

The Board of Directors  
Welspun India Limited  
Welspun House, 7<sup>th</sup> Floor  
Kamala Mills Compound  
Senapati Bapat Marg  
Lower Parel  
Mumbai 400 013

1. We have reviewed the accompanying 'Unaudited financial results for the quarter and half year ended 30<sup>th</sup> September, 2011' in which are included the results for the quarter ended September 30, 2011 and the statement of assets and liabilities as on that date (the "Statement") of Welspun India Limited, except for the disclosures regarding 'Public Shareholding' and 'Promoters and Promoter Group Shareholding' which have been traced from disclosures made by the Management but have neither been reviewed nor been audited by us. The Statement has been prepared by the Company pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges in India, which has been initialled by us for identification purposes. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
4. We have only traced the disclosures regarding 'Public Shareholding' and 'Promoters and Promoter Group Shareholding' in the Statement from the disclosures made by the Management and are, therefore, not expressing a review opinion thereon.
5. Without qualifying our conclusion, we draw your attention to the following matters:
  - (a) Consequent to the demerger of the marketing arm of the Company effective April 1, 2009, the Company is dependent on Welspun Global Brands Limited ('WGBL') for selling its products. The Company does not have any long term definitive agreements with WGBL for marketing the Company's products. In the event that WGBL ceases to purchase or market the Company's products, the business of the Company could be adversely impacted.
  - (b) As at September 30, 2011, the Company has recognised deferred tax assets aggregating Rs. 2,965.78 lacs on the incremental unabsorbed Income-tax depreciation arising out of its treatment of certain excise and value added tax incentives as 'capital receipts' for income tax purposes based on the judgement in re Commissioner of Income Tax, Mumbai v/s. Reliance Industries Limited of the Honourable High Court of Judicature at Bombay. However, this case has not attained finality as the judgement could be challenged by the tax authorities in the apex court. If the final decision in the matter is eventually decided against the Company, then the carrying value of the deferred tax assets at the period-end could be significantly impacted.



- (c) Consequent to the demerger of the marketing arm as stated in paragraph 5(a) above, the Company issued corporate guarantees, aggregating Rs. 35,930 lacs as at September 30, 2011, to the bankers of WGBL in relation to the debt facilities provided by them to WGBL, and other corporate guarantees aggregating Rs. 51,074.17 lacs as at September 30, 2011 to WGBL, Welspun USA Inc. ('WUSA'), Welspun Home Textiles UK limited ('WHTL'), Welspun Mexico SA de CV (Welmex) and Welspun Captive Power Generation Limited (WCPGL). If WGBL, WUSA, WHTL, WELMEX and WCPGL are unable to meet their obligations as they fall due, the financial condition and cash flows of the Company could be adversely impacted.
6. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the applicable Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **Price Waterhouse**  
Firm Registration Number: 012754N  
Chartered Accountants



**Mehul Desai**  
Partner  
Membership Number: 103211

Place: Mumbai  
Date: November 8, 2011