

# **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 Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS Financial Statements of Adani Welspun Exploration Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS Financial Statements").

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone Ind AS 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 applicable Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

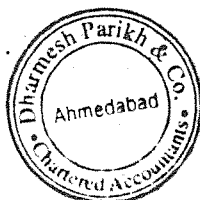
Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

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 standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement in the Standalone Ind AS 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 standalone Ind AS 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 Standalone Ind AS 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 Ind AS Financial Statements.



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### Independent Auditor's Report

To the Members of Adani Welspun Exploration Limited (Continue)

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements read with other matter paragraph 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 including the Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Other Matter

The attached financial statements include the Company's share of net assets of Rs. 65,50,71,968 and Rs. 110,48,65,816 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, the Statement Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone Ind AS 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) on the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company does not have any pending litigations which would impact its financial position;
    - 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 30 to the financial statements;



**DHARMESH PARIKH & CO.**  
CHARTERED ACCOUNTANTS

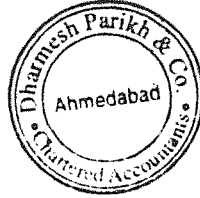
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**Independent Auditor's Report**

**To the Members of Adani Welspun Exploration Limited (Continue)**

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The company did not hold or transact in cash during the entire year. Accordingly requisite disclosure as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 in its standalone Ind AS Financial Statements is not done.

Place : Ahmedabad  
Date : 16<sup>th</sup> May 2017



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.

## CHARTERED ACCOUNTANTS

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### Annexure - A to the Independent Auditor's Report

RE: Adani Welspun Exploration Limited

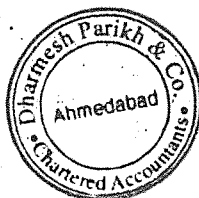
(Referred to in Paragraph 1 of our Report of even date)

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended 31<sup>st</sup> March, 2017, 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 31<sup>st</sup> March, 2017 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 complied with the provisions of section 185 and 186 of the Act in respect of the loans given and investments made by it.
- (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<sup>st</sup> March, 2017 for a period of more than six months from the date they became payable.

- (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.



# DHARMESH PARIKH & CO.

## CHARTERED ACCOUNTANTS

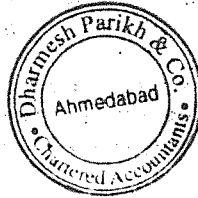
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### Annexure - A to the Independent Auditor's Report RE: Adani Welspun Exploration Limited (Continue)

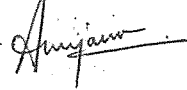
(Referred to in Paragraph 1 of our Report of even date)

- (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 Standalone Ind AS 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.
- (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 : 16<sup>th</sup> May 2017



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

  
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 (f) 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, 2017 in conjunction with our audit of the Standalone Ind AS 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 standalone Ind AS 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;



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**Annexure-B to the Independent Auditor's Report**

**RE: Adani Welspun Exploration Limited (Continue)**

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

- (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.

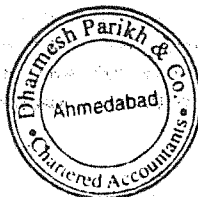
**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

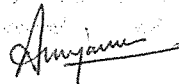
**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, 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 : 16<sup>th</sup> May 2017



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

  
**Anuj Jain**  
Partner  
Membership No. 119140

# ADANI WELSPUN EXPLORATION LIMITED

Balance Sheet as at 31 March 2017

(Amt in Rupees)

	Notes	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
(a) Property, Plant and Equipment	5(a)	168,796	650,629	1,468,003
(b) Capital Work-In-Progress	6	9,142,278,781	8,519,566,802	8,000,542,758
(c) Other Intangible Assets	5(b)	642,310	5,009,416	11,354,618
(d) Financial Assets				
(i) Investments	7	241,500	241,500	60,000
(ii) Loans	8	15,058,170	9,571,075	-
(ii) Other Non-current Financial Assets	9	59,168,747	39,917,467	37,416,999
(e) Income Tax Assets (net)		2,236,086	2,821,206	3,947,956
(f) Other Non-current Assets	10	71,286,104	2,070,270	46,557,989
<b>Total Non-current Assets</b>		<b>9,291,080,494</b>	<b>8,579,848,365</b>	<b>8,101,348,322</b>
<b>Current Assets</b>				
(a) Inventories		-	-	-
(b) Financial Assets				
(i) Cash & Cash Equivalents	11	1,460,482	882,006	3,680,067
(ii) Loans	12	-	50,000	233,332
(iii) Other Financial Assets	13	9,903,069	7,884,705	7,699,208
(c) Other Current Assets	14	704,299	1,113,810	5,749,725
<b>Total Current Assets</b>		<b>12,067,850</b>	<b>9,930,521</b>	<b>17,362,332</b>
<b>Total Assets</b>		<b>9,303,148,344</b>	<b>8,589,778,886</b>	<b>8,118,710,654</b>

## EQUITY AND LIABILITIES

### EQUITY

(a) Equity Share Capital	15	133,000,000	133,000,000	100,000,000
(b) Other Equity	16	54,399,060	144,606,081	175,441,344
<b>Total Equity</b>		<b>187,399,061</b>	<b>277,606,081</b>	<b>275,441,344</b>

### LIABILITIES

#### Non-Current Liabilities

(a) Financial Liabilities				
(i) Borrowings	17	5,881,343,886	5,611,466,037	4,438,430,085
(b) Long term Provisions	18	1,864,397	1,280,262	1,483,344
<b>Total Non-current Liabilities</b>		<b>5,883,208,283</b>	<b>5,612,746,299</b>	<b>4,439,913,429</b>

#### Current Liabilities

(a) Financial Liabilities	19			
(i) Trade Payables		1,265,930	8,494,037	1,810,739
(ii) Short term borrowings		2,723,276,852	2,538,671,853	2,134,052,853
(iii) Other financial liabilities		502,755,667	146,621,486	212,569,161
(b) Short term Provisions	20	386,428	214,822	1,045,924,169
(c) Other Current Liabilities	21	4,856,124	5,424,308	8,998,960
<b>Total Current Liabilities</b>		<b>3,232,541,001</b>	<b>2,699,426,506</b>	<b>3,403,355,881</b>

#### Total Equity and Liabilities

<b>Total Equity and Liabilities</b>		<b>9,303,148,344</b>	<b>8,589,778,886</b>	<b>8,118,710,654</b>
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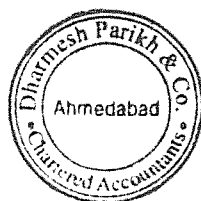
Summary of significant accounting policies

2

See accompanying notes to the financials statements

As per our report of even date  
For **Dharmesh Parikh & Co.**  
Chartered Accountants  
Firm Registration Number : 112054W

Anuj Jain  
Partner  
Membership No. 119140



For and on behalf of the board of directors of  
For **M/s Adani Welspun Exploration Limited**

Sandeep Garg  
Managing Director  
DIN:00036419

Rajatesh Ganguly  
CFO

Devang Desai  
Director  
DIN:00005743

Gurjan Taunk  
Company Secretary

Place : Ahmedabad  
Date : May 16, 2017

Place : Ahmedabad  
Date : May 16, 2017



# ADANI WELSPUN EXPLORATION LIMITED

Statement of Profit and Loss for the year ended on 31 March 2017

		(Amt in Rupees)	
	Notes	For the year ended 31-Mar-2017	For the year ended 31-Mar-2016
Revenue from Operations		-	-
Other Income	22	171,991	109,314
<b>Total Income</b>		<b>171,991</b>	<b>109,314</b>
<b>Expenses</b>			
Operating Expenses		-	-
Employee Benefits Expense	23	24,229,467	2,959,283
Finance Costs	24	2,166,116	-
Depreciation and Amortisation Expense	5(a) & 5(b)	4,507,384	6,922,485
Unsuccessful Exploration Costs	36(a)	34,224,175	171,677,433
Other Expenses	25	24,989,072	14,568,643
<b>Total Expenses</b>		<b>90,116,214</b>	<b>196,127,844</b>
<b>Profit / (Loss) Before Tax</b>		<b>(89,944,223)</b>	<b>(196,018,530)</b>
<b>Tax Expense</b>			
Current Tax		-	-
Deferred Tax		-	-
Adjustment of Earlier Years		-	-
<b>Total Tax Expenses</b>		<b>-</b>	<b>-</b>
<b>Profit / (Loss) For The Year</b>		<b>(89,944,223)</b>	<b>(196,018,530)</b>
<b>Other Comprehensive Income</b>			
- Item that will be reclassified to Profit & Loss		-	-
- Item that will not be reclassified to Profit & Loss			
(i) Remeasurement of employee benefit obligation (net of tax)		(262,798)	183,267
(Tax - Nil (previous year - Nil))			
<b>Total Other Comprehensive Income (After Tax)</b>		<b>(262,798)</b>	<b>183,267</b>
<b>Total Comprehensive Income / (Loss) for the Year</b>		<b>(90,207,021)</b>	<b>(195,835,263)</b>
<b>Earning per Equity Share (Face value of Rs.10 each)</b>			
Basic		(6.76)	(19.58)
Diluted		(6.76)	(19.58)

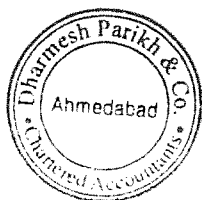
Summary of significant accounting policies

2

See accompanying notes to the financials statements

As per our report of even date  
For **Dharmesh Parikh & Co.**  
Chartered Accountants  
Firm Registration Number : 112054W

Anuj Jain  
Partner  
Membership No. 119140



For and on behalf of the board of directors of  
For **M/s Adani Welspun Exploration Limited**

Sandeep Garg  
Managing Director  
DIN:00036419

Rajatesh Ganguly  
CFO

Devang Desai  
Director  
DIN:00005743

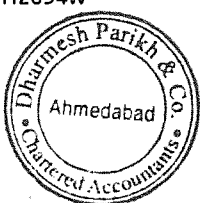
Gunjan Taunk  
Company Secretary

Place : Ahmedabad  
Date : May 16, 2017

Place : Ahmedabad  
Date : May 16, 2017

**ADANI WELSPUN EXPLORATION LIMITED**  
Cash Flow Statement for the year ended on 31 March 2017

(Amt in Rupees)

	For the year ended 31-Mar-2017	For the year ended 31-Mar-2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) Before Tax	(90,207,021)	(195,835,263)
Adjustment on account of :		
Depreciation and Amortisation Expense	4,507,384	6,922,485
Unsuccessful Exploration Cost written off	34,224,175	171,677,433
Loss on discard of Assets	425,555	-
Finance Costs	2,166,116	-
Operating Profit / (Loss) Before Working Capital Changes	<b>(48,883,791)</b>	<b>(17,235,345)</b>
Movements in Working Capital :		
Decrease/(Increase) in Long Term Loans and Advances	(74,702,929)	34,916,644
Decrease/(Increase) in Short Term Loans and Advances	547,495	5,152,490
Decrease / (Increase) in Other Current Assets	84,240	(84,240)
Increase / (Decrease) in Other Current Liabilities	(6,915,040)	(186,419,595)
Increase/(Decrease) in Long term provisions	584,135	(203,082)
Increase/(Decrease) in Short Term provisions	171,606	(1,045,709,347)
Cash Flow from Operations	<b>(129,114,284)</b>	<b>(1,209,582,475)</b>
Less : Direct Taxes Paid	(585,120)	(1,126,750)
Net Cash from / (Used) Operating Activities (A)	<b>(128,529,164)</b>	<b>(1,208,455,725)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase/Additions to Fixed Assets & CWIP	(380,419,804)	(150,439,726)
Investment in Equity shares of WOS	-	(181,500)
Increase in Term Deposit (not considered as Cash Equivalent)	(19,849,217)	(1,807,817)
Sale of Assets	-	400,719
Interest Received	2,005,056	2,212,871
Net Cash from / (Used) Investing Activities (B)	<b>(398,263,965)</b>	<b>(149,815,453)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings (Net)	960,332,885	1,814,689,099
Repayment of ECB Loan	(125,435,103)	-
Interest & Bank Charges paid	(307,526,177)	(459,215,981)
Net Cash Flow From Financing Activities (C)	<b>527,371,605</b>	<b>1,355,473,118</b>
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	<b>578,476</b>	<b>(2,798,061)</b>
Cash & Cash Equivalents at the beginning of the year	882,006	3,680,067
Cash & Cash Equivalents at the end of the year	<b>1,460,482</b>	<b>882,006</b>
<b>Notes to Cash flow Statement :</b>		
1.Cash and cash equivalents as per above comprise of the following :		
Cash and cash equivalents (refer note 11)	1,460,482	882,006
Balances as per statement of cash flows	<b>1,460,482</b>	<b>882,006</b>
2. The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Ind AS 7 'Cash Flow Statement'.		
See accompanying notes to the financials statements		
<p>As per our report of even date For <b>DHARMESH PARIKH &amp; CO.</b> Chartered Accountants Firm Registration Number : 112054W</p> <p>Anuj Jain Partner Membership No. 119140</p> 		
<p>For and on behalf of Board of Directors of For M/s Adani Welspun Exploration Limited</p> <p>Sandeep Garg Managing Director DIN:00036419</p> <p>Rajatesh Ganguly CFO</p> <p>Devang Desai Director DIN:00005743</p> <p>Gunjan Taunk Company Secretary</p>		
<p>Place : Ahmedabad Date : May 16, 2017</p> <p>Place : Ahmedabad Date : May 16, 2017</p>		

# ADANI WELSPUN EXPLORATION LIMITED

Statement of changes in equity for the year ended 31st March, 2017

## A. Equity Share Capital

Particulars	No. of Shares	Amt. in Rupees
As at 1 <sup>st</sup> April 2015	10,000,000	100,000,000
Changes in the Equity Share Capital	3,300,000	33,000,000
As at 31 <sup>st</sup> March 2016	13,300,000	133,000,000
Changes in the Equity Share Capital	-	-
As at 31 <sup>st</sup> March 2017	13,300,000	133,000,000

## B. Other Equity

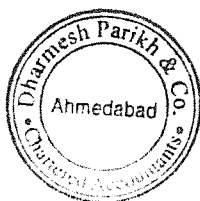
(Amt in Rupees)

Particulars	Retained Earnings	Share Premium	Total
Balance as at 1 <sup>st</sup> April 2015	(99,174,156)	274,615,500	175,441,344
Add/(Less):			
Loss for the year	(196,018,530)	-	(196,018,530)
Remeasurement of defined benefit plans, net of tax	183,267	-	183,267
Share Premium Addition during the year	-	165,000,000	165,000,000
As at 31 <sup>st</sup> March 2016	(295,009,419)	439,615,500	144,606,081
Add/(Less):			
Loss for the year	(89,944,223)	-	(89,944,223)
Remeasurement of defined benefit plans, net of tax	(262,798)	-	(262,798)
Share Premium Addition during the year	-	-	-
As at 31 <sup>st</sup> March 2017	(385,216,440)	439,615,500	54,399,060

See accompanying notes to the financials statements

As per our report of even date  
For Dharmesh Parikh & Co.  
Chartered Accountants  
Firm Registration Number : 112054W

Anuj Jain  
Partner  
Membership No. 119140



For and on behalf of the board of directors of  
For M/s Adani Welspun Exploration Limited

Sandeep Garg  
Managing Director  
DIN:00036419

Rajatesh Ganguly  
CFO

Devang Desai  
Director  
DIN:00005743

Gunjan Taunk  
Company Secretary

Place : Ahmedabad  
Date : May 16, 2017

Place : Ahmedabad  
Date : May 16, 2017

# ADANI WELSPUN EXPLORATION LIMITED

## Notes to Financial Statements for the year ended 31 March 2017

### 1 Corporate Information

Adani Welspun Exploration Limited is a public limited company domiciled in India and was incorporated under the Companies Act, 1956. The registered office of the Company is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad, Gujarat. 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 four offshore blocks, wherein the company is operator in two blocks, and in the balance company is acting as a non-operator.

Oil & Gas Blocks	Participating Interest
MB-OSN-2005/2	100%
MB/OSDSF/B9/2016*	100%
GK-OSN-2009/1 (Operated by ONGC)	20%**
GK-OSN-2009/2 (Operated by ONGC)	30%

\* New Block awarded to company by Government of India under Discovered Small Field Bid Round 2016.

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

### 2 Summary of Significant Accounting Policies

#### a) Statement of Compliance

Adani Welspun Exploration Limited ('the Company') has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1st April 2016, in accordance with the notification issued by the Ministry of Corporate Affairs.

Upto the year ended March 31, 2016, the Company has presented its financial statements in accordance with the requirements of previous GAAP, which includes the Standards notified under the Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is 1st April, 2015. All the previous period numbers in the financial statements for 31st March, 2016 have been restated as per notified Ind AS. These are Company's first Ind AS financial statements.

#### b) Basis of preparation and presentation of financial statements

These financial statements have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") read with the Guidance Notes of Accounting for Oil and Gas Producing Activities.

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation of shareholders' equity as at 31st March, 2016 and 1st April, 2015 and of the comprehensive net income for the year ended 31st March, 2016 as reported under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS financial statements.

Refer to note 3 for information on how the Company has adopted Ind AS. The Financial statements are presented in INR except when otherwise stated.

#### c) Use of Estimates

The preparation of financial statements in conformity with Ind AS requires management to make certain estimates and assumptions that affect 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 differences between the actual results and the estimates are recognised in the periods in which the results are known / materialized.

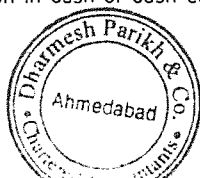
#### Estimates and assumptions are required in particular for:

##### Defined benefit plans (Gratuity benefits):

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and life expectancy.

#### d) 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



# ADANI WELSPUN EXPLORATION LIMITED

## Notes to Financial Statements for the year ended 31 March 2017

months for the purpose of current / non-current classification of assets and liabilities.

### e) Cash And Cash Equivalents (for purposes of Cash Flow Statement)

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.

### f) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals 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.

### g) 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.

### h) Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the 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. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

For purposes of subsequent measurement, financial assets and liabilities are classified in various categories as under.

- > at amortised cost
- > fair value through other comprehensive income
- > fair value through profit and loss account

Financial instruments are subsequently measured and accounted based on their category. All financial instruments of the Company are covered under Amortised Cost. After initial measurement, such financial assets and liabilities are subsequently measured using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

### 1. Financial assets

#### Initial recognition and measurement

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis.

#### Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

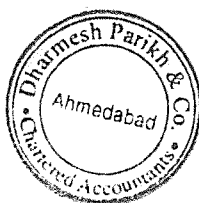
#### Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest.

For the impairment policy on financial assets measured at amortised cost, refer Note v(ii).

All other financial asset are subsequently measured at fair value.



# ADANI WELSPUN EXPLORATION LIMITED

## Notes to Financial Statements for the year ended 31 March 2017

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and transaction costs and other premiums or discounts) through the expected life of the financial assets, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value through Profit and Loss (FVTPL). Interest income is recognised in profit or loss and is included in the "Other income" line item.

### Financial assets at cost:

Investments in subsidiaries, associates and joint ventures are accounted for at cost.

### Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the amortised cost criteria or Fair value through other comprehensive income (FVTOCI) criteria are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "Other income" line item.

### Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

### Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

## 2. Financial liabilities and equity instruments

### Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

### Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

### Financial liabilities at FVTPL

A financial liability may be designated as at FVTPL upon initial recognition if:

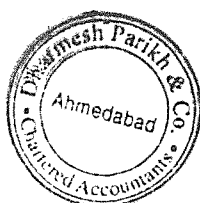
- (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- (ii) the financial liability whose performance is evaluated on a fair value basis, in accordance with the Company's documented risk management;

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Fair values are determined in the manner described in note 1.

### Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.



# ADANI WELSPUN EXPLORATION LIMITED

## Notes to Financial Statements for the year ended 31 March 2017

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs 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.

Trade and other payables are recognised at the transaction cost, which is its fair value, and subsequently measured at amortised cost.

### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### i) Employee Benefits

Employee benefits includes salary, wages, gratuity, compensated absences and contribution to provident fund.

#### Short Term Employees Benefits

A liability is recognised for benefits accruing to employees in respect of salaries and wages at the undiscounted amount of the benefits expected to be paid wholly within twelve months of rendering the service.

#### Defined Contribution Plans

Retirement benefits in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

#### Defined Benefit Plans

The Company operates a defined benefit gratuity plan. The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary, using the projected unit credit method.

Re-measurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss in the line item "Employee Benefits Expense":

- > Service cost including current service cost, past service cost, gains and losses on curtailments and non-routine settlements; and
- > Net interest expense or income

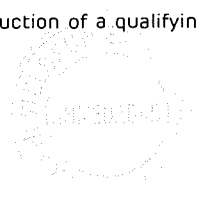
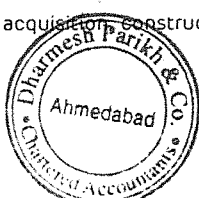
For the purpose of presentation of defined benefit plans, the allocation between short term and long term provisions has been made as determined by an actuary.

#### Long Term Employee Benefits

Other long term employee benefits comprise of compensated absences/leaves. The Company allocates accumulated leaves between short term and long term liability based on actuarial valuation as at the end of the period. The actuarial valuation is done as per projected unit credit method.

### j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a



# ADANI WELSPUN EXPLORATION LIMITED

## Notes to Financial Statements for the year ended 31 March 2017

substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### k) Other Non Current Assets

#### (a) Property, Plant and Equipment

Land and building held for use in the production or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Free hold land is not depreciated.

Property, plant and equipment are stated at original cost grossed up with the amount of tax / duty benefits availed, less accumulated depreciation and accumulated impairment losses, if any. Properties in the course of construction are carried at cost, less any recognised impairment losses. All costs, including borrowing costs incurred up to the date the asset is ready for its intended use, is capitalised alongwith respective asset.

The Company has elected to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items outstanding and recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

Fixtures equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised based on the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The useful life of property, plant and equipment is considered based on life prescribed in schedule II to the Companies Act, 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1st April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### (b) Other Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### (c) Oil & Gas Assets

The Company maintains its accounts in accordance with the guidelines 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 excluding 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. Indirect costs are expensed off in the year of incurrence.

Expenditure incurred prior to obtaining the right(s) to explore, develop and produce oil and gas are expensed off in the year of incurrence to the extent of the efforts not successful. The pro rated cost of the successful efforts and 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. Exploration Assets shall be subject to impairment test on an annual 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.

Any payment made towards fulfilment of commitment under the Contracts from earlier periods continues to be included under Exploration and Evaluation Assets at its carried value in accordance with IND AS 101.





# ADANI WELSPUN EXPLORATION LIMITED

## Notes to Financial Statements for the year ended 31 March 2017

### l) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the financial asset or settle the financial liability takes place either:

- In the principal market, or
- In the absence of a principal market, in the most advantageous market, subject to the guidelines prescribed by the Government of India

The principal or the most advantageous market must be accessible by the Company. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use. Fair value measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

The Company- uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair

value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's - accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### m) Revenue Recognition

- 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.
- Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### n) 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 company's 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.

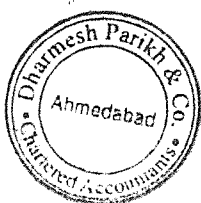
### o) Exceptional items

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.

### p) Segment Accounting

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.



# ADANI WELSPUN EXPLORATION LIMITED

## Notes to Financial Statements for the year ended 31 March 2017

### q) 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.

### r) Related Party Transactions

Disclosure of transactions with Related Parties, as required by Ind AS 24 "Related Party disclosures" has been set out in a separate note. Related Parties as defined under clause 9 of the Ind AS 24 have been identified on the basis of representation made by management and information available with the Company.

### s) Earnings Per Share

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.

### t) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is possible that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are not recognised in the financial statements. The nature of such assets and an estimate of its financial effect are disclosed in notes to the Financial Statements.

### u) Accounting for Taxation

Tax on Income comprises current tax and deferred tax. These are recognised in statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

#### Current tax

Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is recognized for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax bases at the reporting date. Deferred tax liabilities are generally recognised for all taxable temporary differences. 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 can be utilised. Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss, either in other comprehensive income or directly in equity. The carrying amount of Deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.



## ADANI WELSPUN EXPLORATION LIMITED

### Notes to Financial Statements for the year ended 31 March 2017

#### v) Impairment

##### i. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

##### ii. Impairment of Financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

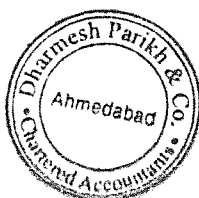
Expected credit losses rate the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that will results if default occurs within the 12 months after the reporting date and this, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.



## ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

### 3 Significant accounting judgements, estimates and assumptions

The application of the Company's accounting policies as described in Note 2.2, in the preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions thereto are recognized in the period in which they are revised or in the period of revision and future periods if the revision affects both the current and future periods. Actual results may differ from these estimates which could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Critical judgments in applying accounting policies:

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial statements:

1) The Company has continued to recognize revenue on account of relief, realization of which is dependent upon outcome of ongoing matter under litigation. The said recognition is based on the assessment by the Management supported by the legal advice received in the above matter that it has a strong case on merits for grant of relief, and that it would not be unreasonable to expect ultimate collection of revenue in the nature of relief.

#### Estimates and assumptions:

The estimates at 1st April, 2015 and at 31st March, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April, 2015, the date of transition to Ind AS and as of 31st March, 2016.

#### Key Sources of estimation uncertainty:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### i) Fair value measurement of financial instruments

In estimating the fair value of financial assets and financial liabilities, the Company uses market observable data to the extent available. Where such Level 1 inputs are not available, the Company establishes appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### ii) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### iii) Taxes :

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies including estimates of temporary differences reversing on account of available benefits from Income Tax Act, 1961. Deferred tax assets recognized to the extent of the corresponding deferred tax liability.



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

## 4 First-time adoption of Ind-AS

The Company has adopted Ind AS from 1st April, 2016 and the date of transition to Ind AS is 1st April, 2015. These being the first financial statements in compliance with Ind AS, the impact of transition has been accounted for in opening reserves and comparable periods have been restated in accordance with Ind AS 101 – "First-time Adoption of Indian Accounting Standards". The Company has presented a reconciliation of its equity under Previous GAAP to its equity under Ind AS as at 1st April, 2015 and 31st March, 2016 and of the total comprehensive income for the year ended 31st March, 2016 as required by Ind AS 101.

Following are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

### a. Deemed cost of property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all its property, plant and equipments and intangible assets recognised as of 1st April, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost on transition date.

### b. Deemed cost of investments

The Company has elected to continue with the carrying value of its investment in associate recognised as of 1st April, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost of transition date.

### c. Exchange differences on long term foreign currency borrowings

The Company has elected to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items outstanding and recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

### d. Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 – "Determining whether an arrangement contains a Lease" to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing as at that date.

### e. Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after transition date.

### f. Classification and measurement of financial assets

The Company has assessed classification and measurement of financial assets on the basis of facts and circumstances that exist as on transition date.

### g. Impairment of financial assets

The Company has applied impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

### h. Assessment of embedded derivatives

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

## 4.1 Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior period. The following tables represent the reconciliations from previous GAAP to Ind AS:

### Reconciliation of Equity as at 1st April 2015 and 31st March 2016:

(Amt in Rs.)

Particulars	As At	
	31/03/2016 (End of the Last Period presented under previous GAAP)	01/04/2015 (Date of transition)
Equity Share Capital as per previous GAAP	133,000,000	100,000,000
Other Equity as per previous GAAP	144,606,081	175,441,344
Adjustments	-	-
<b>Total Adjustment to the Equity</b>	-	-
<b>Equity as reported under IND AS</b>	<b>277,606,081</b>	<b>275,441,344</b>

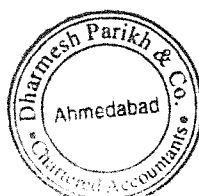
### Reconciliation of Total comprehensive income for the year ended 31st March 2016:

(Amt in Rs.)

Particulars	For the year ended 31/Mar/2016 (End of the Last Period presented under previous GAAP)
Income / (Loss) as per previous GAAP	(195,835,263)
Ind AS: Adjustments increase / (decrease):	
(i) Remeasurement of employee benefit obligation (net of tax) (refer note a below)	(183,267)
<b>Total adjustment to profit or loss</b>	<b>(183,267)</b>
Profit or loss under Ind AS	(196,018,530)
Other comprehensive income	183,267
<b>Total comprehensive income under Ind AS</b>	<b>(195,835,263)</b>

### Footnotes to the reconciliation of Total Equity as at 31st March 2016 and 1st April 2015 and Statement of Other Comprehensive Income for year ended 31st March, 2016 :

a) Remeasurement cost of net defined liability : Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

(Amt. In Rs)

## 5 (a). PROPERTY PLANT AND EQUIPMENTS

	Office Equipments	Computer Equipments	Vehicles	Furniture and Fixtures	Total
<b>I. DEEMED COST:</b>					
Balance as at 01.04.2015	650,933	173,185	445,341	198,545	1,468,003
Additions / Adjustments	20,000	140,628	-	-	160,628
Disposals / Transfers	-	-	400,719	-	400,719
<b>Balance as at 31.03.2016</b>	<b>670,933</b>	<b>313,813</b>	<b>44,622</b>	<b>198,545</b>	<b>1,227,912</b>
Additions / Adjustments		84,000	-	-	84,000
Disposals / Transfers	571,103	-	-	198,545	769,648
<b>Balance as at 31.03.2017</b>	<b>99,830</b>	<b>397,813</b>	<b>44,622</b>	<b>-</b>	<b>542,265</b>
<b>II. ACCUMULATED DEPRECIATION:</b>					
Balance as at 01.04.2015	-	-	-	-	-
Depreciation expense	293,723	187,086	44,622	51,852	577,283
Eliminated on disposal of assets	-	-	-	-	-
<b>Balance as at 31.03.2016</b>	<b>293,723</b>	<b>187,086</b>	<b>44,622</b>	<b>51,852</b>	<b>577,283</b>
Depreciation Charge for the year	83,854	56,425		-	140,279
Eliminated on disposal of assets	292,241	-		51,852	344,094
<b>Balance as at 31.03.2017</b>	<b>85,335</b>	<b>243,511</b>	<b>44,622</b>	<b>-</b>	<b>373,469</b>
<b>Carrying amount:</b>					
As at 01.04.2015	650,933	173,185	445,341	198,545	1,468,003
As at 31.03.2016	377,210	126,727	(0)	146,692	650,629
<b>As at 31.03.2017</b>	<b>14,495</b>	<b>154,302</b>	<b>(0)</b>	<b>-</b>	<b>168,796</b>

## Gross block and accumulated depreciation details as on 1st April, 2015 under previous GAAP

Description of Assets	Office Equipments	Computer Equipments	Vehicles	Furniture and Fixtures	Total
Gross block	2,201,144	9,872,446	754,218	378,053	13,205,861
Accumulated depreciation	1,550,211	9,699,261	308,877	179,508	11,737,858
<b>Net block</b>	<b>650,933</b>	<b>173,185</b>	<b>445,341</b>	<b>198,545</b>	<b>1,468,003</b>



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

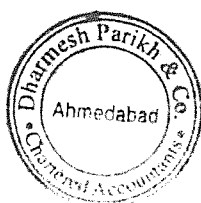
(Amt. In Rs)

## 5 (b). OTHER INTANGIBLE ASSETS

	Computer Softwares	Other Intangibles	Total
<b>I. DEEMED COST:</b>			
Balance as at 01.04.2015	11,354,618	-	11,354,618
Additions / Adjustments	-	-	-
Disposals / Transfers	-	-	-
<b>As at 31.03.2016</b>	<b>11,354,618</b>	<b>-</b>	<b>11,354,618</b>
Additions / Adjustments	-	-	-
Disposals / Transfers	-	-	-
<b>As at 31.03.2017</b>	<b>11,354,618</b>	<b>-</b>	<b>11,354,618</b>
<b>ACCUMULATED DEPRECIATION:</b>			
As at 01.04.2015	-	-	-
Depreciation Charge for the year	6,345,202	-	6,345,202
Disposals / Transfers	-	-	-
<b>As at 31.03.2016</b>	<b>6,345,202</b>	<b>-</b>	<b>6,345,202</b>
Depreciation Charge for the year	4,367,106	-	4,367,106
Disposals / Transfers	-	-	-
<b>As at 31.03.2017</b>	<b>10,712,308</b>	<b>-</b>	<b>10,712,308</b>
<b>Net Book Value:</b>			
As at 01.04.2015	11,354,618	-	11,354,618
As at 31.03.2016	5,009,415	-	5,009,415
<b>As at 31.03.2017</b>	<b>642,310</b>	<b>-</b>	<b>642,310</b>

## Gross block and accumulated depreciation details as on 1st April, 2015 under previous GAAP

Description of Assets	Computer software	Other Intangibles	Total
Gross block	36,697,572	-	36,697,572
Accumulated amortisation	25,342,955	-	25,342,955
<b>Net block</b>	<b>11,354,618</b>	<b>-</b>	<b>11,354,618</b>



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

## 6 Exploratory Work in Progress

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
Opening Balance	8,382,024,100	7,863,231,346	7,863,231,346
Add:- Additions during the year	657,130,038	690,470,187	-
Less:- Unsuccessful Exploration Costs	34,224,175	171,677,433	-
<b>Total (A)</b>	<b>9,004,929,964</b>	<b>8,382,024,100</b>	<b>7,863,231,346</b>
<b>Capital Inventory</b>			
Stores & spares (valued at cost)	137,348,818	137,542,702	137,311,412
<b>Total (B)</b>	<b>137,348,818</b>	<b>137,542,702</b>	<b>137,311,412</b>
<b>TOTAL (A+B)</b>	<b>9,142,278,781</b>	<b>8,519,566,802</b>	<b>8,000,542,758</b>

## 7 Investments

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
<b>Long Term Trade Investments (unquoted and fully paid up)</b>			
<b>In Equity Shares of Wholly Owned Subsidiary</b>			
AWEL Global Limited			
10 Equity Shares of AED 1,000 each	181,500	181,500	-
(10 shares as at 31st March, 2016 and on 1st April, 2015 - NIL)			
<b>In Government and Other Securities</b>			
National Saving Certificate (lying with government authority)	60,000	60,000	60,000
(Rs. 60000 as at 31st March, 2016 and 1st April, 2015)			
	<b>241,500</b>	<b>241,500</b>	<b>60,000</b>

## 8 Long Term Loans

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
(Unsecured, considered good)			
Unsecured Loan to Subsidiary AWEL GLOBAL LTD.	15,058,170	9,571,075	-
	<b>15,058,170</b>	<b>9,571,075</b>	<b>-</b>

### Note:

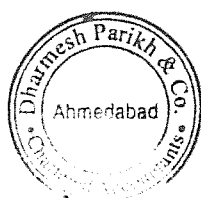
Fair value of long term loan is not materially different from carrying value presented

## 9 Other Non Current Financial Assets

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
<b>(Unsecured, considered good)</b>			
Security Deposits with MoPNG	379,776	379,776	300,000
TDR agst Margin Money Deposits	55,508,682	37,659,465	35,851,648
(Original Maturity > 12 Months)			
Interest Accrued but not Due	3,280,289	1,878,226	1,265,351
	<b>59,168,747</b>	<b>39,917,467</b>	<b>37,416,999</b>

### Note :

The fair value of Other Non-current Financial Assets is not materially different from the carrying value presented





# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

## 10 Other Non Current Assets

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
Capital Advances for other projects	71,286,104	2,070,270	46,557,989
	<b>71,286,104</b>	<b>2,070,270</b>	<b>46,557,989</b>

## 11 Cash & Cash Equivalents

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
i) Balances with banks			
- In Current Account	1,460,482	882,006	3,680,067
- In Fixed Deposit Account (less than three months)			
	<b>1,460,482</b>	<b>882,006</b>	<b>3,680,067</b>

### Notes :

i) As per the amendment to Schedule III of the Companies Act, 2013 by MCA notification G.S.R 308(E) dated 30th March 2017, every company is required to disclose the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016. Since the company did not hold or transact in cash during the entire year, the said disclosure is not applicable.

ii) The fair value of Cash and Cash equivalents is not materially different from the carrying value presented

## 12 Short term Loans

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
(Unsecured, considered good)			
Trade Receivables	-	-	-
Loans to Employees	-	50,000	233,332
	<b>-</b>	<b>50,000</b>	<b>233,332</b>

### Note:

i) The fair value of short term loan is not materially different from the carrying value presented

## 13 Other Current Financial Assets

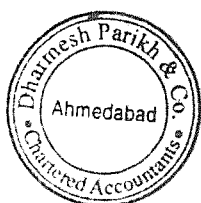
	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
(Unsecured, considered good)			
-Security Deposits	1,025,000	1,025,000	1,025,000
-TDR agst Earnest Money Deposits	2,000,000	-	-
-Interest Accrued-Current	1,301,284	1,110,696	596,420
-Other Receivables	5,576,785	5,749,009	6,077,788
	<b>9,903,069</b>	<b>7,884,705</b>	<b>7,699,208</b>

### Note :

i) The fair value of Other Current Financial Assets is not materially different from the carrying value presented.

## 14 Other Current Assets

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
Gratuity Fund (Net of Liability)	-	84,240	-
Prepaid Expenses	704,299	1,029,570	5,749,725
	<b>704,299</b>	<b>1,113,810</b>	<b>5,749,725</b>



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

## 15 Share Capital

### Authorised shares

50,00,000 (As at 31st March, 2016 - 50,00,000 shares and As at 1st April, 2015 - 50,00,000 shares) Equity shares of Rs. 10/- each

### Issued, subscribed fully paid-up shares

13,30,000 (As at 31st March, 2016 - 13,30,000 shares and As at 1st April, 2015 - 10,00,000 shares) Equity shares of Rs. 10/- each fully paid up

	As at 31-Mar-2017		As at 31-Mar-2016		As at 01-Apr-2015	
	Numbers	Amt in Rs.	Numbers	Amt in Rs.	Numbers	Amt in Rs.
Authorised shares	50,00,000	500,000,000	50,00,000	500,000,000	50,00,000	500,000,000
Issued, subscribed fully paid-up shares	13,30,000	133,000,000	13,30,000	133,000,000	10,00,000	100,000,000
	13,30,000	133,000,000	13,30,000	133,000,000	10,00,000	100,000,000

### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

#### Equity shares

At the beginning of the period

Issued during the period

Outstanding at the end of the period

	As at 31-Mar-2017		As at 31-Mar-2016		As at 01-Apr-2015	
	Numbers	Amt in Rs.	Numbers	Amt in Rs.	Numbers	Amt in Rs.
At the beginning of the period	13,30,000	133,000,000	10,00,000	100,000,000	10,00,000	100,000,000
Issued during the period	-	-	3,30,000	33,000,000	-	-
Outstanding at the end of the period	13,30,000	133,000,000	13,30,000	133,000,000	10,00,000	100,000,000

### b. Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of Rs.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.

### c. Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

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

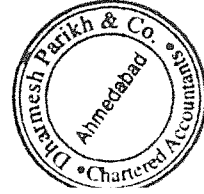
	As at 31-Mar-2017		As at 31-Mar-2016		As at 01-Apr-2015	
	Numbers	Amt in Rs.	Numbers	Amt in Rs.	Numbers	Amt in Rs.
Equity Shares	8,645,003	86,450,030	8,645,003	86,450,030	6,500,003	65,000,030
Adani Enterprises Limited	8,645,003	86,450,030	8,645,003	86,450,030	6,500,003	65,000,030

	As at 31-Mar-2017		As at 31-Mar-2016		As at 01-Apr-2015	
	Numbers	% holding	Numbers	% holding	Numbers	% holding
Equity Shares	8,645,003	65%	8,645,003	65%	6,500,003	65%
Adani Enterprises Limited	4,654,997	35%	4,654,997	35%	3,499,997	35%
Welspun Natural Resources P Ltd	13,300,000	100%	13,300,000	100%	10,000,000	100%

### d. Details of shareholders holding more than 5% shares in the company

	As at 31-Mar-2017		As at 31-Mar-2016		As at 01-Apr-2015	
	Numbers	% holding	Numbers	% holding	Numbers	% holding
Equity Shares	8,645,003	65%	8,645,003	65%	6,500,003	65%
Adani Enterprises Limited	4,654,997	35%	4,654,997	35%	3,499,997	35%
Welspun Natural Resources P Ltd	13,300,000	100%	13,300,000	100%	10,000,000	100%



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

## 16 Other Equity

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
<b>A. Share Premium Account</b>			
Balance at the end of the previous year	439,615,500	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>439,615,500</b>	<b>274,615,500</b>
<b>B. Retained Earnings</b>			
Surplus/(Deficit) in Statement of Profit & Loss			
As per last Balance Sheet	(295,009,419)	(99,174,156)	(98,529,203)
Add:- Profit/(Loss) for the year	(89,944,223)	(196,018,530)	(644,953)
Add:- Other Comprehensive Income for the year	(262,798)	183,267	-
Less:- Appropriations	-	-	-
Net Surplus/(Deficit) at the end of the year	<b>(385,216,440)</b>	<b>(295,009,419)</b>	<b>(99,174,156)</b>
<b>Total (A+B)</b>	<b>54,399,060</b>	<b>144,606,081</b>	<b>175,441,344</b>

### Notes:

i) Securities premium reserve represents the premium received on issue of shares over and above the face value of equity shares. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.

ii) Retained earnings represents the amount that can be distributed by the company as dividends considering the requirement of the Companies' Act, 2013. No dividends are distributed given the accumulated losses incurred by the company.

## 17 Long Term Borrowings

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
<b>From Banks-Term Loans</b>			
In Foreign Currency	836,365,817	1,342,215,853	1,381,250,000
Intercompany deposits from related parties	5,044,978,069	4,269,250,184	3,057,180,085
	<b>5,881,343,886</b>	<b>5,611,466,037</b>	<b>4,438,430,085</b>

### Notes:

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 quarterly instalments, started from Jan 16, 2017. Installments due in next one year shown under Current Liabilities.

The Company has been generally serving the loan as per schedule. There are no over dues as on 31st March, 2017.

## 18 Long Term Provisions

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
Provision for Gratuity (refer note 34)	44,625	-	-
Provision for Leave Encashment	1,819,772	1,280,262	1,483,344
	<b>1,864,397</b>	<b>1,280,262</b>	<b>1,483,344</b>

### Note :

Current and non-current classification is done based on actuarial valuation certificate.



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

## 19 Current Financial Liabilities

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
<b>Trade payables</b>			
- Micro, small and medium enterprise (Refer Note 27)	-	-	-
- Others	1,265,930	8,494,037	1,810,739
<b>Short Term Borrowings</b>			
Intercompany deposits from related parties	2,723,276,852	2,538,671,853	2,134,052,853
<b>Other Financial Liabilities</b>			
Current Maturity of long term borrowings (Secured) (Refer Note 17)	477,455,347	122,019,647	-
Interest Accrued but not due on borrowings	11,269,627	11,452,396	9,891,477
Other Payables for capital transactions	14,030,693	13,149,443	202,677,684
	<b>3,227,298,449</b>	<b>2,693,787,375</b>	<b>2,348,432,753</b>

### Note:

The fair value of Current Financial Liabilities is not materially different from the carrying value presented.

## 20 Short Term Provisions

	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
Provision for Gratuity	82,810	-	109,816
Provision for Leave Encashment	303,618	214,822	189,353
Provision of MWP	-	-	1,045,625,000
	<b>386,428</b>	<b>214,822</b>	<b>1,045,924,169</b>

## 21 Other Current Liabilities

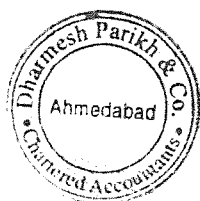
	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
Statutory Dues Payable (TDS, PF, Professional Tax, VAT & Service Tax)	4,801,124	5,424,308	8,998,960
Retention Money	55,000	-	-
	<b>4,856,124</b>	<b>5,424,308</b>	<b>8,998,960</b>

## 22 Other Income

	Amt in Rs.	
	For the year ended 31-Mar-2017	For the year ended 31-Mar-2016
Interest Income		
Bank Deposits		
on IT Refund	171,991	109,314
	<b>171,991</b>	<b>109,314</b>

## 23 Employee Benefits Expense

	Amt in Rs.	
	For the year ended 31-Mar-2017	For the year ended 31-Mar-2016
Salaries & Bonus	22,131,408	2,548,860
Contribution to Provident & other funds (refer note 34)	2,098,059	410,423
	<b>24,229,467</b>	<b>2,959,283</b>



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

## 24 Finance Costs

	Amt in Rs.	
	For the year ended 31-Mar-2017	For the year ended 31-Mar-2016
Bank Charges	1,182,834	-
BG Commission	983,283	-
	<b>2,166,116</b>	<b>-</b>

## 25 Other Expenses

	Amt in Rs.	
	For the year ended 31-Mar-2017	For the year ended 31-Mar-2016
Legal & Professional Fees	4,325,208	2,759,792
Subscriptions and Membership Fees	229,800	1,990,363
Business Development Expenses	16,225,319	795,193
Payment to Auditors		
Statutory Audit Fees	149,500	125,950
Tax Audit Fees	-	-
Other Attestation Services	60,474	56,092
General & Administration Expenses	3,046,550	7,741,253
Forex Revaluation	526,666	-
Loss on discard of Assets	425,555	-
Donation and Advertisement	-	1,100,000
	<b>24,989,072</b>	<b>14,568,643</b>

## 26 Financial Instruments And Risk Review

The Company's principal financial liabilities comprise provisions, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations / projects. The Company's principal financial assets include mainly cash and cash equivalents, trade receivables, loans and other financial assets. In the ordinary course of business, the Company is mainly exposed to risks resulting from interest risk, credit risk and liquidity risk.

### Interest risk

The Company is exposed to changes in interest rates due to its financing, investing and cash management activities. The Company's risk management activities are subject to the management, direction and control of Central Treasury Team of the Adani Group under the framework of Risk Management Policy for interest rate risk.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the company. The company has adopted the policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial losses from default. The carrying amount of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk. Cash are held with creditworthy financial institutions.

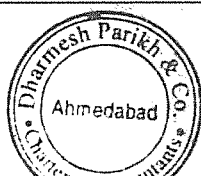
### Liquidity risk

The Company monitors its risk of shortage of funds using cash flow forecasting models. These models consider the maturity of its financial investments, committed funding and projected cash flows from operations. The Company's objective is to provide financial resources to meet its business objectives in a timely, cost effective and reliable manner and to manage its capital structure. A balance between continuity of funding and flexibility is maintained through the use of various types of borrowings.

### Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

	Amt in Rs.			
As at 31st March 2017	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Borrowings	3,200,732,199	5,881,343,886	-	9,082,076,085
Trade payables	1,265,930	-	-	1,265,930
Other Financial Liabilities	25,300,320	-	-	25,300,320
	<b>3,227,298,449</b>	<b>5,881,343,886</b>	<b>-</b>	<b>9,108,642,335</b>



## ADANI WELSPUN EXPLORATION LIMITED

### Notes to Financial Statements for the year ended 31 March 2017

#### ii) Capital 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 and borrowings. The Company's policy is to use short-term and long-term borrowings to meet anticipated funding requirements.

#### 27 Disclosures under MSMED Act

There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

#### 28 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, 2017 are as follows:-

(Amt in Rs.)		
Particulars	GK-OSN-2009/1	GK-OSN-2009/2
Current Assets	743,331	743,771
Current Liabilities	(428,964)	(424,830)
Exploratory Work in Progress	654,757,601	1,104,546,875
<b>Total</b>	<b>655,071,968</b>	<b>1,104,865,816</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.

#### 29 Lease Agreement

##### Where the Company is a lessee:

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

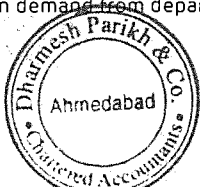
Particulars	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
Not later than one year	1,200,000	1,200,000	-
Later than one year and not later than five years	1,794,000	-	-
Later than five years	-	-	-
Lease payment recognized in Statement of Profit & Loss	897,000	-	-

At the year end, the company have one ongoing renewable lease agreement related to Shorebase of Mumbai Block, and one ongoing renewable lease agreement related to its office hence disclosure relating to future lease payments as at March 31, 2017 given above.

#### 30 Contingent Liability and Commitments

Particulars	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
<b>Claims against the Company not acknowledged as debts in respect of:</b>			
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>-</b>	<b>2,993,196</b>	<b>2,993,196</b>

\* During the year company received ITAT order in favour and company will get back Rs.19,30,500/- which was paid in earlier years on adhoc basis against above liability on demand from department.



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

## 31 Unhedged Foreign Currency Exposure

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

Particulars	Currency	As at 31-Mar-2017		As at 31-Mar-2016		As at 1-Apr-2015	
		Foreign Currency	Rs.	Foreign Currency	Rs.	Foreign Currency	Rs.
Current Liabilities	USD	42,997	2,788,355	42,997	2,848,766	42,997	2,687,313
Foreign Borrowings	USD	20,259,386	1,313,821,163	22,100,000	1,464,235,500	22,100,000	1,381,250,000
Interest Accrued but not Due	USD	171,399	11,115,247	172,853	11,452,396	158,264	9,891,477
Other Receivables	USD	85,995	5,576,785	85,995	5,697,608	85,995	5,374,696

## 32 Related Parties

Controlling Companies	Adani Enterprises Ltd. (Controlled by S.B.Adani Family Trust, a private discretionary trust)		
Subsidiary Company	Welspun Natural Resources Pvt. Ltd. AWEL Global Limited		
Associate Entities (Companies with whom transaction has been made)	Adani Ports and Special Economic Zone Ltd. Adani Synenergy Ltd. Adani Power Ltd. Welspun Enterprises Ltd. Welspun Realty Pvt. 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		
<b>Information in respect of Related Parties</b>		<b>Amt in Rs. 31-Mar-2017</b>	<b>Amt in Rs. 31-Mar-2016</b>
<u>Interest Expense</u>			
Controlling Company	: Adani Enterprises Limited	221,633,829	382,773,925
<u>Reimbursement of Expenses</u>			
Controlling Company	: Welspun Natural Resources Pvt. Ltd.		770,767
Associate Company	: Welspun Enterprises Ltd.	-	2,728
<u>Services Received</u>			
Associate Company	: Welspun Enterprises Ltd.	-	6,870,000
<u>Rent Paid</u>			
Associate Company	: Welspun Realty Pvt. Ltd.	897,000	-
Associate Company	: Welspun Enterprises Ltd.	-	759,135
<u>Funds Received</u>			
Controlling Company	: Adani Enterprises Limited	580,170,000	1,340,770,099
Controlling Company	: Welspun Natural Resources Pvt. Ltd.	186,105,000	477,919,000
<u>Purchase of Material</u>			
Associate Company	: Welspun Global Brand Ltd.	-	38,866
<u>Balance Transfer of Employee Benefits Liabilities</u>			
Associate Company	: Adani Synenergy Ltd.	-	520,542
Associate Company	: Adani Ports and Special Economic Zone Ltd.	(228,527)	
<u>Funds Given</u>			
Controlling Company	: Adani Enterprises Limited	21,200,000	-
Controlling Company	: Welspun Natural Resources Pvt. Ltd.	1,500,000	4,000,000
Subsidiary Company	: AWEL Global Limited	6,013,761	9,571,075
<u>Remuneration</u>			
Managing Director	: Sandeep Garg	12,000,000	-
<u>Investment in Equity Shares of</u>			
Subsidiary Company	: AWEL Global Limited	-	181,500
<u>Issue of Shares (*) to</u>			
Controlling Company	: Adani Enterprises Limited	-	128,700,000
Controlling Company	: Welspun Natural Resources Pvt. Ltd.	-	69,300,000
<u>Sale of Fixed Assets to</u>			
Controlling Company	: Adani Enterprises Limited	-	400,719
<u>Guarantee &amp; Collateral Securities</u>			
Controlling Company	: Adani Enterprises Limited	-	435,500,000
Controlling Company	: Welspun Natural Resources Pvt. Ltd.	-	234,500,000

(\*) Against conversion from loan

### Balance Receivable / (Payable)

Particulars	Amt in Rs.		
	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
Controlling Company	: Adani Enterprises Limited	(5,044,978,069)	(4,269,250,184)
Controlling Company	: Welspun Natural Resources Pvt. Ltd.	(2,723,276,853)	(2,538,671,853)
Associate Company	: Adani Synenergy Ltd.	-	(520,542)
Associate Company	: Welspun Enterprises Ltd.	-	(6,750,000)
Associate Company	: Adani Power Ltd.	-	53,323
Subsidiary Company	: AWEL Global Limited	15,584,836	9,571,075



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

## 33 Expenditure in Foreign Currency

		Amt in Rs.	
	Particulars	As at 31-Mar-2017	As at 31-Mar-2016
(i)	Value of Imports		
	Capital Inventory-Stores	-	-
(ii)	Expenditure in Foreign Currency		
	Professional & Legal Services	1,563,104	694,264
	Subscriptions	670,025	18,321
(iii)	Earnings in Foreign Currency	-	-
	<b>Total</b>	<b>2,233,129</b>	<b>712,585</b>

## 34 Retirement Benefits

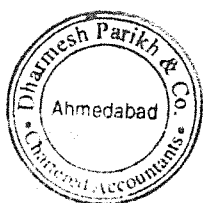
### (a) Defined Benefit Obligations :

The Company provides for gratuity for eligible employees in India as per the Payment of Gratuity Act, 1972, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liability in respect of Gratuity is determined based on actuarial valuation done by actuary as at the balance sheet date. Disclosures in respect of the defined benefit obligation (i.e. Gratuity) are as follows.

Particulars	Gratuity	
	As at 31/Mar/2017	As at 31/Mar/2016
<b>i. Change in Obligations during the year</b>		
Present Value of Obligations at the beginning of the year	2,216,325	1,833,344
Current Service Cost	538,974	420,186
Interest Cost	174,965	146,062
Benefits paid	-	-
Actuarial (Gains) / Losses	200,984	(183,267)
Acquisition Adjustment	-	-
Present Value at the end of the year	<b>3,131,248</b>	<b>2,216,325</b>
<b>ii. Net Asset / (Liability) recognised in the Balance Sheet</b>		
Present Value of Obligations	3,131,248	2,216,325
Fair Value of Plan Assets	3,003,813	2,300,565
Net Asset / (Liability)	<b>(127,435)</b>	<b>84,240</b>
<b>iii. Expense recognised in the Statement of Profit and Loss (Refer Clause ix)</b>		
Current Service Cost	538,974	420,186
Interest Cost	(6,650)	8,749
Expected Return on Plan Assets	-	-
	<b>532,324</b>	<b>428,935</b>
<b>iv. Expense recognised in Other Comprehensive Income (Refer Clause ix)</b>		
Actuarial (Gains) / Losses	200,984	(183,267)
Return on plan assets, excluding amount recognised in net interest expense	61,814	-
	<b>262,798</b>	<b>(183,267)</b>

### v. Past four years data for defined benefit obligation and fair value of plan to the extent available:

Particulars	2015-16	2014-15	2013-14	2012-13
Obligations at the end of the year	3,721,566	1,833,344	1,793,785	4,009,311
Plan assets at the end of the year	3,914,861	1,723,528	2,522,041	4,649,425
Net Assets / (Liability) at the end of year	193,295	(109,816)	728,256	640,114
<b>Experience Adjustment on :</b>				
(Gain) / Loss for Plan Liabilities	(190,784)	(690,861)	(690,861)	(1,565,691)
Gain / (Loss) for Plan Assets	-	(141,943)	(141,943)	186,700





# ADANI WELSPUN EXPLORATION LIMITED

## Notes to Financial Statements for the year ended 31 March 2017

### vi. Actuarial Assumptions & Sensitivity Analysis

The principal actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, turnover rate and mortality. The same are shown below :

	As at 31/Mar/2017	As at 31/Mar/2016
Discount Rate	7.60%	7.90%
Expected Rate of Return on Plan Assets	NA	NA
Mortality / Pre-retirement	IALM 06-08 Ultimate	IALM 06-08 Ultimate
Turnover Rate		
Rate of Escalation in Salary (p.a.)	8.00%	8.00%

The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below :

Particulars	Increase in assumptions		Decrease in assumptions	
	As at 31/Mar/2017	As at 31/Mar/2016	As at 31/Mar/2017	As at 31/Mar/2016
Discount Rate (- / + 1%)	2,939,611	2,076,826	3,350,046	2,374,887
Salary Growth Rate (- / + 1%)	3,347,043	2,373,180	2,938,604	2,075,724
Attrition Rate (- / + 50%)	3,119,795	2,211,078	3,143,610	2,221,914
Mortality Rate (- / + 10%)	3,131,100	2,216,345	3,131,397	2,216,306

### vii. Effect of Plan on Entity's Future Cash Flows

#### a) Funding arrangements and Funding Policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

#### b) Expected Contribution during the next annual reporting period

The Company's best estimate of Contribution during the next year is NIL

#### c) Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cashflows) - 7 years.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (31 March 2016: 7 years). The expected maturity analysis of gratuity benefits is as follows :

	As at 31/Mar/2017	As at 31/Mar/2016
Less than a year	82,810	53,143
Between 2 to 5 years	1,749,191	1,459,008
Between 6 to 10 years	1,370,493	1,030,640
Beyond 10 years	2,800,310	1,875,752
<b>Total</b>	<b>6,002,804</b>	<b>4,418,543</b>

viii. As defined benefit plans of Leave Encashment are non-funded, no data is presented as to fair value of plan assets and asset liability matching.

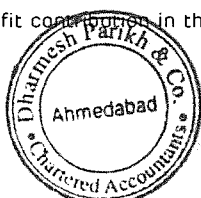
ix. The company has provided for expenses of Gratuity and Leave Encashment on the basis of actuarial valuation. These expenses are recoverable from customer as and when they become payable to the employees. Hence, these expenses are classified as "Other Non-Current Financial Assets" and consequently do not have any impact on Statement of Profit & Loss and Other Comprehensive Income.

### x. Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency off undsunder the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

### (b) Defined Benefit Contributions :

The company operates defined benefit contribution in the form of Provident Fund, liability in respect of which is provided for on actual contribution basis.



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2017

## (c) Other Long Term Employee Benefits :

Other long term employee benefits comprise of compensated absences/leaves, which are recognised based on actuarial valuation. The actuarial liability for compensated absences as at the year ended 31st March, 2017 is Rs. 21,23,390/- (Previous Year Rs. 14,95,084/-).

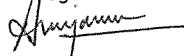
## 35 Earning Per Share (EPS)

	Amt in Rs.	
	For the year ended 31-Mar-2017	For the year ended 31-Mar-2016
Profit / (Loss) for calculation of basic and diluted EPS	(89,944,223)	(196,018,530)
Weighted average number of equity shares for calculating Basic EPS	13,300,000	10,009,041
Weighted average number of equity shares for calculating Diluted EPS	13,300,000	10,009,041
Face value of equity shares	10	10
Basic Earning Per Share (in Rupees)	(6.76)	(19.58)
Diluted Earning Per Share (in Rupees)	(6.76)	(19.58)

## 36 Other Disclosures

- (a) During the period under review AWEL (Company) has identified certain abortive and unsuccessful efforts/projects. Based on internal evaluations, management has decided not to pursue these any further. Hence cost associated to these abortive and unsuccessful efforts/projects amounting to Rs. 3,42,24,175 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.
- (c) Directorate General of Hydrocarbons has notified hydrocarbon discoveries in respect of both the Kutchh blocks, viz. GK-OSN-2009/1 & GK-OSN-2009/2. In order to assess the full potential of the blocks, the Consortium has decided to move into appraisal phase of the PSC and opted not to extend first phase of exploration.
- (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) Previous year's figures have been recast, regrouped and rearranged, wherever necessary to conform to this year's classification. Further, the figures have been rounded off to the nearest rupee.
- (f) Approval of financial statements -The financial statements were approved for issue by the board of directors on May 16, 2017.

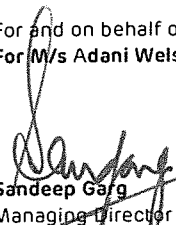
As per our report of even date  
For **Dharmesh Parikh & Co.**  
Chartered Accountants  
Firm Registration Number : 112054W

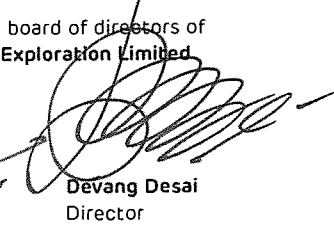
  
**Anuj Jain**  
Partner  
Membership No. 119140



Place : Ahmedabad  
Date : May 16, 2017

For and on behalf of the board of directors of  
For **M/s Adani Welspun Exploration Limited**

  
**Sandeep Garg**  
Managing Director  
DIN:00036419

  
**Devang Desai**  
Director  
DIN:00005743

  
**Rajatash Ganguly**  
CFO

  
**Gunjan Taunk**  
Company Secretary

Place : Ahmedabad  
Date : May 16, 2017

