

# **DHARMESH PARIKH & CO.**

## **CHARTERED ACCOUNTANTS**

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

### **INDEPENDENT AUDITOR'S REPORT**

**To**

**The Members of Adani Welspun Exploration Limited**

#### **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of Adani Welspun Exploration Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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



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**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read with the Matter of Emphasis and other matter paragraph given below give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its losses and its cash flows for the year ended on that date.

**Matter of Emphasis**

In view of their technical nature, we have placed reliance on technical/ commercial evaluation by the management in respect of categorization of wells as exploratory and allocation of cost incurred on them. Our opinion is not qualified in respect of this matter.

Our opinion is not modified in respect of this matter.

**Other Matter**

The attached financial statements include the Company's share of net assets and liabilities of Rs. 117,15,83,018 and Rs. 93,05,266 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) The company is in the business of exploration of oil and gas and all the blocks in respect of which the company is holding participating interests are currently under exploration stage. In the event of blocks being subsequently determined to be commercially not viable, it may in our opinion have an adverse impact on the functioning of the company.
  - f) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and



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- 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:
- the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements;
  - 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 20 to the financial statements;
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Ahmedabad  
Date : 11-May-2015



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

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

**ANUJ JAIN**  
Partner  
Membership No. 119140

# DHARMESH PARIKH & CO.

## CHARTERED ACCOUNTANTS

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### ANNEXURE 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 Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2015, 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.
- (ii) The Company is in the project development (exploration) stage and has not carried out any commercial activities during the year ended on 31st March, 2015 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 to any body corporate or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (the Act). Accordingly the provisions of paragraph 3 (iii) (a) & (iii) (b) of the Order are not applicable.
- (iv) According to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets, inventories and for the sale of services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public.
- (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 provident fund, employees' state insurance, income tax, sales tax, wealth tax, excise duty, service tax, duty of customs, entry tax, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities generally.

According to the information and explanations given to us, no undisputed amounts payable in respect of all material statutory dues as mentioned above were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no material statutory dues as mentioned above which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of disputes:

Name of Statute	Nature of the dues	Forum where dispute is pending	Amount (*) (INR)	Amount paid under protest (INR)	Period to which the amount relates
Income Tax Act	Income Tax	Appellate Authority upto Commissioner's Level	29,93,196	15,00,000	AY 2011-12

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





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- (c) According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.
- (viii) The Company's accumulated losses at the end of the year did not exceed 50% of its Net Worth. However the company had incurred cash losses during the current as well as immediately preceding financial year.
- (ix) 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.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) To the best of our knowledge and as explained, the term loans raised during the year have been applied for the purpose for which they were raised.
- (xii) 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 fraud on or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.

Place : Ahmedabad  
Date : 11-May-2015



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

**ANUJ JAIN**  
Partner  
Membership No. 119140

## ADANI WELSPUN EXPLORATION LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MAR 31,2015

(Amount in Rs.)

Particulars	April 14 to March 15		April 13 to March 14	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) before tax		(644,953)		(85,169,392)
<b>Profit/(Loss) before tax</b>		<b>(644,953)</b>		<b>(85,169,392)</b>
Increase/(Decrease) in Long term provisions	100,255		(2,894,098)	
Increase/(Decrease) in Other Current Liabilities	128,755,381		(300,014,158)	
Increase/(Decrease) in Short Term provisions	1,044,885,617		75,014	
Decrease/(Increase) in Long Term Loans and Advances	139,690,749		1,547,368,298	
Decrease/(Increase) in Other Non Current Assets	8,825,155		71,342,535	
Decrease/(Increase) in Short Term Loans and Advances	(8,943,621)		28,253,444	
Decrease/(Increase) in Other Current Assets	14,546,323		(13,291,960)	
<b>Net Cash From / (Used) Operating Activities</b>		<b>1,327,859,860</b>		<b>1,330,839,076</b>
		<b>1,327,214,907</b>		<b>1,245,669,684</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Decrease/(Increase) in Fixed Assets	(2,591,874,275)		(1,110,304,254)	
Decrease/(Increase) in Non Current Investments	-		-	
Decrease/(Increase) in Current Investments	-		-	
<b>Net Cash From / (Used) Investing Activities</b>		<b>(2,591,874,275)</b>		<b>(1,110,304,254)</b>
		<b>(2,591,874,275)</b>		<b>(1,110,304,254)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase/(Decrease) in Long term borrowings	(655,860,000)		191,420,000	
Increase/(Decrease) in Short term borrowings	1,871,800,119		(665,979,792)	
<b>Net Cash Generated in Financing Activities</b>		<b>1,215,940,119</b>		<b>(474,559,792)</b>
		<b>1,215,940,119</b>		<b>(474,559,792)</b>
<b>Net Increase/(decrease) in Cash &amp; Cash equivalents [A+B+C]</b>		<b>(48,719,250)</b>		<b>(339,194,362)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>		<b>67,552,813</b>		<b>406,747,175</b>
<b>Cash and Cash Equivalents at the end of the year</b>		<b>18,833,564</b>		<b>67,552,813</b>
<b>Net Increase in Cash &amp; Cash equivalents</b>		<b>(48,719,250)</b>		<b>(339,194,362)</b>

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

(Anuj Jain)  
Partner

Membership No. 119140



For M/s Adani Welspun Exploration Limited

(Leveng Desai)  
Managing Director  
DIN:00005743

(Rajatesh Ganguly)  
CFO



(Sandeep Singh)  
Director  
DIN:00036419

(Gurleen Taunk)  
Company Secretary

Place : Ahmedabad  
Date : May 11, 2015

Place : Ahmedabad  
Date : May 11, 2015

## ADANI WELSPUN EXPLORATION LIMITED

## BALANCE SHEET AS AT MAR 31, 2015

	Particulars	Notes	As At Mar 31, 2015 (Rs.)	As At Mar 31, 2014 (Rs.)
<b>A</b>	<b><u>Equities &amp; Liabilities</u></b>			
	<b>Shareholders Funds</b>			
	Share Capital	3	100,000,000	100,000,000
	Reserves & Surplus	4	175,441,344	176,086,297
	<b>Sub Total</b>		<b>275,441,344</b>	<b>276,086,297</b>
	<b>Non Current Liabilities</b>			
	Long-term borrowings	5	1,381,250,000	2,037,110,000
	Other Long term liabilities		-	-
	Long Term provisions	6	1,483,344	1,383,089
	<b>Sub Total</b>		<b>1,382,733,344</b>	<b>2,038,493,089</b>
	<b>Current Liabilities</b>			
	Short term borrowings	7	5,191,232,937	3,319,432,819
	Trade Payables		-	-
	Other current liabilities	8	223,378,860	94,623,478
	Short-term provisions	9	1,045,924,169	1,038,552
	<b>Sub Total</b>		<b>6,460,535,966</b>	<b>3,415,094,849</b>
	<b>TOTAL</b>		<b>8,118,710,654</b>	<b>5,729,674,235</b>
<b>B</b>	<b><u>Assets</u></b>			
	<b>Non-current assets</b>			
	Fixed Assets			
	Tangible Assets	10	1,468,003	10,469,094
	Intangible Assets	10	11,354,618	18,309,715
	Exploratory Work in Progress	11	8,000,542,758	5,392,712,295
			8,013,365,379	5,421,491,104
	Non Current Investments	12	60,000	60,000
	Long Term Loans & Advances	13	50,505,944	190,196,694
	Other Non Current Assets	14	22,063,502	30,888,657
	<b>Sub Total</b>		<b>8,085,994,825</b>	<b>5,642,636,455</b>
	<b>Current Assets</b>			
	Cash & Bank Balances	15	18,833,564	67,552,813
	Short Term Loans & Advances	13	13,285,845	4,342,224
	Other current assets	16	596,420	15,142,743
	<b>Sub Total</b>		<b>32,715,829</b>	<b>87,037,780</b>
	<b>TOTAL</b>		<b>8,118,710,654</b>	<b>5,729,674,235</b>
	<b>Summary of significant accounting policies</b>	2		

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

As per our attached Report of even date.

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

(Anuj Jain)  
Partner  
Membership No. 119140



For M/s Adani Welspun Exploration Limited

(Devang Desai)  
Managing Director  
DIN:00005743

(Rajatesh Ganguly)  
CFO

Place : Ahmedabad  
Date : May 11, 2015

(Sandeep Garg)  
Director  
DIN:00036419

(Gunjan Taunk)  
Company Secretary



Place : Ahmedabad  
Date : May 11, 2015

**ADANI WELSPUN EXPLORATION LIMITED**

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MAR 31, 2015**

	Particulars	Notes	For the year ended Mar 31, 2015	For the year ended Mar 31, 2014
			Rs.	Rs.
<b>A</b>	<b>Income</b>			
	1 Revenue from Operations		-	-
	2 Other Income-Interest from IT Refund		103,141	-
	<b>Total Revenue</b>		103,141	-
<b>B</b>	<b>Expenditure</b>			
	1 Operating Expenses		-	-
	2 Employee Benefit Expenses		-	-
	3 Depreciation & Amortization		-	-
	4 Finance Cost		-	-
	5 Unsuccessful Exploration Costs	29	750,912,220	85,060,920
	6 Other Expenses	17	162,360	108,472
	<b>Total Expenses</b>		751,074,580	85,169,392
<b>C</b>	<b>Profit/(Loss) for the year before Exceptional and Extraordinary items and Tax</b>		(750,971,439)	(85,169,392)
	Add/(Less) : Exceptional items	18	750,326,486	-
<b>D</b>	<b>Profit/(Loss) before Taxation</b>		<b>(644,953)</b>	<b>(85,169,392)</b>
<b>E</b>	<b>Tax Expense</b>			
	Current Tax Expense		-	-
	Deferred Tax Expense		-	-
	Adjustment for earlier years		-	-
<b>F</b>	<b>Net Profit/(Loss) for the year</b>		<b>(644,953)</b>	<b>(85,169,392)</b>
	<b>Earnings Per Share (Nominal Value of Share Rs. 10)</b>			
	<b>Basic &amp; Diluted</b>	19	<b>(0.06)</b>	<b>(8.52)</b>
	<b>Summary of significant accounting policies</b>	2		

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

As per our attached Report of even date.

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



*Anuj Jain*

(Anuj Jain)

Partner

Membership No. 119140

For M/s Adani Welspun Exploration Limited

*(Devang Desai)*  
Managing Director  
DIN:00005743

*(Rajatesh Ganguly)*  
CFO



*(Sandeep Garg)*  
Director  
DIN:00036419

*(Gunjan Taunk)*  
Company Secretary

Place : Ahmedabad  
Date : May 11, 2015

Place : Ahmedabad  
Date : May 11, 2015



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015**

**1 BACKGROUND**

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

<b>Oil &amp; Gas Blocks</b>	<b>Participating Interest</b>
MB-OSN-2005/2	100%
GK-OSN-2009/1 (Operated by ONGC)	20%
GK-OSN-2009/2 (Operated by ONGC)	30%
South Gulf of Suez, Egypt (Operated by GSPC)-Surrendered during the year	40%

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

- (i) The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with the accounting standards notified under section 211(3C) of the Companies Act, 1956 ("the 1956 Act"), which are deemed to be applicable as per section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the 1956 Act/ 2013 Act, as applicable.

The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**(ii) USE OF ESTIMATES**

The preparation of financial statements in conformity with the generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized in the period in which such revision is made.

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

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

**(B) INVENTORIES.**

The company is carrying the capital inventory in the form of stores and spares which are valued at cost.

**(C) CASH FLOW STATEMENT**

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

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

**(ii) CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby by profit / (loss) 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.

**(D) EXCEPTIONAL ITEMS**

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



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015**

**(E) DEPRECIATION**

- i) Depreciation of fixed assets is provided on Straight Line Method at rates and in the manner specified in Schedule II of the Companies Act 2013. W.e.f. April 1, 2014, the management has internally reassessed and changed, wherever necessary the useful lives to compute depreciation, to confirm to the requirements of Schedule II of the Companies Act, 2013.
- ii) Depreciation on Fixed Assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

**(F) REVENUE RECOGNITION**

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

**(G) FIXED ASSETS**

**(a) Tangible Fixed Assets**

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

**(b) Intangible Fixed Assets**

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

**(c) Oil & Gas Assets**

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

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

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

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

**(H) FOREIGN EXCHANGE TRANSACTIONS**

**i) Initial Recognition & Measurement**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015**

**ii) Subsequent Measurement**

Foreign currency receivables, payables are subsequently measured using the closing rate at each Balance Sheet date.

**iii) Exchange Differences**

Exchange differences arising on long term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of asset. All other exchange differences are recognized as income or as expenses in the period in which they arise.

**(I) INVESTMENTS**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. Investments in Government Securities are shown at cost and are primarily meant to be held over long term purpose.

**(J) EMPLOYEE BENEFITS**

**i) Short term Employee Benefits**

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

**ii) Post Employment Benefits**

**a) Defined Benefit Plan**

Gratuity with respect to defined benefit schemes are accrued based on actuarial valuation carried out by an independent actuary at each balance sheet date using the Projected Unit Credit method. These contributions are covered through Group gratuity scheme with Life Insurance Corporation of India and are charged against revenue.

Actuarial gain and losses in respect of post employment and other long term benefits are charged as per actuarial assumptions in the Statement of Profit and Loss in the period in which they arise.

**b) Defined Contribution Plan**

- i) Provision is made for compensated absence based on actuarial valuation, carried out by an independent actuary as at the balance sheet date.
- ii) Company's contribution to Provident Fund, Superannuation Fund, Employees' State Insurance Fund which are defined contribution plans determined under the relevant schemes and/or statute are charged to the Statement of Profit and Loss when incurred.
- iii) Termination Benefits, if any, are recognised as an expense as and when incurred.

**(K) BORROWING COSTS**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

**(L) SEGMENT REPORTING**

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



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015**

**(M) RELATED PARTY TRANSACTIONS**

Disclosure of transactions with Related Parties, as required by Accounting Standard 18 "Related Party Disclosures" issued under The Companies (Accounting Standard) Rules, 2006 (as amended), has been set out in a separate note forming part of these notes. Related parties as defined under clause 3 of the Accounting Standard 18 have been identified on the basis of representations made by key managerial personnel and information available with the Company.

**(N) LEASES**

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

**(O) EARNING PER SHARE**

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

**(P) ACCOUNTING FOR TAXATION**

**i) Deferred Taxation**

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

**ii) Current Taxation**

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

**(Q) INVESTMENT IN JOINT VENTURES**

The company has entered into Joint Venture Agreement in the nature of Production Sharing Contracts (PSC) with the Government of India, Government of Egypt and various bodies corporate for carrying out the exploration, production and development activities in the oil and gas sector.

The assets and liabilities of the Jointly Controlled Assets are merged on a line by line basis according to the participating interest with the similar items in the Financial Statements of the company.

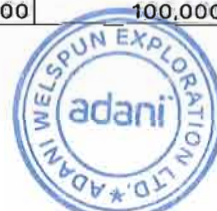
**(R) CONTINGENCIES/ PROVISIONS**

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

			(Amt. in Rs.)	
3	SHARE CAPITAL	As At Mar 31, 2015	As At Mar 31, 2014	
	<b>Authorised</b> 50,000,000 (P.Y. 50,000,000) Equity Shares of Rs. 10/- each.	500,000,000	500,000,000	
	<b>Issued, Subscribed and Paid up</b> 10,000,000 (P.Y. 10,000,000) Equity Shares of Rs.10/- each.	100,000,000	100,000,000	
	<b>TOTAL</b>	<b>100,000,000</b>	<b>100,000,000</b>	

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

Equity Shares	As At Mar 31, 2015		As At Mar 31, 2014	
	No. of Shares	(Rs.)	No. of Shares	(Rs.)
At the beginning of the year	10,000,000	100,000,000	10,000,000	100,000,000
Add:- Issued during the year	-	-	-	-
At the end of the year	10,000,000	100,000,000	10,000,000	100,000,000





**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015**

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

Equity Shares	As At Mar 31,2015		As At Mar 31,2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
(a) Adani Enterprises Ltd(along with its nominees)	6,500,003	65.00	6,500,003	65.00
(b) Welspun Natural Resources P Ltd	3,499,997	35.00	3,499,997	35.00

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

The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. 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.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

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

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

	As At Mar 31,2015		As At Mar 31,2014	
	No. of Shares	(Rs.)	No. of Shares	(Rs.)
Adani Enterprises Ltd	6,500,003	65,000,030	6,500,003	65,000,030

(Amt. in Rs.)

4 RESERVES & SURPLUS	As At Mar 31, 2015	As At Mar 31, 2014
<b>Share Premium Account</b>		
Balance at the end of the previous year	274,615,500	274,615,500
Add:- Received during the year	-	-
Balance at the close of the year	274,615,500	274,615,500
<b>Surplus/(Deficit) in Statement of Profit &amp; Loss</b>		
As per last Balance Sheet	(98,529,203)	(13,359,811)
Add:- Profit/(Loss) for the year	(644,953)	(85,169,392)
Less:- Appropriations	-	-
Net Surplus/(Deficit) at the end of the year	(99,174,156)	(98,529,203)
<b>TOTAL</b>	<b>175,441,344</b>	<b>176,086,297</b>

(Amt. in Rs.)

5 LONG TERM BORROWINGS	As At Mar 31, 2015	As At Mar 31, 2014
<b>Secured</b>		
From Banks-Term Loans		
In Foreign Currency	1,381,250,000	2,037,110,000
<b>TOTAL</b>	<b>1,381,250,000</b>	<b>2,037,110,000</b>

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



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015**

(Amt. in Rs.)

6	LONG TERM PROVISIONS	As At Mar 31, 2015	As At Mar 31, 2014
	Provision for Employee Benefits		
	Provision for Leave Encashment	1,483,344	1,383,089
	<b>TOTAL</b>	<b>1,483,344</b>	<b>1,383,089</b>

(Bifurcation of provision for employee benefits between Long term and Short term provisions are considered on the basis of Actuarial report.)

(Amt. in Rs.)

7	SHORT TERM BORROWINGS	As At Mar 31, 2015	As At Mar 31, 2014
	Unsecured		
	Inter Corporate Deposits from Related Parties(Ref. Note 22)	5,191,232,937	3,319,432,819
	<b>TOTAL</b>	<b>5,191,232,937</b>	<b>3,319,432,819</b>

(Amt. in Rs.)

8	OTHER CURRENT LIABILITIES	As At Mar 31, 2015	As At Mar 31, 2014
	Statutory Dues including Provident Fund & Tax Deducted At Source	8,998,960	6,658,355
	Interest Accrued but not due on borrowings	9,891,477	14,533,789
	Expenses Payable	204,488,423	71,761,285
	Retention Money	-	1,670,049
	<b>TOTAL</b>	<b>223,378,860</b>	<b>94,623,478</b>

(Amt. in Rs.)

9	SHORT TERM PROVISIONS	As At Mar 31, 2015	As At Mar 31, 2014
	Provisions for Employee Benefits		
	Provision for Gratuity	109,816	-
	Provision for Leave Encashment	189,353	1,038,552
	Provision for MWP	1,045,625,000	-
	<b>TOTAL</b>	<b>1,045,924,169</b>	<b>1,038,552</b>

(Bifurcation of provision for employee benefits between Long term and Short term provisions are considered on the basis of Actuarial report).

**11 EXPLORATORY WORK IN PROGRESS**

(Amt. in Rs.)

Particulars	As At Mar 31, 2015	As At Mar 31, 2014
Opening Balance	5,230,135,009	4,006,019,813
Add:- Additions during the year	3,384,008,557	1,224,115,196
Less:- Unsuccessful Exploration Costs	750,912,220	-
<b>Total (A)</b>	<b>7,863,231,346</b>	<b>5,230,135,009</b>
<b>Capital Inventory</b>		
Stores & spares (valued at cost)	137,311,412	162,577,286
<b>Total (B)</b>	<b>137,311,412</b>	<b>162,577,286</b>
<b>TOTAL (A+B)</b>	<b>8,000,542,758</b>	<b>5,392,712,295</b>



ADANI WELSPUN EXPLORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015

NOTES 10

FIXED ASSETS AS ON MAR 31, 2015

Particulars	Gross Block				Depreciation & Amortization		(Amt. In Rs)	
	As At Apr 1, 2014	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As At Mar 31, 2015	As At Apr 1, 2014	Provided For the Year	As At Mar 31, 2015	Net Block As At Mar 31, 2015
<b>Tangible Assets</b>								
Office and Other Equipments	3,653,656	8,000	(1,460,512)	2,201,144	674,253	1,527,494	1,550,211	650,933
Computer Equipments	10,317,397		(444,951)	9,872,446	4,649,208	5,373,935	9,699,261	173,185
Vehicles	2,427,218		(1,673,000)	754,218	1,216,131	349,621	308,877	445,341
Furniture and Fixtures	817,904		(439,851)	378,053	207,488	51,955	179,508	198,545
<b>Total (A)</b>	<b>17,216,175</b>	<b>8,000</b>	<b>(4,018,314)</b>	<b>13,205,861</b>	<b>6,747,081</b>	<b>7,303,005</b>	<b>11,737,858</b>	<b>1,468,003</b>
Mar 31, 2014	17,226,375	167,298	(177,498)	17,216,175	4,722,618	2,122,976	6,747,081	10,469,094
<b>Intangible Assets</b>								
Software	36,510,837	186,735	-	36,697,572	18,201,122	7,141,833	25,342,955	11,354,617
<b>Total (B)</b>	<b>36,510,837</b>	<b>186,735</b>	<b>-</b>	<b>36,697,572</b>	<b>18,201,122</b>	<b>7,141,833</b>	<b>25,342,955</b>	<b>11,354,617</b>
Mar 31, 2014	36,510,837	-	-	36,510,837	11,019,059	7,182,063	18,201,122	18,309,715
<b>Total (A+B)</b>	<b>53,727,012</b>	<b>194,735</b>	<b>(4,018,314)</b>	<b>49,903,433</b>	<b>24,948,203</b>	<b>14,444,837</b>	<b>37,080,813</b>	<b>12,822,620</b>
Mar 31, 2014	53,737,212	167,298	(177,498)	53,727,012	15,741,677	9,305,039	24,948,203	28,778,809







**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015**

(Amt. in Rs.)

12 NON CURRENT INVESTMENTS	As At Mar 31, 2015	As At Mar 31, 2014
Government Securities- National Saving Certificate (Lodged with VAT Authorities)	60,000	60,000
<b>TOTAL</b>	<b>60,000</b>	<b>60,000</b>

(Amt. in Rs.)

13 LOANS & ADVANCES	Non -Current		Current	
	As At Mar 31, 2015	As At Mar 31, 2014	As At Mar 31, 2015	As At Mar 31, 2014
<b>(Unsecured, considered good)</b>				
Security Deposits	-	813,862	1,225,000	2,727,541
Capital Advances	46,557,989	184,831,224	-	-
Employee Advances	-	-	233,332	257,290
Other Receivables	-	-	6,077,788	728,256
Advance Tax (net of provision)	3,947,955	4,551,608	-	-
Prepaid Expenses	-	-	5,749,725	629,137
<b>TOTAL</b>	<b>50,505,944</b>	<b>190,196,694</b>	<b>13,285,845</b>	<b>4,342,224</b>

Capital Advance-Non Current includes due from related parties Rs.NIL (P.Y.173,229,600). Other Receivables-Current includes due from related parties Rs.703,092 (P.Y. NIL).

(Amt. in Rs.)

14 OTHER NON CURRENT ASSETS	As At Mar 31, 2015	As At Mar 31, 2014
In Term Deposit (Original Maturity > 12 Months) (As Margin money for Debt Service)	20,798,151	30,888,657
Interest Accrued but not Due	1,265,351	-
<b>TOTAL</b>	<b>22,063,502</b>	<b>30,888,657</b>

(Amt. in Rs.)

15 CASH & CASH BALANCES	As At Mar 31, 2015	As At Mar 31, 2014
<b>Cash &amp; Cash Equivalents</b>		
Cash In Hand	-	-
In Term Deposit (Original Maturity < 3 Months)	-	10,050,000
In Current Account	3,680,067	2,500,613
<b>Other Bank Balances</b>		
In Margin Money Deposit (Original Maturity >12 Months) (Refer (i) below)	15,153,497	55,002,200
<b>TOTAL</b>	<b>18,833,564</b>	<b>67,552,813</b>

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

(Amt. in Rs.)

16 OTHER CURRENT ASSETS	As At Mar 31, 2015	As At Mar 31, 2014
Interest Accrued but not Due	596,420	15,142,743
<b>TOTAL</b>	<b>596,420</b>	<b>15,142,743</b>



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015**

(Amt. in Rs.)

17 OTHER EXPENSES	For the year ended Mar 31,2015	For the year ended Mar 31,2014
Payment to Auditors		
i) Statutory Audit Fees	112,360	95,506
ii) For other Services (Certification Fees)	25,986	6,191
Filing Fees	24,014	6,775
<b>TOTAL</b>	<b>162,360</b>	<b>108,472</b>

(Amt. in Rs.)

18 EXCEPTIONAL ITEMS	For the year ended Mar 31,2015	For the year ended Mar 31,2014
Short Term Borrowings written back (Refer Note 29 (a) & (b))	750,326,486	-
<b>TOTAL</b>	<b>750,326,486</b>	<b>-</b>

**19 EARNINGS PER SHARE (EPS)**

Basic and Diluted EPS	Particulars	For the year ended Mar 31,2015	For the year ended Mar 31, 2014
Profit/ (Loss) attributable to equity shareholders- Before Exceptional Items	Rs.	(750,971,439)	(85,169,392)
Profit/ (Loss) attributable to equity shareholders- After Exceptional Items	Rs.	(644,953)	(85,169,392)
Weighted average number of equity shares outstanding during the year	No	10,000,000	10,000,000
Nominal Value of equity share	Rs.	10	10
Basic & Diluted EPS-Before Exceptional Items	Rs.	(75.10)	(8.52)
Basic & Diluted EPS-After Exceptional Items	Rs.	(0.06)	(8.52)

**20 INTEREST IN JOINT VENTURE**

- (i) 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 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, 2015 are as follows:-

(Amt in Rs.)

Particulars	GK-OSN-2009/1	GK-OSN-2009/2
Current Assets	869,389	556,783
Current Liabilities	3,268,210	6,037,056
Exploratory Work in Progress	444,600,757	725,556,090
<b>Total</b>	<b>448,738,356</b>	<b>732,149,929</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.



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015**

**21 DETAILS OF EMPLOYEE BENEFITS**

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

	(Amt in Rs.)	
Contribution to	For the year ended Mar 31,2015	For the year ended Mar 31,2014
Contributory Provident Fund	1,009,991	3,390,098

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

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

**Profit and Loss Account**

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

	(Amt in Rs.)	
Particulars	For the year ended Mar 31,2015	For the year ended Mar 31,2014
Current Service cost	328,116	1,272,932
Interest Cost on benefit obligation	156,956	330,768
Expected return on plan assets	(219,418)	(404,500)
Actuarial loss / (gain) recognised in the year	733,536	(514,435)
Net benefit expense	999,190	684,765

**Balance Sheet**

**b) Details of Provision for gratuity**

	(Amt in Rs.)	
Particulars	For the year ended Mar 31,2015	For the year ended Mar 31,2014
Present value of defined benefit obligation	1,833,344	1,793,785
Fair value of plan assets	1,723,528	2,522,041
Surplus/(deficit) of funds	(109,816)	728,256
Net asset/ (liability)	(109,816)	728,256

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

	(Amt in Rs.)	
Particulars	For the year ended Mar 31,2015	For the year ended Mar 31,2014
Defined benefit obligation at the beginning of the Period	1,793,785	4,009,311
Current Service cost	328,116	1,272,932
Interest Cost	156,956	330,768
Actuarial (gain) / loss on obligations	673,851	(656,378)
Liability Transferred Out	-	(772,907)
Benefits paid	(1,119,364)	(2,389,941)
Defined benefit obligation at the end of the period	1,833,344	1,793,785



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015**

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

**(Amt in Rs.)**

Particulars	For the year ended Mar 31,2015	For the year ended Mar 31,2014
Opening fair value of plan assets	2,522,041	4,649,425
Expected return	219,418	404,500
Contributions by employer	161,118	-
Benefits Paid	(1,119,364)	(2,389,941)
Actuarial gains / (losses)	(59,685)	(141,943)
Closing fair value of plan assets	1,723,528	2,522,041

The present value of the plan assets represents the balance available with the LIC as at the end of the period. The total value of Plan Assets amounting to Rs. 17,23,528 (P.Y Rs.25,22,041) is as certified by the LIC.

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

Particulars	For the year ended Mar 31,2015	For the year ended Mar 31,2014
Discount rate	7.95%	8.25%
Expected rate of return on plan assets	7.95%	8.70%
Rate of Escalation in Salary (per annum)	8.00%	6.00%

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

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

**(Amt in Rs.)**

Particulars	For the year ended Mar 31,2015	For the year ended Mar 31,2014	For the year ended Mar 31,2013	For the year ended Mar 31,2012
Defined benefit obligation	1,833,344	1,793,785	4,009,311	3,495,631
Plan Assets	1,723,528	2,522,041	4,649,425	669,214
Surplus / (deficit)	(109,816)	728,256	640,114	(2,826,417)
Experience loss/(gain) on plan liabilities	(690,861)	(690,861)	(1,565,691)	-
Experience (loss)/gain on plan assets	(141,943)	(141,943)	186,700	-

**22 RELATED PARTY DISCLOSURES**

The Management has identified the following entities and individuals as related parties of the Company for the year ended March 31, 2015 for the purposes of reporting as per AS 18 – Related Party Transactions, which are as under:

Criteria	Name of Company
Controlling Companies	Adani Enterprises Ltd. (Controlled by S.B.Adani Family Trust, a private discretionary trust) Welspun Natural Resources Pvt. Ltd.
Associate Entities (Companies with whom transaction has been made during the year)	Adani Power Ltd. Adani Wilmar Ltd. Welspun Enterprises Ltd.
Key Management Personnel	Mr. Rajesh S. Adani, Chairman Mr. Devang Desai, Managing Director Mr. Pranav Adani, Director Mr. Balkrishan Goenka, Director Mr. Sandeep Garg, Director (w.e.f. 06.02.2015) Mr. Atul Sathe, Managing Director (till 06.02.2015) Mr. Akhil Jindal, Director (till 06.02.2015)





**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015**

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

**(Amt in Rs.)**

Particulars	For the year ended Mar 31,2015	For the year ended Mar 31,2014
<b>Interest Received/(Paid) (Net)</b>		
Adani Enterprises Ltd	270,296,216	(267,491,639)
Welspun Natural Resources Pvt Ltd	-	(158,481,739)
<b>Funds Given</b>		
Adani Enterprises Ltd	154,099,240	1,049,000,000
Welspun Natural Resources Pvt Ltd	83,130,360	720,434,000
<b>Funds Received</b>		
Adani Enterprises Ltd	1,311,720,000	392,500,000
Welspun Natural Resources Pvt Ltd	1,287,463,709	307,560,000
<b>Services Received</b>		
Adani Gas Ltd	-	1,672
<b>Remuneration</b>		
Key Management Personnel-Mr Atul Sathe	-	13,677,453
<b>Guarantee &amp; Collateral Securities</b>		
Adani Enterprises Ltd	435,500,000	1,105,000,000
Welspun Corp Ltd	-	595,000,000
Welspun Enterprises Ltd	234,500,000	-
<b>Reimbursement of Expenses</b>		
Adani Gas Ltd	-	15,726
Welspun Enterprises Ltd.	559,324	-
<b>Sale of Fixed Assets</b>		
Adani Enterprises Ltd.	1,063,694	-
Adani Power Ltd.	46,368	-
Adani Wilmar Ltd.	13,643	-
<b>Loans write back</b>		
Adani Enterprises Ltd	493,449,896	-
Welspun Natural Resources P Ltd	256,876,590	-
<b>Balance As on March 31</b>		
Adani Enterprises Ltd	3,057,180,085	2,132,836,725
Welspun Natural Resources P Ltd	2,134,052,853	1,186,596,094
Adani Enterprises Ltd-Current A/c	(649,769)	(9,600)
Adani Gas Ltd	-	1,085
Adani Power Ltd	(53,323)	-

**23 LEASE AGREEMENT**

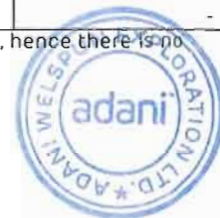
**Where the Company is a lessee:**

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

**(Amt in Rs.)**

Particulars	As At Mar 31, 2015	As At Mar 31, 2014
<b>Total of future minimum lease payments under operating lease for each of the following periods:</b>		
Not later than one year	-	1,772,731
Later than one year and not later than five years	-	2,629,540
Later than five years	-	-
Lease payment recognized in Statement of Profit & Loss	-	-

The company does not have any ongoing renewable long term lease agreements at the year end, hence there is no disclosure as to future lease payments as at March 31, 2015.



**ADANI WELSPUN EXPLORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015**

**24 CURRENT TAX**

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

**25 UNHEDGED FOREIGN CURRENCY EXPOSURE**

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

Particulars	Currency	As on Mar 31, 2015		As on Mar 31, 2014	
		Foreign Currency	Rs.	Foreign Currency	Rs.
Current Liabilities	USD	42,997	2,687,313	1,169,563	70,074,382
Foreign Borrowings	USD	22,100,000	1,381,250,000	34,000,000	2,037,110,000
Interest Accrued not Due	USD	158,264	9,891,477	242,573	14,533,789
Other Receivables	USD	85,995	5,374,696	-	-

**26 CONTINGENT LIABILITY AND COMMITMENTS**

(Amt in Rs.)

Particulars		As At Mar 31,2015	As At Mar 31,2014
<b>(i) 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 CIT(A)		2,993,196	2,993,196
Vendor Liability		-	119,830,000
<b>Total</b>		<b>2,993,196</b>	<b>122,823,196</b>
<b>(ii) Capital and other Commitments:</b>			
Estimated Amount of Contract, remaining to be executed on capital account (net of advances)		-	32,855,662
<b>Total</b>		<b>-</b>	<b>32,855,662</b>

**27 EXPENDITURE IN FOREIGN CURRENCY**

(Amt in Rs.)

Particulars	For the year ended Mar 31,2015	For the year ended Mar 31,2014
<b>(i) Value of Imports calculated on CIF Basis</b>		
Capital Inventory-Stores & Spares	-	571,306
<b>(ii) Expenditure in Foreign Currency</b>	-	-
<b>(iii) Earnings in Foreign Currency</b>	-	-
<b>Total</b>	<b>-</b>	<b>571,306</b>



ADANI WELSPUN EXPLORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015

28 SEGMENTAL REPORTING

**Business Segments**

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

**Geographical Segments**

During the year under review the Company was having the business activities in Egypt apart from India. However, since the Egypt Block has been surrendered during the year, no separate disclosures pertaining to geographical segments are being made.

29 OTHER DISCLOSURES

- (a) During the period under review AWEL (Company) relinquished the Block South Gulf of Suez, Egypt (Block) which was awarded to the Consortium of the Company and Gujarat State Petroleum Corporation Ltd (GSPCL) in Apr, 2010. The Block was operated by GSPCL (60%) and the balance was held by the Company.

As per the work programme, the Company carried out Aero Magnetic Survey and other geological studies etc. in the Block and also carried out a prognostic resource estimate. As per the survey results and after a further understanding of the geographical area of the Block, it was observed that the carrying out any further programme in the Block will be geophysically impracticable and techno economically not feasible. The Consortium discussed the various strategies with Egypt Govt. officials and ultimately it was decided to surrender the Block in November, 2014.

Accordingly, the total expenditure amounting to Rs. 750,912,220 pertaining to Block has been charged to Statement of Profit & Loss. This amount is inclusive of Bank Guarantee invocation amounting USD 8,178,123 by GANOPE, Egypt towards the unfinished minimum work program committed in respect of the Block.

- (b) During the year, pursuant to the write off of Egypt Block, the company has written back the advances given by the promoters companies amounting Rs. 750,326,486 in its books of accounts.
- (c) The first exploratory phase of Mumbai Block, after considering the extension period as granted by the Directorate General of Hydrocarbons is due to expire on April 29, 2015. The Company is in an advanced stage for bringing in a reputed E&P company as a partner in the Block and accordingly proposes to enter into the second exploratory phase. Company has accordingly estimated an amount of USD 16.73 Million towards the Unfinished Minimum Work Programme (UMWP) of first exploratory phase and the liability towards payment of the same has been provided in the financial statements.
- (d) Directorate General of Hydrocarbons has notified hydrocarbon discoveries in respect of both the Kutchh blocks. In order to assess the full potential of the blocks, the Consortium has decided to move into appraisal phase of the PSC and not to extend further the first exploration period, the first phase. Accordingly, the Company has provided a liability of USD 2.88 Million towards its share of liability of UMWP in respect of both the blocks.
- (e) 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.
- (f) In the opinion of the management and to best of their knowledge and belief the value under the head of Current and Non-current Assets (Other than fixed assets and non-current investments) are approximately of the values stated, if realized in ordinary course of business, except unless stated otherwise. The provision for all known current liabilities is adequate and not in excess of amount considered reasonably necessary.



ADANI WELSPUN EXPLORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MAR 31, 2015

- (g) By virtue of withdrawal of Guidance note on Treatment of Expenditure during construction period and adoption of AS-26 Intangible Assets, all attributable indirect expenditure incurred on above project are treated as "Exploratory Work in Progress" and is disclosed under the head "Fixed Assets" which would be capitalized and apportioned to the Assets.
- (h) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

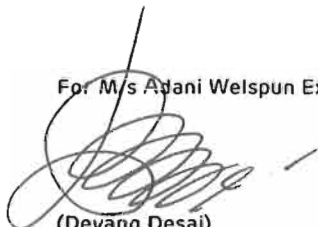
For Dharmesh Parikh & Co.  
Chartered Accountants  
Firm Registration No.: 112054W



(Anuj Jain)  
Partner  
Membership No. 119140

Place : Ahmedabad  
Date : May 11, 2015

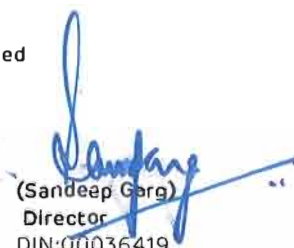
For M/s Adani Welspun Exploration Limited



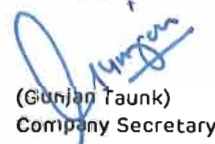
(Devang Desai)  
Managing Director  
DIN:00005743



(Rajatesh Ganguly)  
CFO  
Place : Ahmedabad  
Date : May 11, 2015



(Sandeep Garg)  
Director  
DIN:00036419



(Gunjan Taunk)  
Company Secretary

