-Oct-17     | 10-Oct-19       |
| 600,000        | 10-Oct-17     | 10-Oct-20       |
| 600,000        | 10-Oct-17     | 10-Oct-21       |
| 600,000        | 10-Oct-17     | 14-Jul-22       |

## Notes forming part of the consolidated financial statements

- (ii) **Exercise:** Options granted shall be capable of being exercised in one or more tranches in multiples of 5000 shares, within a period of 3 years from the date of vesting of the respective Employee Stock Options. In the event of cessation of employment due to death or permanent incapacity, all the vested and unvested options may be exercised immediately but not later than six months from the cessation of employment. In the event of cessation of employment due to normal retirement, all the vested options should be exercised immediately but not later than six months from date of retirement and all unvested options will stand cancelled. In the event of cessation of employment due to resignation prior to retirement, all the vested options should be exercised immediately but not later than one month from date of submission of resignation and all unvested options will stand cancelled.

| Date of Grant             | 10-Oct-17   |
|---------------------------|---|
| Number of Options Granted | 3,000,000   |
| Exercise Period           | 3 years from date of Vesting of respective Employee Stock Options |
| Exercise Price            | Rs. Nil   |

|   | As at<br>31 <sup>st</sup> March, 2019 |  | As at<br>31 <sup>st</sup> March, 2018 |  |
|---|---------------------------------------|--|---------------------------------------|--|
|   | No. of<br>Stock<br>Options            | Weighted<br>Average<br>Exercise<br>Price (Rs.) | No. of<br>Stock<br>Options            | Weighted<br>Average<br>Exercise<br>Price (Rs.) |
| Options outstanding at the beginning of the period      | 3,000,000                             | Nil  | 240,000                               | Nil  |
| Options granted during the year the period              | Nil                                   | Nil  | 3,000,000                             | Nil  |
| Options exercised during the year                       | 550,000                               | Nil  | 240,000                               | Nil  |
| Options cancelled/ lapsed during the year               | Nil                                   | Nil  | Nil                                   | Nil  |
| Options outstanding at the end of the period *          | 2,450,000                             | Nil  | 3,000,000                             | Nil  |
| Options vested but not exercised at the end of the year | 50,000                                | Nil  | Nil                                   | Nil  |

\* Includes options vested but not exercised

### (iii) Information in respect of options outstanding as at 31<sup>st</sup> March, 2019

| No. of Stock Options | Remaining life in months | Weighted Average Exercise Price (Rs.) |
|----------------------|--------------------------|---------------------------------------|
| 2,450,000            | 39                       | Nil                                   |

### Information in respect of options outstanding as at 31<sup>st</sup> March, 2018

| No. of Stock Options | Remaining life in months | Weighted Average Exercise Price (Rs.) |
|----------------------|--------------------------|---------------------------------------|
| 3,000,000            | 51                       | Nil                                   |

## Notes forming part of the consolidated financial statements

(iv) The fair value of each option granted is estimated on the date of grant using the Black Scholes valuation model with the following assumptions :

| No of Stock Options | Grant Date | Vesting Date |
|---------------------|------------|--------------|
| 600,000             | 10-Oct-17  | 10-Oct-18    |
| 600,000             | 10-Oct-17  | 10-Oct-19    |
| 600,000             | 10-Oct-17  | 10-Oct-20    |
| 600,000             | 10-Oct-17  | 10-Oct-21    |
| 600,000             | 10-Oct-17  | 14-Jul-22    |

### Variables :-

|   |                |
|---|----------------|
| Stock price                             | 139.30         |
| Volatility                              | 45.14%         |
| Risk free rate (on the basis of tenure) | 6.43% to 6.69% |
| Exercise price                          | Nil            |
| Time to maturity                        | 2 to 6         |
| Dividend yield                          | 0%             |
| Option fair value                       | 139.30         |

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

(v) Effect of share-based payment plan on the consolidated balance sheet and consolidated statement of profit and loss

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Share options outstanding account (Refer note 22(b)) | 1,662                                 | 904                                   |
| Share based payments to employees (Refer note 34)    | 1,524                                 | 941                                   |

(Rs. in Lakhs)

### 45 Exceptional items (net)

|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| a) Profit on sale of stake in Dewas Bhopal Corridor Limited   | 1,844                                      | -  |
| b) Gain on sale of stake in Welspun Energy Private Limited  | 141  | 1,394                                      |
| c) Realisation of contingent asset on account of income tax refund from Welspun Maxsteel Limited (now renamed as JSW Steel (Salav) Limited)   | -  | 43   |
| d) Gain on sale of stake in Welspun Financial Services Limited  | -  | 30   |
| e) Impairment loss recognised in MSK Projects (Kim Mandvi Corridor) Private Limited   | -  | (1,183)                                    |
| f) Additional amortisation charge on account of reassessment of useful life of water pipe line project (on public-private partnership basis) due to economic and policy developments and revised the remaining useful life to 2.5 years in respect of the said asset w.e.f 1 <sup>st</sup> April, 2015. | -  | (2,245)                                    |
| <b>Total</b>  | <b>1,985</b>                               | <b>(1,961)</b>                             |

(Rs. in Lakhs)

## Notes forming part of the consolidated financial statements

### 46 Gratuity and other post employment benefits plans

The disclosures of employee benefit as defined in the Ind AS 19 - "Employee Benefits" are given below:

- The group makes annual contributions to the employees' gratuity fund scheme, a funded defined benefit plan which is managed by LIC of India. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.
- Leave encashment is a non-funded defined benefit scheme. The obligation for leave encashment is recognized in the same manner as gratuity.
- Details of post retirement gratuity plan are as follows :-

**i. Expenses recognised during the year in the statement of profit and loss :-** (Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Current service cost   | 69                                    | 62                                    |
| Past service cost including curtailment gain/ loss             | 40                                    | -                                     |
| Interest cost (net)  | 23                                    | 11                                    |
| <b>Net expenses recognised in statement of profit and loss</b> | <b>132</b>                            | <b>73</b>                             |

**ii. Net expenses recognised during the year in other comprehensive income (OCI)** (Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Actuarial (gains) / losses arising from changes in demographic assumptions | 4                                     | -                                     |
| Actuarial (gains) / losses arising from changes in financial assumptions   | 43                                    | 3                                     |
| Actuarial (gains) / losses arising from changes in experience assumptions  | 10                                    | 128                                   |
| Expected return on plan assets excluding interest                          | 2                                     | 9                                     |
| <b>Net expenses recognised in other comprehensive income</b>               | <b>59</b>                             | <b>140</b>                            |

**iii. Net liability recognised in the balance sheet** (Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Fair value of plan assets                        | 83                                    | 122                                   |
| Present value of obligation                      | 565                                   | 429                                   |
| <b>Net liability recognized in balance sheet</b> | <b>482</b>                            | <b>307</b>                            |

**iv. Reconciliation of opening and closing balances of defined benefit obligation**

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Defined benefit obligation as at the beginning of the year | 429                                   | 270                                   |
| Current service cost                                       | 69                                    | 62                                    |
| Past service cost  | 40                                    | -                                     |
| Interest cost  | 32                                    | 20                                    |
| Actuarial (gain) / loss on obligation                      | 58                                    | 104                                   |
| Liability transferred in/ (paid)                           | (62)                                  | (27)                                  |
| <b>Defined benefit obligation at the end of the year</b>   | <b>566</b>                            | <b>429</b>                            |

## Notes forming part of the consolidated financial statements

### v. Reconciliation of opening and closing balance of fair value of plan assets

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Fair values of plan assets at the beginning of the year | 122                                   | 121                                   |
| Return on plant assets, excluding interest income       | 8                                     | 0                                     |
| Recoverable from LIC                                    | -                                     | 21                                    |
| Fund charges  | (1)                                   | -                                     |
| Benefits paid   | (46)                                  | (20)                                  |
| <b>Fair value of plan assets at year end</b>            | <b>83</b>                             | <b>122</b>                            |

### vi. Reconciliation of opening and closing balance of net defined benefit obligation

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Net defined benefit obligation as at the beginning of the year | 307                                   | 149                                   |
| Current service cost   | 69                                    | 62                                    |
| Past service cost  | 40                                    | -                                     |
| Interest cost (net)  | 25                                    | 20                                    |
| Actuarial (gain) / loss on obligation                          | 58                                    | 104                                   |
| Liability transferred in/ (paid)                               | (17)                                  | (7)                                   |
| Fund charges   | 1                                     | -                                     |
| Recoverable from LIC   | -                                     | (21)                                  |
| <b>Net defined benefit obligation at the end of the year</b>   | <b>482</b>                            | <b>307</b>                            |

### vii. Actuarial assumptions

|  | As at<br>31 <sup>st</sup> March, 2019                      | As at<br>31 <sup>st</sup> March, 2018                      |
|--|--|--|
| Mortality Table                                    | 100% of Indian assured lives Mortality (2006-08)           | Indian assured lives Mortality (2006-08)                   |
| Discount rate (per annum)                          | 7.65%  | 7.72%  |
| Expected rate of return on plan assets (per annum) | -  | -  |
| Rate of escalation in salary (per annum)           | 6.00%  | 6.00%  |
| Attrition rate                                     | 38% up to age 30, 26% from age 31 to 44 and 19% thereafter | 25% up to age 30, 10% from age 31 to 44 and 10% thereafter |



## Notes forming part of the consolidated financial statements

### viii. Quantitative sensitivity analysis

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| <b>Impact of change in discount rate</b>          |                                       |                                       |
| Present value obligation at the end of the period | 565                                   | 429                                   |
| Impact due to increase of 0.50%                   | (11)                                  | (2)                                   |
| Impact due to decrease of 0.50%                   | 11                                    | 2                                     |
| <b>Impact of change in salary increase</b>        |                                       |                                       |
| Present value obligation at the end of the period | 565                                   | 429                                   |
| Impact due to increase of 0.50%                   | 11                                    | 1                                     |
| Impact due to decrease of 0.50%                   | (11)                                  | (1)                                   |

Sensitivities due to mortality & withdrawals are insignificant & hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

### ix. Maturity analysis of projected benefit obligation from the fund

|            | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|------------|---------------------------------------|---------------------------------------|
| Year ended |                                       |                                       |
| 31-Mar-19  | -                                     | 89                                    |
| 31-Mar-20  | 272                                   | 120                                   |
| 31-Mar-21  | 144                                   | 87                                    |
| 31-Mar-22  | 151                                   | 103                                   |
| 31-Mar-23  | 166                                   | 98                                    |
| 31-Mar-24  | 183                                   | -                                     |

The average duration of defined benefit obligation is 11.71 ( 2018 - 10.31)

### Notes

- Amounts recognized as an expense and included in the Note 34 "Employee benefits expense" are gratuity Rs. 108 lakhs (31<sup>st</sup> March, 2018 Rs. 62 lakhs) and leave encashment Rs. 77 lakhs (31<sup>st</sup> March, 2018 Rs. 50 lakhs). Net interest cost on defined benefit obligation (gratuity and leave encashment) recognised in Note 35 under "Finance costs" is Rs. 43 lakhs (31<sup>st</sup> March, 2018 Rs. 24 lakhs).
- The estimate of future salary increases considered in the actuarial valuation, takes into account the rate of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- Contribution to provident and other funds which is a defined plan is recognized as an expense in Note 34 of the financial statements.

## Notes forming part of the consolidated financial statements

### 47 Disclosure as required by Ind AS 24 - Related Party disclosures

#### a) Joint venture companies

| Name of the Entities                            | Extent of holding                  |                                    | Principal place of business |
|---|------------------------------------|------------------------------------|-----------------------------|
|   | As at 31 <sup>st</sup> March, 2019 | As at 31 <sup>st</sup> March, 2018 |                             |
| Welspun Aunta-Simaria Project Private Limited # | 74%                                | 74%                                | India                       |
| RGY Roads Private Limited                       | 49%                                | 49%                                | India                       |
| MBL (GSY) Road Limited ##                       | 49%                                | 49%                                | India                       |
| MBL (CGRG) Road Limited ##                      | 49%                                | 49%                                | India                       |
| Corbello Trading Private Limited                | 49%                                | 49%                                | India                       |
| Chikhali - Tarsod Highways Private Limited ###  | 49%                                | 49%                                | India                       |
| Welsteel Enterprises Private Limited *          | 49%                                | -                                  | India                       |

\* Became Joint venture w.e.f. 25<sup>th</sup> June, 2018

# In addition to aforesaid stake, 12.74% are held through Welsteel Enterprises Private Limited

## In addition to aforesaid stake, 24.94% are held through RGY Roads Private Limited

### In addition to aforesaid stake, 24.99% are held through Corbello Trading Private Limited

#### b) Associate

| Name of the Entity   | Extent of holding                  |                                    | Principal place of business |
|--|------------------------------------|------------------------------------|-----------------------------|
|  | As at 31 <sup>st</sup> March, 2019 | As at 31 <sup>st</sup> March, 2018 |                             |
| Adani Welspun Exploration Limited ('AWEL')<br>"(Held through Welspun Natural Resources Private Limited - Wholly owned subsidiary)" | 35%                                | 35%                                | India                       |

#### c) Directors / Key managerial Personnel (KMP)

| Name of the Related Parties | Nature of Relationship                     |
|-----------------------------|--|
| Mr. B. K. Goenka            | Executive Chairman and Whole Time Director |
| Mr. Sandeep Garg            | Managing Director                          |
| Mr. Rajesh R. Mandawewala   | Non Independent Director                   |
| Dr. Aruna Sharma ^          | Independent Director                       |
| Mr. Dhruv Subodh Kaji       | Independent Director                       |
| Mr. Mohan Tandon            | Independent Director                       |
| Mr. Ramgopal Sharma *       | Independent Director                       |
| Mr. Yogesh Agarwal **       | Independent Director                       |
| Ms. Mala Tadarwal           | Independent Director                       |
| Mr. Utsav Bajjal ***        | Independent Director                       |
| Mr. Mintoo Bhandari***      | Independent Director                       |
| Mr. Shriniwas Kargutkar     | Chief Financial Officer                    |
| Ms. Indu Daryani ****       | Company Secretary                          |
| Ms. Priya Pakhare ^^        | Company Secretary                          |

^ Appointed as director w.e.f. 29<sup>th</sup> January, 2019

^^ Appointed as Company Secretary w.e.f. 10<sup>th</sup> May, 2018

\* Ceased to be director w.e.f. 30<sup>th</sup> October, 2018

\*\* Ceased to be director w.e.f. 20<sup>th</sup> June, 2018

\*\*\* Ceased to be director w.e.f. 22<sup>nd</sup> November, 2017

\*\*\*\* Ceased to be Company Secretary w.e.f. 28<sup>th</sup> February, 2018

## Notes forming part of the consolidated financial statements

### d) Other related parties with whom transactions have taken place or balances outstanding at the year end

Welspun India Limited, Welspun Corp Limited, Welspun Steel Limited, Welspun Realty Private Limited, Welspun Global Brands Limited, Welspun Energy Private Limited #, Welspun Foundation for Health and Knowledge, Welspun Energy Thermal Private Limited (Formerly known as Solarsys Infra Projects Private Limited), Diameter Trading Private Limited; Anjar Road Private Limited; Welspun Multiventures LLP; Welshop Trading Private Limited\*

# Welspun Energy Private Limited ('WEPL') merged with Welspun Steel Limited ('WSL') w.e.f 21<sup>st</sup> August, 2017

\* Welshop Trading Private Limited merged with Welspun Steel Limited ('WSL') w.e.f. 19<sup>th</sup> August, 2017

### e) Transactions with related parties

| Nature of transactions   | (Rs. in Lakhs)                             |  |
|--|--|--|
|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Construction contract revenue (including unbilled work-in-progress)</b> | <b>149,354</b>                             | <b>30,419</b>                              |
| <b>Joint Venture Companies</b>   |  |  |
| Welspun Aunta-Simaria Project Private Limited                              | 16,374                                     | 349  |
| MBL (CGRG) Road Limited  | 51,093                                     | 10,194                                     |
| MBL (GSY) Road Limited   | 57,950                                     | 19,876                                     |
| Chikhali - Tarsod Highways Private Limited                                 | 23,950                                     | -  |
| <b>Other Related Parties</b>   |  |  |
| Welspun India Limited  | (13)                                       | -  |
| <b>Rent expenses</b>   | <b>225</b>                                 | <b>202</b>                                 |
| <b>Other Related Parties</b>   |  |  |
| Welspun Corp Limited   | 24   | 2  |
| Welspun Realty Private Limited   | 200  | 200  |
| Welspun Multiventures LLP  | 1  | -  |
| <b>Business promotion expenses</b>   | <b>38</b>                                  | <b>23</b>                                  |
| <b>Other Related Party</b>   |  |  |
| Welspun Global Brands Limited  | 38   | 23   |
| <b>Staff welfare expenses</b>  | <b>85</b>                                  | <b>-</b>                                   |
| <b>Other Related Parties</b>   |  |  |
| Welspun Global Brands Limited  | 75   | -  |
| Welspun Corp Limited   | 10   | -  |
| <b>Donation</b>  | <b>200</b>                                 | <b>138</b>                                 |
| <b>Other Related Party</b>   |  |  |
| Welspun Foundation for Health and Knowledge                                | 200  | 138  |
| <b>Interest income</b>   | <b>-</b>                                   | <b>62</b>                                  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | -  | 62   |
| <b>Advisory and consultancy income</b>                                     | <b>75</b>                                  | <b>-</b>                                   |
| <b>Joint Venture Companies</b>   |  |  |
| MBL (CGRG) Road Limited  | 53   | -  |
| MBL (GSY) Road Limited   | 22   | -  |
| <b>Income on Unwinding of discount on interest free deposits #</b>         | <b>34</b>                                  | <b>30</b>                                  |

## Notes forming part of the consolidated financial statements

| Nature of transactions   | (Rs. in Lakhs)                             |  |
|--|--|--|
|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Other Related Party</b>   |  |  |
| Welspun Realty Private Limited                                       | 34   | 30   |
| <b>Expenses on Unwinding of discount on interest free deposits #</b> | <b>30</b>                                  | <b>30</b>                                  |
| <b>Other Related Party</b>   |  |  |
| Welspun Realty Private Limited                                       | 30   | 30   |
| <b>Repair and Maintenance</b>  | <b>11</b>                                  | -  |
| <b>Other Related Party</b>   |  |  |
| Welspun India Limited  | 11   | -  |
| <b>Purchase of material</b>  | <b>506</b>                                 | -  |
| <b>Other Related Parties</b>   |  |  |
| Welspun Corp Limited   | 502  | -  |
| Welspun India Limited  | 4  | -  |
| <b>Sale of materials</b>   | -  | <b>29</b>                                  |
| <b>Other Related Party</b>   |  |  |
| Welspun India Limited  | -  | 29   |
| <b>Loans/ advances received</b>                                      | -  | <b>4,783</b>                               |
| <b>Joint Venture Company</b>   |  |  |
| Welspun Aunta-Simaria Project Private Limited                        | -  | 4,766                                      |
| <b>Other Related Party</b>   |  |  |
| Welspun India Limited  | -  | 17   |
| <b>Loans/ advances received repaid / adjusted</b>                    | -  | <b>16</b>                                  |
| <b>Other Related Party</b>   |  |  |
| Welspun India Limited  | -  | 16   |
| <b>Retention money released / adjusted</b>                           | -  | <b>36</b>                                  |
| <b>Other Related Party</b>   |  |  |
| Welspun India Limited  | -  | 36   |
| <b>Loans/ deposits/ advances given</b>                               | <b>11,634</b>                              | <b>8,943</b>                               |
| <b>Associate</b>   |  |  |
| Adani Welspun Exploration Limited                                    | 30   | 44   |
| <b>Joint Venture Companies</b>                                       |  |  |
| RGY Roads Private Limited  | 9,026                                      | 0  |
| MBL (GSY) Road Limited   | 785  | 6,016                                      |
| MBL (CGRG) Road Limited  | 469  | 2,797                                      |
| Welsteel Enterprises Private Limited                                 | 0  | -  |
| Welspun Aunta-Simaria Project Private Limited                        | 820  | 21   |
| Corbello Trading Private Limited                                     | 1  | 2  |
| Chikhali - Tarsod Highways Private Limited                           | 488  | 62   |
| <b>Other Related Parties</b>   |  |  |
| Welspun India Limited  | 5  | -  |
| Anjar Road Private Limited   | 10   | -  |
| <b>Repayment of loans/ advances given</b>                            | <b>12,739</b>                              | <b>53</b>                                  |
| <b>Associate</b>   |  |  |
| Adani Welspun Exploration Limited                                    | 30   | 45   |

## Notes forming part of the consolidated financial statements

| (Rs. in Lakhs)   |  |  |
|--|--|--|
| Nature of transactions   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Joint Venture Companies</b>   |  |  |
| RGY Roads Private Limited  | 2,651                                      | -  |
| MBL (GSY) Road Limited   | 6,577                                      | -  |
| MBL (CGRG) Road Limited  | 3,176                                      | -  |
| Welspun Aunta-Simaria Project Private Limited  | 100  | -  |
| Corbello Trading Private Limited   | 0  | -  |
| Chikhali - Tarsod Highways Private Limited   | 200  | -  |
| <b>Other Related Parties</b>   |  |  |
| Welspun India Limited  | 5  | -  |
| Welspun Foundation for Health and Knowledge  | -  | 8  |
| <b>Security deposit given</b>  |  |  |
| <b>Other Related Parties</b>   |  |  |
| Welspun Multiventures LLP  | 5  | -  |
| Welspun Corp Limited   | 7  | -  |
| <b>Security deposit given refunded</b>   |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Realty Private Limited   | 23   | 21   |
| <b>Mobilisation advance received</b>   |  |  |
| <b>Joint Venture Company</b>   |  |  |
| Chikhali - Tarsod Highways Private Limited   | 9,300                                      | -  |
| <b>Application money for optionally convertible debentures refunded</b>                  |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | -  | 92   |
| <b>Redemption of Investment in optionally convertible debentures</b>                     |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | 182  | 358  |
| <b>Additional sale consideration for equity shares of Welspun Energy Private Limited</b> |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | 141  | 1,394                                      |
| <b>Inter-corporate deposit given</b>   |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | -  | 5,000                                      |
| <b>Inter-corporate deposit given repaid</b>  |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | -  | 5,515                                      |
| <b>Conversion of loan/ advance to equity shares</b>                                      |  |  |
| <b>Joint Venture Company</b>   |  |  |
| Chikhali - Tarsod Highways Private Limited   | 49   | -  |
| <b>Conversion of loan/ advance to Compulsorily Convertible Debentures</b>                |  |  |
| <b>Other Related Party</b>   |  |  |
| Welspun Steel Limited  | 6,674                                      | -  |

## Notes forming part of the consolidated financial statements

| Nature of transactions  | (Rs. in Lakhs)                             |  |
|---|--|--|
|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Joint Venture Companies</b>  |  |  |
| RGY Roads Private Limited   | 6,373                                      | -  |
| Chikhali - Tarsod Highways Private Limited                              | 301  | -  |
| <b>Conversion of loan/ advance to Optionally Convertible Debentures</b> | <b>718</b>                                 | <b>-</b>                                   |
| <b>Joint Venture Company</b>  |  |  |
| Welspun Aunta-Simaria Project Private Limited                           | 718  | -  |
| <b>Investment in equity shares</b>                                      | <b>5</b>                                   | <b>3,090</b>                               |
| <b>Joint Venture Companies</b>  |  |  |
| Welsteel Enterprises Private Limited                                    | 5  | -  |
| RGY Roads Private Limited   | -  | 2,300                                      |
| MBL (GSY) Road Limited  | -  | 2  |
| MBL (CGRG) Road Limited   | -  | 2  |
| Welspun Aunta-Simaria Project Private Limited                           | -  | 1  |
| Corbello Trading Private Limited  | -  | 785  |
| Chikhali - Tarsod Highways Private Limited                              | -  | 0  |
| <b>Purchase of equity shares of Welspun Financial Services Limited</b>  | <b>-</b>                                   | <b>135</b>                                 |
| <b>Other Related Party</b>  |  |  |
| Diameter Trading Private Limited  | -  | 135  |
| <b>Sale of equity shares of Welspun Financial Services Limited</b>      | <b>-</b>                                   | <b>135</b>                                 |
| <b>Other Related Party</b>  |  |  |
| Diameter Trading Private Limited  | -  | 135  |
| <b>Investment in compulsorily convertible debentures</b>                | <b>5,065</b>                               | <b>10,743</b>                              |
| <b>Joint Venture Companies</b>  |  |  |
| MBL (GSY) Road Limited  | -  | 3,550                                      |
| MBL (CGRG) Road Limited   | -  | 2,824                                      |
| Welspun Aunta-Simaria Project Private Limited                           | -  | 3,482                                      |
| Corbello Trading Private Limited  | 3,144                                      | -  |
| Chikhali - Tarsod Highways Private Limited                              | 1,921                                      | 874  |
| <b>Other Related Party</b>  |  |  |
| Welspun Energy Thermal Private Limited                                  | -  | 13   |
| <b>Investment in optionally convertible debentures</b>                  | <b>1,375</b>                               | <b>15,164</b>                              |
| <b>Joint Venture Companies</b>  |  |  |
| Welsteel Enterprises Private Limited                                    | 1,375                                      | -  |
| MBL (GSY) Road Limited  | -  | 7,104                                      |
| MBL (CGRG) Road Limited   | -  | 5,652                                      |
| Welspun Aunta-Simaria Project Private Limited                           | -  | 1,868                                      |
| <b>Other Related Party</b>  |  |  |
| Welspun Steel Limited   | -  | 540  |
| <b>Bank guarantee given</b>   | <b>27,678</b>                              | <b>-</b>                                   |
| <b>Joint Venture Companies</b>  |  |  |
| MBL (GSY) Road Limited  | 4,144                                      | -  |
| MBL (CGRG) Road Limited   | 3,297                                      | -  |
| Welspun Aunta-Simaria Project Private Limited                           | 8,708                                      | -  |
| Chikhali - Tarsod Highways Private Limited                              | 11,529                                     | -  |

## Notes forming part of the consolidated financial statements

| (Rs. in Lakhs)  |  |  |
|---|--|--|
| Nature of transactions  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
| <b>Corporate guarantee given/ (discharged) for financial assistance</b> | -  | 176,520                                    |
| <b>Associate</b>  |  |  |
| Adani Welspun Exploration Limited                                       | -  | (2,360)                                    |
| <b>Joint Venture Companies</b>  |  |  |
| MBL (GSY) Road Limited  | -  | 66,940                                     |
| MBL (CGRG) Road Limited   | -  | 53,380                                     |
| Chikhali - Tarsod Highways Private Limited                              | -  | 58,560                                     |
| <b>Guarantee given/ (discharged) for performance security</b>           | <b>(5,241)</b>                             | <b>28,282</b>                              |
| <b>Associate</b>  |  |  |
| Adani Welspun Exploration Limited                                       | -  | 1,365                                      |
| <b>Joint Venture Companies</b>  |  |  |
| Welspun Aunta-Simaria Project Private Limited                           | -  | 5,805                                      |
| MBL (GSY) Road Limited  | -  | 5,920                                      |
| MBL (CGRG) Road Limited   | -  | 4,710                                      |
| Chikhali - Tarsod Highways Private Limited                              | (5,241)                                    | 10,482                                     |
| <b>Directors Sitting Fees paid/ provided</b>                            | <b>18</b>                                  | <b>25</b>                                  |
| Mr. Mohan Tandon  | 6  | 6  |
| Mr. Ram Gopal Sharma  | 1  | 6  |
| Ms. Mala Todarwal   | 5  | 5  |
| Mr. Yogesh Agarwal  | 0  | 3  |
| Mr. Dhruv Kaji  | 5  | 5  |
| Dr. Aruna Sharma  | 1  | -  |
| Mr Utsav Baijal   | -  | 1  |
| <b>Remuneration paid/ provided to KMP ^</b>                             | <b>2,266</b>                               | <b>1,508</b>                               |
| Short term benefits **  | 2,266                                      | 1,508                                      |

^ excludes retirement benefits (employer PF contribution, gratuity, leave encashment etc)

\*\* excludes Rs. 120 lakhs (31<sup>st</sup> March, 2018 Rs. 120 lakhs) paid from AWEL to Mr Sandeep Garg

# Represents transactions related to Ind AS adjustments

| (Rs. in Lakhs)                                |                                       |                                       |
|---|---------------------------------------|---------------------------------------|
| * Closing balances as at                      | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
| <b>Loans, advances and deposits given</b>     | <b>600</b>                            | <b>9,122</b>                          |
| <b>Associate</b>                              |                                       |                                       |
| Adani Welspun Exploration Limited             | 0                                     | 0                                     |
| <b>Joint Venture Companies</b>                |                                       |                                       |
| RGY Roads Private Limited                     | 3                                     | 0                                     |
| MBL (GSY) Road Limited                        | 224                                   | 6,016                                 |
| MBL (CGRG) Road Limited                       | 90                                    | 2,797                                 |
| Welsteel Enterprises Private Limited          | 0                                     | -                                     |
| Welspun Aunta-Simaria Project Private Limited | 23                                    | 21                                    |

## Notes forming part of the consolidated financial statements

|  | (Rs. in Lakhs)                        |                                       |
|--|---------------------------------------|---------------------------------------|
| * Closing balances as at                                       | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
| Corbello Trading Private Limited                               | 3                                     | 2                                     |
| Chikhali - Tarsod Highways Private Limited                     | -                                     | 62                                    |
| <b>Other related parties</b>                                   |                                       |                                       |
| Welspun Realty Private Limited                                 | 235                                   | 224                                   |
| Anjar Road Private Limited                                     | 10                                    | -                                     |
| Welspun Multiventures LLP                                      | 5                                     | -                                     |
| Welspun Corp Limited   | 7                                     | -                                     |
| <b>Trade and other receivables (including Contract Assets)</b> | <b>59,068</b>                         | <b>9,352</b>                          |
| <b>Joint Venture Companies</b>                                 |                                       |                                       |
| Welspun Aunta-Simaria Project Private Limited                  | 938                                   | -                                     |
| Chikhali - Tarsod Highways Private Limited                     | 24,658                                | -                                     |
| MBL (GSY) Road Limited   | 17,252                                | 6,136                                 |
| MBL (CGRG) Road Limited  | 16,220                                | 3,186                                 |
| <b>Other related parties</b>                                   |                                       |                                       |
| Welspun Global Brands Limited                                  | 0                                     | -                                     |
| Welspun India Limited  | -                                     | 30                                    |
| <b>Payable at the end of the year</b>                          |                                       |                                       |
| <b>Trade advances and deposits received and other payables</b> | <b>5</b>                              | <b>12</b>                             |
| <b>Other related parties</b>                                   |                                       |                                       |
| Welspun Corp Limited   | 5                                     | -                                     |
| Welspun Global Brands Limited                                  | -                                     | 12                                    |
| <b>Contract Liability</b>                                      | <b>-</b>                              | <b>4,417</b>                          |
| <b>Joint Venture Company</b>                                   |                                       |                                       |
| Welspun Aunta-Simaria Project Private Limited                  | -                                     | 4,417                                 |
| <b>Investment in equity shares</b>                             | <b>3,144</b>                          | <b>3,090</b>                          |
| <b>Joint Venture Companies</b>                                 |                                       |                                       |
| RGY Roads Private Limited                                      | 2,300                                 | 2,300                                 |
| MBL (GSY) Road Limited   | 2                                     | 2                                     |
| MBL (CGRG) Road Limited  | 2                                     | 2                                     |
| Welspun Aunta-Simaria Project Private Limited                  | 1                                     | 1                                     |
| Corbello Trading Private Limited                               | 785                                   | 785                                   |
| Chikhali - Tarsod Highways Private Limited                     | 49                                    | 0                                     |
| Welsteel Enterprises Private Limited                           | 5                                     | -                                     |
| <b>Other related party</b>                                     |                                       |                                       |
| Welspun Energy Thermal Private Limited                         | 0                                     | 0                                     |
| <b>Investment in compulsorily convertible debentures</b>       | <b>24,494</b>                         | <b>12,756</b>                         |
| <b>Joint Venture Companies</b>                                 |                                       |                                       |
| RGY Road Private Limited                                       | 6,373                                 | -                                     |
| MBL (GSY) Road Limited   | 3,550                                 | 3,550                                 |
| MBL (CGRG) Road Limited  | 2,824                                 | 2,824                                 |
| Welspun Aunta-Simaria Project Private Limited                  | 3,482                                 | 3,482                                 |
| Corbello Trading Private Limited                               | 3,144                                 | -                                     |
| Chikhali - Tarsod Highways Private Limited                     | 3,095                                 | 874                                   |



## Notes forming part of the consolidated financial statements

| (Rs. in Lakhs)  |                                       |                                       |
|---|---------------------------------------|---------------------------------------|
| * Closing balances as at  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
| <b>Other related party</b>                                      |                                       |                                       |
| Welspun Energy Thermal Private Limited                          | 2,026                                 | 2,026                                 |
| <b>Investment in optionally convertible debentures</b>          | <b>16,716</b>                         | <b>14,806</b>                         |
| <b>Joint Venture Companies</b>                                  |                                       |                                       |
| MBL (GSY) Road Limited  | 7,104                                 | 7,104                                 |
| MBL (CGRG) Road Limited   | 5,652                                 | 5,652                                 |
| Welspun Aunta-Simaria Project Private Limited                   | 2,585                                 | 1,868                                 |
| Welsteel Enterprises Private Limited                            | 1,375                                 | -                                     |
| <b>Other related party</b>                                      |                                       |                                       |
| Welspun Steel Limited   | -                                     | 182                                   |
| <b>Bank guarantee outstanding</b>                               | <b>27,678</b>                         | <b>-</b>                              |
| <b>Joint Venture Companies</b>                                  |                                       |                                       |
| MBL (GSY) Road Limited  | 4,144                                 | -                                     |
| MBL (CGRG) Road Limited   | 3,297                                 | -                                     |
| Welspun Aunta-Simaria Project Private Limited                   | 8,708                                 | -                                     |
| Chikhali - Tarsod Highways Private Limited                      | 11,529                                | -                                     |
| <b>Corporate guarantee outstanding for financial assistance</b> | <b>178,880</b>                        | <b>178,880</b>                        |
| <b>Joint Venture Companies</b>                                  |                                       |                                       |
| MBL (GSY) Road Limited  | 66,940                                | 66,940                                |
| MBL (CGRG) Road Limited   | 53,380                                | 53,380                                |
| Chikhali - Tarsod Highways Private Limited                      | 58,560                                | 58,560                                |
| <b>Guarantee outstanding for performance security</b>           | <b>23,619</b>                         | <b>28,860</b>                         |
| <b>Associate</b>  |                                       |                                       |
| Adani Welspun Exploration Limited                               | 1,943                                 | 1,943                                 |
| <b>Joint Venture Companies</b>                                  |                                       |                                       |
| Welspun Aunta-Simaria Project Private Limited                   | 5,805                                 | 5,805                                 |
| MBL (GSY) Road Limited  | 5,920                                 | 5,920                                 |
| MBL (CGRG) Road Limited   | 4,710                                 | 4,710                                 |
| Chikhali - Tarsod Highways Private Limited                      | 5,241                                 | 10,482                                |

\* Closing balances are considered after considering the Ind AS Adjustments to make comparable with financial statements for reporting purpose.

**Notes :**

- i) An undertaking (financial guarantee as per Ind AS) is given to lenders for Rs. 70,605 lakhs for financial assistance given to Welspun Aunta-Simaria Project Private Limited.
- ii) All transactions with related parties are made on arm's length basis in the ordinary course of business.

## Notes forming part of the consolidated financial statements

### 48 Concession arrangements - main features

|    |   |   |
|----|---|---|
| a) | (i) Name of the concession              | Delhi Meerut Express Way Package-1 (NHAI)   |
|    | (ii) Description of arrangements        | Development of Delhi Meerut Expressways from Km 0.00 to Km 27.50 including 6/8 laning of NH-24 from Km 0.00 to Km 49.346 (Haspur bypass) in state of Delhi and Uttar Pradesh, Package - I from Km 0.00 to existing Km 8.36 in state of Delhi on Hybrid Annuity Model ('HAM')                              |
|    | (iii) Significant terms of arrangements | Period of Concession: 15 Years Construction Period: 910 days from Appointed Date 28.11.2016   |
|    |   | a) Remuneration: Annuity, Interest and O&M  |
|    |   | b) Investment grant from concession grantor: Yes  |
|    |   | c) Infrastructure return to grantor at end of concession: Yes   |
|    | (iv) Construction completion date       | 28 <sup>th</sup> June, 2018   |
|    | (v) Asset                               | Financial asset   |
| b) | (i) Name of the concession              | BOT Project at Raisen & Rahatgarh With Madhya Pradesh Road Development Corporation Limited  |
|    | (ii) Description of arrangements        | Toll Collection for 101.1 km length & 7 meter width + 4 meter unpaved shoulder Road   |
|    | (iii) Significant terms of arrangements | Period of Concession: 13 Years  |
|    |   | a) Remuneration: Toll Collection  |
|    |   | b) Investment grant from concession grantor: Yes  |
|    |   | c) Infrastructure return to grantor at end of concession: Yes   |
|    | (iv) Asset                              | Intangible  |
| c) | (i) Name of the concession              | BOT Project at Himmatnagar With Gujarat State Road Development Corporation Limited  |
|    | (ii) Description of arrangements        | Toll Collection for 8.7 km length & 7 meter width + 2 meter paved shoulder Road   |
|    | (iii) Significant terms of arrangements | Period of Concession: 14 Years  |
|    |   | a) Remuneration: Toll Collection  |
|    |   | b) Investment grant from concession grantor: Yes  |
|    |   | c) Infrastructure return to grantor at end of concession: Yes   |
|    | (iv) Asset                              | Intangible  |
| d) | (i) Name of the concession              | Restructured Dewas Water Supply Scheme  |
|    | (ii) Description of arrangements        | Project envisaging planning, design, engineering, financing, procurement, construction, restructuring, establishment of systems, operation and maintenance of water supply scheme of Dewas Industrial Area in Madhya Pradesh under Public Private Partnership (PPP) mode under Swiss Challenge Guidelines |
|    | (iii) Significant terms of arrangements | Period of Concession: up to 15-06-2037.<br>Construction Period: 365 days from Appointed Date  |
|    |   | a) Remuneration: Water Supply Fees  |
|    |   | b) Investment grant from concession grantor: Yes  |
|    |   | c) Infrastructure return to grantor at end of concession: Yes   |
|    |   | d) Investment and renewal obligations: No   |
|    |   | e) Re-pricing dates: Every year of O&M  |
|    |   | f) Basis upon which re-pricing or re-negotiation is determined: Tariff escalation formula as defined in concession agreement  |
|    | (iv) Asset                              | Intangible  |

## Notes forming part of the consolidated financial statements

|    |   |  |
|----|---|--|
| e) | (i) Name of the concession              | Aunta - Simaria Highway Project  |
|    | (ii) Description of arrangements        | Four/Six laning of Aunta - Simaria (Ganga Bridge with approach road) section of NH 31 from KM 197.900 to 206.050 (Design Chainage) and (Existing Chainage Km 204.741 to Km 209.945 of NH-31) [Total Design Length - 8.150 km] in the State of Bihar on HAM basis   |
|    | (iii) Significant terms of arrangements | Period of Concession: 15 Years<br>Construction Period: 1277 days from Appointed Date<br>Investment grant from concession grantor: Yes<br>Infrastructure return to grantor at end of concession : Yes<br>Investment and renewal obligations: No<br>Re-pricing dates: Half Yearly for O&M<br>Basis upon which re-pricing or re-negotiation is determined: Inflation price index as defined in concession agreement.  |
|    | (iv) Asset                              | Financial asset  |
| f) | (i) Name of the concession              | Chikhali - Tarsod Highway  |
|    | (ii) Description of arrangements        | Four laning of Chikhali - Tarsod (Package- IIA) section of NH-6 from km. 360.000 to km. 422.700 in the State of Maharashtra to be executed on Hybrid Annuity pattern under NHDP Phase IV   |
|    | (iii) Significant terms of arrangements | Period of Concession: 15 Years<br>Construction Period: 910 days from Appointed Date<br>Remuneration: Annuity, Interest and O&M<br>Investment grant from concession grantor: Yes<br>Infrastructure return to grantor at end of concession : Yes<br>Investment and renewal obligations: No<br>Re-pricing dates: Half Yearly for O&M<br>Basis upon which re-pricing or re-negotiation is determined: Inflation price index as defined in concession agreement |
|    | (iv) Asset                              | Financial asset  |
| g) | (i) Name of the concession              | Gagalheri-Saharanpur-Yamunanagar Highway   |
|    | (ii) Description of arrangements        | Four Laning of Gagalheri-Saharanpur-Yamunanagar (UP/ Haryana Border) section of NH-73 from km33.000 (design chainage km 35.400) to km 71.640 (design chainage km 86.855) in the State of Uttar Pradesh under NHDP-IV on HAM basis  |
|    | (iii) Significant terms of arrangements | Period of Concession: 15 Years<br>Construction Period: 730 days from Appointed Date<br>Remuneration: Annuity, Interest and O&M<br>Investment grant from concession grantor: Yes<br>Infrastructure return to grantor at end of concession : Yes<br>Investment and renewal obligations: No<br>Re-pricing dates: Half Yearly for O&M<br>Basis upon which re-pricing or re-negotiation is determined: Inflation price index as defined in concession agreement |
|    | (iv) Asset                              | Financial asset  |

## Notes forming part of the consolidated financial statements

|    |  |   |
|----|--|---|
| h) | (i) Name of the concession               | Chutmalpur-Ganeshpur and Roorkee-Gagalherisection Highway   |
|    | (ii) Description of arrangements         | 4-Laning of Chutmalpur-Ganeshpur section of NH-72A from km 0.000 (km 22.825 of NH-73) to km 16.000 (Design Chainage km 17.900) & Roorkee-Chutmalpur-Gagalherisection of NH-73 from km 0.000 (km 167.800 of NH- 58) to km 33.000 (Design Chainage 35.400) in the State of Uttarakhand and Uttar Pradesh under NHDP-IV on HAM basis   |
|    | (iii) Significant terms of arrangements: | Period of Concession: 15 Years.<br>Construction Period: 730 days from Appointed Date<br>Remuneration: Annuity, Interest and O&M<br>Investment grant from concession grantor: Yes<br>Infrastructure return to grantor at end of concession : Yes<br>Investment and renewal obligations: No<br>Re-pricing dates: Half Yearly for O&M<br>Basis upon which re-pricing or re-negotiation is determined: Inflation price index as defined in concession agreement |
|    | (iv) Asset                               | Financial asset   |
| i) | (i) Name of the concession               | Akola Amravati Road Project   |
|    | (ii) Description of arrangements         | Upgradation of Roads in Maharashtra State or Two Laning Road/ Two Laning Road with paved shoulder under MRIP Package No. AM 2 on Hybrid Annuity Mode (HAM) under Public Works Department, Special Project Division, Amravati on design, build, operate and transfer (“DBOT Annuity or Hybrid Annuity”) basis  |
|    | (iii) Significant terms of arrangements: | Period of Concession: 10 Years.<br>Construction Period: 730 days from Appointed Date<br>Remuneration: Annuity, Interest and O&M<br>Investment grant from concession grantor: Yes<br>Infrastructure return to grantor at end of concession : Yes<br>Investment and renewal obligations: No<br>Re-pricing dates: Half Yearly for O&M<br>Basis upon which re-pricing or re-negotiation is determined: Inflation price index as defined in concession agreement |
|    | (iv) Asset                               | Financial asset   |
| j) | (i) Name of the concession               | Sathanathapuram Nagapattinam Road Project   |
|    | (ii) Description of arrangements         | Four laning of Sattanathapuram to Nagapattinam (Design Ch Km 123+800 to Km 179+555) section of NH-45A (New NH -332) in the State of Tamil Nadu under NHDP Phase-IV on Hybrid Annuity Mode   |
|    | (iii) Significant terms of arrangements: | Period of Concession: 15 Years.<br>Construction Period: 730 days from Appointed Date<br>Remuneration: Annuity, Interest and O&M<br>Investment grant from concession grantor: Yes<br>Infrastructure return to grantor at end of concession : Yes<br>Investment and renewal obligations: No<br>Re-pricing dates: Half Yearly for O&M<br>Basis upon which re-pricing or re-negotiation is determined: Inflation price index as defined in concession agreement |
|    | (iv) Asset                               | Financial asset   |

## Notes forming part of the consolidated financial statements

### 49 Interest in an associate and joint venture companies

- a) List of investments in associate and joint venture companies accounted for using “Equity method” are as under:

| Name of the Associate/ Joint venture companies  | Extent of holding            |                              | Country of Incorporation |
|---|------------------------------|------------------------------|--------------------------|
|   | 31 <sup>st</sup> March, 2019 | 31 <sup>st</sup> March, 2018 |                          |
| (Rs. in Lakhs)  |                              |                              |                          |
| <b>Associate</b>  |                              |                              |                          |
| Adani Welspun Exploration Limited ('AWEL')<br>(Held through Welspun Natural Resources Private Limited -Wholly owned subsidiary) | 35%                          | 35%                          | India                    |
| <b>Joint venture companies</b>  |                              |                              |                          |
| Welspun Aunta-Simaria Project Private Limited #   | 74%                          | 74%                          | India                    |
| RGY Roads Private Limited   | 49%                          | 49%                          | India                    |
| MBL (GSY) Road Limited ##   | 49%                          | 49%                          | India                    |
| MBL (CGRG) Road Limited ##  | 49%                          | 49%                          | India                    |
| Corbello Trading Private Limited  | 49%                          | 49%                          | India                    |
| Chikhali - Tarsod Highways Private Limited ###  | 49%                          | 49%                          | India                    |
| Welsteel Enterprises Private Limited *  | 49%                          | -                            | India                    |

\* Became Joint venture w.e.f 25<sup>th</sup> June, 2018

# In addition to aforesaid stake, 12.74% are held through Welsteel Enterprises Private Limited

## In addition to aforesaid stake, 24.94% are held through RGY Roads Private Limited

### In addition to aforesaid stake, 24.99% are held through Corbello Trading Private Limited

#### b) Interest in an associate

The group has a 35% interest in Adani Welspun Exploration Limited ('AWEL') which is in the business of exploration and production of oil and natural gas in India and overseas. The group's interest in AWEL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

##### i) Summarised balance sheet is as under

|                                       | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---------------------------------------|---------------------------------------|---------------------------------------|
| (Rs. in Lakhs)                        |                                       |                                       |
| Non-current assets                    | 108,939                               | 94,168                                |
| Current assets                        | 192                                   | 757                                   |
| <b>Total assets (A)</b>               | <b>109,131</b>                        | <b>94,925</b>                         |
| Non-current liabilities               | 17                                    | 15                                    |
| Current liabilities                   | 10,496                                | 8,835                                 |
| <b>Total liabilities (B)</b>          | <b>10,513</b>                         | <b>8,850</b>                          |
| <b>Net assets (A-B)</b>               | <b>98,618</b>                         | <b>86,075</b>                         |
| Proportion of the Company's ownership | 35%                                   | 35%                                   |
| <b>Proportionate net asset value</b>  | <b>34,517</b>                         | <b>30,126</b>                         |

##### ii) Reconciliation to carrying amounts

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| (Rs. in Lakhs)  |                                       |                                       |
| Opening net assets  | 86,076                                | 1,731                                 |
| Instrument entirely equity in nature  | 13,090                                | 85,562                                |
| Total comprehensive income for the year   | (545)                                 | (1,217)                               |
| <b>Closing net assets</b>   | <b>98,621</b>                         | <b>86,076</b>                         |
| Proportion of the Company's ownership   | 35%                                   | 35%                                   |
| <b>Proportionate net asset value</b>  | <b>34,517</b>                         | <b>30,126</b>                         |
| Fair value adjustments  | (23,345)                              | (20,334)                              |
| <b>Carrying amount of the investment</b><br>(Net of Provision for investment Rs. 7,164 lakhs<br>(31 <sup>st</sup> March, 2018 Rs. 7,164 lakhs)) | <b>11,172</b>                         | <b>9,793</b>                          |

## Notes forming part of the consolidated financial statements

### iii) Summarised statement of profit and loss

(Rs. in Lakhs)

|   | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| Revenue   | -  | -  |
| Other income  | 83   | 1  |
| <b>Total income</b>   | <b>83</b>                                  | <b>1</b>                                   |
| Employee benefits expense                                       | 166  | 207  |
| Finance costs   | 317  | 31   |
| Depreciation and amortisation expense                           | 4  | 8  |
| Unsuccessful exploration costs                                  | -  | 857  |
| Other expenses  | 143  | 115  |
| <b>Total expenses</b>   | <b>630</b>                                 | <b>1,218</b>                               |
| <b>Profit/(loss) before tax</b>                                 | <b>(547)</b>                               | <b>(1,217)</b>                             |
| Tax expense   | -  | -  |
| <b>Profit/(loss) for the year</b>                               | <b>(547)</b>                               | <b>(1,217)</b>                             |
| Other comprehensive income                                      | 2  | (0)  |
| <b>Total comprehensive income for the year</b>                  | <b>(545)</b>                               | <b>(1,217)</b>                             |
| Proportion of the Company's ownership                           | 35%  | 35%  |
| <b>Group's share of loss for the year (before adjustment)</b>   | <b>(191)</b>                               | <b>(426)</b>                               |
| Consolidation adjustment  | -  | 300  |
| <b>Group's share of loss for the year (after adjustment)</b>    | <b>(191)</b>                               | <b>(126)</b>                               |
| <b>Group's share of other comprehensive income for the year</b> | <b>1</b>                                   | <b>(0)</b>                                 |

### iv) There are no contingent liabilities in respect of the associate.

### v) Significant judgement - Existence of significant influence

Pursuant to the shareholder agreement, two directors would be nominated by Welspun Natural Resources Pvt Limited ('WNRPL') on the board of AWEL. Further, it participates in all significant financial and operating decisions. Based on 35% holding in share capital read with contractual terms between shareholders, the group has determined that entity should be classified as an associate.

## Notes Forming Part of the Consolidated Financial Statements

### c) Investment in joint venture companies

#### i) Summarised balance sheet as at 31<sup>st</sup> March, 2019

|  | Welsteel Enterprises Private Limited ('WEPL') | Welspun Aunta-Simaria Project Private Limited ('WASPPL') | Corbello Trading Private Limited ('CTPL') | Chikhali - Tarsod Highways Private Limited ('CTHPL') | RGY Roads Private Limited ('RGY') | MBL (GSY) Road Limited ('GSY') | MBL (CGRG) Road Limited ('CGRG') | Total          |
|--|---|--|---|--|-----------------------------------|--------------------------------|----------------------------------|----------------|
| Non-current assets                       | 1,375   | 17,033   | 3,144                                     | 24,028   | 6,376                             | 63,918                         | 50,580                           | 166,454        |
| Current assets                           | 10  | 2,993  | 2   | 12,540   | 2                                 | 3,412                          | 3,001                            | 21,959         |
| Non-current liabilities                  | -   | 31   | -   | -  | -                                 | 29,623                         | 26,370                           | 56,024         |
| Current liabilities                      | 1,375   | 15,252   | 4   | 30,428   | 3                                 | 31,625                         | 22,188                           | 100,876        |
| Compulsorily convertible debentures      | -   | 4,857  | 3,144                                     | 6,189  | 6,373                             | 7,099                          | 5,647                            | 33,309         |
| <b>NET ASSETS</b>                        | <b>10</b>                                     | <b>(115)</b>   | <b>(1)</b>                                | <b>(49)</b>  | <b>1</b>                          | <b>(1,017)</b>                 | <b>(624)</b>                     | <b>(1,794)</b> |
| Proportion of the Group ownership        | 49.00%  | 86.74%   | 49.00%                                    | 73.99%   | 49.00%                            | 73.94%                         | 73.94%                           |                |
| Carrying amount of the equity investment | 5   | (100)  | (0)                                       | (36)   | 1                                 | (752)                          | (461)                            | (1,344)        |
| Compulsorily convertible debentures      | -   | 3,482  | 3,144                                     | 3,095  | 6,373                             | 3,550                          | 2,824                            | 22,467         |
| Optionally convertible debentures        | 1,375   | 2,585  | -   | -  | -                                 | 7,104                          | 5,652                            | 16,716         |
| Fair value adjustment on acquisition     | -   | (14)   | 785                                       | -  | 2,300                             | -                              | -                                | 3,071          |
| Gain on bargain purchase                 | -   | -  | -   | 400  | -                                 | 651                            | 517                              | 1,568          |
| <b>Carrying amount of the investment</b> | <b>1,380</b>                                  | <b>5,954</b>   | <b>3,928</b>                              | <b>3,459</b>   | <b>8,674</b>                      | <b>10,553</b>                  | <b>8,531</b>                     | <b>42,478</b>  |

#### Summarised balance sheet as at 31<sup>st</sup> March, 2018

|  | Welsteel Enterprises Private Limited ('WEPL') | Welspun Aunta-Simaria Project Private Limited ('WASPPL') | Corbello Trading Private Limited ('CTPL') | Chikhali - Tarsod Highways Private Limited ('CTHPL') | RGY Roads Private Limited ('RGY') | MBL (GSY) Road Limited ('GSY') | MBL (CGRG) Road Limited ('CGRG') | Total         |
|--|---|--|---|--|-----------------------------------|--------------------------------|----------------------------------|---------------|
| Non-current assets                       | -   | -  | 1   | -  | 3                                 | 19,950                         | 10,746                           | 30,700        |
| Current assets                           | -   | 5,457  | 2   | 786  | 0                                 | 3,136                          | 3,930                            | 13,311        |
| Non-current liabilities                  | -   | -  | -   | -  | -                                 | 7                              | 8                                | 15            |
| Current liabilities                      | -   | 1,985  | 3   | 62   | 1                                 | 19,559                         | 11,857                           | 33,467        |
| Compulsorily convertible debentures      | -   | 3,483  | -   | 874  | -                                 | 3,550                          | 2,824                            | 10,730        |
| <b>NET ASSETS</b>                        | <b>-</b>                                      | <b>(11)</b>  | <b>0</b>                                  | <b>(150)</b>   | <b>2</b>                          | <b>(30)</b>                    | <b>(13)</b>                      | <b>(201)</b>  |
| Proportion of the Group ownership        | -   | 74.00%   | 49.00%                                    | 73.99%   | 49.00%                            | 73.94%                         | 73.94%                           |               |
| Carrying amount of the equity investment | -   | (9)  | -   | (112)  | 1                                 | (23)                           | (10)                             | (153)         |
| Compulsorily convertible debentures      | -   | 3,482  | -   | 874  | -                                 | 3,550                          | 2,823                            | 10,729        |
| Optionally convertible debentures        | -   | 1,868  | -   | -  | -                                 | 7,104                          | 5,652                            | 14,624        |
| Fair value adjustment on acquisition     | -   | -  | 785                                       | -  | 2,300                             | -                              | -                                | 3,085         |
| Gain on bargain purchase                 | -   | -  | -   | 400  | -                                 | 651                            | 517                              | 1,568         |
| <b>Carrying amount of the investment</b> | <b>-</b>                                      | <b>5,341</b>   | <b>785</b>                                | <b>1,162</b>   | <b>2,301</b>                      | <b>11,282</b>                  | <b>8,982</b>                     | <b>29,853</b> |

# Notes Forming Part of the Consolidated Financial Statements

## c) Investment in joint venture companies (Contd...)

| ii) Summarised statement of profit and loss for the period ended 31 <sup>st</sup> March, 2019 are as under   |   |  |   |  |                                   |                                |                                  |         |                |
|--|---|--|---|--|-----------------------------------|--------------------------------|----------------------------------|---------|----------------|
|  | Welsteel Enterprises Private Limited ('WEPL') | Welspun Aunta-Simarua Project Private Limited ('WASPPL') | Corbello Trading Private Limited ('CTPL') | Chikhali - Tarsod Highways Private Limited ('CTHPL') | RGY Roads Private Limited ('RGY') | MBL (GSY) Road Limited ('GSY') | MBL (CGRG) Road Limited ('CGRG') | Total   | (Rs. in Lakhs) |
| Revenue from operations  | -   | 16,452   | -   | 24,010   | -                                 | 64,787                         | 58,428                           | 163,677 |                |
| Other income   | -   | 112  | -   | 18   | -                                 | 982                            | 791                              | 1,903   |                |
| <b>Total Income</b>  | -   | 16,564   | -   | 24,028   | -                                 | 65,768                         | 59,219                           | 165,579 |                |
| Sub-contracting costs  | -   | 16,374   | -   | 23,950   | -                                 | 59,026                         | 53,742                           | 153,092 |                |
| Employee benefits expense  | -   | -  | -   | -  | -                                 | -                              | -                                | -       |                |
| Finance costs  | -   | 185  | 0   | 6  | 0                                 | 1,709                          | 1,193                            | 3,092   |                |
| Depreciation and amortisation expense  | -   | -  | -   | -  | -                                 | -                              | -                                | -       |                |
| Other expenses   | 0   | 79   | 1   | 73   | 1                                 | 5,761                          | 4,686                            | 10,601  |                |
| <b>Total Expenses</b>  | 0   | 16,637   | 1   | 24,030   | 1                                 | 66,495                         | 59,620                           | 166,785 |                |
| <b>Profit / (loss) before tax</b>  | (0)   | (73)   | (1)                                       | (2)  | (1)                               | (727)                          | (402)                            | (1,205) |                |
| Tax expenses   | -   | 31   | -   | (4)  | 0                                 | 260                            | 210                              | 498     |                |
| <b>Profit / (loss) for the period</b>  | (0)   | (104)  | (1)                                       | 2  | (1)                               | (987)                          | (611)                            | (1,703) |                |
| Add : Other comprehensive income for the year  | -   | -  | -   | -  | -                                 | -                              | -                                | -       |                |
| <b>Total comprehensive income for the year</b>   | (0)   | (104)  | (1)                                       | 2  | (1)                               | (987)                          | (611)                            | (1,703) |                |
| Proportion of the Company's ownership  | 49.00%  | 74.00%   | 49.00%                                    | 73.99%   | 49.00%                            | 73.94%                         | 73.94%                           |         |                |
| Group share of profit / (loss) for the year  | (0)   | (77)   | (1)                                       | 2  | (1)                               | (730)                          | (452)                            | (1,259) |                |
| Group share of other comprehensive income for the year   | -   | -  | -   | -  | -                                 | -                              | -                                | -       |                |
| <b>Summarised statement of profit and loss for the period ended 31<sup>st</sup> March, 2018 are as under</b> |   |  |   |  |                                   |                                |                                  |         |                |
| Revenue from operations  | -   | 353  | -   | -  | -                                 | 19,926                         | 10,692                           | 30,971  |                |
| Other income   | -   | -  | -   | 0  | 2                                 | 26                             | 29                               | 57      |                |
| <b>Total Income</b>  | -   | 353  | -   | 0  | 2                                 | 19,952                         | 10,721                           | 31,028  |                |
| Sub-contracting costs  | -   | 349  | -   | -  | -                                 | -                              | -                                | 349     |                |
| Employee benefits expense  | -   | -  | -   | -  | -                                 | 1                              | 1                                | 2       |                |
| Finance costs  | -   | 12   | 0   | 130  | -                                 | 54                             | 39                               | 235     |                |
| Depreciation and amortisation expense  | -   | -  | -   | -  | -                                 | -                              | -                                | -       |                |
| Other expenses   | -   | 4  | 1   | 21   | 1                                 | 19,926                         | 10,691                           | 30,643  |                |
| <b>Total Expenses</b>  | -   | 365  | 1   | 151  | 1                                 | 19,981                         | 10,731                           | 31,229  |                |
| <b>Profit / (loss) before tax</b>  | -   | (12)   | (1)                                       | (151)  | 1                                 | (29)                           | (11)                             | (201)   |                |



## Notes Forming Part of the Consolidated Financial Statements

### c) Investment in joint venture companies (Contd...)

|  | Welsteel Enterprises Private Limited ('WEPL') | Welspun Aunta-Simarria Project Private Limited ('WASPPL') | Corbello Trading Private Limited ('CTPL') | Chikhali - Tarsod Highways Private Limited ('CTHPL') | RGY Roads Private Limited ('RGY') | MBL (GSY) Road Limited ('GSY') | MBL (CGRG) Road Limited ('CGRG') | Total |
|--|---|---|---|--|-----------------------------------|--------------------------------|----------------------------------|-------|
| Tax expenses   | -   | -   | -   | -  | -                                 | 7                              | 8                                | 14    |
| Profit / (loss) for the year                           | -   | (12)  | (1)                                       | (151)  | 1                                 | (35)                           | (18)                             | (215) |
| Add: Other comprehensive income for the year           | -   | -   | -   | -  | -                                 | -                              | -                                | -     |
| Total comprehensive income for the year                | -   | (12)  | (1)                                       | (151)  | 1                                 | (35)                           | (18)                             | (215) |
| Proportion of the Company's ownership                  | -   | 74.00%  | 49.00%                                    | 73.99%   | 49.00%                            | 73.94%                         | 73.94%                           |       |
| Group share of profit/ (loss) for the year             | -   | (9)   | (0)                                       | (112)  | 1                                 | (26)                           | (14)                             | (159) |
| Group share of other comprehensive income for the year | -   | -   | -   | -  | -                                 | -                              | -                                | -     |

iii) There are no contingent liabilities in respect of joint venture companies

iv) There are no commitments in respect of joint venture companies other than as disclosed in Note 43 (c)

v) Significant judgement - classification of joint arrangement

The Shareholder Agreement ('SHA') in relation to WEPL, WASPPL, CTPL, CTHPL, RGY, GSY, CGRG requires unanimous consent from all parties for all relevant activities (e.g. change of composition of board approval / removal of KMP, transaction with any related party, capital expenditure in excess of rupees one lakh etc.). As per SHA, for board composition two directors shall be nominated by JV partner from the list of names suggested by Welspun Enterprises Limited ('Welspun') and one director shall be nominated by the Welspun. However, chairman of the board shall be nominated by Welspun. Joint venture entity shall not act in general meeting without prior written consent of Welspun on any matter except for issuance and transfer of shares impacting change in shareholding. JV partner shall exercise voting rights in general meeting through its nominated representative as directed by Welspun.

Thus, based on 49% holding in share capital (except WASPPL where holding is 74%) read with contractual terms between JV partners, the group has determined that entity should be classified as jointly controlled entity (Joint venture).

vi) The group has pledged below mentioned shares :-

| Entities                                       | No of shares |
|--|--------------|
| Welspun Aunta-Simarria Project Private Limited | 5,100        |
| RGY Roads Private Limited                      | 4,900        |
| MBL (GSY) Road Limited                         | 24,495       |
| MBL (CGRG) Road Limited                        | 24,495       |
| Corbello Trading Private Limited               | 4,895        |
| Chikhali - Tarsod Highways Private Limited     | 4,895        |

## Notes forming part of the consolidated financial statements

### 50 Non-controlling Interests (NCI)

(Rs. in Lakhs)

|  | <b>Grenoble<br/>Infrastructure<br/>Private Limited</b> | <b>Welspun Sattanathapuram<br/>Nagapattinam Road<br/>Private Limited **** \$</b> |
|--|--|--|
| <b>Summarised balance sheet as at 31<sup>st</sup> March, 2019</b>                            |  |  |
| Non-current assets   | 0  | 9,381  |
| Current assets   | 1  | 2,086  |
| Non-current liabilities  | -  | -  |
| Current liabilities  | (0)  | (9,442)  |
| Instrument entirely equity in nature   | -  | (2,000)  |
| <b>Net Assets</b>  | <b>1</b>   | <b>24</b>  |
| Net assets attributable to NCI   | <b>0</b>   | <b>7</b>   |
| <b>Summarised statement of profit or loss for the year ended 31<sup>st</sup> March, 2019</b> |  |  |
| Revenue  | -  | 9,379  |
| Other income   | -  | 23   |
| Subcontracting, civil and repair works   | -  | (9,358)  |
| Finance costs  | -  | (0)  |
| Other expenses   | (0)  | (21)   |
| <b>Profit /(loss) for the year</b>   | <b>(0)</b>   | <b>23</b>  |
| <b>Total comprehensive income</b>  | <b>(0)</b>   | <b>23</b>  |
| <b>Total comprehensive income allocated to NCI</b>   | <b>(0)</b>   | <b>7</b>   |
| <b>Summarised cash flow information as at 31<sup>st</sup> March, 2019</b>                    |  |  |
| Cash flow from operating activities  | (0)  | (522)  |
| Cash flow from investing activities  | (0)  | -  |
| Cash flow from financing activities  | 1  | 2,084  |
| <b>Net increase / (decrease) in cash and cash equivalents</b>                                | <b>1</b>   | <b>1,562</b>   |

### 51 A) Segment Information

The Company for evaluating group performance and for allocating resources based on analysis of various performance indicators, has identified three operative segments on the basis of nature of business activities and other quantitative criteria specified in the Ind AS 108 :

#### i) Operating segments

- a) Infrastructure
- b) Trading
- c) Oil and gas

#### ii) Segment revenue and results

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure (net of allocable income).

#### iii) Segment assets and liabilities

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipments, intangible assets (BOT), service concession receivables, trade receivables and other operating assets. Segment liabilities primarily include borrowings, trade payables and other liabilities. Common assets and liabilities which can not be allocated to any of the business segment are shown as unallocable assets/ liabilities.

## Notes forming part of the consolidated financial statements

(Rs. in Lakhs)

|   | 31 <sup>st</sup> March, 2019 | 31 <sup>st</sup> March, 2018 |
|---|------------------------------|------------------------------|
| <b>Segment revenue</b>  |                              |                              |
| - Infrastructure  | 178,660                      | 106,713                      |
| - Trading   | -                            | -                            |
| <b>Total</b>  | <b>178,660</b>               | <b>106,713</b>               |
| Less : Inter segment revenue                                  | -                            | -                            |
| <b>Total sales/ income from operations</b>                    | <b>178,660</b>               | <b>106,713</b>               |
| <b>Segment result</b>   |                              |                              |
| - Infrastructure  | 25,302                       | 12,194                       |
| - Trading   | -                            | -                            |
| - Oil and gas   | -                            | (1,127)                      |
| Unallocable corporate   | (6,704)                      | (4,896)                      |
| <b>Total</b>  | <b>18,598</b>                | <b>6,171</b>                 |
| Add : other income  | 6,931                        | 10,966                       |
| <b>Profit before finance costs, tax and exceptional items</b> | <b>25,529</b>                | <b>17,137</b>                |
| <b>Add / (Less) :</b>   |                              |                              |
| Finance costs   | (5,366)                      | (3,318)                      |
| Share of loss from associate and joint venture companies      | (1,450)                      | (285)                        |
| Exceptional items (Refer note 45)                             | 1,985                        | (1,961)                      |
| <b>Profit before tax</b>                                      | <b>20,698</b>                | <b>11,573</b>                |
| <b>Less : Tax expense</b>                                     |                              |                              |
| Current tax   | 7,766                        | 5,297                        |
| Earlier year tax  | -                            | 57                           |
| Deferred tax  | 256                          | (724)                        |
|   | <b>8,022</b>                 | <b>4,630</b>                 |
| <b>Profit after tax</b>                                       | <b>12,676</b>                | <b>6,943</b>                 |

(Rs. in Lakhs)

|                              | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|------------------------------|---------------------------------------|---------------------------------------|
| <b>Segment assets</b>        |                                       |                                       |
| - Infrastructure             | 163,788                               | 77,391                                |
| - Trading                    | -                                     | -                                     |
| - Oil and gas                | 5,726                                 | 5,726                                 |
| Unallocable corporate        | 119,780                               | 137,012                               |
| <b>Total (A)</b>             | <b>289,294</b>                        | <b>220,129</b>                        |
| <b>Segment liabilities</b>   |                                       |                                       |
| - Infrastructure             | 77,237                                | 29,587                                |
| - Trading                    | -                                     | -                                     |
| <b>Unallocable corporate</b> | 66,688                                | 56,674                                |
| <b>Total (B)</b>             | <b>143,925</b>                        | <b>86,261</b>                         |
| <b>Total equity (A - B)</b>  | <b>145,369</b>                        | <b>133,868</b>                        |

a) Segment assets excludes current and non-current investments, deferred tax assets, advance payment of income tax, etc.

## Notes forming part of the consolidated financial statements

- b) Segment liabilities excludes borrowings (including current borrowings) and current maturities of long term borrowing, deferred tax liability, accrued interest, non-controlling interests, etc.

(Rs. in Lakhs)

| Other segment information                       | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| <b>a) Non-current assets *</b>                  |                                       |                                       |
| Infrastructure                                  | 20,056                                | 9,068                                 |
| Trading   | -                                     | -                                     |
| Oil and gas                                     | -                                     | -                                     |
| Unallocable corporate                           | 2,767                                 | 3,026                                 |
| <b>Total</b>                                    | <b>22,823</b>                         | <b>12,094</b>                         |
| <b>b) Capital expenditure</b>                   |                                       |                                       |
| Infrastructure                                  | 10,011                                | 314                                   |
| Trading   | -                                     | -                                     |
| Oil and gas                                     | -                                     | -                                     |
| Unallocable corporate                           | -                                     | -                                     |
| <b>Total</b>                                    | <b>10,011</b>                         | <b>314</b>                            |
| <b>c) Depreciation and amortisation expense</b> |                                       |                                       |
| Infrastructure                                  | 1,149                                 | 4,604                                 |
| Trading   | -                                     | -                                     |
| Oil and gas                                     | -                                     | -                                     |
| Unallocable Corporate                           | -                                     | -                                     |
| <b>Total</b>                                    | <b>1,149</b>                          | <b>4,604</b>                          |

\* Non-current assets excludes financial assets, deferred tax assets and investment in associate and joint venture companies

### B) Information about major customers

There are four (31<sup>st</sup> March, 2018 : two) customers accounting for more than 10% of revenue, amounting to Rs. 145,171 lakhs (31<sup>st</sup> March, 2018 Rs. 90,009 lakhs)

## 52 Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 ('The Act') are given as follows :-

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| a) Principal amount payable to the suppliers under the Act  |                                       |                                       |
| - For capital goods   |                                       | -                                     |
| - For others  | 29                                    | -                                     |
| b) Principal amount due to the suppliers under the Act  | -                                     | -                                     |
| c) Interest accrued and due to the suppliers under the Act, on the above amount   | -                                     | -                                     |
| d) Payment made to suppliers other than interest beyond the appointed day, during the year  | -                                     | -                                     |
| e) Interest paid to suppliers under the Act   | -                                     | -                                     |
| f) Interest due and payable to suppliers under the Act, for payment already made  | -                                     | -                                     |
| g) Interest accrued and remaining unpaid at the end of the year under the Act   | -                                     | -                                     |
| h) The amount of further interest remaining due and payable even in the succeeding years for the purpose of disallowances under Section 23 of the Act | -                                     | -                                     |

**Note :** The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available to the Company.

## Notes forming part of the consolidated financial statements

### 53 A) Disclosure pertaining to Ind AS 115 “Revenue from Contracts with Customers”

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Contract revenue for the year                                      | 171,230                               | 102,396                               |
| Contract cost incurred including recognised profits/ (losses) upto | 319,226                               | 148,205                               |
| Advances received (Contract Liabilities) as at                     | 9,300                                 | -                                     |
| Retention money withheld by customers as at                        | 1,312                                 | 1,299                                 |
| Gross amount due from customers for contract work as at #          | 84,831                                | 61,950                                |
| Gross amount due to customers for contract work as at              | -                                     | 4,527                                 |

# Rs. 30,739 lakhs (31<sup>st</sup> March, 2018 Rs. 52,210 lakhs) amount included above represents service concession receivables to be billed over the concession period.

### B) Contract Balances

(Rs. in Lakhs)

|                      | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|----------------------|---------------------------------------|---------------------------------------|
| Trade receivables    | 28,069                                | 3,400                                 |
| Contract assets      | 33,704                                | 9,806                                 |
| Contract liabilities | 9,300                                 | 4,527                                 |

a) Trade receivables are non-interest bearing and are generally on terms as per agreements.

#### b) Explanation for increase in Contract assets/ Contract liabilities

- (i) Revenue earned from construction activities, but yet to be billed to customers, is initially recognised as contract assets and reclassified to trade receivables when the right to consideration becomes unconditional. The significant increase in Contract assets in March, 2019 is on account of new contracts awarded during the year and unbilled revenue.
- (ii) A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer and an excess of billing over revenue i.e. unearned revenue. The increase in Contract liabilities in March, 2019 is on account of mobilisation advance received as per the terms of the contract.
- (iii) Amount of revenue recognised from :-

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Amounts included in Contract liabilities at the beginning of the year | 4,527                                 | -                                     |

## Notes forming part of the consolidated financial statements

### 54 Collateral / security pledged

#### a) Group - excluding associate and joint venture companies

The carrying amount of assets pledged as security for current and non-current borrowings availed (Fund based - 31<sup>st</sup> March, 2019: Rs. 44,404 lakhs (31<sup>st</sup> March, 2018 : Rs. 45,811 lakhs) and Non-fund based - 31<sup>st</sup> March, 2019 : Rs. 62,573 lakhs (31<sup>st</sup> March, 2018 : Rs. 24,789 lakhs)) of the group are as under:

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Property, plant and equipment<br>(including Capital work-in-progress) | 12,939                                | 7,465                                 |
| Inventories   | 73                                    | 71                                    |
| Other current and non-current assets excluding<br>investments and tax | 110,186                               | 116,788                               |
| <b>Total assets pledged</b>   | <b>123,197</b>                        | <b>124,324</b>                        |

#### b) Associate and Joint venture companies (to the extent of group's share)

The carrying amount of assets pledged as security for current and non-current borrowings availed (Fund based - 31<sup>st</sup> March 2019: Rs. 44,404 lakhs (31<sup>st</sup> March 2018 : Rs. 45,811 lakhs) and Non Fund based - 31<sup>st</sup> March 2019 : Rs. 62,573 lakhs (31<sup>st</sup> March 2018, : Rs. 24,789 lakhs)) of the group are as under:

(Rs. in Lakhs)

|   | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2019 |
|---|---------------------------------------|---------------------------------------|
| Property, plant and equipment<br>(including Capital work-in-progress) | -                                     | 423                                   |
| Other current and non-current assets excluding<br>investments and tax | 111,147                               | 28,421                                |
| <b>Total assets pledged</b>   | <b>111,147</b>                        | <b>28,844</b>                         |

### 55 Proposed dividends on equity shares

(Rs. in Lakhs)

|  | As at<br>31 <sup>st</sup> March, 2019 | As at<br>31 <sup>st</sup> March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Dividend proposed for 31 <sup>st</sup> March, 2019 Rs. 2.00 per share<br>(31 <sup>st</sup> March, 2018 Rs. 1.50 per share) | 2,962                                 | 2,213                                 |
| Dividend distribution tax on above   | 609                                   | 455                                   |

Proposed dividends on equity shares are subject to approval of shareholders at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at reporting date.

**56** The Directorate General of Hydrocarbons have served termination notice on the ground that the designated operator in respect of the Block M/s Naftogaz India Pvt Ltd -"NIPL" had allegedly committed misrepresentation by falsely representing itself as the subsidiary of Naftogaz, Ukraine which has 10 % stake in the Block. Adani Group Companies-"Adani"-(55%) and Welspun Natural Resources Private Limited-"Welspun" (35%) together holding 90 % stake in the Block, have contested this notice. The Group had made representations to the Government expressing its willingness to carry out the activities and to consider the Block as valid and live. The Government has rejected the proposal and cited that the termination was valid. The Group has contested the same before high court. The high court was of the view that we shall pursue the remedies available under the contract. Accordingly the Group has initiated dispute resolution mechanism with the authority.

## Notes forming part of the consolidated financial statements

**57 a) Reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities as required by Ind AS 7 “Statement of Cash Flows” is as under:**

|   | (Rs. in Lakhs)   |                              |                      |                    |
|---|--|------------------------------|----------------------|--------------------|
|   | Long term borrowings<br>(Including current maturities) | Short term borrowings - Bank | Equity share capital | Securities Premium |
| <b>As at 31<sup>st</sup> March, 2018</b>              | 44,554   | 1,429                        | 14,753               | 92,138             |
| Cash inflow   | 6,821  | 15,986                       | -                    | -                  |
| Cash outflow  | (7,683)  | (1,429)                      | -                    | -                  |
| Non cash changes - interest accrued                   | (274)  | -                            | -                    | -                  |
| Non cash changes - other changes (Refer note b below) | -  | (197)                        | 55                   | 711                |
| <b>As at 31<sup>st</sup> March, 2019</b>              | <b>43,418</b>  | <b>15,790</b>                | <b>14,808</b>        | <b>92,849</b>      |

**b) Non- cash investing and financing activities for the current year**

- i) Other Non-cash changes in short term borrowings are related to amortisation of processing fees
- ii) Other Non-cash changes in equity share capital and securities premium are on account of equity shares allotted pursuant to exercise of stock option (Refer note 44)
- iii) Conversion of loan to investment in joint venture companies during the year is Rs. 7,440 lakhs

# Notes Forming Part of the Consolidated Financial Statements

## 58 Additional information pursuant to para 2 of General instructions for the preparation of Consolidated Financial Statements

(Rs. in Lakhs)

|  | 31 <sup>st</sup> March, 2019  |         |                                  |         |  |        |  |         |
|--|---|---------|----------------------------------|---------|--|--------|--|---------|
|  | Net Asset / (Net Liability) ie total assets minus total liabilities |         | Share in Profit / (loss)         |         | Share in other comprehensive income          |        | Share in total comprehensive income          |         |
|  | % of consolidated net assets  | Amount  | % of consolidated profit/ (loss) | Amount  | % of consolidated other comprehensive income | Amount | % of total consolidated comprehensive income | Amount  |
| <b>Parent</b>  |   |         |                                  |         |  |        |  |         |
| Welspun Enterprises Limited  | 110.0%  | 159,928 | 121.2%                           | 15,369  | 97.2%  | (32)   | 121.3%                                       | 15,338  |
| <b>Subsidiaries</b>  |   |         |                                  |         |  |        |  |         |
| Dewas Waterprojects Works Private Limited<br>(Formerly known as Anjar Water Solutions Private Limited) | 1.3%  | 1,820   | -3.5%                            | (442)   | -  | -      | -3.5%  | (442)   |
| ARSS Bus Terminal Private Limited  | 0.6%  | 898     | 0.0%                             | (2)     | -  | -      | 0.0%   | (2)     |
| MSK Projects (Kim Mandvi Corridor) Private Limited   | 0.4%  | 621     | -0.8%                            | (101)   | -  | -      | -0.8%  | (101)   |
| MSK Projects (Himmatnagar Bypass) Private Limited  | 0.7%  | 957     | 2.1%                             | 269     | 4.1%   | (1)    | 2.1%   | 267     |
| Welspun Build-tech Private Limited   | 1.2%  | 1,708   | 0.0%                             | (1)     | -  | -      | 0.0%   | (1)     |
| DME Infra Private Limited  | 0.0%  | 1       | 0.0%                             | (0)     | -  | -      | 0.0%   | (0)     |
| Welspun Delhi Meerut Expressway Private Limited  | 6.6%  | 9,597   | -6.6%                            | (842)   | -  | -      | -6.7%  | (842)   |
| Welspun Natural Resources Private Limited  | 7.2%  | 10,505  | -14.1%                           | (1,788) | -  | -      | -14.1%                                       | (1,788) |
| Welspun Road Infra Private Limited   | 0.2%  | 310     | 0.0%                             | -       | -  | -      | 0.0%   | -       |
| Welspun Amravati Highways Private Limited  | 0.0%  | 1       | 0.0%                             | (0)     | -  | -      | 0.0%   | (0)     |
| Grenoble Infrastructure Private Limited  | 0.0%  | 1       | 0.0%                             | (0)     | -  | -      | 0.0%   | (0)     |
| Welspun Sattanathapuram Nagapattinam Road Private Limited  | 1.4%  | 2,024   | 0.2%                             | 23      | -  | -      | 0.2%   | 23      |



## Notes Forming Part of the Consolidated Financial Statements

### 58 Additional information pursuant to para 2 of General instructions for the preparation of Consolidated Financial Statements (Contd...)

(Rs. in Lakhs)

|   | 31 <sup>st</sup> March, 2019  |        |                                  |        |  |        |  |        |
|---|---|--------|----------------------------------|--------|--|--------|--|--------|
|   | Net Asset / (Net Liability) ie total assets minus total liabilities |        | Share in Profit / (loss)         |        | Share in other comprehensive income          |        | Share in total comprehensive income          |        |
|   | % of consolidated net assets  | Amount | % of consolidated profit/ (loss) | Amount | % of consolidated other comprehensive income | Amount | % of total consolidated comprehensive income | Amount |
| <b>Associate</b>                              |   |        |                                  |        |  |        |  |        |
| Adani Welspun Exploration Limited             | 23.7%   | 34,517 | -1.5%                            | (191)  | (0)  | 1      | -1.5%  | (191)  |
| <b>Joint venture companies</b>                |   |        |                                  |        |  |        |  |        |
| Welspun Enterprises Private Limited           | 0.0%  | 5      | 0.0%                             | (0)    | -  | -      | 0.0%   | (0)    |
| Welspun Aunta-Simaria Project Private Limited | -0.1%   | (100)  | -0.6%                            | (77)   | -  | -      | -0.6%  | (77)   |
| Corbello Trading Private Limited              | 0.0%  | 0      | 0.0%                             | (1)    | -  | -      | 0.0%   | (1)    |
| Chikhali - Tarsod Highways Private Limited    | 0.0%  | (36)   | 0.0%                             | 2      | -  | -      | 0.0%   | 2      |
| RGY Roads Private Limited                     | 0.0%  | 1      | 0.0%                             | (1)    | -  | -      | 0.0%   | (1)    |
| MBL (GSY) Road Limited                        | -0.5%   | (752)  | -5.8%                            | (730)  | -  | -      | -5.8%  | (730)  |
| MBL (CGRG) Road Limited                       | -0.3%   | (461)  | -3.6%                            | (452)  | -  | -      | -3.6%  | (452)  |

**Note :**

Net assets/ share of profit or loss of subsidiaries, associate and joint venture companies are considered based on the respective audited/ unaudited standalone / consolidated financial statements without considering elimination/ consolidated adjustments

## Notes forming part of the consolidated financial statements

**59** Figures for the previous year are re-classified/ re-arranged/ re-grouped, wherever necessary to be in conformity with the figures of the current year's classification/ disclosure.

As per our report of even date

**For MGB & Co LLP**

Chartered Accountants

Firm Registration Number 101169W/W-100035

**For and on behalf of the Board**

**Balkrishan Goenka**

Chairman  
DIN 00270175

**Sandeep Garg**

Managing Director  
DIN 00036419

**Sanjay Kothari**

Partner  
Membership Number 048215

**Shrinivas Kargutkar**  
Chief Financial Officer

**Priya Pakhare**  
Company Secretary

Place : Mumbai  
Date : 15<sup>th</sup> May, 2019

Place : Mumbai  
Date : 15<sup>th</sup> May, 2019











**Welspun Enterprises Limited**

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