

# DHARMESH PARIKH & CO.

## CHARTERED ACCOUNTANTS

303/304, "Milestone", Nr. Drive-in-Cinema, Opp. T.V Tower, Thaltej,  
Ahmedabad-380 054. Phone: 91-79-27474466 Fax: 91-79-27479955

### INDEPENDENT AUDITOR'S REPORT

To the Members of ADANI WELSPUN EXPLORATION LIMITED

#### Report on the Financial Statements

We have audited the accompanying standalone financial statements of Adani Welspun Exploration Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



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### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read with the Matter of Emphasis and other matter paragraph given below, give the information required by 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 31 March 2016 and its losses and its cash flows for the year ended on that date.

### Matter of Emphasis

In view of their technical nature, we have placed reliance on technical/ commercial evaluation by the management in respect of categorization of wells as exploratory and allocation of cost incurred on them.

Our opinion is not modified in respect of this matter.

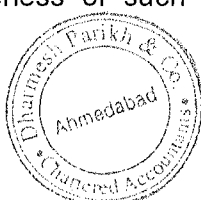
### Other Matter

The attached financial statements include the Company's share of net assets of Rs. 51,43,45,575 and Rs. 89,17,41,872 respectively in 2 unincorporated Joint Ventures not operated by the company, the unaudited accounts of which have been certified by the management and relied upon by us.

Our opinion is not qualified in respect of this matter.

### 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 "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) The company is in the business of exploration of oil and gas and all the blocks in respect of which the company is holding participating interests are currently under exploration stage. In the event of blocks being subsequently determined to be commercially not viable, it may in our opinion have an adverse impact on the functioning of the company.
  - f) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";

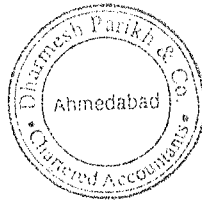


**DHARMESH PARIKH & CO.**  
CHARTERED ACCOUNTANTS

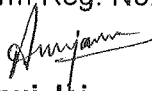
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- h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
  - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contract including derivative contracts – Refer Note 26 to the financial statements;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Ahmedabad  
Date : April 30, 2016



For, **DHARMESH PARIKH & CO.**  
Chartered Accountants  
Firm Reg. No. 112054W

  
**Anuj Jain**  
Partner  
Membership No. 119140

# DHARMESH PARIKH & CO.

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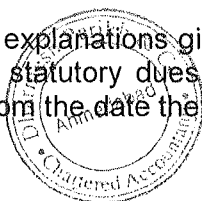
### ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT RE: ADANI WELSPUN EXPLORATION LIMITED

(Referred to in Paragraph 1 of our Report of even date)

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business.  
  
(c) The company does not own any immovable properties. Accordingly the provisions of paragraph 3 (i) (c) of the Order are not applicable.
- (ii) The Company is in the project development (exploration) stage and has not carried out any commercial activities during the year ended on 31st March, 2016 and hence it does not carry any inventory as defined under Accounting Standard 2 – Valuation of Inventories. Accordingly the provisions of paragraph 3 (ii) of the Order are not applicable.
- (iii) According to the information and explanation given to us and the records produced to us for our verification, the company has not granted 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 paragraph 3 (iii) (a) to (c) of the Order are not applicable.
- (iv) According to the information and explanations given to us and representations made by the Management, the Company has not done any transactions covered under section 185 and 186 in respect of loans, investments, guarantees and security. Accordingly the provisions of paragraph 3 (iv) of the Order are not applicable.
- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public. Accordingly, the provisions of clause 3 (v) of the Order are not applicable to the Company.
- (vi) The Central Government has prescribed the maintenance of cost records under section 148(1) of the Act. However since the Company is under project implementation stage (exploration phase), the question of maintenance of cost records does not arise.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including income tax, sales tax, service tax, duty of customs, value added tax, cess, provident fund and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of the above mentioned statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.



# DHARMESH PARIKH & CO.

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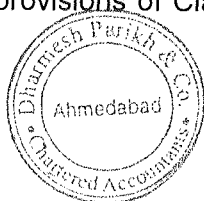
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- (b) According to the records of the Company and representations made by the Management, there are no statutory dues as mentioned in paragraph 3(vii)(a) which have not been deposited on account of any dispute. However, according to information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of disputes:

Name of Statute	Nature of the dues	Forum where dispute is pending	Amount (*) (INR)	Amount paid under protest (INR)	Period to which the amount relates
Income Tax Act	Income Tax	Appellate Authority upto Commissioner's Level	29,93,196	19,30,500	AY 2011-12

(\*) Excluding Interest and Penalty where the notice does not specifies the same.

- (viii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank or financial institution during the year. The company has not borrowed funds from any debenture holders.
- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable.
- (x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud by the company or on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, managerial remuneration has not been paid /provided. Accordingly the provisions of Clauses 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a nidhi Company. Accordingly the provisions of Clauses 3 (xii) of the Order are not applicable.
- (xiii) As per information and explanation given to us and on the basis of our examination of the records of the Company, all the transaction with related parties are in compliance with section 177 and 188 of Companies Act 2013 and all the details have been disclosed in financial statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made any preferential allotment or private placement or not issued any debenture during the year under review. Accordingly the provisions of paragraph 3(xiv) of the Order are not applicable.
- (xv) According to the information and explanations given to us and on the basis of our examination of the records, Company has not entered into any non-cash transactions with any director or any person connected with him. Accordingly the provisions of Clauses 3(xv) of the Order are not applicable to the Company.



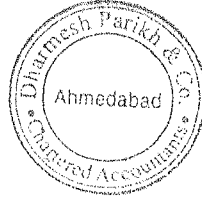
# **DHARMESH PARIKH & CO.**

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(xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable.

Place : Ahmedabad  
Date : April 30, 2016



For, **DHARMESH PARIKH & CO.**  
Chartered Accountants  
Firm Reg. No. 112054W

A handwritten signature in black ink, appearing to read "Anuj Jain".

**Anuj Jain**  
Partner  
Membership No. 119140

# DHARMESH PARIKH & CO.

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### **ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT RE: ADANI WELSPUN EXPLORATION LIMITED**

(Referred to in paragraph 2 (g) of our Report of even date)

#### **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 over financial reporting of the Adani Welspun Exploration Limited (the company) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

#### **Management's Responsibilities 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors Responsibility**

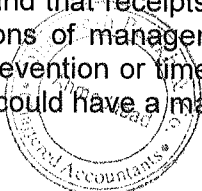
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

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



# **DHARMESH PARIKH & CO.**

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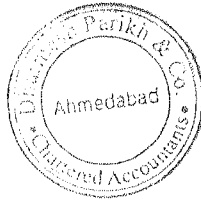
### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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.

Place : Ahmedabad  
Date : April 30, 2016



For, **DHARMESH PARIKH & CO.**  
Chartered Accountants  
Firm Reg. No. 112054W

A handwritten signature in black ink, appearing to read "Anuj Jain".

**Anuj Jain**  
Partner  
Membership No. 119140



## ADANI WELSPUN EXPLORATION LIMITED

## BALANCE SHEET AS AT MAR 31, 2016

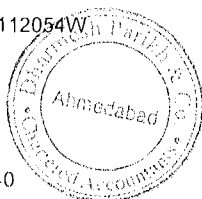
	Particulars	Notes	As At Mar 31, 2016 (Rs.)	As At Mar 31, 2015 (Rs.)
<b>A</b>	<b><u>Equities &amp; Liabilities</u></b>			
	<b>Shareholders Funds</b>			
	Share Capital	3	133,000,000	100,000,000
	Reserves & Surplus	4	144,606,081	175,441,344
	<b>Sub Total</b>		<b>277,606,081</b>	<b>275,441,344</b>
	<b>Non Current Liabilities</b>			
	Long-term borrowings	5	1,342,215,853	1,381,250,000
	Long Term provisions	6	1,280,262	1,483,344
	<b>Sub Total</b>		<b>1,343,496,115</b>	<b>1,382,733,344</b>
	<b>Current Liabilities</b>			
	Short term borrowings	7	6,807,922,036	5,191,232,937
	Other current liabilities	8	160,539,831	223,378,860
	Short-term provisions	9	214,822	1,045,924,169
	<b>Sub Total</b>		<b>6,968,676,689</b>	<b>6,460,535,966</b>
	<b>TOTAL</b>		<b>8,589,778,885</b>	<b>8,118,710,654</b>
<b>B</b>	<b><u>Assets</u></b>			
	<b>Non-current assets</b>			
	Fixed Assets			
	Tangible Assets	10	650,629	1,468,003
	Intangible Assets	10	5,009,416	11,354,618
	Exploratory Work in Progress	11	8,519,566,802	8,000,542,758
			<b>8,525,226,847</b>	<b>8,013,365,379</b>
	Non Current Investments	12	241,500	60,000
	Long Term Loans & Advances	13	14,462,551	50,505,944
	Other Non Current Assets	14	17,211,499	22,063,502
	<b>Sub Total</b>		<b>8,557,142,397</b>	<b>8,085,994,825</b>
	<b>Current Assets</b>			
	Cash & Bank Balances	15	23,387,973	18,833,564
	Short Term Loans & Advances	13	8,053,579	13,285,845
	Other current assets	16	1,194,936	596,420
	<b>Sub Total</b>		<b>32,636,488</b>	<b>32,715,829</b>
	<b>TOTAL</b>		<b>8,589,778,885</b>	<b>8,118,710,654</b>
	<b>Summary of significant accounting policies</b>	2		

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

As per our attached Report of even date.

For Dharmesh Parikh & Co.  
Chartered Accountants  
Firm Registration No.: 112054W

(Anuj Jain)  
Partner  
Membership No. 119140



Place : Ahmedabad  
Date : April 30, 2016

For M/s Adani Welspun Exploration Limited

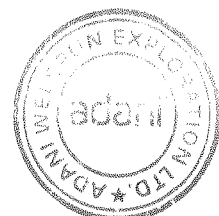
(Sandeep Garg)  
Managing Director  
DIN:00086419

(Devang Desai)  
Director  
DIN:00005743

(Rajatesh Ganguly)  
CFO

Place : Ahmedabad  
Date : April 30, 2016

(Gunjan Taunk)  
Company Secretary



## ADANI WELSPUN EXPLORATION LIMITED

## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED MAR 31, 2016


(Amount in Rs.)

	Particulars	Notes	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
			Rs.	Rs.
<b>A</b>	<b>Income</b>			
	1 Revenue from Operations		-	-
	2 Other Income-Interest from IT Refund		109,314	103,141
	<b>Total Revenue</b>		<b>109,314</b>	<b>103,141</b>
<b>B</b>	<b>Expenditure</b>			
	1 Operating Expenses		-	-
	2 Employee Benefit Expenses	17	2,776,016	-
	3 Depreciation & Amortization	10	6,922,485	-
	4 Unsuccessful Exploration Costs	30	171,677,433	750,912,220
	5 Other Expenses	18	14,568,643	162,360
	<b>Total Expenses</b>		<b>195,944,577</b>	<b>751,074,580</b>
<b>C</b>	<b>Profit/(Loss) for the year before Exceptional and Extraordinary items and Tax</b>		<b>(195,835,263)</b>	<b>(750,971,439)</b>
	Add/(Less) : Exceptional items	19	-	750,326,486
<b>D</b>	<b>Profit/(Loss) before Taxation</b>		<b>(195,835,263)</b>	<b>(644,953)</b>
<b>E</b>	<b>Tax Expense</b>			
	Current Tax Expense		-	-
	Deferred Tax Expense		-	-
	Adjustment for earlier years		-	-
<b>F</b>	<b>Net Profit/(Loss) for the year</b>		<b>(195,835,263)</b>	<b>(644,953)</b>
	<b>Earnings Per Share (Nominal Value of Share Rs. 10)</b>			
	Basic & Diluted	20	<b>(19.57)</b>	<b>(0.06)</b>
	Summary of significant accounting policies	2		

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

As per our attached Report of even date.

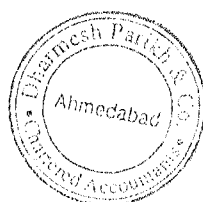
For Dharmesh Parikh & Co.  
Chartered Accountants  
Firm Registration No.: 112054W



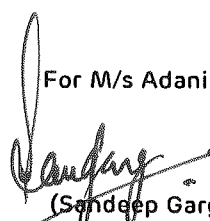
(Anuj Jain)

Partner

Membership No. 119140



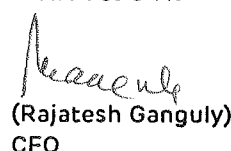
For M/s Adani Welspun Exploration Limited



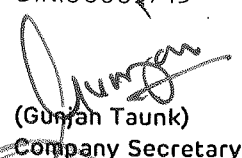
(Sandeep Garg)  
Managing Director  
DIN:00036419



(Devang Desai)  
Director  
DIN:00005743



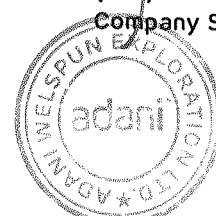
(Rajat Ganguly)  
CFO



(Gunjan Taunk)  
Company Secretary

Place : Ahmedabad  
Date : April 30, 2016

Place : Ahmedabad  
Date : April 30, 2016



## ADANI WELSPUN EXPLORATION LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MAR 31,2016

(Amount in Rs.)

Particulars	For the year ended Mar 31,2016		For the year ended Mar 31,2015	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) before tax		(195,835,263)		(644,953)
Adjustments for:				
Depreciation/Amortization	69 22 485		-	
Unsuccessful Exploration Cost written off	17 16 77 433		750,912,220	
Short term borrowing written back	-		(750,326,486)	
		178,599,918		585,734
<b>Cash Flow from Operating Activities before Working Capital Changes</b>		<b>(17,235,345)</b>		<b>(59,219)</b>
Adjustments for:				
Increase/(Decrease) in Long term provisions	(203,082)		100,255	
Increase/(Decrease) in Other Current Liabilities	(186,419,595)		133,397,694	
Increase/(Decrease) in Short Term provisions	(1,045,709,347)		1,044,885,617	
Decrease/(Increase) in Long Term Loans and Advances	34,916,644		139,087,097	
Decrease/(Increase) in Short Term Loans and Advances	5,232,266		(8,943,621)	
Decrease/(Increase) in Other Current Assets	(84,240)		-	
<b>Total Working Capital Changes</b>		<b>(1,192,267,354)</b>		<b>1,308,527,042</b>
<b>Cash flow From Operations</b>		<b>(1,209,502,699)</b>		<b>1,308,467,823</b>
Direct Tax (Paid)/ Refund		1,126,750		603,653
<b>Net Cash From / (Used) Operating Activities</b>		<b>(1,208,375,949)</b>		<b>1,309,071,476</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase/Additions to Fixed Assets & Capital Work in Progress	(150,439,726)		(2,995,804,005)	
Consideration from Sale of Fixed Assets	400,719		1,379,690	
Decrease in Term Deposit (not considered as Cash Equivalent)	5,464,878		10,090,506	
Investment in Subsidiary	(181,500)		-	
Interest Received	2,212,871		18,969,002	
		(142,542,758)		(2,965,364,807)
<b>Net Cash From / (Used) Investing Activities</b>		<b>(142,542,758)</b>		<b>(2,965,364,807)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayment of Long Term Borrowing	-		(712,988,500)	
Proceeds from Short term Borrowing (Net)	1,814,689,099		2,622,126,604	
Interest Paid	(459,215,982)		(301,564,023)	
		1,355,473,117		1,607,574,081
<b>Net Cash Generated in Financing Activities</b>		<b>1,355,473,117</b>		<b>1,607,574,081</b>
<b>Net increase/(decrease) in Cash &amp; Cash equivalents [A+B+C]</b>		<b>4,554,410</b>		<b>(48,719,250)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>		18,833,564		67,552,813
<b>Cash and Cash Equivalents at the end of the year</b>		23,387,973		18,833,564
<b>Net Increase in Cash &amp; Cash equivalents</b>		<b>4,554,410</b>		<b>(48,719,250)</b>

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

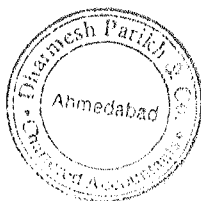
As per our attached Report of even date.

For Dharmesh Parikh & Co.  
Chartered Accountants  
Firm Registration No.: 112054W

(Anuj Jain)

Partner

Membership No. 119140



For M/s Adani Welspun Exploration Limited

(Sandeep Garg)  
Managing Director  
DIN:0003419

(Devang Desai)  
Director  
DIN:00005743

(Rajatesh Ganguly)  
CFO

(Gurjan Taunk)  
Company Secretary

Place : Ahmedabad  
Date : April 30, 2016

Place : Ahmedabad  
Date : April 30, 2016



## ADANI WELSPUN EXPLORATION LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016

#### 1 BACKGROUND

The company was incorporated on August 5, 2005 with Registration No. U40100GJ2005PLC046554. The Company is in the business of exploration and production of oil and natural gas in India and overseas. At present, the company is having a portfolio of three offshore blocks, wherein the company is operator in one block, and in the balance company is acting as a non-operator.

Oil & Gas Blocks	Participating Interest
MB-OSN-2005/2	100%
GK-OSN-2009/1 (Operated by ONGC)	20%*
GK-OSN-2009/2 (Operated by ONGC)	30%

\* 25% after exit of GSPC from Appraisal Phase, GSPC having the right for subsequent farm in.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(i) The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the 2013 Act") read with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on accrual basis under historical cost convention and going concern basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### (ii) USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

##### (iii) CURRENT & NON-CURRENT CLASSIFICATION

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of activities and time between the activities performed and their subsequent realisation in cash or cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

##### (B) INVENTORIES.

The company is carrying the capital inventory in the form of stores and spares which are valued at cost. Cost is determined on Weighted Average basis.

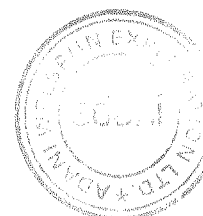
##### (C) CASH FLOW STATEMENT

###### (i) CASH & CASH EQUIVALENTS (For purpose of Cash Flow Statements)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

###### (ii) CASH FLOW STATEMENT

The Cash Flow Statement is prepared in accordance with the format given under Accounting Standard-3 prescribed under The Companies (Accounting Standards) Rules, 2006 (as amended). Cash flows are reported using indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.



ADANI WELSPUN EXPLORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016

**(D) EXCEPTIONAL ITEMS**

Exceptional items are generally non-recurring items of income and expense within profit and loss from ordinary activities, which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year.

**(E) DEPRECIATION**

- i) Depreciation of fixed assets is provided on Straight Line Method at rates and in the manner specified in Schedule II of the Companies Act 2013.
- ii) Depreciation on Fixed Assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

**(F) REVENUE RECOGNITION**

- (i) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (ii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**(G) FIXED ASSETS**

**(a) Tangible Fixed Assets**

- i) Fixed assets are stated at their original cost including freight, duties, taxes and other incidental expenses relating to acquisition and installation. Borrowing cost relating to acquisition/construction of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.
- ii) All direct cost attributable to respective assets are capitalized to such assets. Other indirect expenses attributable to the fixed assets are capitalized to major assets in proportion of the value of the assets.

**(b) Intangible Fixed Assets**

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

**(c) Oil & Gas Assets**

The Company follows the Full Cost method of accounting for oil & gas assets as set out by the Guidance Note issued by the Institute of Chartered Accountants of India (ICAI) on "Accounting on Oil & Gas Producing Activities".

Expenditure incurred on the acquisition of the license are initially capitalized on a license by license basis. Costs including indirect cost incurred for the block are held, undepleted within "Exploratory Work in Progress" until the exploration phase relating to the license area is complete or commercial oil & gas reserves have been discovered.

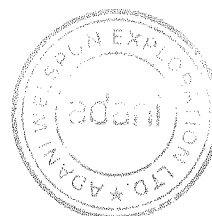
Exploratory/appraisal drilling costs are initially capitalized within "Exploratory Work in Progress" on a block by block basis until the success or otherwise of the block is established. The success or failure of each exploration/appraisal effort is judged on a block basis.

Where results of seismic studies or exploration drilling indicate the presence of oil & gas reserves which are ultimately not considered commercially recoverable and no additional exploratory activity is firmly planned, all related costs are written off to the statement of profit & loss in the year of cessation of the exploration activity.

**(H) FOREIGN EXCHANGE TRANSACTIONS**

**i) Initial Recognition & Measurement**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.



ADANI WELSPUN EXPLORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016

ii) **Subsequent Measurement**

Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at the year-end rates.

Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

iii) **Exchange Differences**

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

The exchange differences arising on revaluation of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary items relates and depreciated over the remaining balance life of such assets and in other cases amortised over the balance period of such long-term foreign currency monetary items.

(I) **INVESTMENTS**

- i) Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.
- ii) Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.
- iii) Current investments are carried at the lower of cost and fair value.

iv) **Investment in Joint Ventures**

In respect of unincorporated joint ventures in the nature of Production Sharing Contracts (PSC) entered into by the company for oil and gas exploration and production activities, the companies share in the assets and liabilities are accounted for according to the Participating Interest of the company as per PSC and the Joint Operating Agreements on a line by line basis in the Company's Financial Statements.

(J) **EMPLOYEE BENEFITS**

Employee benefits includes gratuity, compensated absences and contribution to provident fund, employees' state insurance, superannuation fund.

i) **Short term Employee Benefits**

Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

ii) **Post Employment Benefits**

a) **Defined Benefit Plan**

The employees' gratuity scheme is a defined benefit scheme. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on actuarial valuations, carried out by an independent actuary, using the Projected Unit Credit method. The liability for gratuity is funded annually to a gratuity fund maintained with the Life Insurance Corporation of India ('LIC'). Actuarial gains and losses are recognised in the Statement of Profit and Loss.

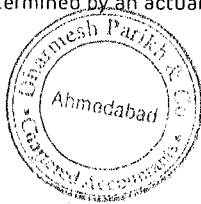
b) **Defined Contribution Plan**

Contribution to the provident fund and superannuation scheme which are defined contribution schemes are charged to the statement of Profit and Loss as they are incurred.

c) **Long-term Employee Benefits**

Long term employee benefits comprise of compensated absences. These are measured based on an actuarial valuation carried out by an independent actuary at each Balance Sheet date. Actuarial gains and losses are recognised in the statement of Profit and Loss.

- d) For the purpose of presentation of Defined benefit plans and other long term benefits, the allocation between short term and long term provisions has been made as determined by an actuary.



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016**

**(K) BORROWING COSTS**

Borrowing costs that are attributable to construction / acquisition of qualifying assets are capitalized as part of the cost of such assets up to the date the assets are ready for their intended use. Borrowing costs includes interest on borrowings, amortisation of ancillary costs incurred for borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost. Such costs to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the borrowings.

**(L) SEGMENT REPORTING**

The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

**(M) RELATED PARTY TRANSACTIONS**

Disclosure of transactions with Related Parties, as required by Accounting Standard 18 "Related Party Disclosures" has been set out in a separate note. Related parties as defined under clause 3 of the Accounting Standard 18 have been identified on the basis of representations made by key managerial personnel and information available with the Company.

**(N) LEASES**

Lease arrangement where risks and rewards incidental to ownership of an asset substantially vest with the Lessor are recognized as operating leases. The Company's significant leasing arrangements are in respect of operating leases for immovable property which includes office premises, godowns etc. The aggregate lease rental payable is charged as rent including lease rentals.

**(O) EARNING PER SHARE**

The Company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standard - 20 issued under The Companies (Accounting Standards) Rules, 2006 (as amended). The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year. The Diluted EPS has been computed using the weighted average number of Equity shares and dilutive potential equity shares outstanding at the end of the year.

**(P) ACCOUNTING FOR TAXATION**

**i) Deferred Taxation**

The company has not started any commercial activity during the year. Hence there is no timing difference creating any deferred tax asset or liability. Accordingly no disclosure is made for the same.

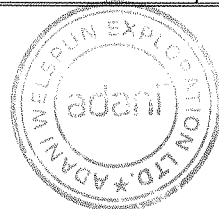
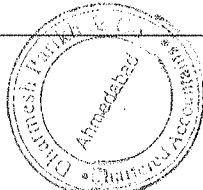
**ii) Current Taxation**

No provision for taxation has been made as the company has incurred losses during the year under review.

**(Q) CONTINGENCIES/ PROVISIONS**

Provision involving substantial degree of estimation in measurements is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

(Amt. in Rs.)		
3	As At Mar 31, 2016	As At Mar 31, 2015
<b>SHARE CAPITAL</b>		
<u>Authorised</u> 5,00,00,000 (P.Y. 5,00,00,000) Equity Shares of Rs. 10/- each.	500,000,000	500,000,000
<u>Issued, Subscribed and Paid up</u> 1,33,00,000 (P.Y. 1,00,00,000) Equity Shares of Rs.10/- each.	133,000,000	100,000,000
<b>TOTAL</b>	<b>133,000,000</b>	<b>100,000,000</b>



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016**

**(i) Reconciliation of the Number of Shares Outstanding**

Equity Shares	As At Mar 31, 2016		As At Mar 31, 2015	
	No. of Shares	(Rs.)	No. of Shares	(Rs.)
At the beginning of the year	10,000,000	100,000,000	10,000,000	100,000,000
Add:- Issued during the year	3,300,000	33,000,000	-	-
<b>At the end of the year</b>	<b>13,300,000</b>	<b>133,000,000</b>	<b>10,000,000</b>	<b>100,000,000</b>

**(ii) Details of Shareholders holding more than 5% shares in the Company.**

Equity Shares	As At Mar 31, 2016		As At Mar 31, 2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
(a) Adani Enterprises Ltd (along with its nominees)	8,645,003	65.00	6,500,003	65.00
(b) Welspun Natural Resources P Ltd	4,654,997	35.00	3,499,997	35.00

**(iii) Terms/Rights attached to the Equity Shares**

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the no. of equity shares held by the shareholders. The company declares and pays dividends in Indian rupees. The dividend if proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

**(iv) Shares held by Holding Company**

Out of equity shares issued by the company, shares held by its holding company along with its nominees are as below:

Adani Enterprises Ltd	As At Mar 31, 2016		As At Mar 31, 2015	
	No. of Shares	(Rs.)	No. of Shares	(Rs.)
	8,645,003	86,450,030	6,500,003	65,000,030

**(v) Shares issued for consideration other than cash**

Particulars	As At Mar 31, 2016 (Nos.)	As At Mar 31, 2015 (Nos.)
Equity shares allotted as fully paid by conversion of loan	3,300,000	-

(Amt. in Rs.)		
4 RESERVES & SURPLUS	As At Mar 31, 2016	As At Mar 31, 2015
<b>Share Premium Account</b>		
Balance at the end of the previous year	274,615,500	274,615,500
Add:- Received during the year	165,000,000	-
Balance at the close of the year	<b>439,615,500</b>	<b>274,615,500</b>
<b>Surplus/(Deficit) in Statement of Profit &amp; Loss</b>		
As per last Balance Sheet	(99,174,156)	(98,529,203)
Add:- Profit/(Loss) for the year	(195,835,263)	(644,953)
Net Surplus/(Deficit) at the end of the year	<b>(295,009,419)</b>	<b>(99,174,156)</b>
<b>TOTAL</b>	<b>144,606,081</b>	<b>175,441,344</b>

(Amt. in Rs.)		
5 LONG TERM BORROWINGS	As At Mar 31, 2016	As At Mar 31, 2015
<b>Secured</b>		
From Banks-Term Loans		
In Foreign Currency	1,342,215,853	1,381,250,000
<b>TOTAL</b>	<b>1,342,215,853</b>	<b>1,381,250,000</b>





**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016**

The Foreign Currency loan is secured by the first pari-passu charge on existing and future movable fixed assets, receivables and Letter of Comfort of Adani Enterprises Ltd.

The loan is carrying an interest rate of 3 Months Libor plus 490 basis points and is repayable in 12 equal quarterly instalments of USD 1,841,667 each, starting from Jan 16, 2017.

			(Amt. in Rs.)
6	LONG TERM PROVISIONS	As At Mar 31, 2016	As At Mar 31, 2015
	Provision for Employee Benefits		
	Provision for Leave Encashment	1,280,262	1,483,344
	TOTAL	1,280,262	1,483,344

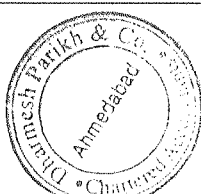
			(Amt. in Rs.)
7	SHORT TERM BORROWINGS	As At Mar 31, 2016	As At Mar 31, 2015
	Unsecured		
	Inter Corporate Deposits from Related Parties (Ref. Note 22)	6,807,922,036	5,191,232,937
	TOTAL	6,807,922,036	5,191,232,937

(Amt. in Rs.)																			
8	OTHER CURRENT LIABILITIES	<table><tr><th>As At Mar 31, 2016</th><th>As At Mar 31, 2015</th></tr><tr><td>Current Maturity of long term borrowings (Secured) (Refer Note 5)</td><td>122,019,647</td><td>-</td></tr><tr><td>Statutory Dues including Provident Fund &amp; Tax Deducted At Source</td><td>5,424,308</td><td>8,998,960</td></tr><tr><td>Interest Accrued but not due on borrowings</td><td>11,452,396</td><td>9,891,477</td></tr><tr><td>Expenses Payable</td><td>21,643,480</td><td>204,488,423</td></tr><tr><td>TOTAL</td><td>160,539,831</td><td>223,378,860</td></tr></table>	As At Mar 31, 2016	As At Mar 31, 2015	Current Maturity of long term borrowings (Secured) (Refer Note 5)	122,019,647	-	Statutory Dues including Provident Fund & Tax Deducted At Source	5,424,308	8,998,960	Interest Accrued but not due on borrowings	11,452,396	9,891,477	Expenses Payable	21,643,480	204,488,423	TOTAL	160,539,831	223,378,860
As At Mar 31, 2016	As At Mar 31, 2015																		
Current Maturity of long term borrowings (Secured) (Refer Note 5)	122,019,647	-																	
Statutory Dues including Provident Fund & Tax Deducted At Source	5,424,308	8,998,960																	
Interest Accrued but not due on borrowings	11,452,396	9,891,477																	
Expenses Payable	21,643,480	204,488,423																	
TOTAL	160,539,831	223,378,860																	

(Amt. in Rs.)			
9	SHORT TERM PROVISIONS	As At Mar 31, 2016	As At Mar 31, 2015
	Provisions for Employee Benefits		
	Provision for Gratuity (Refer Note 21 (b) )	-	109,816
	Provision for Leave Encashment	214,822	189,353
	Provision for MWP	-	1,045,625,000
	TOTAL	214,822	1,045,924,169
(Bifurcation of provision for employee benefits between Long term and Short term provisions are considered on the basis of Actuarial report).			

**11 EXPLORATORY WORK IN PROGRESS**

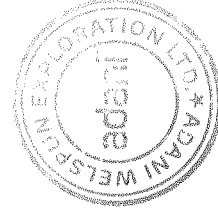
(Amt. in Rs.)		
Particulars	As At Mar 31, 2016	As At Mar 31, 2015
Opening Balance	7,863,231,346	5,230,135,009
Add:- Additions during the year	690,470,187	3,384,008,558
Less:- Unsuccessful Exploration Costs	171,677,433	750,912,220
<b>Total (A)</b>	<b>8,382,024,100</b>	<b>7,863,231,346</b>
Capital Inventory		
Stores & spares (valued at cost)	137,542,702	137,311,412
<b>Total (B)</b>	<b>137,542,702</b>	<b>137,311,412</b>
<b>TOTAL (A+B)</b>	<b>8,519,566,802</b>	<b>8,000,542,758</b>



## ADANI WELSPUN EXPLORATION LIMITED

## FIXED ASSETS AS ON MAR 31, 2016

Particulars	Gross Block				Depreciation & Amortization			(Amt. In Rs)	
	As At Apr 1, 2015	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As At Mar 31, 2016	As At Apr 1, 2015	Provided For the Year	Deductions/ Adjustments during the year	As At Mar 31, 2016	Net Block As At Mar 31, 2016
<b>Tangible Assets</b>									
Office and Other Equipments	2,201,144	20,000	-	2,221,144	1,550,211	293,723	-	1,843,934	377,210
Computer Equipments	9,872,446	140,628	-	10,013,074	9,699,261	187,086	-	9,886,347	126,727
Vehicles	754,218	-	754,218	-	308,877	44,622	353,499	-	-
Furniture and Fixtures	378,053	-	-	378,053	179,508	51,852	-	231,361	146,692
<b>Total (A)</b>	<b>13,205,861</b>	<b>160,628</b>	<b>754,218</b>	<b>12,612,271</b>	<b>11,737,858</b>	<b>577,283</b>	<b>353,499</b>	<b>11,961,642</b>	<b>650,629</b>
Mar 31, 2015	17,216,175	8,000	(4,018,314)	13,205,861	6,747,081	7,303,005	(2,312,228)	11,737,858	1,468,003
<b>Intangible Assets</b>									
Software	36,697,572	-	-	36,697,572	25,342,955	6,345,202	-	31,688,157	5,009,415
<b>Total (B)</b>	<b>36,697,572</b>	<b>-</b>	<b>-</b>	<b>36,697,572</b>	<b>25,342,955</b>	<b>6,345,202</b>	<b>-</b>	<b>31,688,157</b>	<b>5,009,415</b>
Mar 31, 2015	36,510,837	186,735	-	36,697,572	18,201,122	7,141,833	-	25,342,955	11,354,617
<b>Total (A+B)</b>	<b>49,903,433</b>	<b>160,628</b>	<b>754,218</b>	<b>49,309,843</b>	<b>37,080,813</b>	<b>6,922,485</b>	<b>353,499</b>	<b>43,649,799</b>	<b>5,660,044</b>
Mar 31, 2015	53,727,012	194,735	(4,018,314)	49,903,433	24,948,203	14,444,837	(2,312,228)	37,080,813	12,822,620



ADANI WELSPUN EXPLORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016

(Amt. in Rs.)		
12	NON CURRENT INVESTMENTS	As At Mar 31, 2016
	<b>TRADE INVESTMENTS (Valued at Cost)</b>	
	In Equity Shares - Unquoted	
	10 Equity Shares of AWEL Global Ltd. of AED 1,000 each	181,500
	<b>NON TRADE INVESTMENTS (Valued at Cost)</b>	
	In Government Securities Unquoted	
	- National Saving Certificate	60,000
	(Lodged with VAT Authorities)	60,000
	<b>TOTAL</b>	<b>241,500</b>

(Amt. in Rs.)				
13	LOANS & ADVANCES	Non -Current		Current
		As At Mar 31, 2016	As At Mar 31, 2015	As At Mar 31, 2016
	<b>(Unsecured, considered good)</b>			
	Unsec Loan to Subsidiary			
	- AWEL Global	9,571,075	-	
	Security Deposits	-	-	1,225,000
	Capital Advances	2,070,270	46,557,989	-
	Employee Advances	-	-	50,000
	Other Receivables	-	-	5,749,009
	Advance Tax (net of provision)	2,821,206	3,947,955	-
	Prepaid Expenses	-	-	1,029,570
	<b>TOTAL</b>	<b>14,462,551</b>	<b>50,505,944</b>	<b>8,053,579</b>

Other Receivables-Current includes due from related parties Rs. Nil (P.Y. Rs.703,092)

(Amt. in Rs.)		
14	OTHER NON CURRENT ASSETS	As At Mar 31, 2016
	In Term Deposit (Original Maturity > 12 Months)	
	(As Margin money for Bank Guarantee)	15,333,273
	Interest Accrued but not Due	1,878,226
	<b>TOTAL</b>	<b>17,211,499</b>

(Amt. in Rs.)		
15	CASH & BANK BALANCES	As At Mar 31, 2016
	<b>Cash &amp; Cash Equivalents</b>	
	Cash In Hand	-
	<b>Balance with Banks</b>	
	- In Current Account	882,006
	<b>Other Bank Balances</b>	
	In Margin Money Deposit (Original Maturity >12 Months) (Refer (i) below)	22,505,967
	(As margin against DSRA for ECB Loan)	15,153,497
	<b>TOTAL</b>	<b>23,387,973</b>

(i) These deposits are having an original maturity >12 months and are getting matured in next 12 months)



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016**

			(Amt. in Rs.)
16	OTHER CURRENT ASSETS	As At Mar 31, 2016	As At Mar 31, 2015
	Interest Accrued but not Due	1,110,696	596,420
	Gratuity Fund (Net of Liability) (Refer note 21)	84,240	-
	TOTAL	1,194,936	596,420

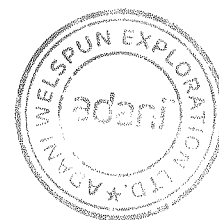
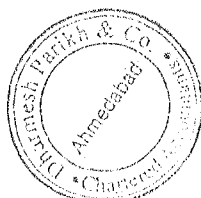
			(Amt. in Rs.)
17	Employee Benefit Expenses	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
	Salaries Expenses	2,365,593	-
	Contribution to provident & other funds	410,423	-
	TOTAL	2,776,016	-

			(Amt. in Rs.)
18	OTHER EXPENSES	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
	Payment to Auditors		
	i) Statutory Audit Fees	125,950	112,360
	ii) For other Services (Certification Fees)	56,092	25,986
	Subscriptions and Membership Fees	1,990,363	24,014
	Business Development Expenses	795,193	-
	Consultancy, Professional and Legal Fee	2,759,792	-
	General & Administration Expenses	7,741,253	-
	Donation and Advertisement	1,100,000	-
	<b>TOTAL</b>	<b>14,568,643</b>	<b>162,360</b>

			(Amt. in Rs.)
19	EXCEPTIONAL ITEMS	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
	Short Term Borrowings written back	-	750,326,486
	TOTAL	-	750,326,486

**20 EARNINGS PER SHARE (EPS)**

Basic and Diluted EPS	Particulars	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
Profit/ (Loss) attributable to equity shareholders-Before Exceptional Items	Rs.	(195,835,263)	(750,971,439)
Profit/ (Loss) attributable to equity shareholders- After Exceptional Items	Rs.	(195,835,263)	(644,953)
Weighted average number of equity shares outstanding during the year	No	10,009,041	10,000,000
Nominal Value of equity share	Rs.	10	10
Basic & Diluted EPS-Before Exceptional Items	Rs.	(19.57)	(75.10)
Basic & Diluted EPS-After Exceptional Items	Rs.	(19.57)	(0.06)



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016**

**21 INTEREST IN JOINT VENTURE**

The company has entered into Joint Venture Agreement in the nature of Production Sharing Contracts (PSC) with the Government of India, Oil & Natural Gas Corporation Ltd (ONGC), Indian Oil Corporation Ltd (IOCL) and Gujarat State Petroleum Corporation Ltd (GSPCL) for two offshore blocks GK-OSN-2009/1 & GK-OSN-2009/2 located in Gulf of Kutchh. The PSC for the blocks were signed on August 5, 2010. The company holds 20% participating interest in Block GK-OSN-2009/1 (25% for Appraisal Phase after exit of GSPC from Appraisal phase) and 30% participating interest in Block GK-OSN-2009/2.

The company's share of the Assets & Liabilities of the jointly controlled assets for the year ended March 31, 2016 are as follows:-

(Amt in Rs.)		
Particulars	GK-OSN-2009/1	GK-OSN-2009/2
Current Assets	690,355	1,094,502
Current Liabilities	-	-
Exploratory Work in Progress	513,655,220	890,647,370
<b>Total</b>	<b>514,345,575</b>	<b>891,741,872</b>

All the JV related expenditure has been shown under "Exploratory Work in Progress" and in the case of an oil or gas discovery, the same will be allocated/transferred to the producing property.

**22 DETAILS OF EMPLOYEE BENEFITS**

- i) The company has contributed following amount to the contributory provident fund and has recognized in its books of

(Amt in Rs.)		
Contribution to	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
Contributory Provident Fund	1,137,607	1,009,991

- ii) The Company has a defined gratuity plan. Every employee gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation Ltd.

The following tables summarise the components of net benefit expense recognised and the funded status and amounts recognised in the balance sheet for the respective plans.

**Profit and Loss Account**

**a) Net Employee benefit expense (recognised in Employee Cost)**

(Amt in Rs.)		
Particulars	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
Current Service cost	420,186	328,116
Interest Cost on benefit obligation	146,062	156,956
Expected return on plan assets	(137,313)	(219,418)
Actuarial loss / (gain) recognised in the year	(183,267)	733,536
<b>Net benefit expense</b>	<b>245,668</b>	<b>999,190</b>

**Balance Sheet**

**b) Details of Provision for gratuity**

(Amt in Rs.)		
Particulars	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
Present value of defined benefit obligation	2,216,325	1,833,344
Fair value of plan assets	2,300,565	1,723,528
Surplus/(deficit) of funds	84,240	(109,816)
<b>Net asset/ (liability)</b>	<b>84,240</b>	<b>(109,816)</b>



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016**

**c) Changes in Present Value of the defined benefit obligation are as follows:**

(Amt in Rs.)		
Particulars	For the year ended Mar 31,2016	For the year ended Mar 31,2015
Defined benefit obligation at the beginning of the Period	1,833,344	1,793,785
Current Service cost	420,186	328,116
Interest Cost	146,062	156,956
Actuarial (gain) / loss on obligations	(183,267)	673,851
Liability Transferred Out	520,542	-
Benefits paid	-	(1,119,364)
Defined benefit obligation at the end of the period	2,736,867	1,833,344

**d) Changes in Fair Value of Plan Assets are as follows:**

(Amt in Rs.)		
Particulars	For the year ended Mar 31,2016	For the year ended Mar 31,2015
Opening fair value of plan assets	1,723,528	2,522,041
Expected return	137,313	219,418
Contributions by employer	439,724	161,118
Benefits Paid	-	(1,119,364)
Actuarial gains / (losses)	-	(59,685)
Closing fair value of plan assets	2,300,565	1,723,528

The present value of the plan assets represents the balance available with the LIC as at the end of the period. The total value of Plan Assets amounting to Rs. 23,00,565 (P.Y Rs.17,23,528) is as certified by the LIC.

**e) The principle assumptions used in determining Gratuity obligations are as follows:**

Particulars	For the year ended Mar 31,2016	For the year ended Mar 31,2015
Discount rate	7.90%	7.95%
Expected rate of return on plan assets	8.00%	7.95%
Rate of Escalation in Salary (per annum)	8.00%	8.00%

The estimates of future salary increases considered in actuarial valuation and take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**f) Amounts for the current and previous three years are as under :**

(Amt in Rs.)				
Particulars	For the year ended Mar 31,2016	For the year ended Mar 31,2015	For the year ended Mar 31,2014	For the year ended Mar 31,2013
Defined benefit obligation	2,736,867	1,833,344	1,793,785	4,009,311
Plan Assets	2,300,565	1,723,528	2,522,041	4,649,425
Surplus / (deficit)	(436,302)	(109,816)	728,256	640,114
Experience loss/(gain) on plan liabilities	(190,784)	(690,861)	(690,861)	(1,565,691)
Experience (loss)/gain on plan assets	-	(141,943)	(141,943)	186,700



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016**

**23 RELATED PARTY DISCLOSURES**

The Management has identified the following entities and individuals as related parties of the Company for the year ended March 31, 2016 for the purposes of reporting as per AS 18 – Related Party Transactions, which are as under:

Criteria	Name of Company
Controlling Companies	Adani Enterprises Ltd. (Controlled by S.B.Adani Family Trust, a private discretionary Welspun Natural Resources Pvt. Ltd.
Subsidiary Company	AWEL Global Limited
Fellow Subsidiary Company	Adani Synenergy Ltd.
Associate Entities (Companies with whom transaction has been made during the year)	Welspun Enterprises Ltd. Welspun Global Brand Ltd.
Key Management Personnel	Mr. Rajesh S. Adani, Chairman Mr. Sandeep Garg, Managing Director (w.e.f. 11.09.2015) Mr. Devang Desai, Director Mr. Pranav Adani, Director Mr. Balkrishan Goenka, Director

**Nature & Volume of transactions with Related Parties**

Particulars	(Amt in Rs.)	
	For the year ended Mar 31,2016	For the year ended Mar 31,2015
<b>Interest Incurred / (Received) (Net)</b>		
Adani Enterprises Ltd	3827,73,925	2702,96,216
<b>Reimbursement of Expenses</b>		
Welspun Natural Resources Pvt Ltd	7,70,767	-
Welspun Enterprises Ltd.	2,728	5,59,324
<b>Services Received</b>		
Welspun Enterprises Ltd.	68,70,000	-
<b>Rent Paid</b>		
Welspun Enterprises Ltd.	7,59,135	-
<b>Purchase of Material</b>		
Welspun Global Brand Ltd.	38,866	-
<b>Balance Transfer of Employee Benefits Liabilities</b>		
Adani Synenergy Ltd.	5,20,542	-
<b>Funds Given</b>		
Adani Enterprises Ltd	-	1540,99,240
Welspun Natural Resources Pvt Ltd	40,00,000	831,30,360
AWEL Global Limited	95,71,075	-
<b>Funds Received</b>		
Adani Enterprises Ltd	13407,70,099	13117,20,000
Welspun Natural Resources Pvt Ltd	4779,19,000	12874,63,709
<b>Guarantee &amp; Collateral Securities</b>		
Adani Enterprises Ltd	4355,00,000	4355,00,000
Welspun Enterprises Ltd	2345,00,000	2345,00,000
<b>Investment in Equity Shares</b>		
AWEL Global Limited	1,81,500	-



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016**

<b>Issue of Shares (*)</b>		
Adani Enterprises Ltd	1287,00,000	-
Welspun Natural Resources P Ltd	693,00,000	-
<b>Sale of Fixed Assets</b>		
Adani Enterprises Ltd.	4,00,719	10,63,694
Adani Power Ltd.	-	46,368
Adani Wilmar Ltd.	-	13,643
<b>Loans write back</b>		
Adani Enterprises Ltd	-	4934,49,896
Welspun Natural Resources P Ltd	-	2568,76,590
<b>Balance As on March 31</b>		
Adani Enterprises Ltd	42692,50,184	30571,80,085
Welspun Natural Resources P Ltd	25386,71,853	21340,52,853
Adani Synenergy Ltd.	5,20,542	-
Welspun Enterprises Ltd.	67,50,000	-
AWEL Global Limited	(95,71,075)	-
Adani Enterprises Ltd-Current A/c	-	(6,49,769)
Adani Power Ltd	-	(53,323)

(\*) Against conversion from loan

**24 LEASE AGREEMENT**

**Where the Company is a lessee:**

The disclosure in respect of leasing agreements entered towards office premises, godowns are as follows:

(Amt in Rs.)

Particulars	As At Mar 31, 2016	As At Mar 31, 2015
Not later than one year	12,00,000	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Lease payment recognized in Statement of Profit & Loss	-	-

At the year end, the company have one ongoing renewable lease agreement related to Shorebase of Mumbai Block, hence disclosure relating to future lease payments as at March 31, 2016 given above.

**25 CURRENT TAX**

No Provision for taxation for the year has been made after considering allowance, claims and relief available to the Company.

**26 UNHEDGED FOREIGN CURRENCY EXPOSURE**

Foreign currency exposure not covered by derivative instruments or otherwise as on :

Particulars	Currency	As on Mar 31, 2016		As on Mar 31, 2015	
		Foreign Currency	Rs.	Foreign Currency	Rs.
Current Liabilities	USD	42,997	28,48,766	42,997	26,87,313
Foreign Borrowings	USD	221,00,000	14642,35,500	221,00,000	13812,50,000
Interest Accrued not Due	USD	1,72,853	114,52,396	1,58,264	98,91,477
Other Receivables	USD	85,995	56,97,608	85,995	53,74,696





**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016**

**27 CONTINGENT LIABILITY AND COMMITMENTS**

(Amt in Rs.)		
Particulars	As At Mar 31,2016	As At Mar 31,2015
(i) Claims against the Company not acknowledged as debts in respect of:		
Income Tax Notice regarding payment u/s 195 of IT Act- Appeal pending before ITAT*	2,993,196	2,993,196
Vendor Liability	-	-
<b>Total</b>	<b>2,993,196</b>	<b>2,993,196</b>

\* Company has paid Rs.19,30,500/- against above liability on adhoc basis on demand from department.

**28 EXPENDITURE IN FOREIGN CURRENCY**

(Amt in Rs.)			
Particulars	For the year ended Mar 31,2016	For the year ended Mar 31,2015	
(i) Value of Imports calculated on CIF Basis	-	-	
Capital Inventory-Stores & Spares	-	-	
(ii) Expenditure in Foreign Currency			
Professional & Legal Services	694,264	-	
Travelling Expenses	18,321	-	
(iii) Earnings in Foreign Currency	-	-	
<b>Total</b>	<b>712,585</b>	<b>-</b>	

**29 SEGMENTAL REPORTING**

**Business Segments**

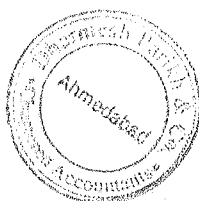
The primary reporting of the Company has been prepared on the basis of business segments. The Company has only one business segment, which is the exploration, development and production of oil and gas and operates in a single business segment based on the nature of the products, the risks and returns, the organisation structure and the internal financial reporting systems. Accordingly, the figures appearing in these financial statements relate to the Company's single business segment.

**Geographical Segments**

During the year under review the Company was having the business activities in India only. Hence no separate disclosures pertaining to geographical segments are being made.

**30 OTHER DISCLOSURES**

- (a) During the period under review AWEL (Company) has identified certain abortive and unsuccessful projects. Based on internal evaluations, management has decided not to pursue these any further. Hence cost associated to these abortive and unsuccessful projects amounting to Rs.17,16,77,433 has been expensed off during the year.
- (b) The first exploratory phase of Mumbai Block, after considering the extension period as granted by the Directorate General of Hydrocarbons was expired on April 29,2015. The Company has already exercised its option for entering into Exploration Phase II vide its letter dated April 27, 2015. DGH has communicated to the Company that the same is awaiting approval from MoPNG.



ADANI WELSPUN EXPLORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2016

- (c) Directorate General of Hydrocarbons has notified hydrocarbon discoveries in respect of both the Kutchh blocks. In order to assess the full potential of the blocks, the Consortium has decided to move into appraisal phase of the PSC and not to extend further the first exploration period of the first phase.
- (d) The company has earned interest on fixed deposits which were placed out of the funds borrowed for the purpose of meeting capital expenditure of project. Interest expenses on borrowing is capitalized as part of the project development cost and accordingly, income earned by utilizing borrowed funds have been reduced from project costs.
- (e) In the opinion of the management and to best of their knowledge and belief the value under the head of Current and Non-current Assets (Other than fixed assets and non-current investments) are approximately of the values stated, if realized in ordinary course of business, except unless stated otherwise. The provision for all known current liabilities is adequate and not in excess of amount considered reasonably necessary.
- (f) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

For Dharmesh Parikh & Co.

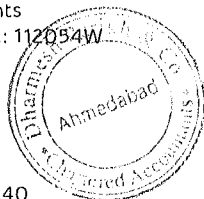
Chartered Accountants

Firm Registration No.: 112054W



(Anuj Jain)  
Partner

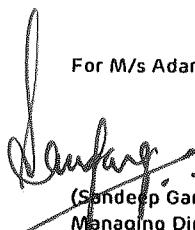
Membership No. 119140



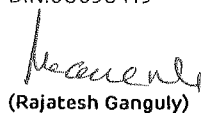
Place : Ahmedabad

Date : April 30, 2016

For M/s Adani Welspun Exploration Limited



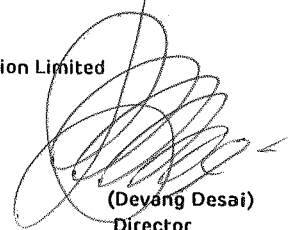
(Sandeep Garg)  
Managing Director  
DIN:00036419



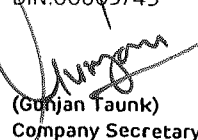
(Rajatesh Ganguly)  
CFO

Place : Ahmedabad

Date : April 30, 2016



(Devang Desai)  
Director  
DIN:00005743



(Gunjan Taunk)  
Company Secretary

