

## **Independent Auditor's Report**

**To the Members of Adani Welspun Exploration Limited**

**Report on the audit of the Standalone Financial Statements**

### **Opinion**

We have audited the accompanying Standalone Financial Statements of Adani Welspun Exploration Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, 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.

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 other matter paragraph below give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2019, the loss, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

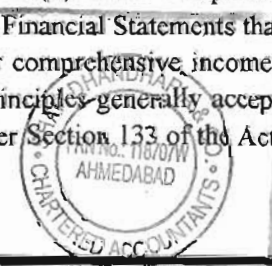
We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements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

### **Other Matter**

1. The attached financial statements include the Company's share of net assets of Rs. 115,10,20,139 and Rs. 119,22,86,747 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.
2. The company is incurring continuous losses and has a negative net current assets position. However, the accounts have been prepared on a going concern basis considering continuous financial support from promoter companies.

### **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 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

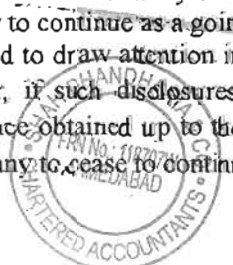
The Board of Directors are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "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, the 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 Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company





3. With respect to the matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197 (16) which are required to be commented upon by us.

**For SHAH DHANDHARIA & CO.**  
Chartered Accountants  
(Firm's Registration No. 118707W)



**Shubham Rohatgi**  
Partner

(Membership No. 183083)

Place : Ahmedabad  
Date : 11/05/2019



**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, 2019, 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, 2019 and hence it does not carry any inventory as defined under Ind AS 2 – 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 in respect of the activities to be carried out by the company. However since the Company is under project implementation stage (exploration phase), the maintenance of cost records is not applicable to the company for the year under consideration.
- (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, goods and service tax, duty of customs, value added tax, cess, provident fund and other material statutory dues have generally been deposited regularly 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, 2019 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.



- (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. Further, it has issued 0% Compulsory Convertible Debentures during the year on which no interest payment or principal repayment is to be done.
- (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.
- (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 been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- (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.

For SHAH DHANDHARIA & CO.  
Chartered Accountants  
(Firm's Registration No. 118707W)



**Shubham Rohatgi**  
Partner  
(Membership No. 183083)

Place : Ahmedabad  
Date : 11/05/2019



**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).**

**Opinion**

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, 2019 in conjunction with our audit of the Standalone Ind AS Financial Statements of the company for the year ended on that date. 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, 2019, 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.

**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;
- (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.

**For SHAH DHANDHARIA & CO.**

Chartered Accountants

(Firm's Registration No. 118707W)



**Shubham Rohatgi**

Partner

(Membership No. 183083)

Place : Ahmedabad

Date : 11/05/2019



**ADANI WELSPUN EXPLORATION LIMITED**  
Balance Sheet as at 31 March 2019

			(Amt in Rupees)
		As at	As at
	Notes	31-Mar-2019	31-Mar-2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	4(a)	15,34,704	1,80,742
(b) Capital Work-In-Progress	5	10,76,45,43,657	9,32,67,74,331
(c) Other Intangible Assets	4(b)	3,11,813	3,93,888
(d) Financial Assets			
(i) Investments	6	60,000	60,000
(ii) Loans	7	-	-
(iii) Other Financial Assets	8	11,80,24,356	8,65,72,109
(e) Income Tax Assets (net)		38,98,333	30,65,539
(f) Other Non-current Assets	9	55,76,925	2,75,92,302
<b>Total Non-current Assets</b>		<b>10,89,39,49,788</b>	<b>9,44,46,38,911</b>
<b>Current Assets</b>			
(a) Inventories		-	-
(b) Financial Assets			
(i) Cash & Cash Equivalents	10	5,24,294	6,65,054
(ii) Loans	11	-	16,500
(iii) Other Financial Assets	12	12,45,000	3,36,96,133
(c) Other Current Assets	13	1,74,50,781	1,33,78,208
<b>Total Current Assets</b>		<b>1,92,20,075</b>	<b>4,77,55,896</b>
<b>Total Assets</b>		<b>10,91,31,69,863</b>	<b>9,49,23,94,806</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	14	13,30,00,000	13,30,00,000
(b) Instrument entirely equity in nature	15	9,86,52,70,800	8,55,63,64,800
(c) Other Equity	16	(13,64,24,274)	(8,19,58,942)
<b>Total Equity</b>		<b>9,86,18,46,526</b>	<b>8,60,74,05,858</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
(a) Provisions	17	17,00,884	15,09,140
<b>Total Non-current Liabilities</b>		<b>17,00,884</b>	<b>15,09,140</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities	18		
(i) Trade Payables			
- total outstanding dues of micro and small		35,824	-
- total outstanding dues of creditors other than micro and small enterprise		29,77,708	34,42,834
(ii) Borrowings		82,33,39,855	-
(iii) Other financial liabilities		21,79,74,881	87,39,97,959
(b) Provisions	19	23,94,994	26,28,141
(c) Other Current Liabilities	20	28,99,191	34,10,873
<b>Total Current Liabilities</b>		<b>1,04,96,22,453</b>	<b>88,34,79,808</b>
<b>Total Liabilities</b>		<b>1,05,13,23,337</b>	<b>88,49,88,948</b>
<b>Total Equity and Liabilities</b>		<b>10,91,31,69,863</b>	<b>9,49,23,94,806</b>
Summary of significant accounting policies	2		

The notes referred above are an integral part of these financial statements.

As per our report of even date  
For **Shah Dhandharia & Co.**  
Chartered Accountants  
Firm Registration Number : 118707W

**Shubham Rohatgi**  
Partner  
Membership No. 183083



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

**Sandeep Garg**  
Managing Director  
DIN:00036419

**Rajatesh Ganguly**  
CFO

**Pranav Adani**  
Director  
DIN: 00008457



Place : Ahmedabad  
Date : 11.05.2019

Place : Ahmedabad  
Date : 11.05.2019

# ADANI WELSPUN EXPLORATION LIMITED

Statement of Profit and Loss for the year ended on 31 March 2019

			(Amt in Rupees)
	Notes	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
<b>Income</b>			
Revenue from Operations		-	-
Other Income	21	83,19,926	1,03,596
<b>Total Income</b>		<b>83,19,926</b>	<b>1,03,596</b>
<b>Expenses</b>			
Employee Benefits Expense	22	1,66,15,203	2,06,64,713
Finance Costs	23	3,16,69,322	30,77,553
Depreciation and Amortisation Expense	4(a) & 4(b)	4,28,271	7,79,838
Unsuccessful Exploration Costs		-	8,57,08,525
Other Expenses	24	1,43,05,233	2,62,09,055
<b>Total Expenses</b>		<b>6,30,18,029</b>	<b>13,64,39,684</b>
<b>(Loss) Before Tax</b>		<b>(5,46,98,103)</b>	<b>(13,63,36,089)</b>
<b>Tax Expense</b>	25		
Current Tax		-	-
Deferred Tax		-	-
Adjustment of Earlier Years		-	-
<b>Total Tax Expenses</b>		<b>-</b>	<b>-</b>
<b>(Loss) For The Year</b>		<b>(5,46,98,103)</b>	<b>(13,63,36,089)</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)		2,32,771	(21,914)
[Tax - Rs. Nil (previous year - Rs. Nil)]			
<b>Other Comprehensive Income (after Tax)</b>		<b>2,32,771</b>	<b>(21,914)</b>
<b>Total Comprehensive (Loss) for the Year</b>		<b>(5,44,65,332)</b>	<b>(13,63,58,003)</b>
<b>Earning per Equity Share (Face value of Rs.10 each)</b>	33		
Basic		(4.11)	(10.25)
Diluted		(4.11)	(10.25)

Summary of significant accounting policies

2

The notes referred above are an integral part of these financial statements.

As per our report of even date  
For **Shah Dhandharia & Co.**  
Chartered Accountants  
Firm Registration Number : 118707W

**Shubham Rohatgi**  
Partner  
Membership No. 183083



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

**Sandeep Garg**  
Managing Director  
DIN:00036419

**Rajatesh Ganguly**  
CFO

**Pranav Adani**  
Director  
DIN: 00008457



Place : Ahmedabad  
Date : 11.05.2019

Place : Ahmedabad  
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# ADANI WELSPUN EXPLORATION LIMITED

Statement of Cash Flow for the year ended on 31 March 2019

(Amt in Rupees)

	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) Before Tax	(5,46,98,103)	(13,63,36,089)
<b>Adjustment on account of :</b>		
Depreciation and Amortisation Expense	4,28,271	7,79,838
Unsuccessful Exploration Cost written off	-	8,57,08,525
Sundry Balances Written off	10,18,341	(29,916)
Unrealised Forex Gain	(10,18,341)	(73,679)
Provision for Doubtful Advances	-	1,44,28,345
Provision for Diminution in Value of Investments	-	1,81,500
Finance Costs	3,16,69,322	30,77,553
Interest Income	(73,02,820)	-
Remeasurement of defined employee benefit plans	2,32,771	(21,914)
Operating Profit / (Loss) Before Working Capital Changes	<b>(2,96,70,559)</b>	<b>(3,22,85,837)</b>
<b>Movements in Working Capital :</b>		
Decrease/(Increase) in Non-Current Loans and Advances	2,20,15,377	5,49,70,293
Decrease/(Increase) in Current Loans and Advances	14,50,661	(2,34,31,020)
Increase / (Decrease) in Other Current Liabilities	19,17,16,691	1,20,47,960
Increase/(Decrease) in Non-Current provisions	1,91,744	(3,55,257)
Increase/(Decrease) in Current provisions	(2,33,147)	22,41,713
Cash Flow from Operations	<b>18,54,70,767</b>	<b>1,31,87,852</b>
Less : Direct Taxes Paid / (Refund) (Net)	8,32,794	8,29,453
<b>Net Cash from / (Used) Operating Activities (A)</b>	<b>18,46,37,973</b>	<b>1,23,58,399</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Expenditure on construction and acquisition of Property, Plant and Equipment and Intangible assets (including capital advances and exploratory work-in-progress)	(1,43,36,54,191)	(21,17,02,823)
Increase in Term Deposit (not considered as Cash Equivalent)	(1,16,49,046)	(4,84,51,395)
Interest Received	1,44,44,019	30,87,661
<b>Net Cash from / (Used in) Investing Activities (B)</b>	<b>(1,43,08,59,218)</b>	<b>(25,70,66,557)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	82,33,39,855	1,91,25,000
Proceeds from Issue of CCD	1,30,89,06,000	76,89,85,000
Repayment of ECB Loan	(84,39,86,612)	(47,32,63,845)
Interest & Bank Charges paid	(4,21,78,758)	(7,09,33,425)
<b>Net Cash from Financing Activities (C)</b>	<b>1,24,60,80,485</b>	<b>24,39,12,730</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(1,40,760)</b>	<b>(7,95,428)</b>
Cash & Cash Equivalents at the beginning of the year	6,65,054	14,60,482
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>5,24,294</b>	<b>6,65,054</b>
<b>Notes to Cash flow Statement :</b>		
	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
1.Reconciliation of Cash and cash equivalents with the Balance Sheet: :		
Cash and cash equivalents as per Balance Sheet (refer note 10)	5,24,294	6,65,054
	<b>5,24,294</b>	<b>6,65,054</b>



# ADANI WELSPUN EXPLORATION LIMITED

Statement of Cash Flow for the year ended on 31 March 2019

2. The Statement of Cash Flow has been prepared under the 'Indirect Method' set out in IND AS 7 'Statement of Cash Flow'.

3. As per the amendment in 'Ind AS 7 Statement of Cash flows : Disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment has become effective from 1st April, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

Particulars	As at 1st Apr.2018	Net Cash Flows	Changes in the Fair Values	Non Cash Movement	As at 31st March 2019
Non-Current Borrowings	84,05,57,318	(84,39,86,612)	34,29,293	-	-
Current Borrowings	-	81,94,00,000	-	39,39,855	82,33,39,855
0% Compulsarily Convertible Debentures (CCD)	8,55,63,64,800	1,30,89,06,000	-	-	9,86,52,70,800

Particulars	As at 1st Apr.2017	Net Cash Flows	Changes in the Fair Values	Non Cash Movement	As at 31st March 2018
Non-Current Borrowings	6,35,87,99,232	(47,32,63,845)	-	(5,04,49,78,069)	84,05,57,318
Current Borrowings	2,72,32,76,852	1,91,25,000	-	(2,74,24,01,852)	-
0% Compulsarily Convertible Debentures (CCD)	-	76,89,85,000	-	7,78,73,79,800	8,55,63,64,800

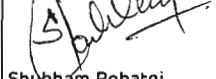
The notes referred above are an integral part of these financial statements.

As per our report of even date

For Shah Dhandharia & Co.

Chartered Accountants

Firm Registration Number : 118707W

  
Shubham Rohatgi

Partner

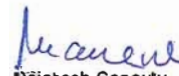
Membership No. 183083



For and on behalf of Board of Directors of

For M/s Adani Welspun Exploration Limited

  
Sandeep Ganguly  
Managing Director  
DIN:00036419

  
Rajat Ganguly  
CFO

  
Pranav Adani  
Director  
DIN: 00008457



Place : Ahmedabad

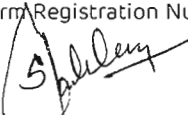

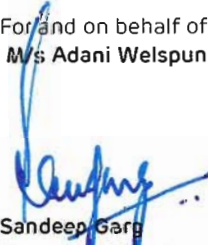
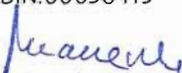


Date : 11.05.2019

Place : Ahmedabad

Date : 11.05.2019

# ADANI WELSPUN EXPLORATION LIMITED

Statement of changes in equity for the year ended 31st March, 2019

A. Equity Share Capital			
Particulars	No. of Shares	Amt. in Rupees	
As at 31 <sup>st</sup> March 2017	1,33,00,000	13,30,00,000	
Changes in the Equity Share Capital	-	-	
As at 31 <sup>st</sup> March 2018	1,33,00,000	13,30,00,000	
Changes in the Equity Share Capital	-	-	
As at 31 <sup>st</sup> March 2019	1,33,00,000	13,30,00,000	
B. Other Equity (Amt in Rupees)			
Particulars	Reserves & Surplus		
	Retained Earnings	Share Premium	Total
As at 31 <sup>st</sup> March 2017	(38,52,16,440)	43,96,15,500	5,43,99,060
Add/(Less):			
Loss for the year	(13,63,36,089)	-	(13,63,36,089)
Other Comprehensive Income	(21,914)	-	(21,914)
As at 31 <sup>st</sup> March 2018	(52,15,74,442)	43,96,15,500	(8,19,58,942)
Add/(Less):			
Loss for the year	(5,46,98,103)	-	(5,46,98,103)
Other Comprehensive Income	2,32,771	-	2,32,771
As at 31 <sup>st</sup> March 2019	(57,60,39,774)	43,96,15,500	(13,64,24,274)
The notes referred above are an integral part of these financial statements.			
As per our report of even date For Shah Dhandharia & Co. Chartered Accountants Firm Registration Number : 118707W   Shubham Rohatgi Partner Membership No. 183083  		For and on behalf of the board of directors of M/s Adani Welspun Exploration Limited   Sandeep Garg Managing Director DIN:00036419   Rajatesh Ganguly CFO  	
Place : Ahmedabad Date : 11.05.2019		Place : Ahmedabad Date : 11.05.2019	
		 Pranav Adani Director DIN: 00008457	



## 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. At present, the company is having a portfolio of four offshore blocks, wherein the company is operator in two blocks, and in the remaining blocks, the company is 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%

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

## 2 Significant accounting policies

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 amended from time to time and other accounting principles generally accepted in India.

Up to the period ended 31st March, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements.

### 2.2 Basis of preparation and presentation

The Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 amended from time to time and other accounting principles generally accepted in India.

The Financial Statements have been prepared on a going concern basis under the historical cost convention except for Investments in mutual funds and certain financial assets and liabilities that are measured at fair values whereas net defined benefit (asset)/liability are valued at fair value of plan assets less defined benefit obligation at the end of each reporting period, as explained in the accounting policies below.

### 2.3 Summary of significant accounting policies

#### a Property, plant and equipment

##### i. Recognition and measurement

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. All costs, including borrowing costs incurred up to the date the asset is ready for its intended use, are capitalised along with respective asset.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

##### ii. Subsequent measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

##### iii. Depreciation

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the Written Down Value method. The useful life of property, plant and equipment is considered based on life prescribed in Schedule II to the Companies Act, 2013, except in case of the Plant and machinery, wherein the life of the assets has been estimated at 30 years based on technical assessment taking into account the nature of assets, the estimated usage of the assets, the operating condition of the assets, anticipated technical changes, manufacturer warranties and maintenance support. In case of major components identified, depreciation is provided based on the useful life of each such component based on technical assessment, if materially different from that of the main asset.

##### iv. Derecognition

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 statement of profit and loss.

#### b Intangible Assets

##### i. Recognition and measurement

Intangible assets acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses.



## ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

### ii. Amortisation

Amortisation is recognised on a Written Down Value basis over their estimated useful lives. Estimated useful life of the Computer Software is 5 years.

### iii. Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition are recognised in statement of profit and loss.

### c Capital Work in Progress

Expenditure related to and incurred during implementation of capital projects to get the assets ready for intended use is included under "Capital Work in Progress". The same is allocated to the respective items of property plant and equipment on completion of construction/ erection of the capital project/ property plant and equipment.

### d 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 entire 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 are 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.

### e Financial Instruments

Trade receivables and debt securities issued are initially recognised when they originated. All other financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

A financial asset and financial liability is 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 and 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 and loss are recognised immediately in statement of profit and loss.

### f Financial assets

#### Initial recognition and measurement

All financial assets, except investment in subsidiaries and associates are recognised initially at fair value.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified based on assessment of business model in which it is held. This assessment is done for portfolio of the financial assets. The relevant categories are as below:

#### i) At amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets at fair value through profit and loss or for-sale fair value through profit and loss. Subsequently, these are measured at amortized cost using the effective interest method less any impairment losses. These include trade receivables, finance receivables, balances with banks, short-term deposits with banks, other financial assets and investments with fixed or determinable payments. These assets are held for the purpose of collecting contractual cashflows which represent solely payment of principal and interest.

#### ii) At fair value through Other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

#### iii) At fair value through profit and loss (FVTPL)

Financial assets which are not measured at amortised cost and are held for trading are measured at FVTPL.

At present the Company does not have any assets that are classified as Fair value through other comprehensive income (FVOCI).





**Business Model Assessment**

The Company makes an assessment of the objectives of the business model in which a financial asset is held because it best reflects the way business is managed and information is provided to management.

The assessment of business model comprises the stated policies and objectives of the financial assets, management strategy for holding the financial assets, the risk that affects the performance etc. Further management also evaluates whether the contractual cash flows are solely payment of principal and interest considering the contractual terms of the instrument.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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 statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

**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.

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, Expected credit loss allowance on trade receivables is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**9 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 measured at amortised cost using the effective interest method or at FVTPL.

**Financial liabilities 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.

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.



## ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

### Financial liabilities at FVTPL

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

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

Fair value changes related to such financial liabilities including derivative contracts like forward currency contracts and options, to hedge its foreign currency risks are recognised in the statement of profit and 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 statement of profit and loss.

### Derivative Financial Instruments

#### Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and options to hedge its foreign currency risk. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss as Foreign Exchange (Gain) / Loss except those relating to borrowings, which are separately classified under Finance Cost. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### h Inventories

Stores and spares are valued at lower of cost or net realisable value. Cost is determined on Weighted Average basis.

Inventories which comprise consumables, stores and spares are carried at the lower of the cost and net realisable value after providing for obsolescence and other losses where considered necessary. Cost of Inventories comprises all cost of purchase including all non refundable duties and other cost incurred in bringing inventories to their present location and condition. In determining the cost, weighted average cost method is used.

### i Current and non-current classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle or
- Held primarily for the purpose of trading or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

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

### j Functional currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs with two decimals, unless otherwise indicated.

### Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



Exchange differences are recognized in the statement of profit and loss except exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

**k Government grants**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated balance sheet and transferred to profit and loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit and loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

**l Revenue Recognition**

i) Revenue is recognised when the entity satisfies a performance obligation by transferring a promised good or service to a customer. The obligation is said to be performed when the control is passed on to the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

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

**m 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.

**n 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.

**o 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.

**p 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.

**q Borrowing costs**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

**r Taxation**

Tax on Income comprises current and deferred tax. It is 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**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.





**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, using the tax rates and laws that are enacted or substantively enacted as on reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is also recognised in respect of carried forward tax losses and tax credits subject to the assessment of reasonable certainty of recovery.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside with the underlying items i.e either in the statement of other comprehensive income or directly in equity as relevant.

**s Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for the effects of dividend, interest and other charges relating to the dilutive potential equity shares by weighted average number of shares plus dilutive potential equity shares.

**t Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are not recognised but are disclosed in the notes where an inflow of economic benefits is probable.

**u Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets, other than inventories and deferred tax 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. Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. 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 or CGU 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 CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

Assets (other than goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. 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 statement of profit and loss.

**v Leases****i. Assets held under lease**

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Company's Balance Sheet.

**ii. Lease payments**

Payments made under operating leases are generally recognised in profit and loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.



## ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

### w Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash and cash equivalents for the purpose of Statement of Cash Flow comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less.

### x Impairment of Financial assets

A financial asset is assessed at each reporting date to determine whether there is an objective evidence which indicates that it is impaired. A financial asset is considered to be impaired if an objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset.

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure;

a) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balances

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cashflows that the Company expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognised during the period is recognised as expense / (income) in the statement of profit and loss.

### y Employee benefits

#### i) Defined benefit plans:

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, 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 in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

#### ii) Defined contribution plan:

Retirement benefit in the form of Provident Fund and Family Pension Fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as a charge to the capital work-in-progress till the capitalisation otherwise the same is charged to the Statement of Profit and Loss for the period in which the contributions to the respective funds accrue.

#### iii) Compensated Absences:

Provision for Compensated Absences and its classifications between current and non-current liabilities are based on independent actuarial valuation. The actuarial valuation is done as per the projected unit credit method.

#### iv) Short term employee benefits:

Short-term employee benefit obligations are recognised at an undiscounted amount in the Statement of Profit and Loss for the year in which the related services are received.



**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.

**3.1 Use of estimates and judgements**

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 including contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**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 judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and future recoverability of deferred tax assets.

**iv) Useful lives and residual value of property, plant and equipment**

In case of the plant and machinery, in whose case the life of the assets has been estimated at 25 years based on technical assessment, taking into account the nature of the assets, the estimated usage of the asset, the operating condition of the asset, anticipated technological changes, manufacturer warranties and maintenance support, except for major components identified during the year, depreciation on the same is provided based on the useful life of each such component based on technical assessment, if materially different from that of the main asset.

**v) Impairment of Non Financial Assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used.



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

(Amt In Rupees)

## 4 (a). PROPERTY PLANT AND EQUIPMENTS

	Office Equipments	Computer Equipments	Vehicles	Furniture and Fixtures	Total
<b>Balance as at 31st March 2017</b>	<b>99,830</b>	<b>3,97,813</b>	<b>44,622</b>	-	<b>5,42,265</b>
Additions / Adjustments	-	1,32,986	-	-	1,32,986
Disposals / Transfers	-	-	-	-	-
<b>Balance as at 31st March 2018</b>	<b>99,830</b>	<b>5,30,799</b>	<b>44,622</b>	-	<b>6,75,251</b>
Additions / Adjustments	-	17,00,159	-	-	17,00,159
Disposals / Transfers	-	-	-	-	-
<b>Balance as at 31st March 2019</b>	<b>99,830</b>	<b>22,30,957</b>	<b>44,622</b>	-	<b>23,75,409</b>
<b>II. ACCUMULATED DEPRECIATION:</b>					
<b>Balance as at 31st March 2017</b>	<b>85,335</b>	<b>2,43,511</b>	<b>44,622</b>	-	<b>3,73,468</b>
Depreciation Charge for the year	9,240	1,11,801	-	-	1,21,041
Eliminated on disposal of assets	-	-	-	-	-
<b>Balance as at 31st March 2018</b>	<b>94,575</b>	<b>3,55,312</b>	<b>44,622</b>	-	<b>4,94,509</b>
Depreciation Charge for the year	5,255	3,40,941	-	-	3,46,196
Eliminated on disposal of assets	-	-	-	-	-
<b>Balance as at 31st March 2019</b>	<b>99,830</b>	<b>6,96,253</b>	<b>44,622</b>	-	<b>8,40,705</b>
<b>Carrying amount:</b>					
As at 31st March 2017	14,495	1,54,302	-	-	1,68,797
As at 31st March 2018	5,255	1,75,487	-	-	1,80,742
<b>As at 31st March 2019</b>	<b>-</b>	<b>15,34,704</b>	<b>-</b>	<b>-</b>	<b>15,34,704</b>





# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

(Amt In Rupees)

## 4 (b). OTHER INTANGIBLE ASSETS

	Computer Softwares	Total
<b>Balance as at 31st March 2017</b>	<b>1,13,54,618</b>	<b>1,13,54,618</b>
Additions / Adjustments	4,10,375	4,10,375
Disposals / Transfers	-	-
<b>Balance as at 31st March 2018</b>	<b>1,17,64,993</b>	<b>1,17,64,993</b>
Additions / Adjustments	-	-
Disposals / Transfers	-	-
<b>Balance as at 31st March 2019</b>	<b>1,17,64,993</b>	<b>1,17,64,993</b>
<b>ACCUMULATED DEPRECIATION:</b>		
<b>Balance as at 31st March 2017</b>	<b>1,07,12,308</b>	<b>1,07,12,308</b>
Depreciation Charge for the year	6,58,797	6,58,797
Disposals / Transfers	-	-
<b>Balance as at 31st March 2018</b>	<b>1,13,71,105</b>	<b>1,13,71,105</b>
Depreciation Charge for the year	82,075	82,075
Disposals / Transfers	-	-
<b>Balance as at 31st March 2019</b>	<b>1,14,53,180</b>	<b>1,14,53,180</b>
<b>Net Book Value:</b>		
As at 31st March 2017	6,42,310	6,42,310
As at 31st March 2018	3,93,888	3,93,888
<b>As at 31st March 2019</b>	<b>3,11,813</b>	<b>3,11,813</b>



**5 Capital Work in Progress**

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
<b>Exploratory Work in Progress</b>		
Opening Balance	9,18,98,09,156	9,00,49,29,964
Add:- Additions during the year	1,43,69,59,846	27,05,87,718
Less:- Unsuccessful Exploration Costs	-	8,57,08,525
<b>Total (A)</b>	<b>10,62,67,69,002</b>	<b>9,18,98,09,156</b>
<b>Capital Inventory</b>		
Stores & spares (valued at cost)	13,69,65,175	13,69,65,175
Computer Hardware (Pending Installation)	8,09,480	-
<b>Total (B)</b>	<b>13,77,74,655</b>	<b>13,69,65,175</b>
<b>TOTAL (A+B)</b>	<b>10,76,45,43,657</b>	<b>9,32,67,74,331</b>

**6 Non Current Investments  
Measured at Cost**

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
<b>Investments (unquoted and fully paid)</b>		
<b>In Equity Shares of Wholly Owned Subsidiary</b>		
AWEL Global Limited		
Nil Equity Shares of AED 1,000 each (10 shares as at 31st March, 2018 )	-	1,81,500
Less: Provision for diminishing in Value of Equity Shares	-	1,81,500
	-	-
<b>In Government and Other Securities, at amortised cost (Unquoted and fully paid)</b>		
National Saving Certificate (lying with government authority)	60,000	60,000
	<b>60,000</b>	<b>60,000</b>
Aggregate amount of unquoted investments	<b>60,000</b>	<b>2,41,500</b>

**7 Non-current Loans**

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
<b>(Unsecured, considered doubtful)</b>		
Unsecured Loan to Subsidiary AWEL GLOBAL LTD.	-	1,44,28,345
Less: Provision for doubtful loans & Advances	-	1,44,28,345
	-	-

**8 Other Non Current Financial Assets**

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
<b>(Unsecured, considered good)</b>		
Security Deposits with MoPNG	2,00,000	2,00,000
TDR against Margin Money Deposits (Original Maturity > 12 Months)	11,78,06,575	8,09,15,418
Interest Accrued but not Due	17,781	54,56,691
	<b>11,80,24,356</b>	<b>8,65,72,109</b>

**Note :**

1. The fair value of Other Non-current Financial Assets is not materially different from the carrying value presented
2. TDR's kept in Bank against Margin Monies for issuing Long term B.G's are under auto renewal mode, hence considered in Non-Current.



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

## 9 Other Non Current Assets

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
(Unsecured, considered good)		
Capital Advances for other projects	-	1,70,01,640
Prepaid Expenses	55,76,925	1,05,90,662
	<b>55,76,925</b>	<b>2,75,92,302</b>

## 10 Cash & Cash Equivalents

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
i) Balances with banks		
- In Current Account	5,24,294	6,65,054
	<b>5,24,294</b>	<b>6,65,054</b>

### Notes :

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

## 11 Current Loans

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
(Unsecured, considered good)		
Loans to Employees	-	16,500
	<b>-</b>	<b>16,500</b>

### Note:

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

## 12 Other Current Financial Assets

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
(Unsecured, considered good)		
-Security Deposits	12,45,000	11,47,000
-TDR against Earnest/Margin Money Deposits	-	2,52,42,111
-Interest Accrued	-	17,02,289
-Other Receivables	-	56,04,733
	<b>12,45,000</b>	<b>3,36,96,133</b>

### Note :

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

## 13 Other Current Assets

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
(Unsecured, considered good)		
Gratuity Fund (Net of Liability) (Refer Note 30)	2,55,842	-
Prepaid Expenses	1,71,94,939	1,33,78,208
	<b>1,74,50,781</b>	<b>1,33,78,208</b>



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

## 14 Share Capital

	As at 31-Mar-2019		As at 31-Mar-2018	
	Numbers	Amt in Rs.	Numbers	Amt in Rs.
<b>Authorised Share Capital</b>				
50,00,000 Equity shares (As at 31st March, 2018 - 50,00,000 shares) of Rs. 10/- each	5,00,00,000	50,00,00,000	5,00,00,000	50,00,00,000
<b>Issued, Subscribed Fully Paid-up Share Capital</b>				
13,30,000 Equity shares (As at 31st March, 2018 - 13,30,000 shares) of Rs. 10/- each fully paid up	1,33,00,000	13,30,00,000	1,33,00,000	13,30,00,000
	<b>1,33,00,000</b>	<b>13,30,00,000</b>	<b>1,33,00,000</b>	<b>13,30,00,000</b>

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

	As at 31-Mar-2019		As at 31-Mar-2018	
	Numbers	Amt in Rs.	Numbers	Amt in Rs.
<b>Equity shares</b>				
At the beginning of the year	1,33,00,000	13,30,00,000	1,33,00,000	13,30,00,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>1,33,00,000</b>	<b>13,30,00,000</b>	<b>1,33,00,000</b>	<b>13,30,00,000</b>

### 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-2019		As at 31-Mar-2018	
	Numbers	Amt in Rs.	Numbers	Amt in Rs.
<b>Equity Shares</b>				
Adani Enterprises Limited (along with its nominees)	86,45,003	8,64,50,030	86,45,003	8,64,50,030
	<b>86,45,003</b>	<b>8,64,50,030</b>	<b>86,45,003</b>	<b>8,64,50,030</b>

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

	As at 31-Mar-2019		As at 31-Mar-2018	
	Numbers	% holding	Numbers	% holding
<b>Equity Shares</b>				
Adani Enterprises Limited	86,45,003	65%	86,45,003	65%
Welspun Natural Resources Pvt Ltd (along with its nominees)	46,54,997	35%	46,54,997	35%
	<b>1,33,00,000</b>	<b>100%</b>	<b>1,33,00,000</b>	<b>100%</b>



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

## 15 Instruments entirely equity in nature

Instrument	As at 31-Mar-2019		As at 31-Mar-2018	
	No. of Debentures	Amt. in Rupees	No. of Debentures	Amt. in Rupees
<b>0% Compulsarily convertible Debentures of Rs.100 each, entirely equity in nature</b>				
- Issued to Adani Enterprises Limited	6,92,21,340	6,92,21,34,000	5,77,02,480	5,77,02,48,000
- Issued to Welspun Natural Resources Pvt.Ltd.	2,94,31,368	2,94,31,36,800	2,78,61,168	2,78,61,16,800
	<b>9,86,52,708</b>	<b>9,86,52,70,800</b>	<b>8,55,63,648</b>	<b>8,55,63,64,800</b>

### Note :

The Company has issued 0% Compulsory Convertible Debentures of Rs. 100 each to Adani Enterprises Limited and Welspun Natural Resources Private Limited, against amount received during the financial year, which shall be mandatorily converted into equity shares of the Company at par in the ratio of 10:1 at any time before 20 years period from the date of the issue.

## 16 Other Equity

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
<b>A. Share Premium</b>		
Balance at the end of the previous year	43,96,15,500	43,96,15,500
Add:- Received during the year	-	-
Balance at the close of the year	<b>43,96,15,500</b>	<b>43,96,15,500</b>
<b>B. Retained Earnings</b>		
Surplus/(Deficit) in Statement of Profit & Loss		
As per last Balance Sheet	(52,15,74,442)	(38,52,16,440)
Add:- Profit/(Loss) for the year	(5,46,98,103)	(13,63,36,089)
Add:- Other Comprehensive Income for the year	2,32,771	(21,914)
Less:- Appropriations	-	-
Net Surplus/(Deficit) at the end of the year	<b>(57,60,39,774)</b>	<b>(52,15,74,442)</b>
<b>Total (A+B)</b>	<b>(13,64,24,274)</b>	<b>(8,19,58,942)</b>

### Notes:

i) Securities premium 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.



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

## 17 Non Current Provisions

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
Provision for Leave Encashment	17,00,884	15,09,140
	<b>17,00,884</b>	<b>15,09,140</b>

### Note :

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

## 18 Current Financial Liabilities

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
(i) <b>Trade payables</b>		
- total outstanding dues of micro and small enterprise (Refer note 27)	35,824	-
- total outstanding dues of creditors other than micro and small enterprise	29,77,708	34,42,834
(ii) <b>Current Borrowings</b>		
<b>Unsecured</b>		
Borrowings from related parties (Refer note 32)	82,33,39,855	-
(iii) <b>Other Financial Liabilities</b>		
Current Maturity of Non Current borrowings (Secured)	-	84,05,57,318
Interest Accrued but not due on borrowings	-	81,23,435
Retention Money payable	11,63,401	1,01,01,240
Payables for other projects	20,06,61,082	-
Other Payables for capital transactions	1,61,50,398	1,52,15,966
(represents the amount payable for PPE & CWIP)		
	<b>1,04,43,28,268</b>	<b>87,74,40,793</b>

### Note:

- During the year company paid entire ECB outstanding on 16th April 2018 which was shown under current maturity of Non Current borrowings on 31st March 2018.
- The fair value of Current Financial Liabilities is not materially different from the carrying value presented.
- Borrowings from related party are payable within one year from the date of agreement and carry an interest rate of 15% p.a..

## 19 Short Term Provisions

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
Provision for Gratuity (Refer Note 31)	-	7,62,504
Provision for Leave Encashment	23,94,994	18,65,637
	<b>23,94,994</b>	<b>26,28,141</b>

## 20 Other Current Liabilities

	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
Statutory Dues Payable (incl. TDS, PF)	28,99,191	34,10,873
	<b>28,99,191</b>	<b>34,10,873</b>



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

## 21 Other Income

	Amt in Rs.	
	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
Interest Income	73,02,820	-
Foreign Exchange Fluctuation	10,17,106	73,679
Sundry balances written back	-	29,916
	<b>83,19,926</b>	<b>1,03,596</b>

## 22 Employee Benefits Expense

	Amt in Rs.	
	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
Salaries, Wages & Bonus	1,50,87,993	1,84,42,050
Staff Welfare Expenses	1,16,373	57,222
Contribution to Provident & other funds (refer note 31)	14,10,837	21,65,441
	<b>1,66,15,203</b>	<b>2,06,64,713</b>

## 23 Finance Costs

	Amt in Rs.	
	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
(a) Interest Expenses on financial liabilities measured at amortised cost:		
Interest on Loans and Debentures	43,77,617	-
Interest Expense- Trade Credit & Others	1,40,44,214	-
(b) Other borrowing costs :		
Bank Charges & Other Borrowing Costs	52,565	2,82,690
BG Commission Charges	1,31,94,926	27,94,863
(c) Net loss on foreign currency transactions and translation (considered as finance costs)	-	-
	<b>3,16,69,322</b>	<b>30,77,553</b>

## 24 Other Expenses

	Amt in Rs.	
	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
Repairs & Maintenance - Others	68,18,012	26,91,710
Legal & Professional Fees	8,21,031	28,50,564
Subscriptions and Membership Fees	1,87,643	16,59,638
Advertisement & Sponsorship Exp.	12,06,255	-
Business Development Expenses	10,03,907	12,919
Payment to Auditors:		
Statutory Audit Fees	1,47,500	1,59,000
Other Attestation Services	11,800	-
Directors Sitting Fees	-	1,20,360
Rent	9,20,400	17,81,850
Travelling & Conveyance Expenses	13,74,399	11,23,990
Communication Expenses	56,824	7,79,290
General & Administration Expenses	7,44,606	4,19,889
Balance written off	10,12,855	-
Provision for Doubtful Loans & Advances	-	1,44,28,345
Provision for Diminution in value of Investment	-	1,81,500
	<b>1,43,05,233</b>	<b>2,62,09,055</b>





## 25 Income Tax

The major components of income tax expense for the years ended 31st March, 2019 and 31st March, 2018 are:

Income Tax Expense :	Amt in Rs.	
	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
<b>Current Tax:</b>		
Current Income Tax Charge	-	-
Adjustment of tax relating to earlier periods	-	-
<b>Total (a)</b>	-	-
<b>Deferred Tax</b>		
In respect of current year origination and reversal of temporary differences	-	-
<b>Total (b)</b>	-	-
<b>Total (a+b)</b>	-	-
<b>OCI section</b>		
Deferred tax related to items recognised in OCI during in the year:	-	-
	-	-
<b>The income tax expense for the year can be reconciled to the accounting profit as follows :</b>		
<b>(Loss) before tax as per Statement of Profit and Loss</b>	<b>(5,46,98,103)</b>	<b>(13,63,36,089)</b>
Income tax using the company's domestic tax rate @ 26% (previous year 25.75%)	1,42,21,507	3,51,06,543
<b>Tax Effect of :</b>		
i) Income and Expenses not allowed under Income Tax	-	-
ii) Current year losses for which no deferred tax asset is created	(1,42,21,507)	(3,51,06,543)
iii) Adjustment of tax related to earlier periods	-	-
<b>Income tax recognised in profit and loss account at effective rate</b>	-	-

### Note:

1. No deferred tax asset has been recognised in current year as there is no evidence that sufficient taxable profit will be available in the near future against which they can be utilised by the Company.

## 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.

### Other Financial Assets:

This comprises mainly of security deposits against rent agreement and deposits with Government. Credit risk arising from these financial assets is limited and there is no collateral held against these because the counterparties are government and security deposit for rent is going to be adjusted against rent at the end of agreement. Hence, there is no credit risk.

### 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.



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

## 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.

As at 31st March 2019	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Borrowings	82,33,39,855	-	-	82,33,39,855
Trade payables	30,13,532	-	-	30,13,532
Other Financial Liabilities	21,79,74,881	-	-	21,79,74,881
	<b>1,04,43,28,268</b>	<b>-</b>	<b>-</b>	<b>1,04,43,28,268</b>

## Foreign Currency Risk Exposure

(i) Foreign currency exposure not covered by derivative instruments or otherwise as at year end are as follows :

Particulars	Foreign Currency Denomination	Year	Foreign Currency Amount	Amount (Rupees)
Trade receivables	USD	31-Mar-2019	-	-
		31-Mar-2018	85,995	56,04,733
Trade Payable	USD	31-Mar-2019	68,000	47,02,540
		31-Mar-2018	42,997	28,02,329
External Commercial Borrowing	USD	31-Mar-2019	-	-
		31-Mar-2018	1,28,96,929	84,05,57,318
Interest Accrued but not due	USD	31-Mar-2019	-	-
		31-Mar-2018	1,24,640	81,23,435

Closing Rate taken 1 USD = Rs.69.155 (31st March, 2019) & 1 USD = 65.175 (31st March, 2018)

## (ii) Foreign currency sensitivity analysis:

Movement in the foreign currency impacts the revenue and cost of borrowings.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of unhedged currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%, which represents management's assessment of the reasonably possible change in foreign exchange rates.

The following table details the Company's sensitivity movement in the foreign currencies:

Particulars	As at 31-03-2019		As at 31-03-2018	
	Change in assumption by 1% Increase	Decrease	Change in assumption by 1% Increase	Decrease
USD	(47,025)	47,025	(84,58,783)	84,58,783

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

## 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, internal fund generation, and other long term/short term borrowings. The Company's policy is to use short-term and long-term borrowings to meet anticipated funding requirements. The Company monitors capital on the basis of the net debt to equity ratio.

No changes were made in the objectives, policies or processes for managing capital during the years ended as at 31st March, 2019 and as at 31st March, 2018.

Particulars	Note	As at 31st March 2019	As at 31st March 2018
Net debt (total debt less cash and cash equivalents) (A)	10 & 18	82,28,15,561	83,98,92,264
Total capital (B)	14,15 & 16	9,86,18,46,526	8,60,74,05,858
Total capital and net debt C=(A+B)		<b>10,68,46,62,086</b>	<b>9,44,72,98,122</b>
Gearing ratio (A/C)		7.70%	8.89%



**ADANI WELSPUN EXPLORATION LIMITED**

Notes to Financial Statements for the year ended 31 March 2019

**27 Disclosures under MSMED Act**

Under the Micro Small and Medium Enterprises Development Act, 2006, (MSMED) which came in to force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management, outstanding dues to the Micro and Small enterprise as defined in the MSMED Act, 2006 are disclosed as below.

Particulars	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
Principal amount remaining unpaid to any supplier as at the year end.	35,824	-
Interest due thereon	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED.	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
Amount of further interest remaining due and payable even in succeeding years.	-	-
	<b>35,824</b>	<b>-</b>

**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, 2019 are as follows:-

Particulars	(Amt in Rs.)	
	GK-OSN-2009/1	GK-OSN-2009/2
Current Assets	3,07,030	7,77,028
Current Liabilities	(8,88,613)	(24,107)
Exploratory Work in Progress	1,15,16,01,722	1,19,15,33,827
<b>Total</b>	<b>1,15,10,20,139</b>	<b>1,19,22,86,747</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	As at 31-Mar-2019	As at 31-Mar-2018
Not later than one year	12,00,000	21,20,400
Later than one year and not later than five years	-	-
Later than five years	-	-
Lease payment recognized in Statement of Profit & Loss	9,20,400	9,20,400

At the year end, the company have one ongoing renewable lease agreement related to Shorebase of Mumbai Block, hence disclosure relating to future lease payments as at March 31, 2019 given above.



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

## 30 Expenditure in Foreign Currency

Particulars	Amt in Rs.	
	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
(i) <b>Value of Imports</b>		
Capital Inventory-Stores & Spares	-	-
(ii) <b>Expenditure in Foreign Currency</b>		
Professional & Legal Services	-	7,70,561
Software AMC's	16,11,898	-
(iii) <b>Earnings in Foreign Currency</b>	-	-
<b>Total</b>	<b>16,11,898</b>	<b>7,70,561</b>

## 31 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-2019	As at 31-Mar-2018
<b>i. Changes in the Present Value of Obligation</b>		
Present Value of Obligation as at the beginning	39,65,512	31,31,248
Current Service Cost	6,81,831	6,03,477
Interest Expense or Cost	3,09,090	2,37,805
Benefits paid	-	-
Actuarial (Gains) / Losses	(1,71,818)	(7,018)
Acquisition Adjustment	-	-
Present Value of Obligation as at the end	<b>47,84,615</b>	<b>39,65,512</b>
<b>ii. Changes in the Fair Value of Plan Assets</b>		
	For the period ending	
<b>Particulars</b>	<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
<b>Fair value of Plan Assets at the beginning</b>	<b>32,03,008</b>	<b>30,03,813</b>
Investment Income	2,49,657	2,28,127
Employer's Contribution	15,26,839	-
Employee's Contribution	-	-
Benefits Paid	-	-
Return on Plan assets excluding amount recognised in net interest expense	60,953	(28,932)
Acquisition Adjustment	-	-
<b>Fair value of Plan Assets as at the end</b>	<b>50,40,457</b>	<b>32,03,008</b>
<b>iii. Net Asset / (Liability) recognised in the Balance Sheet</b>		
Present Value of Obligations	47,84,615	39,65,512
Fair Value of Plan Assets	50,40,457	32,03,008
<b>Net Asset / (Liability)</b>	<b>2,55,842</b>	<b>(7,62,504)</b>
Effects of Asset Ceiling, if any	-	-
<b>Net Asset / (Liability)</b>	<b>2,55,842</b>	<b>(7,62,504)</b>
<b>iv. Expense recognised in the Statement of Profit and Loss (Refer Clause x)</b>		
Current Service Cost	6,81,831	6,03,477
Past Service Cost	-	-
Loss/ (Gain) on settlement	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	59,433	9,678
	<b>7,41,264</b>	<b>6,13,155</b>
<b>v. Expense recognised in Other Comprehensive Income (Refer Clause x)</b>		
Actuarial (Gains) / Losses	(1,71,818)	(7,018)
Return on plan assets, excluding amount recognised in net interest expense	(60,953)	28,932
	<b>(2,32,771)</b>	<b>21,914</b>



# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

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

Particulars	2017-18	2016-17	2015-16	2014-15
Obligations at the end of the year	39,65,512	31,31,248	22,16,325	18,33,344
Plan assets at the end of the year	32,03,008	30,03,813	23,00,565	17,23,528
Net Assets / (Liability) at the end of year	(7,62,504)	(1,27,435)	84,240	(1,09,816)
Experience Adjustment on:				
(Gain) / Loss for Plan Liabilities		1,39,941	(1,90,784)	(6,90,861)
Gain / (Loss) for Plan Assets	-	-		(1,41,943)

## vii. 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-2019	As at 31-Mar-2018
Discount Rate	7.60%	7.80%
Expected Rate of Return on Plan Assets	NA	NA
Mortality / Pre-retirement	IALM 06-08 Ultimate	IALM 06-08 Ultimate
Turnover Rate	1.00%	1.00%
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-2019	As at 31-Mar-2018	As at 31-Mar-2019	As at 31-Mar-2018
Discount Rate (- / + 1%)	45,06,823	37,29,572	51,02,859	42,36,334
Salary Growth Rate (- / + 1%)	50,98,485	42,33,139	45,05,368	37,27,925
Attrition Rate (- / + 50%)	47,76,308	39,59,327	47,93,221	39,71,895
Mortality Rate (- / + 10%)	47,84,281	39,65,358	47,84,951	39,65,668

## viii. 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 Rs.2,92,318/- (Previous Year 12,27,982/-)





## ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

### c) Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cashflows) - 6 years

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6 years. The expected maturity analysis of gratuity benefits is as follows :

#### Expected cash flows over the next (valued on undiscounted basis):

	As at 31-Mar-2019
1 year	19,98,208
2 to 5 years	15,63,239
6 to 10 years	3,09,300
More than 10 years	49,25,516
<b>Total</b>	<b>87,96,263</b>

- ix. 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.
- x. 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.
- xi. **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 during the year 2018-19 Rs.24.07 Lakhs. (Previous Year 21.65 Lakhs)

#### (c) Other Non Current Employee Benefits :

Other Non Current 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, 2019 is Rs.40.96 Lakhs (Previous Year Rs. 33.75 Lakhs).



**32 Related Parties**

The Management has identified the following entities and individuals as related parties of the Company for the year ended 31st March, 2019 for the purpose of reporting as per IND AS 24 - Related Party Disclosure which are as under:-

Controlling Companies	Adani Enterprises Ltd. (Controlled by S.B.Adani Family Trust, a private discretionary trust) Welspun Natural Resources Pvt. Ltd.
Subsidiary Company	AWEL Global Limited (company ceased to exist w.e.f 5th December, 2018)
Associate Entities (Companies with whom transaction has been made)	Welspun Enterprises Ltd. Welspun Realty Pvt.Ltd.
Key Management Personnel	Mr. Rajesh S. Adani, Chairman Mr. Sandeep Garg, Managing Director Mr. Jatin Jalundhwala, Director Mr. Pranav Adani, Director Mr. Balkrishan Goenka, Director Mr. Rajatesh Ganguly, CFO

Information in respect of Related Parties transactions	Amt in Rs. 31-Mar-2019	Amt in Rs. 31-Mar-2018
<u>Interest Expense</u>		
Controlling Company : Welspun Natural Resources Pvt. Ltd.	43,77,617	-
<u>Reimbursement of Expenses</u>		
Controlling Company : Adani Enterprises Limited	4,300	-
Associate Company : Welspun Enterprises Ltd.	29,90,452	26,61,225
<u>Rent Paid</u>		
Associate Company : Welspun Realty Pvt.Ltd.	9,20,400	9,14,550
<u>Dr./ (CR.)Balance written off</u>		
Controlling Company : Adani Enterprises Limited	-	(69)
Controlling Company : Welspun Natural Resources Pvt. Ltd.	-	(53)
<u>Investment in Shares written off</u>		
Subsidiary Company : AWEL Global Limited	1,81,500	-
<u>Salary / Remuneration</u>		
Managing Director : Sandeep Garg	1,20,00,000	1,20,00,000
CFO : Rajatesh Ganguly	82,32,000	76,85,000
<u>Sitting fees</u>		
Independent Director : Jay Himatlal Shah	-	51,000
Independent Director : Krishna Kumar Mishra	-	51,000
<u>Loan Written off</u>		
Subsidiary Company : AWEL Global Limited	1,54,46,686	-
<u>Funds Received</u>		
Controlling Company : Adani Enterprises Limited	1,15,22,76,000	75,52,25,000
Controlling Company : Welspun Natural Resources Pvt. Ltd.	97,97,80,000	7,53,85,000
Subsidiary Company : AWEL Global Limited		7,03,504
<u>Funds Given</u>		
Controlling Company : Adani Enterprises Limited	3,90,000	2,99,55,000
Controlling Company : Welspun Natural Resources Pvt. Ltd.	33,60,000	1,25,45,000
Subsidiary Company : AWEL Global Limited	-	-
<u>Issue of Compulsory Convertible Debentures (CCD) to:</u>		
Controlling Company : Adani Enterprises Limited	1,15,18,86,000	5,77,02,48,000
Controlling Company : Welspun Natural Resources Pvt. Ltd.	15,70,20,000	2,78,61,16,800

(\*) Out of this, CCD's issued by way of Conversion of Loan to CCD:

Adani Enterprises Limited: 50449780 CCD's of Rs.100 each at par, valuing Rs.504,49,78,000/-

Welspun Natural Resources Pvt. Ltd. : 27424018 CCD's of Rs.100 each at par, valuing Rs. 274,24,01,800/-





# ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

## Balance Receivable / (Payable)

Particulars	Amt in Rs.	
	As at 31-Mar-2019	As at 31-Mar-2018
<u>Adani Enterprises Limited</u>		
Accounts Payable	(4,300)	-
<u>Welspun Natural Resources Pvt. Ltd.</u>		
Unsecured Loan	(81,94,00,000)	-
Interest Payable on Unsecured Loan	(39,39,855)	
<u>Welspun Enterprises Ltd.</u>		
Accounts Payable	(30,396)	(24,105)
<u>AWEL Global Limited</u>		
Loan Receivable	-	1,44,28,345

## Terms and conditions of transactions with related parties

Outstanding balances of related parties at the year-end are unsecured. There have been no guarantees received for any related party receivables or payables. Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions.

## Notes:

The names of the related parties and nature of the relationships where control exists are disclosed irrespective of whether or not there have been transactions between the related parties. For others, the names and the nature of relationships is disclosed only when the transactions are entered into by the Company with the related parties during the existence of the related party relationship.



### 33 Earning Per Share (EPS)

	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
Profit / (Loss) for calculation of basic and diluted EPS (in Rupees)	(5,46,98,103)	(13,63,36,089)
Weighted average number of equity shares for calculating Basic EPS	1,33,00,000	1,33,00,000
Weighted average number of equity shares for calculating Diluted EPS	1,33,00,000	1,33,00,000
Face value of equity shares	10	10
Basic Earning Per Share (in Rupees)	(4.11)	(10.25)
Diluted Earning Per Share (in Rupees)	(4.11)	(10.25)

### 34 Fair Value Measurement and Hierarchy

Since the Company does not have any financial asset or liability measured at fair value, disclosure of fair value hierarchy and disclosure of category-wise assets and liabilities is not relevant. All financial assets and liabilities of the Company have been valued at amortised cost and their values are not expected to be different than those presented in financial statements.

### 35 Recent Indian Accounting Standards (Ind AS)

#### Standards issued but not yet effective

Ind AS 116 – Leases (effective from 1st April, 2019)

Ind AS 116 Leases replaces existing lease accounting guidance i.e. Ind AS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases, except short-term leases and leases for low-value items, under a single on-balance sheet lease accounting model. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting largely unchanged from the existing standard – i.e. lessors continue to classify leases as finance or operating leases.

Based on the preliminary assessment, the Company does not expect any significant impacts on transition to Ind AS 116 on its Net worth. The management is under process of its assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information when the standard will be adopted. The quantitative impacts would be finalized based on a detailed assessment which has been initiated to identify the key impacts along with evaluation of appropriate transition options.

### 36 Events occurring after the Balance sheet Date

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 11th May, 2019, there are no subsequent events to be recognized or reported that are not already disclosed.

### 37 Other Disclosures

- The first exploratory phase of Mumbai Block, after considering the extension period as granted by the Directorate General of Hydrocarbons (DGH) 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 the amount of the cost of unfinished work program liability as determined by MoPNG, which the company has paid in full during the year. Post payment, the company is actively pursuing formal approval from MoPNG for entry into exploration phase II.
- Directorate General of Hydrocarbons has notified hydrocarbon discoveries in respect of both the Kutchh blocks, viz. GK-OSN-2009/1 & GK-OSN-2009/2. Based on the technical evaluation of the block prospectivities, the company decided to stand out of drilling of the appraisal well in block GK-OSN-2009/ 2, whereas it participated in the appraisal drilling in block GK-OSN-2009/1. The well NFA#1, encountered encouraging results, based on which the operator ONGC has submitted a Declaration of Commerciality proposal to the MoPNG/DGH.
- 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.



## ADANI WELSPUN EXPLORATION LIMITED

Notes to Financial Statements for the year ended 31 March 2019

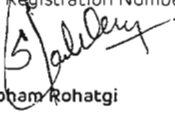
- (d) Previous year's figures have been recast, regrouped and rearranged, wherever necessary to conform to this year's classification. Further, the figures have been rounded off to the nearest rupee.
- (e) After resignation of previous company secretary during the financial year 2018-19, company is in process of searching of a new incumbent and company secretary will be appointed soon.
- (f) Approval of financial statements -The financial statements were approved for issue by the board of directors on 11th May, 2019

As per our report of even date

For **Shah Dhandharia & Co.**

Chartered Accountants

Firm Registration Number : 118707W

  
**Shubham Rohatgi**  
Partner

Membership No. 183083



Place : Ahmedabad

Date : 11.05.2019

For and on behalf of the board of directors of

**NVs Adani Welspun Exploration Limited**

  
**Sandeep Garg**  
Managing Director  
DIN:00036419

  
**Rajatish Ganguly**  
CFO

Place : Ahmedabad

Date : 11.05.2019

  
**Pranav Adani**  
Director  
DIN: 00008457

