

SUREKA ASSOCIATES
CHARTERED ACCOUNTANTS

45 C, MANDHANA MANOR, MOGAL LANE,
MATUNGA ROAD (W), MUMBAI 400 016.
TEL.: 2430 6150, 2432 7608 FAX: 2432 7608
EMAIL: surekas@vsnl.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Welspun Plastics Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statement of **Welspun Plastics Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

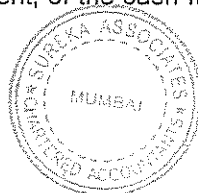
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

5. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order:
6. As required by section 227(3) of the Act, we report that:
- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
 - in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books,
 - the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ;
 - on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
SUREKA ASSOCIATES
Chartered Accountants
Firm's Registration Number: 110640W



Suresh Sureka
Partner



Membership Number: 34132
Place : Mumbai
Date : 15th May, 2013

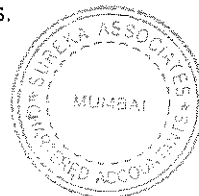
ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (5) of our report of even date to the members of Welspun Plastics Private Ltd. on the accounts for the year ended 31st March, 2013

- 1.(a) The Company has no Fixed Assets. Hence, Sub-clause (b) and (c) are not applicable.
2. (a) The Company did not have any inventories. Hence, the question of physical verification and records thereof does not arise.
3. (a) The Company has not granted any loans, secured or unsecured, to any company, firm or other parties covered in the register maintained under section 301 of the Act. As such, the requirements regarding the quantum of amount of loan, rate of interest, repayment of principal and interest and overdue amounts are not applicable.

(b) The Company has not taken any secured / unsecured loans from any company, firm or other parties covered in the register maintained under Section 301 of the Act. As such, the requirements regarding the quantum of amount of loan, rate of interest, repayment of principal and interest are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with size of the company and the nature of its business. During the course of our audit, no major weaknesses were noticed in the internal control system in respect above areas.
5. According to the information and explanation given to us, there is no contract or arrangement the particulars of which are required to be entered into the register in pursuance of section 301 of the Act.
6. The Company has not accepted any deposit from the Public.
7. The Company does not have an internal audit system. However, as per information and explanations given to us, the Company has adequate internal control commensurate with the size of the company and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the company.
9. (a) According to the records of the Company, the Company has been regular in depositing undisputed statutory dues with the appropriate authorities.

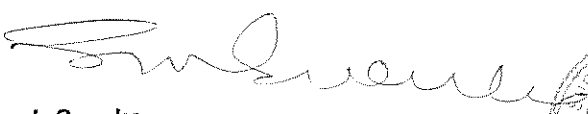
(b) Based on our audit procedures and according to the information and explanations given to us, there are no undisputed arrears of statutory dues which has remained outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable.
10. In our opinion, the accumulated losses at the end of the financial year are less than fifty per cent of its net worth and the Company has incurred cash losses in the current financial year and in the financial year immediately preceding the current financial year.
11. In our opinion and according to the information and explanation given to us, the Company does not have any borrowing from Bank / financial institution. Hence, the question of default does not arise.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



SUREKA ASSOCIATES
CHARTERED ACCOUNTANTS

13. The Company is not a Chit Fund, Nidhi or Mutual Benefit fund/ Society and therefore the requirements pertaining to such class of Company are not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company has not taken any term loans during the year.
17. According to the information and explanation given to us by the management and on an overall examination of the balance sheet of company, we report that no funds raised on short term basis have been used for long term investment.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanations given to us, the Company has not issued debentures for which any security or charge needs to be created.
20. The Company has not made any public issues during the year and therefore, the question of disclosing the end use of money does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
SUREKA ASSOCIATES
Chartered Accountants
Firm's Registration Number: 110640W


Suresh Sureka
Partner



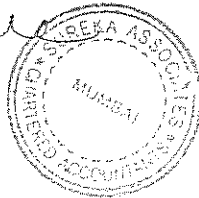
Membership Number: 34132
Place : Mumbai
Date 15th May, 2013

Welspun Plastics Private Limited
Balance Sheet as at 31st March 2013

Particulars		Note No.	Amount in Rupees	
			As at March 31st, 2013	As at March 31st, 2012
I. EQUITY AND LIABILITIES				
1 Shareholders' funds				
(a)	Share capital	2	11,287,500	11,287,500
(b)	Reserves and Surplus	3	38,032,094	38,047,977
2 Non-Current liabilities				
(a)	Long Term Borrowings	4	35,378,000	-
3 Current liabilities				
(a)	Other current liabilities	5	328,320	200,698
TOTAL			85,025,914	49,536,175
II. ASSETS				
1 Non-current assets				
(a)	Fixed Assets			
(i)	Capital Work in Progress		84,857,156	49,359,263
2 Current assets				
(a)	Cash and cash equivalents	6	130,976	176,912
(b)	Other Current Assets	7	37,782	-
TOTAL			85,025,914	49,536,175
Notes forming part of the financial statements		1-11		

As per our Report of even date
For SUREKA ASSOCIATES
Firm Registration No 110640W
Chartered Accountants

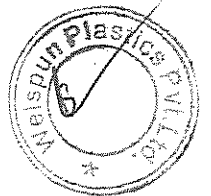
SURESH SUREKA
Partner
Membership No 34132
Place: Mumbai,
Date: 15 MAY 2013



FOR AND ON BEHALF OF THE BOARD

DIRECTOR

DIRECTOR



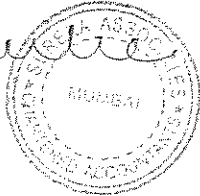
Welspun Plastics Private Limited
 Profit and Loss Statement for the year ended 31st March, 2013

(Rs)

Particulars	Note No.	Year ended 31st March, 2013	Year ended 31st March, 2012
I. Revenue from Operations		-	-
II. Total Revenue		-	-
III. Expenses:			
Other expenses	8	15,883	207,146
Total expenses		15,883	207,146
IV. Profit (Loss) before tax		(15,883)	(207,146)
V. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
VI. Profit (Loss) for the period from continuing operations		(15,883)	(207,146)
VII. Profit/(loss) from discontinuing operations		-	-
VIII. Tax expense of discontinuing operations		-	-
IX. Profit/(loss) from Discontinuing operations (after tax)		-	-
X. Profit (Loss) for the period		(15,883)	(207,146)
XI. Earnings per equity share:			
Basic and Diluted	9	(0.01)	(0.18)
Notes Forming Part of Financial Statements	1-10		

As per our Report of even date
 For SUREKA ASSOCIATES
 Firm Registration No 110640W
 Chartered Accountants

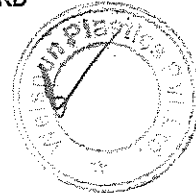
SURESH SUREKA
 Partner
 Membership No 34132
 Place: Mumbai,
 Date: 15 MAY 2013



FOR AND ON BEHALF OF THE BOARD

DIRECTOR

DIRECTOR



Welspun Plastics Private Limited
Notes Forming Part of Financial Statements

Note 1 Significant Accounting Policies

a Basis of Accounting:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all aspects with the Accounting Standards notified under Section 211 (3c) Companies (Accounting Standards) Rules, 2006, as amended and the other relevant provisions of the Companies Act, 1956.

b Use of estimates:

The preparation of financial statements in accordance with the generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, disclosures of contingent liabilities as of the date of financial statements. Actual result could differ from these estimates. Any revision of such accounting estimate is recognized prospectively in current and future periods.

Note 2 Share Capital

(a) Share Capital

Particulars	Amount in Rupees	
	As at 31 March 2013	As at 31 March 2012
Authorised		
12,50,000 (Previous Year 12,50,000) Equity Shares of Rs. 10 each	12,500,000	12,500,000
Issued, Subscribed and Paid up		
11,28,750 (Previous Year 11,28,750) Equity Shares of Rs. 10 each fully paid	11,287,500	11,287,500
Total	11,287,500	11,287,500

(b) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number of shares	Amount in Rupees	Number of shares	Amount in Rupees
Shares outstanding as at the opening of the year	1,128,750	11,287,500	10,000	100,000
Add: Shares Issued during the year	-	-	1,118,750	11,187,500
Shares outstanding as at closing of the year	1,128,750	11,287,500	1,128,750	11,287,500

(c) Details in respect of each class in the company held by the holding company and its associates

Name of shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of shares held	% of holding	No. of shares held	% of holding
Holding Company				
Welspun Natural Resources Private Limited	1,128,750	100	1,128,750	100
Total	1,128,750	100	1,128,750	100

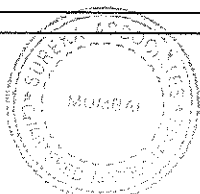
(d) Details of Shareholders holding more than 5% shares of the aggregate shares in the Company

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Welspun Natural Resources Private Limited (Holding Company)	1,128,750	100	1,128,750	100
TOTAL	1,128,750	100	1,128,750	100

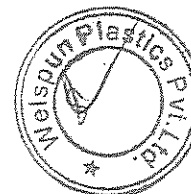
(e) The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholder in the ensuing Annual General Meeting. In the event of Liquidation of the company, the holder of the equity shares will be entitled to receive remaining assets of the company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 3 Reserves And Surplus

Particulars	Amount in Rupees	
	As at 31 March 2013	As at 31 March 2012
Surplus		
Securities Premium Reserve	33,562,500	33,562,500
Profit & Loss Account		
Balance as per last Balance Sheet	4,485,477	4,692,623
Add: Net Profit/(Net Loss) for the current period	(15,883)	(207,146)
	4,469,594	4,485,477
Total	38,032,094	38,047,977



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Note 4 Long Term Borrowings

Amount in Rupees

Particulars	As at 31 March 2013	As at 31 March 2012
Loans and Advances from related parties Unsecured Loan from Welspun Corp Limited (Holding Company)	35,378,000	-
Total	35,378,000	-

Note 5 Other Current Liabilities

Amount in Rupees

Particulars	As at 31 March 2013	As at 31 March 2012
Share Application Money Pending Allotment (shares will be issued against the application money on such terms as may be agreed by the board from time to time)	200,000	-
Other Payables		
Provision for Expenses	8,427	200,698
Interest Payable (Welspun Corp Limited-Ultimate holding company)	34,893	-
Payable to Holding Company (Welspun Natural Resources Private Ltd)	85,000	-
Total	328,320	200,698




Note 6 Cash and cash equivalents

Particulars	Amount in Rupees	
	As at 31 March 2013	As at 31 March 2012
Balance with Banks - In Current Accounts	130,976	176,912
Total	130,976	176,912

Note 7 Other Current Assets

Particulars	Amount in Rupees	
	As at 31 March 2013	As at 31 March 2012
Prepaid Insurance	37,782	-
Total	37,782	-

Note 8 Other Expenses

Particulars	Amount in Rupees	
	As at 31 March 2013	As at 31 March 2012
Professional Fees	2,959	276
Registration & Filing Fees	3,700	166,568
Stamp duty charges	-	25,000
Investment in Partnership Firm Written off	-	6,059
Audit Fees	8,427	8,427
Misc Expenses	797	816
Total	15,883	207,146

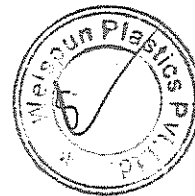
Note 9 Basic and Diluted Earning Per Share

For the purpose of calculation of Basic and Diluted Earning Per Share the following amounts are considered :

Particulars		Amount in Rupees	
		Year ended 31 March 2013	Year ended 31 March 2012
Basic Earnings Per Share			
Net Profit after tax	(A)	(15,883)	(207,146)
Weighted average number of equity shares (Nos.)	(B)	1,128,750	1,128,750
Basic Earnings Per Share of face value of Rs. 10/- each	(A) / (B)	(0.01)	(0.18)
Diluted Earnings Per Share			
Amount available for calculation of Diluted EPS	(A)	(15,883)	(207,146)
Weighted average number of equity shares (Nos.)		1,128,750	1,128,750
Number of Shares used for calculating Diluted EPS	(B)	1,128,750	1,128,750
Diluted Earnings Per Share of face value of Rs. 10/- each	(A) / (B)	(0.01)	(0.18)



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Note 10

Other Significant Notes

- 1 Previous year's figures are regrouped, rearranged or recast wherever considered necessary.
- 2 In the opinion of Board the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business and Provision for all the known liabilities have been made in the accounts.
- 3 The company has not recognised Deferred Tax Assets in respect of carry forward losses under the laws as the company is not certain to earn sufficient future taxable income against which deferred tax assets can be realized.
- 4 The Directorate General of Hydrocarbons have served termination notice and has also invoked Bank Guarantee of Rs. 3,53,78,000 submitted towards the unfinished work programme for Block-AA-ONN-2004/04 (Assam Block) on the ground that the designated operator in respect of the Block M/s Naftogaz India Pvt Ltd -"NIPL" had allegedly committed misrepresentation by falsely representing itself as the subsidiary of Naftogaz, Ukraine which has 10 % stake in the Block. Adani Group Companies-"Adani"-(55%) and Welspun Plastics Private Limited-"Welspun" (35%) together holding 90 % stake in the Block, have contested this notice. Based on the advise received from the legal counsel, the Company strongly feels that the unilateral action is against the spirit of law and natural justice and under Article 30.3 of the PSC, the non defaulting parties are to be provided with an opportunity to complete the work program with a new operator in the Blocks in case of default of the operator. The Company has already made representations to the Government expressing its willingness to carry put the activities and to consider the Block as valid and live. Pending a decision from the Government on the representation made by the Company, it has been decided to carry the amount spent on the said block in the balance sheet, till the final outcome.

5 Related Party Disclosure:-

As per Accounting Standard 18, the disclosure with related parties as defined in the accounting standard is given below:

a.) Key Management Personnel

- 1 Shri L.T.Hotwani Director
- 2 Shri Mohan Manikkan Director

- b) Ultimate Holding Company :- Welspun Corp Limited
 c) Holding Company :- Welspun Natural Resources Pvt. Ltd.

6 Transaction with Related Parties :

Particulars	Amount in Rupees	
	Amount 2012-13	Amount 2011-12
Long Term Borrowings		
Welspun Corp Limited	35,378,000	-
Interest Payable		
Welspun Corp Limited	34,893	-
Other Payables		
Welspun Natural Resources Pvt Ltd	65,000	-
Share application money Received - Outstanding		
Welspun Natural Resources Pvt. Ltd.	200,000	-



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7 Audit Fees :

Particulars	Amount in Rupees	
	Amount 2012-13	Amount 2012-13
Audit Fee	8,427	8,427

8 The company had no transactions with any micro, small and medium enterprise during the year

9 Other additional information pursuant to Part II of Schedule VI to the Companies Act, 1956, has not been furnished as the same is either Nil or Not applicable.

As per our Report of even date
For SUREKA ASSOCIATES
Firm Registration No 110640W
Chartered Accountants

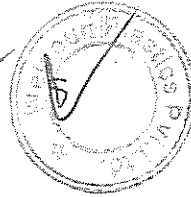
FOR AND ON BEHALF OF THE BOARD

SURESH SUREKA
Partner
Membership No 34132
Place: Mumbai
Date:

DIRECTOR

DIRECTOR

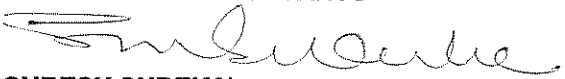
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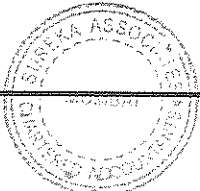


WELSPUN PLASTICS PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2013


Particulars	31st March 2013	31st March 2012
	(Rs.)	(Rs.)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and exceptional items	(15,883)	(207,146)
<i>Adjustments for:</i>		
Depreciation	-	-
Interest income	-	-
Dividend income	-	-
Interest expenses	-	-
Operating Profit before working capital changes	(15,883)	(207,146)
Trade and other receivables	(37,782)	-
Inventories	-	-
Trade and other payables	(72,378)	(29,555,920)
	(110,160)	(29,555,920)
Cash generated from operations	(126,043)	(29,763,066)
Taxes paid (net)	-	-
NET CASH GENERATED FROM OPERATING ACTIVITIES	(126,043)	(29,763,066)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (Including capital work in progress)	(35,497,893)	(15,000,000)
Advances to Others	-	6,059
Share Application Money Received	200,000	-
NET CASH USED IN INVESTING ACTIVITY	(35,297,893)	(14,993,941)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares to Holding Company	-	44,750,000
Proceeds from long term borrowings	35,378,000	-
NET CASH FROM FINANCING ACTIVITY	35,378,000	44,750,000
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(45,936)	(7,007)
Cash and cash equivalent Opening balance	176,912	183,919
Cash and cash equivalent Closing balance	130,976	176,912

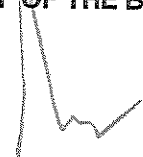
Notes:
1. The cash flow has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash flow statements issued by the Institute of Chartered Accountants of India.

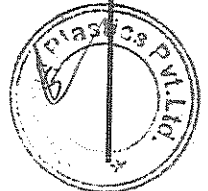
FOR SUREKA ASSOCIATES
Firm Registration No 110640W
CHARTERED ACCOUNTANTS

SURESH SUREKA)
PARTNER
Membership No. 34132
PLACE : MUMBAI
Date: 15 MAY 2013



FOR AND ON BEHALF OF THE BOARD


DIRECTOR


DIRECTOR



15 MAY 2013