

INDEPENDENT AUDITOR'S REPORT

To the Members of Welspun Global Brands Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Welspun Global Brands Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

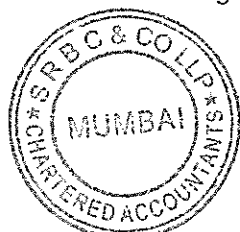
We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Welspun Global Brands Limited

Independent auditor's report for the year ended March 31, 2021

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Responsibility of Management for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

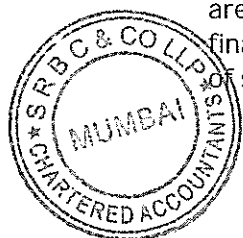
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.



Welspun Global Brands Limited

Independent auditor's report for the year ended March 31, 2021

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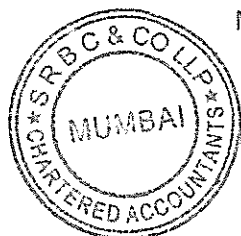
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material 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 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 financial statements, including the disclosures, and whether the 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account:
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.;
 - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;



S R B C & CO LLP

Chartered Accountants

Welspun Global Brands Limited

Independent auditor's report for the year ended March 31, 2021

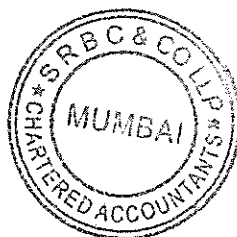
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- (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 and 30 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003



per Anil Jobanputra
Partner
Membership Number: 110759
UDIN: 21110759AAAACH9027
Place of Signature: Mumbai
Date: May 13, 2021



Welspun Global Brands Limited

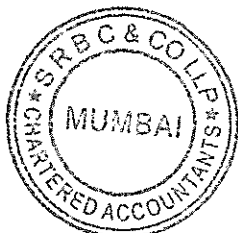
Independent auditor's report for the year ended March 31, 2021

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Annexure 1 referred to in Paragraph 1 of the section on "Report on other legal and regulatory requirements" of our report of even date

Re: Welspun Global Brands Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment/ fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations 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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture textile products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.



Welspun Global Brands Limited

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- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of duty of customs and cess which have not been deposited on account of any dispute. The particulars of dues of income-tax, sales-tax, duty of excise, value added tax and service tax on account of any dispute, are as follows:

| Name of Statute | Nature of Dues | Amount (Rs in Million)** | Period to which amount relates | Forum where dispute is pending |
|------------------------------|------------------------------|--------------------------|--------------------------------|---|
| Income Tax Act, 1961 | Income Tax Demand | 184 | AY 2010-11 to AY 2017-18 | Commissioner of Income Tax (Appeals) |
| Kerala VAT Act, 2003 | Sales Tax | 0.01 | Aug-07 | Appellate tribunal |
| | Sales Tax including interest | 0.03 | 2007-08 | Assistant Commissioner |
| | Sales Tax | 0.01 | 2009-10 | Deputy commissioner |
| Madhya Pradesh VAT Act, 2002 | VAT, Entry Tax | 0.64 | 2008-09 | Sales Tax Officer |
| Value Added Tax Karnataka | Sales Tax | 0.16 | 2011-12 | Commercial Tax Officer |
| Finance Act, 1994 | Service Tax | 1.42 | Jan-2009 to December 2009 | Central Excise Service Tax Appellate tribunal |

**Net of amount paid under protest

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company does not have any loan from Government. Further, the Company has not issued any debenture.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.



Welspun Global Brands Limited


Independent auditor's report for the year ended March 31, 2021

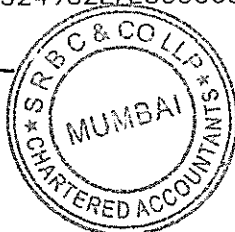
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- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003


per Anil Jobanputra
Partner
Membership Number: 110759
UDIN: 21110759AAAACH9027
Place of Signature: Mumbai
Date: May 13, 2021



Welspun Global Brands Limited

Independent auditor's report for the year ended March 31, 2021

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ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF WELSPUN GLOBAL BRANDS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

Management's Responsibility for Internal Financial Controls

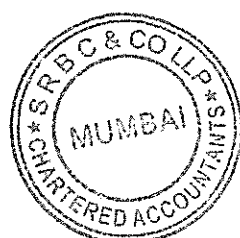
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.



Welspun Global Brands Limited

Independent auditor's report for the year ended March 31, 2021

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Meaning of Internal Financial Controls With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Anil Jobanputra

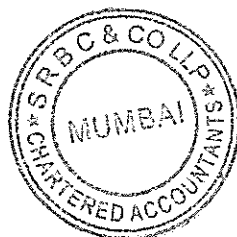
Partner

Membership Number: 110759

UDIN: 21110759AAAACH9027

Place of Signature: Mumbai

Date: May 13, 2021



WELSPUN GLOBAL BRANDS LIMITED

BALANCE SHEET AS AT MARCH 31, 2021

| | Note | As at March 31, 2021 (Rs. million) | As at March 31, 2020 (Rs. million) |
|--|-------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 29.42 | 7.92 |
| Intangible assets | 4 | 11.97 | 23.63 |
| Right of Use Assets (ROU) | 31 | 273.73 | 32.74 |
| Intangible assets under development | 4 | 0.93 | - |
| Equity investment in subsidiaries | 5 | 869.19 | 869.19 |
| Financial assets | | | |
| i. Investments | 6(a) | 0.99 | 2.60 |
| ii. Loans | 6(b) | 1.60 | 1.70 |
| iii. Other financial assets | 6(c) | 17.85 | 53.47 |
| Deferred tax assets (Net) | 13 | - | 244.56 |
| Non-current tax assets | 7 | - | 93.46 |
| Other non-current assets | 8(a) | 0.23 | 0.34 |
| Total non-current assets | | 1,205.91 | 1,329.61 |
| Current assets | | | |
| Inventories | 9 | 1,911.28 | 558.77 |
| Financial assets | | | |
| i. Trade receivables | 6(d) | 13,120.27 | 11,521.09 |
| ii. Cash and cash equivalents | 6(e) | 727.49 | 989.69 |
| iii. Bank balances other than cash and cash equivalents above | 6(f) | 10.38 | 3.62 |
| iv. Loans | 6(b) | 1.47 | 1.88 |
| v. Other financial assets | 6(c) | 1,270.29 | 243.74 |
| Other current assets | 8(b) | 2,790.04 | 3,479.08 |
| Total current assets | | 19,831.22 | 16,797.87 |
| Total assets | | 21,037.13 | 18,127.48 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 10(a) | 235.29 | 235.29 |
| Other Equity: | | | |
| Equity component of compound financial instruments | 11(a) | 609.70 | 660.40 |
| Reserves and surplus | 10(b) | 2,951.76 | 2,426.84 |
| Other reserves | 10(c) | 337.15 | (976.95) |
| Total equity | | 4,133.90 | 2,345.58 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| i. Borrowings | 11(a) | 949.61 | 874.54 |
| ii. Lease Liabilities | 31 | 170.31 | 14.76 |
| iii. Other financial liabilities | 11(b) | 47.67 | 47.88 |
| Non-current tax liabilities | | | |
| Provisions | 12 | 74.93 | - |
| Deferred tax liabilities (Net) | 12(a) | 27.39 | 26.02 |
| Total non-current liabilities | 13 | 1,411.68 | 953.20 |
| Current liabilities | | | |
| Financial liabilities | | | |
| i. Borrowings | 11(a) | 3,628.57 | 2,167.15 |
| ii. Lease Liabilities | 31 | 121.27 | 19.81 |
| iii. Trade payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | 11(c) | 128.59 | 33.20 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 11(c) | 11,086.29 | 10,681.49 |
| iii. Other financial liabilities | 11(b) | 4.33 | 1,532.72 |
| Provisions | 12(b) | 0.16 | 0.75 |
| Employee benefit obligation | 14 | 256.88 | 120.63 |
| Current tax liabilities | 15 | 33.39 | 33.39 |
| Other current liabilities | 16 | 232.07 | 229.56 |
| Total current liabilities | | 15,491.55 | 14,818.70 |
| Total liabilities | | 16,903.23 | 15,781.90 |
| Total equity and liabilities | | 21,037.13 | 18,127.48 |

Summary of significant accounting policies

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The accompanying notes are an integral part of these financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Anil Jobanputra
Partner
Membership Number: 110759



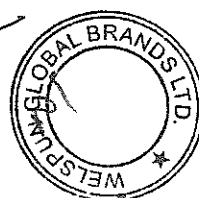
Place: Mumbai
Date: May 13, 2021

For and on behalf of the Board of Directors

Dipali Goenka
Managing Director
DIN 00007199
Widhi Tanna
Company Secretary

Rajesh Mendawadla
Director
DIN 00007179
Sandeep Kumar Gharg
Chief Financial Officer

Place: Mumbai
Date: May 13, 2021



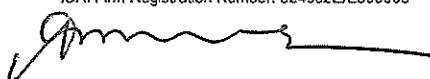
WELSPUN GLOBAL BRANDS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

| | Note | Year Ended March 31, 2021 (Rs. million) | Year Ended March 31, 2020 (Rs. million) |
|---|-------|---|---|
| Income | | | |
| Revenue from Operations | 17 | 63,987.14 | 57,028.68 |
| Other Income | 18 | 106.56 | 449.63 |
| Total income | | 64,093.70 | 57,478.31 |
| Expenses | | | |
| Cost of materials consumed | 19 | 8,607.14 | - |
| Purchases of stock-in-trade | 19 | 49,846.83 | 50,293.10 |
| Changes in Inventories of Finished Goods, Work-in-Progress and stock-in-trade | 20 | (1,277.28) | 860.58 |
| Employee benefits expense | 21 | 1,459.05 | 1,022.69 |
| Depreciation and amortisation expense | 22 | 118.06 | 58.49 |
| Other expenses | 23 | 4,093.39 | 4,178.01 |
| Finance costs | 24 | 446.92 | 509.13 |
| Total expenses | | 63,394.11 | 56,922.00 |
| Profit before Exceptional Items and Tax | | 699.59 | 556.31 |
| Exceptional Items | | | |
| Exceptional Items - Income | 25 | - | (2.58) |
| Profit Before Tax | | 699.59 | 558.89 |
| Income tax expense | 26 | | |
| Current tax | | 278.85 | 179.10 |
| Deferred tax | | (55.13) | (34.66) |
| Total Income Tax Expenses | | 223.72 | 144.44 |
| Profit for the year | | 475.87 | 414.45 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurement gains on defined benefit plans | 21 | (2.21) | (14.00) |
| Income Tax effect | 26 | 0.56 | 4.47 |
| Items that may be reclassified to profit or loss | | | |
| Deferred gains/(loss) on cash flow hedges | 10(c) | 1,756.12 | (2,436.02) |
| Income Tax effect | 26 | (442.02) | 723.59 |
| Other comprehensive income/(loss) for the year, net of tax | | 1,312.45 | (1,721.96) |
| Total comprehensive income/(loss) for the year | | 1,788.32 | (1,307.51) |
| Earnings Per Share (Rs.) [Nominal value per share: Rs. 10 (2020: Rs.10)] | 36 | | |
| -Basic and Diluted earnings per share | | 20.22 | 17.61 |
| Summary of significant accounting policies | 2 | | |
| The accompanying notes are an integral part of these financial statements. | | | |

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

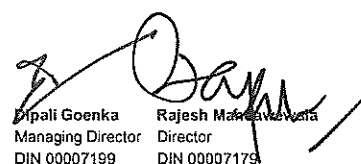


per Anil Jobanputra
Partner
Membership Number: 110759

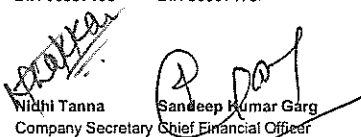


Place: Mumbai
Date: May 13, 2021

For and on behalf of the Board of Directors



Dipali Goenka Managing Director
DIN 00007199
Rajesh Maheshwari Director
DIN 00007179



Nidhi Tanna Company Secretary
Sandeep Kumar Garg Chief Financial Officer

Place: Mumbai
Date: May 13, 2021



WELSPUN GLOBAL BRANDS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

| | Year Ended March 31, 2021 (Rs. million) | Year Ended March 31, 2020 (Rs. million) |
|--|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax | 699.59 | 558.89 |
| Adjustments for : | | |
| Depreciation and amortisation expense | 118.06 | 58.49 |
| Unrealised foreign exchange differences | (47.73) | (424.69) |
| Loss on disposal of property, plant and equipment | 3.82 | 0.03 |
| (Gain)/ Loss on sale of investments | - | (0.58) |
| Liabilities Written Back as no Longer Required | (35.80) | (2.58) |
| Impairment of Investment in Subsidiaries | - | 140.00 |
| Provision for doubtful debts and advances | 14.38 | 7.89 |
| Exchange (Gain)/Loss Provision MTM | (262.31) | 84.08 |
| Debts/ advances written off | 2.11 | 4.75 |
| Interest income classified as investing cash flows | (28.53) | (19.32) |
| Unwinding of discount on security deposits | (3.20) | (4.26) |
| Finance costs | 446.92 | 509.13 |
| Operating Profit Before Working Capital Changes | 907.31 | 911.83 |
| Adjustments for changes in working capital : | | |
| Increase in trade receivables | (1,594.49) | (200.90) |
| Increase trade and other payables | 563.11 | 140.30 |
| Increase in employee benefit obligations | 134.04 | 37.52 |
| Increase / (decrease) in other current liabilities | (96.65) | 158.94 |
| (Increase) / decrease in inventories | (1,352.51) | 860.58 |
| (Increase) / decrease in other financial assets | (289.31) | 105.63 |
| Decrease in other non-current assets | 0.11 | - |
| (Increase)/Decrease in Other Current Assets | 689.04 | (1,753.38) |
| Cash flow generated from operations | (1,946.66) | (651.31) |
| Income tax paid (net of refund) | (1,039.35) | 260.52 |
| Net Cash Flow from / (used in) Operating Activities | (1,149.81) | 53.45 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment, capital work-in-progress and intangible assets. | (30.30) | (1.97) |
| (Investment in)/ realisation of Fixed Deposits and Margin Money | 7.70 | (16.93) |
| Loans to employees and related parties | 0.51 | (5.34) |
| Proceed from sale of investment (net) | 1.61 | 1.18 |
| Interest received | 28.53 | 19.32 |
| Net Cash Flow from / (used in) Investing Activities | 8.05 | (3.74) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Redemption of preference shares | (134.65) | - |
| Proceeds from borrowings - Current (net) | 1,461.42 | 1,307.63 |
| Payment of lease liabilities | (86.32) | (40.90) |
| Interest and other finance cost paid | (360.89) | (429.94) |
| Net Cash Flow from Financing Activities | 879.56 | 836.79 |
| Net (decrease) / Increase in Cash and Cash Equivalents (A + B + C) | (262.20) | 886.50 |
| Cash and cash equivalents at the beginning of the year | 989.69 | 103.19 |
| Cash and cash equivalents at the end of the year | 727.49 | 989.69 |
| Net (decrease) / Increase in Cash and Cash Equivalents | (262.20) | 886.50 |
| Change in Liability arising from financing activities | | |

| | April 01, 2020 | Cash Flow | Effective interest rate adjustment | March 31, 2021 |
|---|----------------|-----------|---------------------------------------|----------------|
| Borrowings - Non Current [Refer Note 11(a)] | 998.22 | (134.65) | 86.04 | 949.61 |
| Borrowings - Current [Refer Note 11(a)] | 2,167.15 | 1,461.42 | - | 3,628.57 |

Notes:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982/E/300003

per Anil Jobanputra

Partner

Membership Number: 110759

Place: Mumbai

Date: May 13, 2021

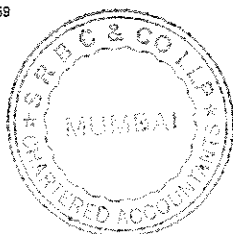
For and on behalf of the Board of Directors

Dipali Goenka
Managing Director
DIN 00007199

Nidhi Tanna
Company Secretary
Place: Mumbai
Date: May 13, 2021

Rajesh Manoj Wadga
Director
DIN 00007179

Sandeep Kumar Garg
Chief Financial Officer



WELSPUN GLOBAL BRANDS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

a. Equity Share Capital

(Rs. million)

| Particulars | Notes | No of Shares | Amount |
|---|-------|--------------|--------|
| Balance as at April 1, 2019 | | 2,35,29,412 | 235.29 |
| Changes in equity share capital during the year | 10(a) | - | - |
| Balance as at March 31, 2020 | | 2,35,29,412 | 235.29 |
| Changes in equity share capital during the year | 10(a) | - | - |
| Balance as at March 31, 2021 | | 2,35,29,412 | 235.29 |

b. Other Equity

(Rs. million)

| Particulars | Notes | Equity component of compound financial instruments | Reserves and Surplus | | | | Other Reserve Hedging Reserve | Total |
|---|-------|--|----------------------------|----------------------------|-------------------|----------|-------------------------------|------------|
| | | | Capital Redemption Reserve | Securities Premium Account | Retained earnings | Total | | |
| Balance as at April 1, 2019 | | 660.40 | 10.00 | 1,163.95 | 847.97 | 2,021.92 | 735.48 | 3,417.80 |
| Profit for the year | | - | - | - | 414.45 | 414.45 | - | 414.45 |
| Other Comprehensive Income/(loss) | 10(b) | - | - | - | (9.53) | (9.53) | (1,712.43) | (1,721.96) |
| Total Comprehensive Income for the year | | - | - | - | 404.92 | 404.92 | (1,712.43) | (1,307.51) |
| Balance as at March 31, 2020 | | 660.40 | 10.00 | 1,163.95 | 1,252.89 | 2,426.84 | (976.95) | 2,110.29 |

(Rs. million)


| Particulars | Notes | Equity component of compound financial instruments | Reserves and Surplus | | | | Other Reserve Hedging Reserve | Total |
|---|-------|--|----------------------------|----------------------------|-------------------|----------|-------------------------------|----------|
| | | | Capital Redemption Reserve | Securities Premium Account | Retained earnings | Total | | |
| Balance as at April 1, 2020 | | 660.40 | 10.00 | 1,163.95 | 1,252.89 | 2,426.84 | (976.95) | 2,110.29 |
| Profit for the year | | - | - | - | 475.87 | 475.87 | - | 475.87 |
| Other Comprehensive Income/(loss) | 10(b) | - | - | - | (1.65) | (1.65) | 1,314.10 | 1,312.45 |
| Transfer to Capital redemption Reserve | | - | 134.65 | - | (134.65) | - | - | - |
| Equity Component of preference Shares on redemption | 11(a) | (50.70) | - | - | 50.70 | 50.70 | - | - |
| Total Comprehensive Income/(loss) for the year | | (50.70) | 134.65 | - | 390.27 | 524.92 | 1,314.10 | 1,788.32 |
| Balance as at March 31, 2021 | | 609.70 | 144.65 | 1,163.95 | 1,643.16 | 2,951.76 | 337.15 | 3,898.61 |

The accompanying notes are an integral part of these financial statements

As per our report of even date

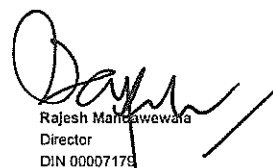
For S R B C & CO LLP
Chartered Accountants

For and on behalf of the Board of Directors



per Anil Jobanputra
Partner
Membership Number: 110759


Dipali Goenka
Managing Director
DIN 00007199


Rajesh Mahdewewara
Director
DIN 00007178

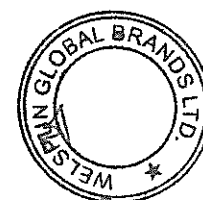

Nidhi Tanna
Company Secretary


Sandeep Kumar Garg
Chief Financial Officer

Place: Mumbai
Date: May 13, 2021



Place: Mumbai
Date: May 13, 2021



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 1: General Information

Welspun Global Brands Limited (herein referred to as "WGBL" or "the Company") is public limited Company incorporated on December 14, 2004 and domiciled in India. The address of its registered office is 9th Floor B Wing Trade World, Senapati Bapat Marg Kamala Mills Compound Lower Parel, Mumbai, Maharashtra - 400013. The Company is engaged in manufacturing of wide range of home textile products, mainly terry towels, bed linen products and rugs in International markets and on a smaller scale in domestic market.

The financial statements were authorized for issue by the board of directors on May 13, 2021.

Note 2: Significant Accounting Policies

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

2.1 Basis of preparation of financial statements

The standalone financial statements has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The financial statements have been prepared on an accrual and going concern basis. The financial statements have been prepared on a historical cost basis, except for certain assets and liabilities that is measured at fair value as stated in subsequent policies.

2.2 Foreign currency translation

a) Functional and presentation currency

The financial statements of the Company are presented in INR, which is also its functional currency and all items included in the financial statements of the Company are measured using the same functional currency.

b) Transactions and balances

Foreign currency transactions are translated and recorded into the functional currency using the exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in Statement of Profit and Loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other expenses or other income, as applicable.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively)



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.3 Revenue recognition

Revenue from contracts with customers is recognized 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. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue excludes amounts collected on behalf of third parties.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.25(vii).

Sale of goods

For sale of goods, revenue is recognized when control of the goods has transferred at a point in time i.e. when the goods have been delivered to the specific location (delivery). Following delivery, the customer has full discretion over the responsibility, manner of distribution, price to sell the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment is due within 0-120 days. The Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration:

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with rebates (including mark-downs, chargebacks etc.). The rights of return and rebates give rise to variable consideration.

The Company provides retrospective rebates including, markdowns, chargebacks etc. to certain customers once the conditions relating to such rebates are satisfied in terms of the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

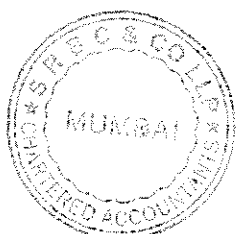
Contract balances:

Trade receivables

A 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). Refer to accounting policies of financial assets in note no. 2.14 Financial Instruments – Financial Assets.

Contract liabilities

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. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Cost to obtain a contract and cost to fulfill a contract

The Company pays sales commission to its selling agents for each contract that they obtain for the Company. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (under other expenses) because the amortization period of the asset that the Company otherwise would have used is less than one year.

Costs to fulfill a contract i.e. freight, insurance and other selling expenses are recognized as an expense in the period in which related revenue is recognized.

2.4 Other Revenue

Export Incentives

Export benefits arising from Duty Drawback Scheme, Rebate of State & Central Taxes and Levies, and other applicable export incentives are recognised on post export basis at the rate at which the entitlements accrue and is included in the 'Other Operating Income'(Revenue from operation).

Other Income

Other Income is accounted for on accrual basis except where receipt of income is uncertain.

2.5 Income Tax

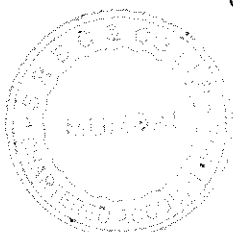
The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income respectively.

Current income tax

Current tax charge is based on taxable profit for the year. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities..

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when, (a) the Company has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) the Deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

Deferred tax assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries 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 utilized.

Minimum Alternate Tax ('MAT') credit entitlement is recognized as a deferred tax asset if it is probable that MAT credit will reverse in the foreseeable future and taxable profit will be available against which the deferred tax asset can be utilised.

2.6 Exceptional items

Exceptional items comprise items of income and expense, including tax items, that are material in amount and unlikely to recur and which merit separate disclosure in order to provide an understanding of the Company's underlying financial performance.

2.7 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

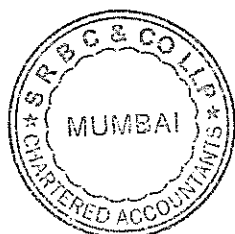
Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Property 1 to 2 years
- Other equipments 2 to 4 years



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.11 Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

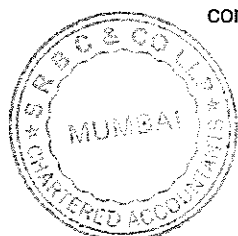
Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature

2.8 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Company; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

2.9 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Depreciation methods, estimated useful lives and residual value

Freehold land is not depreciated. Leasehold improvements are amortised over the shorter of estimated useful life or the related lease term. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

| Assets | Estimated Life (years) | Useful |
|-------------------------|------------------------|--------|
| Office Equipment | 5 | |
| Furniture and fixtures | 10 | |
| Computer and servers | 3 to 6 | |
| Vehicles | 5 | |
| Electrical installation | 10 | |
| Mobile | 3 | |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

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

2.10 Intangible assets

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

Amortisation methods and periods

Intangible assets comprise of computer software which is amortized on a straight-line basis over its expected useful life over a period of five years.

2.11 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

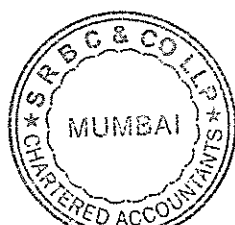
2.12 Inventories

Raw materials and stores, work in progress, traded and finished goods

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases on weighted average basis. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory moving weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Finished/ traded goods

Inventories are stated at the lower of cost and net realisable value. Cost of inventories include all other costs incurred in bringing the inventories to their present location and condition. Costs of inventory is determined on first-in-first-out basis. Costs of inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.13 Investment in Subsidiaries:

Equity Investment in subsidiaries are carried at cost in the separate financial statements and accounted on first-in first-out (FIFO Basis)

2.14 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.

Financial Assets

(i) Classification

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

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

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

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

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

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

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

(ii) Initial Recognition and Measurement

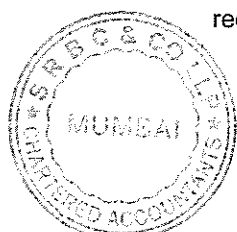
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at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

a. Debt instruments

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

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

• Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other expenses or other incomes, as applicable. Interest income from these financial assets is included in other income using the effective interest rate method.

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

b. Equity investments

Investment in subsidiaries are carried at cost in the separate financial statements and accounted on first-in first-out (FIFO) basis.

The Company subsequently measures all other equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer Note 28 details how the Company determines whether there has been a significant increase in credit risk.

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

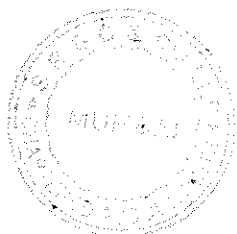
(iv) Derecognition of financial assets

A financial asset is derecognised only when

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

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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



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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(v) Income recognition

a. Interest income

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

b. Dividends

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

(vi) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents includes outstanding bank overdraft shown within current liabilities in statement of financial position and which are considered as integral part of Company's cash management policy.

(vii) Trade receivable

Trade receivable are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Financial liabilities

(i) Measurement:

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss. Liabilities from finance lease agreements are measured at the lower of fair value of the leased asset or present value of minimum lease payments.

(ii) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(iii) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(iv) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are recognised, initially at fair value, and subsequently measured at amortised cost using effective interest rate method.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortization, where appropriate.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions and variable interest rate risk associated with borrowings (cash flow hedges).

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



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges that qualify for hedge accounting

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

When option contracts are used to hedge forecast transactions, the Company designates only the intrinsic value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedging reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognized within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

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

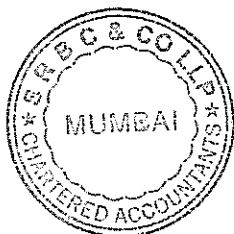
When the hedged forecast transaction results in the recognition of a non-financial asset (for example inventory), the amounts accumulated in equity are transferred to profit or loss as follows:

With respect to gain or loss relating to the effective portion of the intrinsic value of option contracts, both the deferred hedging gains and losses and the deferred aligned time value of the option contracts are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).

With respect to gain or loss relating to the effective portion of the spot component of forward contracts, both the deferred hedging gains and losses and the deferred aligned forward points are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses).

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.



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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(ii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in foreign currency translation reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses). Gains and losses accumulated in equity are reclassified to profit or loss on the disposal of a foreign operation.

(iii) Derivatives that are not designated as hedges

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

Embedded Derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

Embedded foreign currency derivatives

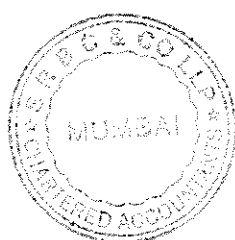
Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

- the functional currency of any substantial party to that contract,
- the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world,
- a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency)

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss. The Company currently does not have any such derivatives which are not closely related.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.15 Compound instrument

Compound financial instrument issued by the Company comprises of compulsorily redeemable non-convertible preference shares. Compound financial instruments are split into separate equity and liability components. The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have discretionary dividend feature/ off market interest rate. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently re-measured. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Dividend/ Interest related to the liability component of compound instrument is recognised in profit or loss (unless it qualifies for inclusion in the cost of an asset).

2.16 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.17 Employee benefits

a) Short-term obligations

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

b) Other long-term employee benefit obligations

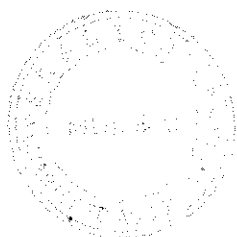
The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up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

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

c) Post-employment obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity, and
- defined contribution plans such as provident fund and superannuation Fund



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Defined Benefit Plans

Gratuity obligations

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

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits WGBL be paid, and that have terms approximating to the terms of the related obligation.

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

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

Remeasurements are not reclassified to profit and loss in the subsequent periods.

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

Defined contribution plans

Provident Fund, Employee State Insurance Corporation (ESIC), Pension Fund and other Social Security Funds

The Contribution towards provident fund, ESIC, pension fund and Social Security Funds for certain employees is made to the regulatory authorities where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

Superannuation Fund

Contribution towards superannuation fund for certain employees is made to SBI Life Insurance Company where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from contribution made on monthly basis.

d) Bonus Plan

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.18 Provisions and contingent liabilities

a) **Provisions** for legal claims, service warranties, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions for restructuring are recognised by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company WGBL carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

b) **Contingent liabilities** are disclosed when there is a possible obligation arising from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

c) **Contingent Assets** are disclosed, where an inflow of economic benefits is probable.

2.19 Contributed Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Provision for dividends

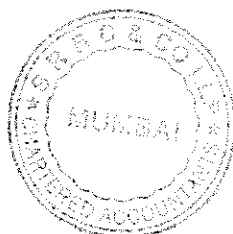
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.21 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares. (Refer Note 36)



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Diluted earnings per share

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

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

2.22 Rounding of amounts

All amounts disclosed in the financial statements and Notes have been rounded off to the nearest millions with two decimal as per the requirement of Schedule III, unless otherwise stated.

2.23 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 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.

- The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

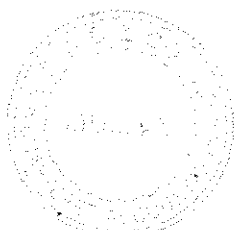
2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company assesses the financial performance and position of the Company and makes strategic decisions. Refer Note 32 for segment information presented.

2.25 Significant accounting judgements, estimates and assumption:

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Critical estimates and judgments

i) Current tax expense and deferred tax

The calculation of the Company's tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. (Refer Note 26)

Recognition of deferred tax assets/ liabilities

The recognition of deferred tax assets/ liabilities is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. (Refer Note 13).

ii) Provisions and Contingent Liabilities.

The Company exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision. (Refer Note 30).

iii) Useful life of Property, Plant and Equipment and intangible assets

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. For the relative size of the Company's property, plant and equipment and intangible assets (Refer Notes 3 and 4).

iv) Impairment for equity Investments in Subsidiaries

To test the impairment of equity investment in one of subsidiaries, market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments. Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results.

v) Defined Benefit Obligation

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

related plan liability. Refer Note 21 for the details of the assumptions used in estimating the defined benefit obligation.

vi) Fair value of Financial Instruments.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 27.

vii) Revenue Recognition

The Company's contracts with customers include promises to transfer goods to the customers. Judgment is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as schemes, incentives, cash discounts, rebates, chargebacks, markdowns etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period.

Cost to obtain a contract are generally expensed as incurred. The assessment of these criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

viii) Estimation uncertainty relating to the global health pandemic on COVID-19

The Company has adopted measures to curb the spread of infection of COVID 19 in order to protect the health of its employees and ensure business continuity with minimal disruption including remote working, maintaining social distancing, sanitization of workspaces etc. The Company's operations, revenue and consequently profit during the year ended March 31, 2021 were impacted due to Covid-19. The Company has considered the possible effects that may result from outbreak of COVID-19 in the preparation of this financial results including the recoverability of carrying amounts of financial and non-financial assets and liquidity assessment based on future cash flow projections. In building the assumptions relating to the possible uncertainties in the global economic conditions as at the date of approval of these financial statements, the Company has used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements.



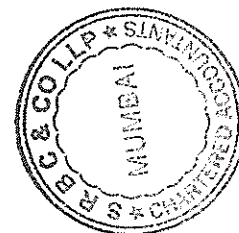
WELSPUN GLOBAL BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 3 - Property, Plant & Equipment

(Rs. million)

| | Plant & Machinery | Leasehold Improvements | Electrical installations | Computers | Vehicles | Office Equipment | Furniture Fittings and equipments | Total |
|---|-------------------|------------------------|--------------------------|--------------|-------------|------------------|-----------------------------------|--------------|
| Year ended 31 March 2020 | | | | | | | | |
| Gross carrying amount | - | 6.36 | 0.38 | 18.12 | 0.01 | 4.07 | 3.75 | 32.69 |
| Addition | - | - | - | 1.60 | - | 0.38 | - | 1.98 |
| Disposals | - | - | - | - | - | (0.38) | - | (0.38) |
| Closing gross carrying amount | - | 6.36 | 0.38 | 19.72 | 0.01 | 4.07 | 3.75 | 34.29 |
| Accumulated Depreciation | | | | | | | | |
| Opening accumulated depreciation | - | 0.60 | 0.24 | 13.14 | 0.01 | 3.06 | 2.38 | 19.43 |
| Depreciation charge during the year | - | 3.05 | 0.06 | 3.20 | - | 0.44 | 0.53 | 7.28 |
| Disposals | - | - | - | - | - | (0.34) | - | (0.34) |
| Closing accumulated depreciation | - | 3.65 | 0.30 | 16.34 | 0.01 | 3.16 | 2.91 | 26.37 |
| Net Carrying amount | | 2.71 | 0.08 | 3.38 | - | 0.91 | 0.84 | 7.92 |
| Year ended 31 March 2021 | | | | | | | | |
| Gross carrying amount | - | 6.36 | 0.38 | 19.72 | 0.01 | 4.07 | 3.75 | 34.29 |
| Opening gross carrying amount | 21.90 | 1.72 | - | 5.61 | - | 0.15 | - | 29.38 |
| Additions | - | - | - | - | - | (0.13) | - | (0.13) |
| Disposals | - | - | - | - | - | - | - | - |
| Closing gross carrying amount | 21.90 | 8.08 | 0.38 | 25.33 | 0.01 | 4.09 | 3.75 | 63.54 |
| Accumulated depreciation | | | | | | | | |
| Opening accumulated depreciation | - | 3.65 | 0.30 | 16.34 | 0.01 | 3.16 | 2.91 | 26.37 |
| Depreciation charge during the year | 2.34 | 3.15 | 0.04 | 1.38 | - | 0.60 | 0.37 | 7.88 |
| Disposals | - | - | - | - | - | (0.13) | - | (0.13) |
| Closing accumulated depreciation | 2.34 | 6.80 | 0.34 | 17.72 | 0.01 | 3.63 | 3.28 | 34.12 |
| Net carrying amount | 19.56 | 1.28 | 0.04 | 7.61 | - | 0.46 | 0.47 | 29.42 |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 4 - Intangible Assets

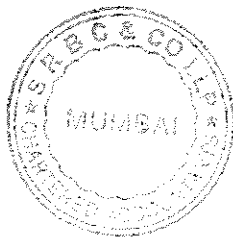
(Rs. million)

| | Computer Software | Total | Intangible assets under development |
|---|------------------------------|--------------|--|
| Year ended 31 March 2020 | | | |
| Gross carrying amount | 47.92 | 47.92 | - |
| Addition | - | - | - |
| Disposals | - | - | - |
| Closing gross carrying amount | 47.92 | 47.92 | - |
| Accumulated amortisation | | | |
| Opening accumulated depreciation | 15.82 | 15.82 | - |
| Depreciation charge during the year | 8.47 | 8.47 | - |
| Closing accumulated amortisation | 24.29 | 24.29 | - |
| Net Carrying amount | 23.63 | 23.63 | - |
| Year ended 31 March 2021 | | | |
| Gross carrying amount | 47.92 | 47.92 | - |
| Additions | - | - | 0.93 |
| Disposals | (17.65) | (17.65) | - |
| Closing gross carrying amount | 30.27 | 30.27 | 0.93 |
| Accumulated amortisation | | | |
| Opening accumulated depreciation | 24.29 | 24.29 | - |
| Depreciation charge during the year | 7.83 | 7.83 | - |
| Disposals | (13.82) | (13.82) | - |
| Closing accumulated amortisation | 18.30 | 18.30 | - |
| Net carrying amount | 11.97 | 11.97 | 0.93 |

Notes :-

(i) Intangible assets under development

Intangible assets under development comprises of Software development expenses.



WELSPUN GLOBAL BRANDS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| | As at March 31, 2021 (Rs. million) | As at March 31, 2020 (Rs. million) |
|---|--|--|
| Note 5 : Non-current equity investment in subsidiaries | | |
| Unquoted | | |
| 370,862 | (March 31, 2020 : 370,862) Equity Shares of US \$ 1 each, fully paid up of Welspun Mauritius Enterprises Limited Less : Provision for diminution in value of Investment | 16.58 16.58 <u>(16.58)</u> <u>(16.58)</u> |
| 1,500 | (March 31, 2020 : 1,500) Equity Shares of US \$ 100 each fully paid up of Welspun USA Inc. | 281.97 281.97 |
| 35,244 | (March 31, 2020 : 35,244) Equity Shares of GBP 1 each, fully paid up of Welspun Holding Private Limited (Cyprus) Less : Provision for impairment (Refer Note 40) | 727.22 727.22 <u>(140.00)</u> <u>(140.00)</u> |
| Total | | <u>587.22</u> <u>587.22</u> <u>869.19</u> <u>869.19</u> |
| Note 6 : Financial assets | | |
| 6 (a) : Non-current investment | | |
| Others - Fair value through profit and loss | | |
| | Investment - SBI Life Insurance | 0.99 2.60 |
| Total (Others) | | <u>0.99</u> <u>2.60</u> |
| | Aggregate amount of quoted investments and market value thereof | - |
| | Aggregate amount of unquoted investments | 0.99 2.60 |
| 6(b) Non-current Loans | | |
| | Loan to Related Party (Refer Note 35(ii)) | |
| | - Welspun Mauritius Enterprises Limited | 245.04 253.61 |
| | Less : Allowance for Doubtful Loan | <u>245.04</u> <u>253.61</u> |
| | | - |
| Others | | |
| | Loan to Employees | 1.60 1.70 |
| Total Loans | | <u>1.60</u> <u>1.70</u> |
| Break-up of security details | | |
| | Unsecured, considered good | 1.60 1.70 |
| | Loan receivable which have significant increase in credit risk | - |
| | Loan receivable - Credit impaired | 245.04 253.61 |
| | Allowance for doubtful debts | <u>(245.04)</u> <u>(253.61)</u> |
| Total | | <u>1.60</u> <u>1.70</u> |
| 6(b) Current Loans | | |
| Others | | |
| | Loan to Employees | 1.47 1.88 |
| Total | | <u>1.47</u> <u>1.88</u> |
| Break-up of security details | | |
| | Unsecured, considered good | 1.47 1.88 |
| | Loan receivable which have significant increase in credit risk | - |
| | Loan receivable - Credit impaired | - |
| | Allowance for doubtful debts | - |
| Total | | <u>1.47</u> <u>1.88</u> |
| 6(c) : Other non-current financial assets | | |
| | Fixed Deposits with Banks with maturity more than 12 months * | 0.50 14.96 |
| | Security Deposits to Others | 17.35 3.25 |
| | Security Deposit to Related Party | |
| | - Welspun Realty Private Limited | - |
| Total | | <u>17.85</u> <u>53.47</u> |
| * Held as lien by sales tax authorities | | |
| 6(c) : Other current financial assets | | |
| | Government Grants Receivable | 173.69 156.62 |
| | Mark-to-Market Gain on Forward Contracts | 712.88 - |
| | Other Receivables | 273.67 - |
| | Security Deposits to Others | 8.39 3.50 |
| | Security Deposit to Related Party | |
| | - Welspun Realty Private Limited | 101.41 83.16 |
| | Interest Accrued on Fixed Deposits/Others | 0.25 0.46 |
| Total | | <u>1,270.29</u> <u>243.74</u> |

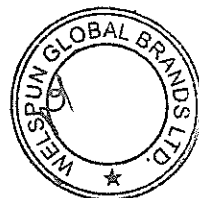


WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| | As at March 31, 2021 (Rs. million) | As at March 31, 2020 (Rs. million) |
|--|--|--|
| 6(d) : Trade receivables | | |
| Receivable from related parties (Refer Note 35 (ii)) | 7,275.57 | 6,026.77 |
| Receivable from others | 5,869.68 | 5,522.54 |
| Less : Allowance for doubtful debts | 24.98 | 28.22 |
| Total receivables | 13,120.27 | 11,521.09 |
| Current portion | 13,120.27 | 11,521.09 |
| Non-current portion | - | - |
| Break-up of security details: | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 13,120.27 | 11,521.09 |
| Trade receivable which have significant increase in credit risk | - | - |
| Trade receivable - Credit impaired | 24.98 | 28.22 |
| Impairment allowance | (24.98) | (28.22) |
| Total | 13,120.27 | 11,521.09 |
| 6(e) Cash and cash equivalents | | |
| Bank balances with bank | | |
| - In Current Accounts | 194.09 | 989.67 |
| Fixed Deposits (less than 3 months maturity) | 19.00 | - |
| Money In Transit | 514.38 | - |
| Cash on Hand | 0.02 | 0.02 |
| Total cash and cash equivalents | 727.49 | 989.69 |
| 6(f) Bank balances other than cash & cash equivalents | | |
| Other Bank Balances | | |
| - Fixed Deposits with maturity period of more than 3 months but less than 12 months | 10.38 | 3.62 |
| (Includes Rs. 0.04 million (March 31, 2020: Rs. 0.04 million) under lien with sales tax authorities) | | |
| Total | 10.38 | 3.62 |
| Note 7: Non-current tax assets | | |
| Non-current tax assets | - | 93.46 |
| Total | - | 93.46 |
| Note 8(a): Other non-current assets | | |
| Balances with Customs, Excise, Sales Tax and other Government Authorities | 0.23 | 0.34 |
| Total | 0.23 | 0.34 |
| Note 8(b): Other current assets | | |
| Balances with Customs, Excise, Sales Tax and other Government Authorities | 2,611.04 | 3,240.52 |
| Advance to Vendors | 145.78 | 190.43 |
| Advance to employees | 10.15 | 14.31 |
| Prepaid Expenses | 23.07 | 33.82 |
| Total | 2,790.04 | 3,479.08 |
| Note 9: Inventories (at lower of cost or net realisable value) | | |
| Raw Materials | 22.51 | - |
| Work-in-Progress | 69.71 | - |
| Finished Goods and Traded Goods | 1,766.34 | 558.77 |
| Packing Materials | 52.29 | - |
| Stores, Spares, Dyes and Chemicals | 0.43 | - |
| Total | 1,911.28 | 558.77 |

During the year ended 31 March 2021, Rs. 36.91 Million (31 March 2020: Rs. 105.80 Million) was recognised as an expense for inventories carried at net realisable value.



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 10: Equity share capital and other equity

10(a) Equity share capital

| (i) Authorised share capital | Equity Shares of Rs. 10 each | |
|------------------------------|------------------------------|-------------------------|
| | Number of Shares | Amount (Rs. million) |
| As at April 1, 2019 | 2,50,00,000 | 250.00 |
| Increase during the year | - | - |
| As at March 31, 2020 | 2,50,00,000 | 250.00 |
| Increase during the year | - | - |
| As at March 31, 2021 | 2,50,00,000 | 250.00 |

| (ii) Issued Subscribed and Paid up share capital | Equity Shares of Rs. 10 each fully paid up | |
|--|--|-------------------------|
| | Number of Shares | Amount (Rs. million) |
| As at April 1, 2019 | 2,35,29,412 | 235.29 |
| Increase during the year | - | - |
| As at March 31, 2020 | 2,35,29,412 | 235.29 |
| Increase during the year | - | - |
| As at March 31, 2021 | 2,35,29,412 | 235.29 |

Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for 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, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

| (iii) Shares held by holding company | As at March 31, 2021 | | As at March 31, 2020 | |
|---|----------------------|-------------------------|----------------------|-------------------------|
| | Number of Shares | Amount (Rs. million) | Number of Shares | Amount (Rs. million) |
| Welspun India Limited, the holding company | | | | |
| Equity shares of Rs. 10 each, fully paid up | 2,30,65,503 | 230.66 | 2,30,65,503 | 230.66 |
| | 2,30,65,503 | 230.66 | 2,30,65,503 | 230.66 |

| (iv) Details of shareholders holding more than 5% of shares in the Company | As at March 31, 2021 | | As at March 31, 2020 | |
|--|----------------------|--------|----------------------|--------|
| | Number of Shares | % | Number of Shares | % |
| Equity Shares : | | | | |
| Welspun India Limited | 2,30,65,503 | 98.03% | 2,30,65,503 | 98.03% |



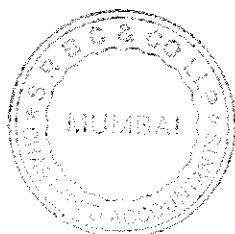
WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| | As at March 31, 2021 (Rs. million) | As at March 31, 2020 (Rs. million) |
|---|--|--|
| 10(b) Reserves and surplus | | |
| Securities premium reserve (Refer Note (a) below) | 1,163.95 | 1,163.95 |
| Capital Redemption Reserve (Refer Note (b) below) | 144.65 | 10.00 |
| Retained earnings (Refer Note (c) below) | 1,643.16 | 1,252.89 |
| | 2,951.76 | 2,426.85 |
| a) Securities Premium | | |
| Balance as at the beginning of the year | 1,163.95 | 1,163.95 |
| Add : Additions during the year | - | - |
| Balance as at the end of the year | 1,163.95 | 1,163.95 |
| b) Capital Redemption Reserve | | |
| Balance as at the beginning of the year | 10.00 | 10.00 |
| Add : Additions during the year | 134.65 | - |
| Balance as at the end of the year | 144.65 | 10.00 |
| c) Retained earnings | | |
| Balance as at the beginning of the year | 1,252.89 | 847.97 |
| Add : Profit for the year | 475.87 | 414.45 |
| Balance as at the end of the year | 1,728.76 | 1,262.42 |
| Items of other comprehensive income recognised directly in retained earnings | | |
| Transfer to Capital redemption Reserve | (134.65) | - |
| Equity Component of preference Shares on redemption | 50.70 | - |
| Re-measurement gains on defined benefit plans, net of tax | (1.65) | (9.53) |
| Balance as at the end of the year | 1,643.16 | 1,252.89 |
| Total | 2,951.76 | 2,426.84 |
| 10(c) Other reserves | | |
| Hedging reserve account [refer note (i) below] | 337.15 | (976.95) |
| i) Hedging Reserve | | |
| Gross Balance as at the beginning of the year | (976.95) | 735.48 |
| Add : Gain/(Loss) recognised in other comprehensive income during the year | 1,619.21 | (1,231.16) |
| Less: Amounts reclassified to profit or loss | (136.91) | 1,204.86 |
| Gross hedging reserve before tax | 779.17 | (1,700.54) |
| Less: Deferred Tax | (442.02) | 723.59 |
| Net Balance as at the end of the year | 337.15 | (976.95) |

Notes: Nature and purpose of reserves

- (a) **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.
- (b) **Capital Redemption Reserve**
Capital Redemption Reserve is created 1) when preference shares are redeemed out of profits of the Company, a sum equal to the nominal amount of the shares to be redeemed has to be transferred to this reserve and 2) when Company purchases its own shares out of free reserves, a sum equal to the nominal value of shares so purchased has to be transferred to this reserve. This reserve may be used for issuing fully paid up bonus shares to the members. (Refer note 11(a))
- (c) **Hedging Reserve**
The Company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale and inventory purchases and interest rate risk associated with variable interest rate borrowings as described within note 28. For hedging foreign currency risk, the Company uses foreign currency forward contracts and foreign currency option contracts, both of which are designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss (e.g. sales and interest payments). When the forecast transaction results in the recognition of a non-financial asset (e.g. inventory), the amount recognised in the cash flow hedging reserve is adjusted against the carrying amount of the nonfinancial asset.



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| | (Rs. million) | (Rs. million) |
| Note 11: Financial liabilities | | |
| 11(a) : Other Equity | | |
| Equity Component of Compound Financial Instruments | 609.70 | 660.40 |
| | <u>609.70</u> | <u>660.40</u> |
| 11(a) Non-current borrowings | | |
| Secured Loans | | |
| Unsecured : | | |
| Liability component of compound financial instruments [Refer Note (a) and (b) below] | 949.61 | 874.54 |
| Non-current borrowings | <u>949.61</u> | <u>874.54</u> |

(i) **1,389,575 0% Redeemable Preference shares**
Preference shares are redeemable at par after 13 years and before 20 years with an option of early redemption from the date of allotment i.e. December 7, 2012

(ii) **1,000,000 1% Redeemable Cumulative Preference shares**

Preference shares are redeemable at par at the end of 13 years from the date of allotment i.e. October 28, 2013.

(iii) **13,464,800 0% Redeemable Cumulative Preference shares**

The Company on April 1, 2011 had issued 13,464,800 0% Redeemable Cumulative Preference Shares (RCPS) at face value. These RCPS were redeemable at the expiry of 13 years from the date of allotment or at the option of the Company, whichever is earlier. These RCPS being financial instruments, for the purpose of preparation of the Ind AS financial statements of the Company, were split into Equity Component and liability component, wherein Equity component had been presented on the face of the Balance Sheet (net of deferred tax) and liability component had been presented at amortized cost.

On March 31, 2021, the Company had exercised the option for redemption of these RCPS at face value, out of the profits of the Company. Further pursuant to this redemption, as required under the Companies act 2013, the Company has created Capital Redemption Reserve equivalent to face value of such RCPS and Equity component of compound financial instruments has been transferred to Retain earnings.

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Face Value of 0% Cumulative Redeemable Preference Shares | - | 134.65 |
| Face Value of 0% Redeemable Preference Shares | 1,389.56 | 1,389.56 |
| Face Value of 1% Cumulative Redeemable Preference Shares | 10.00 | 10.00 |
| *Equity component of 0% Cumulative Redeemable Preference Shares | - | 76.62 |
| *Equity Component of 0% Redeemable Preference Shares | 917.39 | 917.39 |
| *Equity component of 1% Cumulative Redeemable Preference Shares | 6.26 | 6.26 |
| | <u>475.91</u> | <u>533.74</u> |
| Unwinding of interest | 473.70 | 464.48 |
| Non Current Borrowings | 949.61 | 874.54 |
| Less: Current maturities of Long-term Debt [Refer Note 11(b)] | - | 123.68 |

*The equity component of preference shares has been presented on the face of the balance sheet net of the deferred tax of Rs. 340.07 million.

11(a) Current borrowings

| | | |
|--|-----------------|-----------------|
| Secured | | |
| - Working Capital Loans from Banks [Refer Note 11(a)(1)] | 1,100.00 | 379.60 |
| - Export bills discounted [Refer Note 11(a)(2)] | 2,528.57 | 1,787.55 |
| Total current borrowings | <u>3,628.57</u> | <u>2,167.15</u> |

Note 11(a)(1): The working capital loans, which includes short term loans and cash credit from banks, are secured by hypothecation of inventories and book debts and other current financial assets of the Company; charge on entire fixed assets of the Company and corporate guarantee from Holding Company.

Note 11(a)(2): Export bills are discounted with the banks and the net amount after deduction of discounting charges is received by the Company. Once the bills are realised the same is utilized to settle the outstanding amount with the bank.

11(b) Other non-current financial liabilities

| | | |
|-------------------|--------------|--------------|
| Security Deposits | 47.67 | 47.88 |
| Total | <u>47.67</u> | <u>47.88</u> |

11(b) Other current financial liabilities

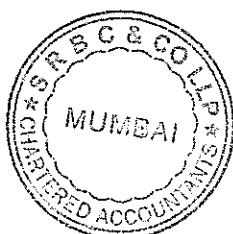
| | | |
|--|-------------|-----------------|
| Liability component of compound financial instruments [Refer Note 11(a)] | - | 123.68 |
| Mark-to-Market Liability on Forward Contracts | - | 1,389.63 |
| Security Deposits | 4.33 | - |
| Bank Overdraft | - | 1.41 |
| Others | - | 18.00 |
| Total | <u>4.33</u> | <u>1,532.72</u> |

11(c) Trade payables

| | | |
|--|------------------|------------------|
| Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 39) | 128.59 | 33.20 |
| Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises | 11,086.29 | 10,681.49 |
| Total | <u>11,214.88</u> | <u>10,714.69</u> |

12 Non-current tax liabilities

| | | |
|-----------------------------------|--------------|----------|
| Non-current tax liabilities (net) | 74.93 | - |
| Total | <u>74.93</u> | <u>-</u> |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| | As At March 31, 2021 (Rs. million) | As At March 31, 2020 (Rs. million) |
|---|--|--|
| Note 12(a): Non-current provisions | | |
| Provision for litigation | 27.39 | 26.02 |
| Total | 27.39 | 26.02 |
| Note 12(b): Current provisions | | |
| Provision for litigation | - | 0.59 |
| Dividend on Preference Shares and Tax thereon | 0.16 | 0.16 |
| Total | 0.16 | 0.75 |

| Provision for litigation & exceptional expenses | Non-current | Current |
|--|-------------|---------|
| As at April 1, 2020 | 24.66 | 0.75 |
| Charged/ (credited) to profit or loss | 1.36 | - |
| As at March 31, 2020 | 26.02 | 0.75 |
| As at April 1, 2021 | 26.02 | 0.75 |
| Charged/ (credited) to statement of profit or loss | 1.37 | - |
| Provisions utilised/adjusted during the year | - | 0.59 |
| As at March 31, 2021 | 27.39 | 0.16 |

(b) Provision for litigation are relating to disputed matters pertaining to Value Added Tax (VAT).

Note 13: Deferred tax liabilities (Net)

| | | |
|---|---------------|-----------------|
| Deferred Tax Liabilities arising on account of temporary differences in: | | |
| - On Cash Flow Hedges | 113.41 | (328.61) |
| - Classification of preference share Liability in equity and liability at inception | 108.12 | 129.78 |
| - Remeasurements of Post Employment benefit obligation | (4.09) | (3.53) |
| Deferred Tax Asset arising on account of temporary differences in: | | |
| - Expenses inadmissible under section 40(a) of the Income Tax Act, 1961 | 15.36 | - |
| - Provision for Employee Benefits | 34.51 | 18.31 |
| - Depreciation | 19.51 | 14.80 |
| - Allowance for Doubtful Debts/ Advances | 6.29 | 9.09 |
| Total | 141.77 | (244.56) |

Movement in Deferred Tax as per Ind AS

| Particulars | Depreciation | Defined Benefit Obligation | Provision for Doubtful debts | Expenses inadmissible u/s 40a | On Cash Flow Hedges | Remeasurements of Post Employment benefit obligation | Expenses allowed on payment basis | Classification of preference share Liability in equity and liability at inception | Total |
|-------------------------------|--------------|----------------------------|------------------------------|-------------------------------|---------------------|--|-----------------------------------|---|----------|
| 1st April 2019 | (21.99) | (12.01) | (8.76) | (6.59) | 394.09 | 0.94 | (36.24) | 207.85 | 518.19 |
| (Charged) / Credited: | | | | | | | | | |
| to Profit and Loss | 7.10 | (6.30) | (0.33) | 6.59 | - | - | 36.24 | (78.07) | (34.68) |
| to Other Comprehensive Income | - | - | - | - | (723.60) | (4.47) | - | - | (728.07) |
| 31st March 2020 | (14.80) | (18.31) | (9.09) | - | (328.61) | (3.53) | - | 129.78 | (244.56) |
| (Charged) / Credited: | | | | | | | | | |
| to Profit and Loss | 4.71 | 16.20 | (2.80) | 15.36 | - | - | - | 21.66 | 55.13 |
| to Other Comprehensive Income | - | - | - | - | (442.02) | 0.56 | - | - | (441.46) |
| 31st March 2021 | (19.51) | (34.51) | (6.29) | (15.36) | 113.41 | (4.09) | - | 108.12 | 141.77 |

| | As At March 31, 2021 | As At March 31, 2020 |
|---|-------------------------|-------------------------|
| Note 14: Current employee benefit obligation | | |
| Provision for Compensated Absences (Refer Note 21) | 64.69 | 45.37 |
| Provision for Gratuity (Refer Note 21) | 72.41 | 27.39 |
| Employee Benefits Payable* | 119.78 | 47.67 |
| Total | 256.88 | 120.63 |

* Includes salary, leave travel allowance and director commission.

| | | |
|---|--------------|--------------|
| Note 15: Current tax liabilities | | |
| Non-current tax liabilities (net) | 33.39 | 33.39 |
| Total | 33.39 | 33.39 |

| | | |
|---|---------------|---------------|
| Note 16: Other current liabilities | | |
| Unearned Revenue | 3.95 | 5.83 |
| Advances from Customers | 153.40 | 89.36 |
| Statutory Dues | 74.72 | 134.37 |
| Total | 232.07 | 229.56 |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| | Year ended March 31, 2021 (Rs. million) | Year ended March 31, 2020 (Rs. million) |
|---|---|---|
| Note 17 : Revenue from operations | | |
| (a) Sale of Products | | |
| Finished Goods | 62,378.75 | 54,749.28 |
| Rebates, discounts, chargebacks, markdowns etc. | (2,913.71) | (2,222.73) |
| Sub total | 59,465.04 | 52,526.55 |
| (b) Other Operating Income | | |
| Export benefit (Refer Note below) | 4,256.10 | 4,502.13 |
| Sale of Scrap | 186.80 | - |
| Sale of Coal | 79.20 | - |
| Total | 4,522.10 | 4,502.13 |
| Total | 63,987.14 | 57,028.68 |

Notes:

(i) Company receives Duty Drawback and Rebate of State & Central Taxes and Levies at specified rate on FOB value of exports. GoI vide press release dated December 31, 2020 introduced RoDTEP scheme for all export goods with effect from January 1, 2021. Pursuant to above, the benefit under ROSCTL scheme has been withdrawn Considering that rates of RoDTEP are yet to be notified, the Company has not accrued income under the said scheme for the period January 1, 2021 to March 31, 2021.

(ii) Revenue from contracts with customers

1) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

| Revenue | Year ended March 31, 2021 (Rs. million) | Year ended March 31, 2020 (Rs. million) |
|--|---|---|
| India | 6,196.09 | 4,162.60 |
| Outside India | 53,534.95 | 48,363.95 |
| Total revenue from contracts with customers | 59,731.04 | 52,526.55 |

2) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

| Particulars | As at March 31, 2021 (Rs. million) | As at March 31, 2020 (Rs. million) |
|---|--|--|
| Trade receivables* | 13,120.27 | 11,521.09 |
| Contract liabilities (advances from customers) | 153.40 | 89.36 |
| Refund liabilities (Rebates, discounts, chargebacks, markdowns, etc.) | 1,079.25 | 385.74 |

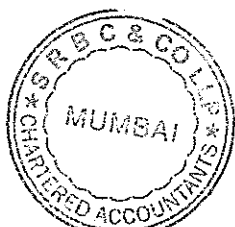
* Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

3) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

| Particulars | Year ended March 31, 2021 (Rs. million) | Year ended March 31, 2020 (Rs. million) |
|--|---|---|
| Revenue as per contracted price | 62,644.75 | 54,749.28 |
| Less: Rebates, discounts, chargebacks, markdowns, etc. | (2,913.71) | (2,222.73) |
| Revenue from contracts with customers | 59,731.04 | 52,526.55 |

4) Reconciliation of revenue from operations with revenue from contracts with customers

| Particulars | As at March 31, 2021 (Rs. million) | As at March 31, 2020 (Rs. million) |
|--|--|--|
| Revenue from operations | 63,987.14 | 57,028.68 |
| Less: Export Benefits | 4,256.10 | 4,502.13 |
| Revenue from contracts with customers | 59,731.04 | 52,526.55 |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| | Year Ended March 31, 2021 (Rs. million) | Year Ended March 31, 2020 (Rs. million) |
|--|---|---|
| Note 18 : Other income | | |
| Interest income from financial assets measured at amortised cost | | |
| On Fixed Deposits | 0.72 | 0.78 |
| On Others | 5.46 | 12.77 |
| Interest on Income Tax Refund | 22.36 | 5.77 |
| Rent | 1.08 | - |
| Profit on Redemption/ Sale of Units in Mutual Funds | - | 0.58 |
| Liabilities Written Back as no Longer Required | 35.80 | - |
| Profit on Cancellation of Forward Contracts (Net) | 29.16 | - |
| Exchange Gain (Net) | - | 422.42 |
| Unwinding of discount on security deposits | 3.20 | 4.26 |
| Miscellaneous Income | 8.79 | 3.05 |
| Total | 106.56 | 449.63 |
| Note 19 : Cost of materials consumed | | |
| Raw material consumed | | |
| Opening inventory | - | - |
| Add: Purchases (net) | 8,036.81 | - |
| Less : Inventory at the end of the year | 22.51 | - |
| | 8,014.30 | - |
| Packing material consumed | | |
| Opening inventory | - | - |
| Add: Purchases (net) | 645.13 | - |
| Less : Inventory at the end of the year | 52.29 | - |
| | 592.84 | - |
| Total | 8,607.14 | - |
| Note 19 : Purchases of Stock-in-trade | | |
| Purchases of Stock-in-trade | 49,946.83 | 50,293.10 |
| Total | 49,946.83 | 50,293.10 |
| Note 20 : Changes in Inventories of Finished Goods, Work-in-Progress and stock-in-trade | | |
| (Increase)/ Decrease in Stocks-in-trade | | |
| Stock at the end of the year | | |
| Work-in-Progress | 69.71 | - |
| Finished Goods and Traded Goods | 1,766.34 | 558.77 |
| Total A | 1,836.05 | 558.77 |
| Less: Stock at the beginning of the year | | |
| Finished Goods | 558.77 | 1,419.35 |
| Total B | 558.77 | 1,419.35 |
| (Increase) / decrease in Stocks (A-B) | (1,277.28) | 860.58 |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 21 : Employee Benefits Expense

| | (Rs. in million) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Salaries, Wages, Allowances and Other Benefits | 1289.90 | 885.82 |
| Gratuity and ex-gratia | 45.03 | 38.18 |
| Contribution to Provident and Other Funds | 74.60 | 52.01 |
| Managerial Remuneration | 37.78 | 28.31 |
| Staff and Labour Welfare | 11.74 | 18.38 |
| | 1459.05 | 1022.70 |

The Company has classified the various benefits provided to employees as under:

I Defined Contributions Plans

| | (Rs. in million) | |
|--|------------------------------|------------------------------|
| During the year the Company has recognised the following amounts in the Statement of Profit and Loss | Year ended March 31, 2021 | Year ended March 31, 2020 |
| - Employer's Contribution to Provident Fund* | 38.26 | 33.34 |
| - Employer's Contribution to Employees State Insurance* | 5.04 | 1.58 |
| - Employer's Contribution to Employees Pension Scheme* | 29.31 | 14.45 |
| - Employer's Contribution to Superannuation Scheme* | 1.99 | 2.64 |
| | 74.60 | 52.01 |

*Included in Contribution to Provident and Other Funds

II Defined benefit plan

Contribution to Gratuity Fund (Funded Defined Benefit Plan)

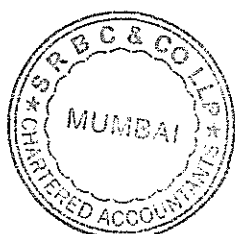
| a. Major assumptions | As at March 31, 2021 | As at March 31, 2020 |
|--|--|---|
| Discount rate | 6.90% | 6.84% |
| Expected rate of return on Plan Assets | 6.90% | 6.84% |
| Salary Escalation Rate @ | 6.50% p.a. for the next 5 years, 5.00% p.a. thereafter, starting from the 6th year | 6.50% p.a. for the next 5 years, 5.00% p.a. thereafter, starting from the 6th year |
| Rate of Employee Turnover | For service 0 years and below 27.00% p.a. For service 1 years to 2 years 9.00% p.a. For service 3 years to 4 years 3.00% p.a. For service 5 years and above 3.00% p.a. | For service 2 years and below 8.00% p.a. For service 3 years to 4 years 6.00% p.a. For service 5 years and above 4.00% p.a. |
| Mortality Rate During Employment | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |

@ The estimates for future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

| | (Rs. in million) | |
|---|-------------------------|-------------------------|
| b. Change in the present value of obligation | As at March 31, 2021 | As at March 31, 2020 |
| Opening Present value of Obligation | 88.09 | 68.16 |
| Current service cost | 14.07 | 9.60 |
| Liability Transferred In/ Acquisitions | 28.61 | - |
| Interest cost | 6.02 | 5.20 |
| Benefit Paid Directly by the Employer | (1.74) | - |
| Benefit paid | (5.26) | (9.37) |
| Actuarial Gains on Obligations - Due to Change in Demographic | (2.32) | - |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumption | (0.82) | 6.84 |
| Actuarial Losses on Obligations - Due to Experience | 5.64 | 7.56 |
| Closing present value of Obligation | 132.29 | 88.09 |

| | (Rs. in million) | |
|--|-------------------------|-------------------------|
| c. Change in fair value of plan assets | As at March 31, 2021 | As at March 31, 2020 |
| Opening Fair value of Plan Assets | 60.70 | 64.64 |
| Interest Income | 4.15 | 5.02 |
| Return on Plan Assets, excluding amounts included in interest income | 0.29 | 0.41 |
| Benefits paid | (5.26) | (9.37) |
| Closing Fair Value of Plan Assets | 59.88 | 60.70 |

| | (Rs. in million) | |
|--|-------------------------|-------------------------|
| d. Balance Sheet Reconciliation | As at March 31, 2021 | As at March 31, 2020 |
| Opening Net Liability | 27.39 | 3.52 |
| Expenses Recognized in Statement of Profit or Loss | 15.93 | 9.87 |
| Expenses Recognized in OCI | 2.21 | 14.00 |
| Net Liability Transfer In | 28.61 | - |
| Benefit Paid Directly by the Employer | (1.73) | - |
| Net Liability Recognised in the Balance Sheet | 72.41 | 27.39 |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| (Rs. in million) | | |
|--|-------------------------|-------------------------|
| e. Amount recognised in the Balance sheet | As at March 31, 2021 | As at March 31, 2020 |
| Present value of Obligation | 132.79 | 88.06 |
| Fair Value of Plan Assets | 59.85 | 60.70 |
| Funded Status | 72.41 | 27.36 |
| Net liability Recognised in the Balance Sheet and included under employee benefit obligation (refer note 14) | 72.41 | 27.39 |
| Non Current Portion | 72.41 | 27.39 |
| Current Portion | - | - |

| (Rs. in million) | | |
|---|------------------------------|------------------------------|
| f. Expenses recognized in the statement of profit and loss | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Current service cost | 14.07 | 9.60 |
| Interest cost | 1.87 | 0.27 |
| Total Expenses recognized in the statement of profit and loss* | 15.94 | 9.87 |

* Included in Employee Benefits Expense

| (Rs. in million) | | |
|--|------------------------------|------------------------------|
| g. Expenses recognized in the Other Comprehensive Income | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Re-measurement | | |
| Actuarial Losses on Obligation For the year | 2.50 | 14.40 |
| Return on Plan Assets, Excluding Interest Income | (0.29) | (0.41) |
| Net Expenses for the year Recognized in OCI | 2.21 | 13.99 |

h. Sensitivity analysis:

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

| (Rs. in million) | | |
|-------------------|-----------------------|--|
| Particulars | Change in Assumptions | Increase/(decrease) in defined benefit obligations |
| | | March 31, 2021 March 31, 2020 |
| Discount Rate | Increase by 1% | (12.55) (7.17) |
| Discount Rate | Decrease by 1% | 14.85 8.27 |
| Salary Increase | Increase by 1% | 14.90 8.29 |
| Salary Increase | Decrease by 1% | (12.82) (7.31) |
| Employee Turnover | Increase by 1% | 2.30 1.03 |
| Employee Turnover | Decrease by 1% | (2.65) (1.17) |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability/ assets recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

| i. Major Category of Plan Asset as a % of Total Plan Assets | As at March 31, 2021 | | As at March 31, 2020 | |
|---|-------------------------|--------|-------------------------|--------|
| | Quoted (Rs. million) | % | Quoted (Rs. million) | % |
| Insurer Managed funds | 59.88 | 100.00 | 60.70 | 100.00 |

Defined benefit liability and employer contributions

The Company funding levels are monitored on an annual basis and the current agreed contribution rate is 12% of the basic salaries. Further funding is done only for employees more than 5 years in the firm, for less than 5 years employees are paid separately.

Expected contributions to post-employment benefit plans for the year ending 31 March 2022 are Rs. 56.65 million.

The weighted average duration of the defined benefit obligation is 12 years (2020 -10 years). The expected maturity analysis of undiscounted gratuity is as follows:

| (Rs. in million) | | | | | | |
|----------------------------|---------------------|------------------------|---------------------|-------------------------|------------------|---------------|
| Particulars | Less than a year | Between 1 - 2 years | Between 2 - 5 years | Between 5 - 10 years | 11 years & Above | Total |
| March 31, 2021 | | | | | | |
| Defined benefit obligation | 12.22 | 5.54 | 17.37 | 46.67 | 241.67 | 323.47 |
| Total | 12.22 | 5.54 | 17.37 | 46.67 | 241.67 | 323.47 |
| March 31, 2020 | | | | | | |
| Defined benefit obligation | 4.90 | 4.78 | 19.58 | 32.18 | 121.66 | 183.10 |
| Total | 4.90 | 4.78 | 19.58 | 32.18 | 121.66 | 183.10 |

iii Other Employee Benefit

The liability for compensated absences as at year end is Rs. 64.69 million (March 31, 2020: Rs. 45.37 million)



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| | Year Ended March 31, 2021 (Rs. million) | Year Ended March 31, 2020 (Rs. million) |
|--|---|---|
| Note 22 : Depreciation and Amortisation Expense | | |
| Depreciation property, plant and equipment | 7.88 | 7.28 |
| Amortisation on intangible assets | 7.83 | 8.47 |
| Depreciation Right of Use Assets (ROU) (Refer Note 31) | 102.35 | 42.74 |
| Total | 118.06 | 58.49 |

| | | |
|--|-----------------|-----------------|
| Note 23 : Other Expenses | | |
| Stores and Spares Consumed | 18.48 | - |
| Job Work Expenses | 14.76 | 0.05 |
| Sales Commission | 702.40 | 785.88 |
| Freight, Forwarding and Coolie Charges | 1,873.14 | 1,170.08 |
| Advertising and Sales Promotion | 406.29 | 902.81 |
| Electricity Expenses | 7.09 | 15.81 |
| Repairs and Maintenance - Others | 91.18 | 71.89 |
| Directors' Sitting Fees | 1.88 | 1.75 |
| Contract Labour Charges | 3.77 | - |
| Rent (Refer Note 31) | 16.76 | 27.94 |
| Warehouse Expenses | 73.25 | 78.10 |
| Rates and Taxes | 3.27 | 24.25 |
| Printing and Stationery | 0.39 | 1.21 |
| Travelling and Conveyance | 25.95 | 229.24 |
| Legal and Professional Charges | 356.66 | 292.81 |
| Insurance | 44.66 | 30.76 |
| Communication | 4.37 | 2.15 |
| Postage and Courier | 32.46 | 44.12 |
| Loss on Sale/ Discarding of Fixed Assets (Net) | 3.82 | 0.03 |
| Provision for Doubtful Debts/ Advances | 14.38 | 7.89 |
| Exchange Loss Provision MTM | - | 84.08 |
| Exchange Loss (Net) | 121.44 | - |
| Bad Debts/ Advances Written off | 2.11 | 4.75 |
| Product Testing Charges | 77.59 | 67.20 |
| Royalty | 128.00 | 114.00 |
| Provision for Impairment | - | 140.00 |
| Donations | 1.16 | - |
| Payments to auditors (Refer note 23 (a) below) | 4.28 | 4.16 |
| Corporate Social Responsibility Expenses (Refer Note 23 (b) below) | 13.27 | 13.37 |
| Miscellaneous | 50.58 | 63.68 |
| Total | 4,093.39 | 4,178.01 |

Note 23 (a) : Details of Payments to auditors

| | | |
|-----------------------------------|-------------|-------------|
| Payments to auditors | | |
| As auditor: | | |
| Audit fee | 3.50 | 3.50 |
| Tax audit fee | 0.45 | 0.45 |
| In Other capacities | | |
| Certification fees | 0.18 | 0.13 |
| Re-imbursement of expenses | 0.15 | 0.08 |
| Total payments to auditors | 4.28 | 4.16 |

Note 23 (b) : Details of CSR expenditure

| | | |
|--|-------|-------|
| (i) Gross amount required to be spent by the Company during the year | 13.27 | 12.65 |
| (ii) Amount spent during the year | | |
| (a) Construction/acquisition of any asset | - | - |
| (b) on purposes other than (a) above | 13.27 | 13.37 |

Note 24 : Finance costs

| | | |
|-------------------------------------|---------------|---------------|
| Preference shares at amortised cost | 86.04 | 79.19 |
| Interest on Working Capital Loans | 122.08 | 138.42 |
| Interest to Others | 3.04 | 2.52 |
| Interest on Lease liabilities | 32.03 | 8.20 |
| Discounting and Bank Charges | 203.73 | 280.80 |
| Total | 446.92 | 509.13 |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 25 : Exceptional items

The Company received final approval from trial court dated October 28, 2019 for its settlement agreement which is intended to resolve all pending legal claims in the United States concerning past marketing and labeling of the Company's premium cotton home textile products. Accordingly, the management based on expert advice has reversed the unutilized provision aggregating Rs. 2.58 million during the previous year.

Note 26 : Income tax expense

This note provides an analysis of the Company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

Pursuant to the changes in the tax rates, with effect from April 1, 2019 the Company has opted for lower tax rates

a) Statement of Profit and Loss

(Rs. million)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Income tax expense | | |
| Current Tax | | |
| Current Tax on profits for the year. | 242.68 | 179.10 |
| Adjustment for current tax of prior periods | 36.17 | - |
| Total current tax expense | 278.85 | 179.10 |
| Deferred Tax | | |
| Decrease (Increase) in deferred tax assets | (33.47) | 43.40 |
| (Decrease) Increase in deferred tax liabilities | (21.66) | (78.06) |
| Total deferred tax expense | (55.13) | (34.66) |
| Income tax expense | 223.72 | 144.44 |
| Income tax expense is attributable to : | | |
| Profit for the year | 223.72 | 144.44 |
| | 223.72 | 144.44 |

(b) Other Comprehensive Income (OCI)

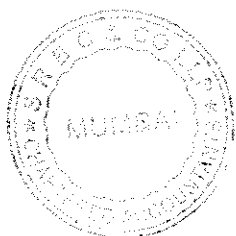
(Rs. million)

| | March 31, 2021 | March 31, 2020 |
|---|-----------------|----------------|
| Deferred gain/(loss) on cash flow hedges | (442.02) | 723.59 |
| Net loss/(gain) on remeasurement of defined benefit plans | 0.56 | 4.47 |
| Total | (441.46) | 728.06 |

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

(Rs. million)

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Profit for the year before income tax expense | 699.59 | 558.89 |
| Tax at the Indian tax rate @ 25.17% | 176.09 | 140.67 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable | | |
| Corporate social responsibility expenditure | 3.63 | 1.68 |
| Provision pertaining to earlier years | 36.17 | - |
| Interest on Welspun Mauritius Enterprises Limited loan | 6.74 | (6.39) |
| Impact on account of change in tax | - | (34.19) |
| Impairment of investments | - | 35.24 |
| Other Items | 1.09 | 7.43 |
| Income Tax Expenses | 223.72 | 144.44 |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 27 : Fair value measurements

Financial Instruments by category

| | March 31, 2021 | | | March 31, 2020 | | |
|--|----------------|---------------|------------------|----------------|-----------------|------------------|
| | FVPL | FVOCI | Amortised cost | FVPL | FVOCI | Amortised cost |
| Financial assets | | | | | | |
| Investments | | | | | | |
| - Others | 0.99 | - | - | 2.60 | - | - |
| Trade receivables | - | - | 13,120.27 | - | - | 11,521.09 |
| Security Deposits | - | - | 127.15 | - | - | 125.17 |
| Cash and cash equivalents and other bank balance | - | - | 737.87 | - | - | 993.31 |
| Government Grants | - | - | 173.69 | - | - | 156.62 |
| Mark-to-Market gain (Net) on Forward/ Swap Contracts | - | 712.88 | - | - | - | - |
| Others | - | - | 277.49 | - | - | 19.00 |
| Total financial assets | 0.99 | 712.88 | 14,436.47 | 2.60 | - | 12,815.19 |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 4,578.18 | - | - | 3,041.69 |
| Trade payables | - | - | 11,214.88 | - | - | 10,714.69 |
| Security Deposits | - | - | 52.00 | - | - | 47.88 |
| Mark-to-Market Loss on Forward Contracts | - | - | - | - | 1,389.63 | - |
| Others | - | - | 291.59 | - | - | 53.98 |
| Total financial liabilities | - | - | 16,136.65 | - | 1,389.63 | 13,858.24 |

(i) Fair value of Financial assets and liabilities measured at amortised cost

(Rs. million)

| | 31-Mar-21 | | 31-Mar-20 | |
|--|------------------|------------------|------------------|------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Assets | | | | |
| Investments | | | | |
| Security Deposits | 127.15 | 127.15 | 125.17 | 125.17 |
| Trade receivables | 13,120.27 | 13,120.27 | 11,521.09 | 11,521.09 |
| Government Grants | 173.69 | 173.69 | 156.62 | 156.62 |
| Cash and Cash equivalents | 737.87 | 737.87 | 993.31 | 993.31 |
| Others | 277.49 | 277.49 | 19.00 | 19.00 |
| Total | 14,436.47 | 14,436.47 | 12,815.19 | 12,815.19 |
| Financial liabilities | | | | |
| Borrowings (including Liability component of compound financial instruments) | 4,578.18 | 4,570.29 | 3,041.69 | 2,990.49 |
| Security deposits more than 12 months | 52.00 | 52.00 | 47.88 | 47.88 |
| Trade payables | 11,214.88 | 11,214.88 | 10,714.69 | 10,714.69 |
| Others | 291.59 | 291.59 | 53.98 | 53.98 |
| Total | 16,136.65 | 16,128.76 | 13,858.24 | 13,797.04 |

The carrying amount of trade receivable, cash and cash equivalents and other bank balances, current loans, other current financial assets, other current financial liabilities and trade payable are considered to be the same as their value, due to their short-term nature. Also, the carrying amount of short term borrowing is considered to be approximately same as it's fair value due to it's short-term nature.

The fair value for security deposits was calculated based on cash flows discounted using a current lending rates. They are classified as level 3 fair value in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of the company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

(ii) Fair value hierarchy

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

(Rs. million)

| Financial assets and liabilities measured at fair value - recurring fair value measurements | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|-------|---------|---------------|----------|---------------|
| At March 31, 2021 | | | | | |
| Financial assets : | | | | | |
| Financial Investments at FVPL | | | | | |
| Investments- Others | 6(a) | - | 0.99 | - | 0.99 |
| Derivatives designated as hedges | | | | | |
| Mark-to-Market Gain on Forward Contracts | 6(c) | - | 712.88 | - | 712.88 |
| Total financial assets | | | 713.87 | - | 713.87 |
| Financial liabilities | | | | | |
| Derivatives designated as hedges | | | | | |
| Mark-to-Market Loss on Forward Contracts | 11(b) | - | - | - | - |
| Total financial liabilities | | | - | - | - |

(Rs. million)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|------------|---------|---------|------------------|------------------|
| At March 31, 2021 | | | | | |
| Financial assets | | | | | |
| Security Deposits | 6(c) | - | - | 127.15 | 127.15 |
| Trade receivables | 6(d) | - | - | 13,120.27 | 13,120.27 |
| Government Grants | 6(c) | - | - | 173.69 | 173.69 |
| Cash and Cash equivalents | 6(e) | - | - | 737.87 | 737.87 |
| Others | 6(c), 6(b) | - | - | 277.49 | 277.49 |
| Total financial assets | | | | 14,436.47 | 14,436.47 |
| Financial Liabilities | | | | | |
| Borrowings | 11(a) | - | - | 4,570.29 | 4,570.29 |
| Security deposits for more than 12 months | 11(b) | - | - | 52.00 | 52.00 |
| Trade payables | 11(c) | - | - | 11,214.88 | 11,214.88 |
| Others | | - | - | 291.59 | 291.59 |
| Total financial liabilities | | | | 16,128.76 | 16,128.76 |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Financial assets and liabilities measured at fair value - recurring fair value measurements | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|-------|---------|----------|---------|----------|
| At March 31, 2020 | | | | | |
| Financial assets | | | | | |
| Financial Investments at FVPL | | | | | |
| Investments-Others | 6(a) | - | 2.60 | - | 2.60 |
| Derivatives designated as hedges | | | | | |
| Mark-to-Market Gain on Forward Contracts | 6(c) | - | - | - | - |
| Total financial assets | | - | 2.60 | - | 2.60 |
| Financial liabilities | | | | | |
| Derivatives designated as hedges | | | | | |
| Mark-to-Market Loss on Forward Contracts | 11(b) | - | 1,389.63 | - | 1,389.63 |
| Total financial liabilities | | - | 1,389.63 | - | 1,389.63 |

(Rs. million)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|-------|---------|---------|-----------|-----------|
| At March 31, 2020 | | | | | |
| Financial assets | | | | | |
| Security Deposits | 6(c) | - | - | 125.17 | 125.17 |
| Trade receivables | 6(d) | - | - | 11,521.09 | 11,521.09 |
| Government Grants | 6(c) | - | - | 156.62 | 156.62 |
| Cash and Cash equivalents | 6(e) | - | - | 993.31 | 993.31 |
| Others | 6(b) | - | - | 19.00 | 19.00 |
| Total financial assets | | - | - | 12,815.19 | 12,815.19 |
| Financial liabilities | | | | | |
| Borrowings | 11(a) | - | - | 2,980.49 | 2,980.49 |
| Security deposits for more than 12 months | 11(b) | - | - | 47.88 | 47.88 |
| Trade Payable | 11(c) | - | - | 10,714.65 | 10,714.65 |
| Others | | - | - | 53.98 | 53.98 |
| Total financial liabilities | | - | - | 13,797.04 | 13,797.04 |

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

Level 1: This hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing Net Assets Value (NAV). NAV represents the price at which the issuer will issue further units and will redeem such units of mutual fund to and from the investors.

Level 2: The fair value of financial instruments that are not traded in an active market (such as traded bonds, debentures, government securities and commercial papers) is determined using Fixed Income Money Market and Derivatives Association of India (FIMMDA) inputs and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. Considering that all significant inputs required to fair value such instruments are observable, these are included in level 2.

Valuations of Level 2 instruments can be verified to recent trading activity for identical or similar instruments, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g., indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

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

There are no internal transfers of financial assets and financial liabilities between Level 1, Level 2 and Level 3 during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period.

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted

| Particulars | Fair Value (Rs. million) | | Significant unobservable inputs* | Probability-weighted range | | Sensitivity |
|-------------------|--------------------------|-----------|----------------------------------|----------------------------|-----------|--|
| | 31-Mar-21 | 31-Mar-20 | | 31-Mar-21 | 31-Mar-20 | |
| Preference Shares | 895.41 | 937.02 | Risk Adjusted Discount Rate | 9%-10% | 9%-10% | March 31, 2021 - Increase in discount factor by 50 basis points (bps) would decrease face value by Rs. 18.85 million and decrease in discount rate by 50 bps would increase face value by Rs. 19.36 million. March 31, 2020 - Increase in discount factor by 50 basis points (bps) would decrease face value by Rs. 21.31 million and decrease in discount rate by 50 bps would increase face value by Rs. 21.96 million. |

v) Valuation processes :

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

This team reports directly to the Chief Financial Officer (CFO).

Discussions of valuation processes and results are held between the CFO, and the valuation team at least once every three months, in line with company's quarterly reports.



Note 28 - Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. In order to minimize any adverse effects of the financial performance of the Company, derivative financial instruments, such as foreign exchange contracts are entered to hedge certain foreign currency risk exposure. Derivatives are used exclusively for hedging purpose and not as trading or speculative instruments.

This note explain the sources of risk which the entity is exposed to and how the entity manages the risk and impact of hedge accounting in the financial statements

| Risk | Exposure arising from | Measurement | Management |
|--------------------------------|--|--|--|
| Credit risk | Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost. | Aging analysis | Diversification of bank deposits, credit limits and letters of credit, insurance for certain trade receivables |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk – foreign exchange | Future commercial transactions Recognised financial assets and liabilities not denominated in Indian Rupee (INR) | Cash flow forecasting Sensitivity analysis | Forward Foreign Exchange Contracts |

The Company's risk management is carried out by the Risk Management committee, under policies approved by the Board of Directors. Company Risk Management committee identifies, evaluates and hedges financial risk in close cooperation with Company's respective department heads. The Board provides policy for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

(i) Credit Risk Management

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

The Company determines default by considering the business environment in which the Company operates and other macro-economic factors. The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

- Actual or expected significant adverse changes in business;
- Actual or expected significant changes in the operating results of the counterparty;
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- Significant increase in credit risk on other financial instruments of the same counterparty;
- Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company.

Trade Receivable

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business, credit insurance for parties where a higher credit risk is perceived. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables.

Concentrations of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse. The following table gives details in respect of percentage of revenue generated from the top ten customers.

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Revenue from top ten customers | 74.62% | 74.43% |

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, Derivative financial instruments, investments in government securities and bonds, and investments in mutual funds. The Company has diversified portfolio of investment with various number of counter-parties which have good credit ratings, good reputation, good past track records and reviews and hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company.

Ageing of Trade receivables is as follows

| As at March 31, 2021 (Rs million) | | | | |
|--|--------------------|----------------------|----------------|-----------|
| Ageing | Less Than 3 Months | 3 Months to 6 Months | Above 6 Months | Total |
| Gross Carrying amount | 11,414.99 | 1,276.67 | 454.69 | 13,145.25 |
| Expected loss rate | 0.02% | 0.08% | 4.87% | 0.19% |
| Allowance for doubtful debts | 1.82 | 1.01 | 22.15 | 24.98 |
| Carrying amount of trade receivables (net of impairment) | 11,413.17 | 1,274.66 | 432.44 | 13,120.27 |

| As at March 31, 2020 (Rs million) | | | | |
|--|--------------------|----------------------|----------------|-----------|
| Ageing | Less Than 3 Months | 3 Months to 6 Months | Above 6 Months | Total |
| Gross Carrying amount | 9,311.14 | 1,743.48 | 494.69 | 11,549.31 |
| Expected loss rate | - | - | 5.70% | 0.24% |
| Allowance for doubtful debts | - | - | 28.22 | 28.22 |
| Carrying amount of trade receivables (net of impairment) | 9,311.14 | 1,743.48 | 466.47 | 11,521.09 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Reconciliation of loss allowance provision - Trade receivables

| | (Rs. million) |
|--|---------------|
| Allowance for doubtful debts on April 01, 2019 | 25.09 |
| Expected Credit loss recognised | 7.88 |
| Written off during the year | 4.75 |
| Allowance for doubtful debts on March 31, 2020 | 28.22 |
| Expected Credit loss recognised | 14.38 |
| Written off during the year | 17.62 |
| Allowance for doubtful debts on March 31, 2021 | 24.98 |

The Company mitigates its credit risk routing its sales either under documentary letter of credit or are under cover of credit insurance policy.

(B) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

(i) Financing arrangements

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

| As at | 31-Mar-21 | | 31-Mar-20 | |
|--|------------|----------------|------------|----------------|
| | Fund Based | Non Fund Based | Fund Based | Non Fund Based |
| Expiring with one year (Export bills discounting, Bank overdraft etc.) | 3,746.61 | 84.60 | 4,218.13 | 511.04 |
| | 3,746.61 | 84.60 | 4,218.13 | 511.04 |

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

(ii) Maturities of Financial liabilities

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

- all non derivative financial liabilities, and
- not and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

| As at March 31, 2021 | | | | | | | |
|---|--------------------|----------------------|--------------------|-----------------------|-----------------------|----------------|-----------|
| (Rs. million) | | | | | | | |
| Contractual maturities of Non derivatives financial liabilities | Less than 3 Months | 3 months to 6 months | 6 months to 1 year | Between 1 and 2 years | Between 2 and 5 years | Beyond 5 years | Total |
| Borrowings | 3,185.51 | 451.16 | - | - | 1,369.56 | 10.00 | 5,036.22 |
| Trade payables | 11,214.86 | - | - | - | - | - | 11,214.86 |
| Other financial liabilities | 4.33 | - | - | 47.67 | - | - | 52.00 |
| Lease Liabilities | 38.51 | 38.55 | 78.26 | 118.15 | 78.40 | - | 349.87 |
| Total | 14,443.21 | 489.70 | 78.26 | 165.82 | 1,467.96 | 10.00 | 16,652.95 |

| As at March 31, 2021 | | | | | | | |
|--|--------------------|----------------------|--------------------|-----------------------|-----------------------|----------------|-----------|
| (Rs. million) | | | | | | | |
| Derivative Financial Instruments (based on contracted rates) | Less than 3 Months | 3 months to 6 months | 6 months to 1 year | Between 1 and 2 years | Between 2 and 5 years | Beyond 5 years | Total |
| Forward contracts USD- INR | 6,134.31 | 9,288.88 | 18,376.48 | - | - | - | 35,809.67 |
| Forward contracts EUR- INR | 163.62 | 146.66 | - | - | - | - | 310.28 |
| Forward contracts GBP- INR | 61.41 | 61.94 | - | - | - | - | 123.35 |
| Total | 6,359.34 | 9,507.48 | 18,376.48 | - | - | - | 36,243.30 |

| As at March 31, 2020 | | | | | | | |
|---|--------------------|----------------------|--------------------|-----------------------|-----------------------|----------------|-----------|
| (Rs. million) | | | | | | | |
| Contractual maturities of Non derivatives financial liabilities | Less than 3 Months | 3 months to 6 months | 6 months to 1 year | Between 1 and 2 years | Between 2 and 5 years | Beyond 5 years | Total |
| Borrowings | 2,168.67 | - | 134.65 | - | - | 1,399.56 | 3,703.08 |
| Trade payables | 10,714.68 | - | - | - | - | - | 10,714.68 |
| Other financial liabilities | 19.41 | - | - | 47.88 | - | - | 67.29 |
| Lease Liabilities | 7.79 | 5.48 | 10.05 | 16.21 | 0.29 | - | 39.82 |
| Total | 12,910.55 | 5.48 | 144.70 | 64.09 | 0.29 | 1,399.56 | 14,524.87 |

| As at March 31, 2020 | | | | | | | |
|--|--------------------|----------------------|--------------------|-----------------------|-----------------------|----------------|-----------|
| (Rs. million) | | | | | | | |
| Derivative Financial Instruments (based on contracted rates) | Less than 3 Months | 3 months to 6 months | 6 months to 1 year | Between 1 and 2 years | Between 2 and 5 years | Beyond 5 years | Total |
| Forward contracts USD- INR | 7,907.18 | 9,088.18 | 13,726.78 | - | - | - | 30,722.14 |
| Forward contracts EUR- INR | 97.50 | 48.88 | - | - | - | - | 146.78 |
| Forward contracts GBP- INR | 71.09 | 33.29 | - | - | - | - | 104.38 |
| Total | 8,075.77 | 9,170.35 | 13,726.78 | - | - | - | 30,973.30 |

(C) Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's revenue denominated in a foreign currency.

This foreign currency risk is hedged by using foreign currency forward contracts. During the year the Company has revised its foreign exchange risk management strategy. On account of change in strategy there is a net gain of Rs. 262.31 Million in the statement of Profit and Loss for the year ended March 31, 2021.

As per the new strategy, the Company manages its foreign currency risk by designating forward contracts as hedging instruments against:

- Highly probable forecasted sales in foreign currency i.e. towards future sales where corresponding exposure is yet to be recorded in the books (for an initial part of the tenure of the contract), and
- Pool of trade receivables in foreign currency (for balance part of the tenure of contract)

Further, the Company settles these forward contracts with banks by utilising it against the realisations for pool of trade receivables in foreign currency.

As at March 31, 2021 the Company hedged 61.16% of its expected foreign currency sales for the next 9 months (March 31, 2020: 65.04% of its expected foreign currency sales for next 12 months). As at March 31, 2021, the Company hedged 67.10% of its foreign currency trade receivables (March 31, 2020: N/A).

(a) Foreign currency risk exposure

The Company's unhedged exposure to foreign currency risk at the end of the reporting period is as follows

| | 31-Mar-21 | | | 31-Mar-20 | | |
|--|------------|--------|---------|-----------|-------|---------|
| | USD | EUR | Others* | USD | EUR | Others* |
| Financial Assets | | | | | | |
| Trade Receivables** | 11,438.48 | 101.02 | 89.34 | 10,474.73 | 49.28 | 31.04 |
| Foreign exchange forward contracts | -7,803.05 | - | - | - | - | - |
| Net exposure to foreign currency risk (assets) | 3,635.43 | 101.02 | 89.34 | 10,474.73 | 49.28 | 31.04 |
| Financial liabilities | | | | | | |
| Trade Payables | 2,613.33 | 0.29 | 68.37 | 2,621.35 | 1.24 | 38.29 |
| Borrowings- Current** | 2,528.57 | - | - | 1,787.55 | - | - |
| Net exposure to foreign currency risk (liabilities) | 5,141.95 | 0.29 | 68.37 | 4,408.90 | 1.24 | 38.29 |
| Net open exposures (assets-liabilities) - Assets (liabilities) | (1,506.52) | 100.73 | 20.97 | 6,065.83 | 48.04 | (7.25) |

* Other currencies of GBP, CNY & CAD

** Borrowings- Current comprises of export bills discounted which are considered to be a natural hedge against corresponding trade receivables.



(b) Foreign currency sensitivity

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

| | (Rs. million) | |
|--|----------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| USD sensitivity | | |
| USD - INR - Increase by 5% (March 31, 2020 - 5%)* | -75.33 | 303.29 |
| USD - INR - Decrease by 5% (March 31, 2020 - 5%)* | 75.33 | -303.29 |
| EURO sensitivity | | |
| EURO - INR - Increase by 4% (March 31, 2020 - 4%)* | 4.03 | 1.92 |
| EURO - INR - Decrease by 4% (March 31, 2020 - 4%)* | -4.03 | -1.92 |

* Holding all other variables constant

(c) Forward contracts designated as hedges

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions (cash flow hedge) and foreign currency required at the settlement date of pool of trade receivables in foreign currency (fair value hedge). The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors/Foreign Exchange Risk Management Committee, which provide principles on the use of such forward contracts consistent with the Company's risk management policy and procedures.

(i) Cash Flow Hedge

As at March 31, 2021

Following tables disclose profile of timing of the nominal amount of foreign exchange forward contracts :

| Particulars | Less than 3 months | | 3 to 6 Months | | 6 months to 1 year | | Total |
|---|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|-------------------|
| | Amount in Million | Average Rate (Rs.) | Amount in Million | Average Rate (Rs.) | Amount in Million | Average Rate (Rs.) | Amount in Million |
| Foreign Exchange Forward Contracts (Highly Probable Forecast Sales) | | | | | | | |
| Forward contracts (in USD) | 0.25 | 73.90 | 121.39 | 76.60 | 239.75 | 76.65 | 361.39 |
| Forward contracts (in EURO) | 1.85 | 88.45 | 1.65 | 88.88 | - | - | 3.50 |
| Forward contracts (in GBP) | 0.60 | 102.34 | 0.60 | 103.24 | - | - | 1.20 |

As at March 31, 2020

Following tables disclose profile of timing of the nominal amount of foreign exchange forward contracts :

| Particulars | Less than 3 months | | 3 to 6 Months | | 6 months to 1 year | | Total |
|------------------------------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|-------------------|
| | Amount in Million | Average Rate (Rs.) | Amount in Million | Average Rate (Rs.) | Amount in Million | Average Rate (Rs.) | Amount in Million |
| Foreign Exchange Forward Contracts | | | | | | | |
| Forward contracts (in USD) | 109.45 | 72.25 | 123.31 | 73.70 | 184.60 | 74.35 | 417.35 |
| Forward contracts (in EURO) | 1.20 | 81.58 | 0.60 | 81.47 | - | - | 1.80 |
| Forward contracts (in GBP) | 0.75 | 94.79 | 0.35 | 95.10 | - | - | 1.10 |

(ii) Fair Value Hedge

As at March 31, 2021

Following tables disclose profile of timing of the nominal amount of foreign exchange forward contracts : (Rs. million)

| Particulars | March 31, 2021 | | March 31, 2020 | |
|---|-------------------|--------------------|-------------------|--------------------|
| | Amount in Million | Average Rate (Rs.) | Amount in Million | Average Rate (Rs.) |
| Foreign Exchange Forward Contracts (Trade receivable) | | | | |
| Forward contracts (in USD) | | | | |
| All contracts have balance maturity of less than 3 months | 106.73 | 76.04 | - | - |

Impact of hedging activities

Valuation Technique

The Company enters into derivative financial instruments with various counterparties, principally banks and financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include discounted cash flow method

As at March 31, 2021

Disclosure of effects of hedge accounting on financial positions:

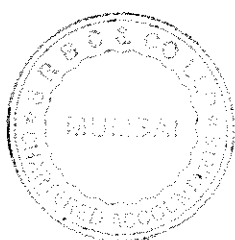
| Particulars | Nominal value (Foreign Currency in Million) | Carrying amount of hedging instrument | | Hedging Ratio | Change in fair value of hedging instrument | Change in the value of hedged item used as the basis for recognizing effectiveness |
|-----------------------------|--|---------------------------------------|-------------|---------------|--|--|
| | | Assets | Liabilities | | | |
| Cash flow hedge | | | | | | |
| Forward contracts (in USD) | 361.39 | 444.20 | - | 1:1 | | |
| Forward contracts (in EURO) | 3.50 | 5.49 | - | 1:1 | 1,619.21 | (1,619.21) |
| Forward contracts (in GBP) | 1.20 | 0.79 | - | 1:1 | | |

| Particulars | Nominal value (Foreign Currency in Million) | Carrying amount of hedging instrument | | Hedging Ratio |
|----------------------------|--|---------------------------------------|-------------|---------------|
| | | Assets | Liabilities | |
| Fair value hedge | | | | |
| Forward contracts (in USD) | 106.73 | 262.31 | - | 1:1 |

As at March 31, 2020

Disclosure of effects of hedge accounting on financial positions:

| Particulars | Nominal value (Foreign Currency in Million) | Carrying amount of hedging instrument | | Hedging Ratio | Change in fair value of hedging instrument | Change in the value of hedged item used as the basis for recognizing effectiveness |
|-----------------------------|--|---------------------------------------|-------------|---------------|--|--|
| | | Assets | Liabilities | | | |
| Forward contracts (in USD) | 417.35 | - | (1,386.21) | 1:1 | | |
| Forward contracts (in EURO) | 1.80 | - | (3.92) | 1:1 | (1,231.16) | 1,231.16 |
| Forward contracts (in GBP) | 1.10 | - | 0.50 | 1:1 | | |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Disclosure of effects of hedge accounting on financial performance

(Rs. million)

| March 31, 2021 Type of hedge | Change in the value of the hedging instrument recognized in OCI | Hedge ineffectiveness recognized in profit and loss | Amount reclassified from cash flow hedging reserve to profit and loss | Line item affected in statement of profit and loss because of the reclassification |
|---------------------------------|--|--|---|---|
| Cash flow hedge | | | | |
| Highly probable forecast sales | 1,619.21 | - | 136.91 | Revenue from contracts with customers |
| Highly probable forecast sales | - | 29.16 | - | Other income |

(Rs. million)

| March 31, 2020 Type of hedge | Change in the value of the hedging instrument recognized in OCI | Hedge ineffectiveness recognized in profit and loss | Amount reclassified from cash flow hedging reserve to profit and loss | Line item affected in statement of profit and loss because of the reclassification |
|---------------------------------|--|--|---|---|
| Cash flow hedge | | | | |
| Highly probable forecast sales | -1,231.16 | - | 1,204.86 | Revenue from contracts with customers |
| Highly probable forecast sales | - | 64.08 | - | Other Expenses |

The Company's hedging policy allows for effective hedge relationship to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedge item and hedging instrument. The Company uses hypothetical derivative method to assess effectiveness.

Fair Value Hedge

Gain on account of fair valuation of forward contracts to hedge pool of foreign currency trade receivables recognised in the statement of profit and loss is Rs. 262.31 Million (March 31, 2020: Nil)

Movement in cash flow hedging reserve

| Derivative instruments | Forward contracts |
|--|-------------------|
| (i) Cash flow hedging reserve | |
| As at April 01, 2019 | 735.49 |
| Add: Gain recognised in other comprehensive income during the year | (1,231.16) |
| Less: Amounts reclassified to profit or loss | (1,204.86) |
| Less: Deferred Tax | 723.59 |
| As at March 31, 2020 | -976.94 |
| Add: Gain recognised in other comprehensive income during the year | 1,619.21 |
| Add: Amounts reclassified to profit or loss | 136.91 |
| Less: Deferred Tax | (442.02) |
| As at March 31, 2021 | 337.16 |

(D) Cash flow and fair value interest rate risk

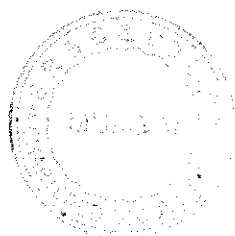
The Company is not exposed to interest rate risk because funds are borrowed at fixed interest rates. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations.

(a) Interest rate risk exposure

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

| Particulars | (Rs. million) | |
|-----------------------|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Fixed rate borrowings | 4,578.18 | 3,165.37 |
| Total borrowings | 4,578.18 | 3,165.37 |

As at the end of the reporting period, the Company had NIL variable rate borrowing sensitivity analysis has not been carried out.



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 29 - Capital management

(a) Risk Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year.

The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments.

The funding requirements are met through a mixture of equity, internal fund generation and other short term borrowings.

For impact of Covid-19 on capital management, refer note 40

The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements.

The following table summarizes the capital structure of the Company:

| | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Non-current borrowings (Refer Note below) | 949.61 | 874.54 |
| Current borrowings | 3,628.57 | 2,167.15 |
| Less: cash and cash equivalents | 727.49 | 989.69 |
| Net debt | 3,850.69 | 2,052.00 |
| Total equity | 4,133.89 | 2,345.59 |
| Gearing ratio | 0.93 | 0.87 |

Note :

Non-current borrowings includes liability component of compound financial instruments [Refer Note 11 (a)]



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

30 Contingent Liabilities:

Description on matters considered as contingent liabilities:

| | (Rs. million) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| [a] Disputed Sales Tax Liabilities | 1.04 | 1.20 |
| [b] Income Tax Liabilities | 178.84 | 184.00 |
| [c] Claims against the Company not acknowledged as debts | 48.51 | 48.51 |

(i) It is not practicable to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

(ii) The Company does not expect any reimbursements in respect of the above contingent liabilities.

31 Leases

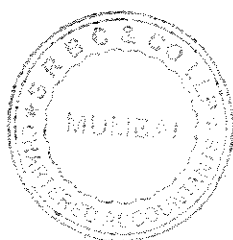
Company as lessee

The Company has lease contracts for various items of property and other equipment used in its operations. Leases of property generally have lease terms between 1 to 2 years, while other equipment generally have lease terms between 2 and 4 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

| | (Rs. million) | | |
|-----------------------------------|---------------------|-------------------|----------|
| | Right to use assets | | |
| Particulars | Commercial Property | Other Equipment's | Total |
| As at April 1, 2019 | 69.69 | 7.60 | 77.29 |
| Additions | - | 2.86 | 2.86 |
| Lease modifications / adjustments | - | (4.67) | (4.67) |
| Depreciation expense | (40.95) | (1.79) | (42.74) |
| As at March 31, 2020 | 28.74 | 4.00 | 32.74 |
| Additions | 343.34 | - | 343.34 |
| Depreciation expense | (100.33) | (2.02) | (102.35) |
| As at March 31, 2021 | 271.75 | 1.98 | 273.73 |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(Rs. million)

| Lease liabilities | | |
|----------------------------------|-------------------------|-------------------------|
| Particulars | As at March 31, 2021 | As at March 31, 2020 |
| As at April 1, 2020 | 34.57 | 77.28 |
| Additions | 343.33 | 2.86 |
| Lease modifications/ adjustments | - | (4.67) |
| Accretion of interest | 32.03 | 8.20 |
| Payments | (118.35) | (49.10) |
| As at March 31, 2021 | 291.58 | 34.57 |

| | | |
|-------------------------------|--------|-------|
| Current lease liabilities | 121.27 | 19.81 |
| Non-Current lease liabilities | 170.31 | 14.76 |

The maturity analysis of lease liabilities are disclosed in Note 28.

The effective interest rate for lease liabilities is 11%

The following are the amounts recognised in statement of profit and loss:

(Rs. million)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Depreciation expense of right-of-use assets | 102.35 | 42.74 |
| Interest expense on lease liabilities | 32.03 | 8.20 |
| Expense relating to short-term leases and low value assets (included in other expenses) | 68.45 | 87.29 |
| Total amount recognised in profit or loss | 202.83 | 138.23 |

The Company had total cash outflows for leases of Rs.127.30 million in March 31, 2021(Rs.136.40 million in March 31, 2020). There are no non-cash additions to right-of-use assets and lease liabilities. There are no future cash outflows relating to leases that have not yet commenced.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

32 Segment Information

(a) Information about Primary Business Segment

The Company's business has two divisions, Home Textile (which includes towels, bath robes, bath rugs/ mats, area rugs, carpet, bedsheets, utility bedding and fashion bedding) and Flooring division (which includes tiles ,Grass tiles bedding). However, for the purpose of making decision about profit or loss in the financial statements the chief operational decision maker monitors the combined results of above mentioned divisions (i.e. as one segment only). Accordingly, no separate disclosure is required as per Ind-AS 108 "operating Segments".



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- (b) Information about revenue from external customers and non-current assets in various geographical areas:

| Sr. No. | Particulars | Geographical segments | | (Rs. million) |
|-----------|---|--------------------------|------------------------|--|
| | | Outside India | Within India | Total |
| 1. | Segment Revenue | | | |
| | Revenue from Operations | 57,791.05 (52,866.08) | 6,196.09 (4,162.60) | 63,987.14 (57,028.68) |
| 2. | Carrying amount of assets by geographical location of assets | | | |
| | Segment assets* | 869.19 (869.19) | 316.31 (64.64) | 1,185.50 (933.83) |

Figures in brackets relate to previous year.

- a) *Carrying amount of segment assets are Non-Current assets excluding the tax assets, Deferred Tax Assets and Financial Assets.

Notes:

- b) The segment revenue in the geographical information considered for disclosure is as follows:

- Revenue within India includes sales to customers located within India and earnings in India.
- Revenue outside India includes sales to customers located outside India, earning outside India and exports benefit on sales made to customer located outside India.

- c) Segment Revenue and assets include the respective amounts identified to country of domicile viz India and other countries viz outside India and amounts allocated on a reasonable basis.

- d) Revenue from two customers amounted to Rs. 30,449.18 million (March 31, 2020: Rs 24,549.75 million)

33 Earnings in Foreign Currency

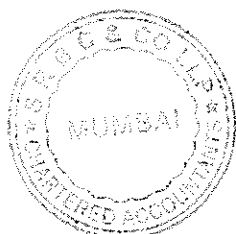
(Rs. million)

| | | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|-----|-----------------------------------|------------------------------|------------------------------|
| (a) | Revenue from Exports on FOB basis | 52,650.86 | 45,763.20 |
| | Total | 52,650.86 | 45,763.20 |

34 Expenditure in Foreign Currency (net, on accrual basis)

(Rs. million)

| | | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|-----|--|------------------------------|------------------------------|
| (a) | Travelling | 0.64 | 59.17 |
| (b) | Sales Commission | 533.19 | 731.39 |
| (c) | Professional Charges | 98.73 | 60.17 |
| (d) | Claims, Markdown, Discounts and Rebates (netted in Revenue from Operations) | 1,809.92 | 2,199.00 |
| (e) | Advertisement and Sales Promotion | 12.28 | 160.31 |
| (f) | Royalty | 127.77 | 109.32 |
| (g) | Others | 47.85 | 39.63 |
| | Total | 2,630.38 | 3,358.99 |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

35 Related Party Disclosures

(i) Relationships

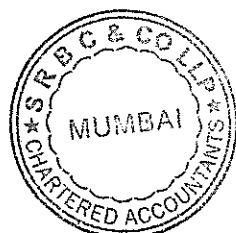
| (a) | Enterprises where control exists | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------|--|---|------|------------------------|-------------------|---------------------|---------------|-------------------|--------------------|----------|---------------|----------------------|------------|----------------------|-----------------|----------------------|---------------|----------------------|-------------------|--|--------------------|---|-------------|-------------------|
| | Holding Company | Welspun India Limited (WIL) | | | | | | | | | | | | | | | | | | | | | | |
| | Ultimate Parent | Welspun Group Master Trust (WGMT) | | | | | | | | | | | | | | | | | | | | | | |
| | Subsidiary Companies | Welspun Mauritius Enterprises Limited (WMEL) Welspun Holdings Private Limited, Cyprus (WHPL) Welspun UK Limited (WUKL) (Held through CHTL) CHT Holdings Limited (CHTHL) (Held through WHTUKL) Welspun Home Textiles UK Limited (WHTUKL) (Held through WHPL) Welspun USA Inc., USA (WUSA) Novelty Home Textiles SA de CV (NHTSC) (Held through WMEL) Christy Home Textiles Limited (CHTL) (Held through CHTHL) Christy 2004 Limited (CHT 2004) (Held through WUKL) Christy Welspun GmbH (CWG) (Held through WUKL) Christy UK Limited (CUKL) (Held through CHTL) ER Kingsley (Textiles) Limited (ERK) (Held through CHTL) Christy Lifestyle LLC, USA (CLL) (Held through WUKL) Tilt Innovation Inc., USA (TII) (Held through WUSA) (with effect from January 22, 2019) | | | | | | | | | | | | | | | | | | | | | | |
| b) | Fellow Subsidiary Company along with List of entities over which key management personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year | Welspun Flooring Limited (WFL)* For Listing of parties, refer disclosure in Note 35(iii) | | | | | | | | | | | | | | | | | | | | | | |
| c) | Key Management Personnel | <table><tr><th>Name</th><th>Nature of Relationship</th></tr><tr><td>Balkrishan Goenka</td><td>Director & Chairman</td></tr><tr><td>Dipali Goenka</td><td>Managing Director</td></tr><tr><td>Rajesh Mandawewala</td><td>Director</td></tr><tr><td>Arun Todarwal</td><td>Independent Director</td></tr><tr><td>Atul Desai</td><td>Independent Director</td></tr><tr><td>K.H. Vishwanath</td><td>Independent Director</td></tr><tr><td>Revathy Ashok</td><td>Independent Director</td></tr><tr><td>Mukesh Khandelwal</td><td>Chief Financial Officer (till April 5, 2019)**</td></tr><tr><td>Sandeep Kumar Garg</td><td>Chief Financial Officer (w.e.f. May 24, 2019)**</td></tr><tr><td>Nidhi Tanna</td><td>Company Secretary</td></tr></table> | Name | Nature of Relationship | Balkrishan Goenka | Director & Chairman | Dipali Goenka | Managing Director | Rajesh Mandawewala | Director | Arun Todarwal | Independent Director | Atul Desai | Independent Director | K.H. Vishwanath | Independent Director | Revathy Ashok | Independent Director | Mukesh Khandelwal | Chief Financial Officer (till April 5, 2019)** | Sandeep Kumar Garg | Chief Financial Officer (w.e.f. May 24, 2019)** | Nidhi Tanna | Company Secretary |
| Name | Nature of Relationship | | | | | | | | | | | | | | | | | | | | | | | |
| Balkrishan Goenka | Director & Chairman | | | | | | | | | | | | | | | | | | | | | | | |
| Dipali Goenka | Managing Director | | | | | | | | | | | | | | | | | | | | | | | |
| Rajesh Mandawewala | Director | | | | | | | | | | | | | | | | | | | | | | | |
| Arun Todarwal | Independent Director | | | | | | | | | | | | | | | | | | | | | | | |
| Atul Desai | Independent Director | | | | | | | | | | | | | | | | | | | | | | | |
| K.H. Vishwanath | Independent Director | | | | | | | | | | | | | | | | | | | | | | | |
| Revathy Ashok | Independent Director | | | | | | | | | | | | | | | | | | | | | | | |
| Mukesh Khandelwal | Chief Financial Officer (till April 5, 2019)** | | | | | | | | | | | | | | | | | | | | | | | |
| Sandeep Kumar Garg | Chief Financial Officer (w.e.f. May 24, 2019)** | | | | | | | | | | | | | | | | | | | | | | | |
| Nidhi Tanna | Company Secretary | | | | | | | | | | | | | | | | | | | | | | | |
| d) | Relatives of Key Managerial Personnel | Vanshika Goenka | | | | | | | | | | | | | | | | | | | | | | |

* related parties where transactions have taken place during the year

** Data given in the disclosure note 35(iii) is up-to March 31, 2021

(ii) Terms and conditions:

- All transactions were made on normal commercial terms and conditions and at market rates.
- All outstanding balances are unsecured and are payable in cash



35 (b) Following are the transactions with related parties mentioned in (i) above and the related balances

| Rs. million | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|----------|------|-----------------------|------|-----|--------------------|---------------------------|---------------------|-------------------------------|--|----------------------------|-------------------------|------------------|--------------------|-------------------------------------|------------------------------------|--|-------------------|--------------|---------------------------|-----------|------------------|---------------|--------------|---------------------------------------|-------|-------------|-------|
| 35 (ii) Following are the transactions with related parties mentioned in (i) above and the year ended 31/03/2020 | | Subsidiary companies and Fellow Subsidiary company | | | | | | | | | | Enterprises over which Key Management Personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year | | | | | | | | | | Key Management Personnel* | | | | | Relatives of Key Management Personnel | TOTAL | | |
| Holding company | | WMEL | WHPL | WUKL | Christy Lifestyle LLC | WUSA | WFL | Waprun Trading Ltd | Kootkanya Private Limited | Waprun Corp Limited | Venem Enterprises Private Ltd | Waprun Foundation | Waprun Enterprises Limited | Waprun Realty Pvt. Ltd. | Waprun Steel Ltd | AVM Syntex Limited | MSM Agro Properties Private Limited | Waprun Specialty Solutions Limited | Waprun Private Limited (w.e.f. 17.09.2020) | Waprun Rubber/INC | Dipal Goenka | Arun Tondaw | Hul Dasal | K.V.Vishwanathan | Reavthy Ashok | Sandeep Garg | Rishi Tanna | | | |
| PARTICULARS | | WIL | | | | | | | | | | | | | | | | | | | | | | | | | | | | TOTAL |
| Transactions during the year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Requirement of Loans, Advances and Deposits Given | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 20.21 | |
| Purchase of Goods/DEPB Licenses (Including Taxes) | | 59,205.77 | - | - | - | - | - | 1,863.50 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (33.84) | |
| Purchase of Services/Expenses Incurred | | (2,897.07) | - | - | - | - | - | (4,677.64) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 63,170.27 | |
| Purchase of Services/Expenses Incurred | | 146.51 | - | - | - | - | - | 3.05 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (51,300.76) | |
| Sale of Goods (Including Taxes) | | (50.03) | - | - | - | - | - | (33.71) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 171.19 | |
| Sale of Goods (Including Taxes) | | 1,117.50 | - | - | - | - | - | 121.64 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 10,661.57 | |
| Sale of Services/Expenses Incurred | | (937.43) | - | - | - | - | - | (401.20) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (16,236.25) | |
| Purchase of Fixed Assets/Capital Goods | | 228.59 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 228.59 | |
| Purchase of Fixed Assets/Capital Goods | | (1,653.54) | - | - | - | - | - | (0.13) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,653.54) | |
| Royalty (Gross) | | 24.31 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 24.31 | |
| Claims, Discounts and Rebates given | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 107.62 | |
| Claims, Discounts and Rebates given | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (114.09) | |
| Commission | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,725.13 | |
| Commission | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,359.02) | |
| Remuneration and Commission | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 514.03 | |
| Director Salary Fees | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,099.18 | |
| Redemption of Preference Shares/Securities Premium | | 144.95 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (40.92) | |
| Corporate Social Responsibility Expenses | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1.98 | |
| Provision for doubtful loan/ advances | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.13 | |
| Corporate Guarantee Taken | | 1,285.60 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,749.47) | |
| Advance to vendor | | (1,245.60) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 134.65 | |
| Closing Balance | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Loans, Advances and Deposits given (Including interest accrued on loan) | | - | 245.04 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 346.45 | |
| Provision for doubtful loan/ advances | | - | (253.61) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (372.03) | |
| Trade Receivables (Net of Bills Discounted with Banks) | | 770.37 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 245.04 | |
| Trade Payables and others | | 6,483.11 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (253.61) | |
| Investments | | (2,281.59) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,275.23 | |
| Provision for diminution in value in investment | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 8,344.21 | |
| Corporate Guarantee taken | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 10.63 | |
| | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (9,540.09) | |
| | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,748.92 | |
| | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,789.92) | |
| | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 919.73 | |
| | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,969.09 | |
| | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,969.09 | |
| | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (6,615.09) | |

Note: * As the names of the parties are given in brackets.

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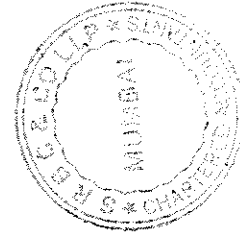
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WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

36 Earnings per Share

| Particulars | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|--|------------------------------|------------------------------|
| Profit after Tax (A) (Rs. million) | 475.87 | 414.45 |
| Profit available for Equity Share holders | 475.87 | 414.45 |
| Weighted average number of equity shares outstanding during the year (B) | 23,529,412 | 23,529,412 |
| Basic and Diluted earnings per share (A)/(B) (Rs.) | 20.22 | 17.61 |
| Nominal value of an equity share (Rs.) | 10 | 10 |

- 37 In accordance with paragraph 4(a) of Ind AS 110 "Consolidated Financial Statements", Welspun Global Brands Limited has elected not to prepare consolidated financial statements and has prepared only separate financial statements as defined in Ind AS 27 – Separate Financial Statements. Disclosures required in accordance with Ind AS 27 by entities who have elected not to prepare separate financial statements are; Details of Parent whose Ind AS compliant financial statements have been produced for public use;

| Name of the Parent Company | Principal Place of Business | Country of Incorporation | Address where consolidated statements are available for use |
|----------------------------|-----------------------------|--------------------------|---|
| Welspun India Limited | Anjar, Vapi Mumbai | India | Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai, Maharashtra 400013 |

Significant Investment in subsidiaries

| Name of Subsidiary | Principal Place of Business | Value of Investment (Millions) | % Holding | Method used for accounting for investment |
|--|-----------------------------|--------------------------------|--------------------|---|
| Welspun USA Inc. | USA | 281.97 (281.97) | 66.90% (66.90%) | At Cost |
| Welspun Holding Private Limited (Cyprus) | Cyprus | 587.22 (727.22) | 95.91% (95.91%) | At Cost |



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

38 Disclosure for Micro and Small Enterprises

| (Rs. million) | | | |
|---------------|---|-------------------------|-------------------------|
| | Particulars | As at March 31, 2021 | As at March 31, 2020 |
| | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year | | |
| | -Principal | 128.59 | 33.20 |
| | -Interest | 0.04 | 0.19 |
| | The amount of interest paid by the buyer in terms of Section 16 along with the amount of the payment made to the supplier beyond the appointed day during the year | | |
| | -Principal | 160.25 | 217.09 |
| | -Interest | - | - |
| | The amount of interest due and payable for the period of delay in making payment (which has been paid beyond the appointed day during the year) but without adding the interest specified | | |
| | The amount of interest accrued and remaining unpaid at the end of year | 0.99 | 1.97 |

The above information and that given in Note 11 (c) – "Trade Payable" regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

39 Estimation uncertainty relating to the global health pandemic on COVID-19

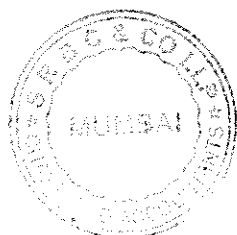
The Company has adopted measures to curb the spread of infection of COVID-19 in order to protect the health of its employees and ensure business continuity with minimal disruption including remote working, maintaining social distancing, sanitization of work spaces etc. The Company's operations, revenue and consequently profit during the year ended March 31, 2021 were impacted due to COVID-19. The Company has considered the possible effects that may result from outbreak of COVID-19 in the preparation of this financial results including the recoverability of carrying amounts of financial and non-financial assets and liquidity assessment based on future cash flow projections. In building the assumptions relating to the possible uncertainties in the global economic conditions as at the date of approval of these financial results, the Company has used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results.

40 Impairment loss recognized in investment in subsidiary:

During the previous year, considering the uncertain economic situation due to global pandemic, management had revised its business forecast for investment made in subsidiaries and had performed impairment assessment as required by Ind AS -36. Accordingly, for investment made in one of the subsidiaries i.e. Welspun Holding Private Limited (Cyprus), the Company had determined recoverable value of INR 587.22 million and had recognised an impairment loss of INR 140 million. The company had determined the recoverable value of INR 587.22 million based on its Value in Use. It had considered a discount rate of 10.25% to arrive at its value in use.

41 Standards issued but not effective up to the date of Financial Statements

There are no new standards that are notified, but not yet effective, upto the date of issuance of the Company's financial statements.



WELSPUN GLOBAL BRANDS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

42 The figures for the corresponding previous year have been re-arranged / regrouped, wherever necessary.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Anil Jobanputra
Partner

Membership Number: 110759

Place: Mumbai

Date: May 13, 2021



For and on behalf of the Board of Directors



Dipali Goenka
Managing Director
DIN 00007199



Rajesh Mandawewala
Director
DIN 00007179



Nidhi Tanna
Company Secretary



Sandeep Kumar Garg
Chief Financial Officer

Place: Mumbai

Date: May 13, 2021

