Independent Auditor's Report

To the Members of
Welspun Natural Resources Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Welspun Natural Resources Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements 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 March 31, 2020, the loss and total comprehensive loss and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 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 financial statements under the provisions of the Act and the Rules made thereunder, 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 financial statements.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Management are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. 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;

   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;

   e. On the basis of written representations received from the Directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of Internal financial controls over financial reporting of the Company and the operating effectiveness of such control, refer to our separate report in **“Annexure B”** our report express an unmodified opinion on the adequacy and operating effectiveness of the Company’s financial control over financial reporting.

g. With respect to the other matters to be included in the Auditor’s in the Auditor’s Report in accordance with requirement of section 197(16) of the Act as amended:

   i. In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid/provided any remuneration to its director during the year within the meaning of section 197 of Companies Act 2013.

h. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanation given to us:

   i. The company has disclosed the impact of pending litigations on its financial position in its financial statements - refer Note No 28 to the Notes to Accounts.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

   iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For **NGS & CO. LLP.**
Chartered Accountants
Firm Registration No. : 119850W

Ashok A. Trivedi
Partner
Membership No. 042472
Mumbai
27 May 2020

Annexure A to the Independent Auditor's Report
(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

i. The Company does not have fixed assets. Therefore, para 3 (i) of the order is not applicable.

ii. The Company's business does not involve inventories. Therefore, para 3 (ii) of the order is not applicable.

iii. According to information an explanations given to us , the Company has granted unsecured loan to one body corporate , covered in register maintained under section 189 of the Companies Act ,2013, in respect of which:

   (a) The terms and conditions of grant of such loan are, in our opinion, prima facie, not prejudicial to the interest of the Company.

   (b) The stipulation of repayment of principle and interest, as agreed, have been regularly received.

   (c) There is no overdue amount remaining outstanding.

iv. In our opinion and according to the information and explanations given to us, the company has complied with the provision of section 185 and 186 of the Act, with respect to investment made. The company has not given any guarantee or provided any security in connection with loans to any other body corporate or person during the year

v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits during the year from the public to which the directive issued by the Reserve Bank of India and the provision of section 73 to 76 and any other relevant provisions of the Act and rules frame thereunder apply. Therefore, para 3 (v) of the order is not applicable.

vi. In our opinion and according to the information and explanations given to us, the Central Government has not been prescribed maintenance of cost records under sub-section (1) of the section 148 of the for any services rendered by the Company.

vii. According to the information and explanations given to us, in respect of statutory dues:

   a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

c. According to the information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any disputes.

viii. According to the information and explanations given to us and based on examination of records, the Company has not obtained any loan either from financial institutions or bank. The company has not issued any debenture nor borrowed from Government as at the balance sheet date.

ix. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument) and term loans during the year. Therefore, para 3 (ix) of the order is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has not paid/provided any managerial remuneration. Therefore, para 3 (xi) of the order is not applicable.

xii. In our opinion and according to the information given to us, the Company is not a Nidhi Company. Therefore, para 3 (xii) of the order is not applicable.

xiii. In our opinion and according to the information and explanations given to us and based on our examination of, the Company has complied with Section 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Section 177 of the Act is not applicable to the company.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures. Therefore, para 3 (xiv) of the order is not applicable.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors. Therefore, para 3 (xv) of the order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **NGS & Co. LLP,**
Chartered Accountants
Firm Registration Number: 119850W

Ashok A. Trivedi
Partner
Membership Number: 042472
Mumbai
27 May 2020

Annexure – B to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Welspun Natural Resources Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility 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 ('ICAI'). 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 judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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.

For **NGS & Co. LLP,**
Chartered Accountants
Firm Registration Number: 119850W

Ashok A. Trivedi
Partner
Membership Number: 042472
Mumbai
27 May 2020

WELSPUN NATURAL RESOURCES PRIVATE LIMITED

Balance Sheet as at 31 March 2020

(Amount in Lakhs)

	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
1. Non-current assets			
(a) Capital work-in-progress	4	5,726.02	5,726.02
(b) Financial assets			
(i) Investments	5	25,125.18	20,348.03
(c) Non-current tax assets (net)	6	6.63	4.38
(d) Other non-current assets	7	8.78	7.04
		30,866.61	**26,085.47**
2. Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	8	204.28	17.69
(ii) Loans	9	0.53	8,233.94
		204.81	**8,251.63**
Total assets		**31,071.42**	**34,337.10**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	10	3,187.50	3,187.50
(b) Instruments entirely equity in nature	10	20,987.54	15,997.26
(c) Other equity	10	(10,677.15)	(8,679.61)
		13,497.89	**10,505.15**
LIABILITIES			
1. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	11	17,567.91	15,576.10
		17,567.91	**15,576.10**
2. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	12	-	8,233.40
(ii) Trade payables	13		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		4.15	14.68
(b) Other current liabilities	14	1.47	7.77
		5.62	**8,255.85**
Total equity and liabilities		**31,071.42**	**34,337.10**

Notes forming part of the financial statements (Refer note 1 to 31)

As per our report of even date attached.
FOR NGS & CO. LLP.
Firm Registration No 119850W
Chartered Accountants

For and on behalf of the Board of Directors

Ashok A. Trivedi
Partner
Membership No: 042472

Sandeep Garg
Director
DIN : 00036419

Lalit Jain
Director
DIN : 08382081

Place: Mumbai
Date: 27 May 2020

Paras Shah
Company Secretary

WELSPUN NATURAL RESOURCES PRIVATE LIMITED

Statement of Profit and Loss for the year ended 31 March 2020

(Amount in Lakhs)

		Note	Year ended 31 March 2020	Year ended 31 March 2019
I.	Revenue from operations		-	-
II.	Other income	15	18.80	43.78
III.	**Total income (I+II)**		**18.80**	**43.78**
IV.	**Expenses**			
	Finance costs	16	2,003.76	1,809.73
	Other expenses	17	12.59	21.94
	Total expenses (IV)		**2,016.35**	**1,831.67**
V.	**Profit before exceptional items and tax (IV-V)**		**(1,997.54)**	**(1,787.89)**
VI.	Exceptional items		-	-
VII.	**Profit before tax (V - VI)**		**(1,997.54)**	**(1,787.89)**
VIII.	**Income tax expense**			
	- Current tax		-	-
	- Tax (earlier years)		-	-
	- Deferred tax		-	-
IX.	**Profit for the year (VI-VII)**		**(1,997.54)**	**(1,787.89)**
	Other comprehensive income (OCI)			
	Items that will not be reclassified to profit or loss			
	Remeasurement gain/(loss)		-	-
	Tax relating to above		-	-
X.	**OCI for the year**		**-**	**-**
XI.	**Total comprehensive income for the year (VII+VIII)**		**(1,997.54)**	**(1,787.89)**
	Earnings per share (Face value Rs 10 each)	21		
	Basic EPS (in Rs)		(6.27)	(5.61)
	Diluted EPS (in Rs)		(6.27)	(5.61)

Notes forming part of the financial statements (Refer note 1 to 31)

As per our report of even date attached.
FOR NGS & CO. LLP.
Firm Registration No 119850W
Chartered Accountants

For and on behalf of the Board of Directors

Ashok A. Trivedi
Partner
Membership No: 042472

Sandeep Garg
Director
DIN : 00036419

Lalit Jain
Director
DIN : 08382081

Place: Mumbai
Date: 27 May 2020

Paras Shah
Company Secretary

WELSPUN NATURAL RESOURCES PRIVATE LIMITED

Statement of changes in equity for the year ended 31 March 2020

A. Equity share capital

(Amount in Lakhs)

	As at 31 March 2020		As at 31 March 2019	
Particulars	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**
Opening balance	31,875,000	3,187.50	31,875,000	3,187.50
Closing Balance	**31,875,000**	**3,188**	**31,875,000**	**3,188**

B. Instruments entirely equity in nature

(Amount in Lakhs)

	As at 31 March 2020		As at 31 March 2019	
Particulars	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**
Opening balance	160	15,997.26	14,424,022	14,424.02
Changes during the year	50	4,990.28	1,573,238	1,573.24
Closing Balance	**210**	**20,988**	**15,997,260**	**15,997**

C. Other equity

(Amount in Lakhs)

	Reserves and surplus		
	Securities premium	**Retained earnings**	**Other equity**
As at 31 March 2018	**1,652.00**	**(8,543.72)**	**(6,891.72)**
Profit for the year	-	(1,787.89)	(1,787.89)
Total comprehensive income for the year	-	(1,787.89)	(1,787.89)
As at 31 March 2019	**1,652.00**	**(10,331.61)**	**(8,679.61)**
Profit for the year	-	(1,997.54)	(1,997.54)
Total comprehensive income for the year	-	(1,997.54)	(1,997.54)
As at 31 March 2020	**1,652.00**	**(12,329.15)**	**(10,677.15)**

Notes forming part of the financial statements (Refer note 1 to 31)

As per our report of even date attached.
FOR NGS & CO. LLP.
Firm Registration No 119850W
Chartered Accountants

For and on behalf of the Board of Directors

Ashok A. Trivedi
Partner
Membership No: 042472

Sandeep Garg
Director
DIN : 00036419

Lalit Jain
Director
DIN : 08382081

Place: Mumbai
Date: 27 May 2020

Paras Shah
Company Secretary

WELSPUN NATURAL RESOURCES PRIVATE LIMITED

Statement of Cash Flow for the year ended 31 March 2020

(Amount in Lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(1,997.54)	(1,787.89)
Adjustments to reconcile profit before tax to net cash flows		
Notional Expenses on Advances / Deposits	1,991.81	1,765.94
Interest Income	(18.80)	(43.78)
Interest expenses	11.95	43.79
Working Capital Adjustments	**(12.58)**	**(21.94)**
Trade and other financial assets	-	(0.51)
Other non current advances	(1.73)	(3.94)
Trade payables and other financial liabilities	(16.82)	19.09
Cash generated from operations	**(31.13)**	**(7.31)**
Taxes paid (net)	(2.26)	(4.38)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**(33.39)**	**(11.69)**
CASH FLOW FROM INVESTING ACTIVITIES		
Investment made during the year	(4,777.16)	(1,570.20)
Loans given during the current year	(2,911.84)	(8,227.62)
Loans received back during the current year	11,145.24	33.60
Interest Income	18.80	-
NET CASH USED IN INVESTING ACTIVITIES	**3,475.04**	**(9,764.22)**
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing during the year	2,923.88	9,767.24
Borrowings repaid during the year	(6,167.00)	-
Interest expenses paid	(11.95)	(0.01)
NET CASH FROM FINANCING ACTIVITIES	**(3,255.07)**	**9,767.23**
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	**186.59**	**(8.68)**
Cash and cash equivalent opening balance	**17.69**	**26.37**
Cash and cash equivalent closing balance	**204.28**	**17.69**
Component of Cash and cash equivalent		
Balances with banks		
- In current accounts	204.28	17.69
Total	**204.28**	**17.69**

a) As required by Ind AS 7 “Statement of Cash Flows”, a reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities is given in note 28

b) Previous year figures are regrouped/ reclassified wherever considered necessary.

Notes forming part of the financial statements (Refer note 1 to 31)

As per our report of even date attached.
FOR NGS & CO. LLP.
Firm Registration No 119850W
Chartered Accountants

For and on behalf of the Board of Directors

Ashok A. Trivedi
Partner
Membership No: 042472

Sandeep Garg
Director
DIN : 00036419

Lalit Jain
Director
DIN : 08382081

Place: Mumbai
Date: 27 May 2020

Paras Shah
Company Secretary

Notes forming part of the financial statements

1 Corporate information

Welspun Natural Resources Private Limited ('WNRPL' or 'the Company') is a wholly owned subsidiary company of Welspun Enterprises Limited. The Company is engaged into infrastructure development and exploration of Oil & Gas. The separate financial statements (hereinafter referred to as "Financial Statements") of the Company for the financial year 2019-20 were authorised for issue in accordance with a resolution of board of directors on 27 May 2020.

2 Basis of preparation of financial statements

The financial statements are prepared on going concern basis in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

The financial statements have been prepared under the historical cost convention and on accrual basis, except for certain financial assets and liabilities which have been measured at fair value (Refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees ('INR') with values rounded off to the nearest lakhs with two decimals, thereof, except otherwise indicated.

3 (A) Significant accounting policies

i) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is classified as current when it is:

• Expected to be realized or intended to be sold or consumed in normal operating cycle
• Held primarily for the purpose of trading
• Expected to be realized 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 classified as current when:
• It is expected to be settled in normal operating cycle
• It is held primarily for the purpose of trading
• 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.
The company has identified 12 months as its operating cycle.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

ii) Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

a) Interest income

For all debt instruments measured at amortized cost and interest bearing financial assets classified as fair value through other comprehensive income, interest income is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in 'Other Income' in the statement of profit and loss.

iii) Exceptional items

On certain occassions,the size ,type or incidence of an item of income or expense, pertaining to the ordinary activities of the company ,is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

iv) Property, Plant and Equipment

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

v) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying amount exceeds its recoverable value. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the assets. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. The impairment loss recognized in prior accounting periods is reversed by crediting the statement of profit and loss if there has been a change in the estimate of recoverable amount.

vi) Taxes on income

a) Current tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current taxes are recognized in profit or loss except to the extent that the tax relates to items recognized in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax
Deferred income tax is recognized on all temporary differences which are the differences between the carrying amount of an asset or liability in the statement of financial position and its tax base except when the deferred income tax arises from the initial recognition of an asset or liability that effects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax liabilities are recognized for all taxable temporary differences; and deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date and based on the tax consequence which will follow from the manner in which the Company expects, at financial year end, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to item recognised outside the statement of profit and loss is recognised outside the statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liability and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

vii) Foreign Currency transactions

The Company's financial statements are presented in INR, which is also the company's functional currency. Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

viii) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and other short term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

ix) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except when the results would be anti-dilutive.

x) Provisions, contingent liabilities and contingent assets

a) Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) where, 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 to the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. when discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

b) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurence or non occurence of one or more uncertain future events beyond the control of the Company or a present obligation which is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent asset is not recognized, but its existence is disclosed in the financial statements.

xi) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

xii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial assets

a) Initial recognition and measurement
Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset except for financial assets classified as fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:
i) Debt instruments measured at amortised cost
ii) Debt instruments measured at fair value through other comprehensive income (FVTOCI)
iii) Debt instruments measured at fair value through profit or loss (FVTPL)
iv) Equity instruments measured at FVTOCI or FVTPL

Debt instruments
The subsequent measurement of debt instruments depends on their classification. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

i) Debt instruments measured at amortised cost
Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is disclosed as interest income in the statement of profit and loss using the effective interest rate method.

ii) Debt instruments measured at FVTOCI
Debt instruments that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payment of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income which are recognised in statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in the OCI is reclassified from equity to statement of profit and loss. Interest income from these financial assets is disclosed as interest income in the statement of profit and loss using the effective interest rate method.

iii) Debt instruments measured at FVTPL
Debt instruments that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised and presented net in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

Notes forming part of the financial statements

iv) Equity instruments (other than investment in associates, joint venture and subsidiaries - Refer note xiii)

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. The Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and Loss.

B. Derecognition of financial assets
A financial asset is derecognised only when
i) The Company has transferred the rights to receive cash flows from the financial asset or
ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

C. Impairment of financial assets
The Company assesses impairment based on expected credit losses (ECL) model to the following:
i) Financial assets measured at amortised cost
ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

Expected credit losses are measured through a loss allowance at an amount equal to
i) the twelve months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within twelve after the reporting date) or
ii) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)
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 since initial recognition. If credit risk has not increased significantly, twelve months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on twelve months ECL.

D. Financial liabilities
a) Initial recognition and measurement
Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial liability at initial recognition. All financial liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial liability except for financial liabilities classified as fair value through profit or loss.

b) Subsequent measurement
For the purposes of subsequent measurement, financial liabilities are classified in two categories:
i) Financial liabilities measured at amortised cost
ii) Financial liabilities measured at FVTPL (fair value through profit or loss)

i) Financial liabilities measured at amortised cost

After initial recognition, financial liability are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit and loss.

ii) Financial liabilities measured at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities at FVTPL are carried in the statement of profit and loss at fair value with changes in fair value recognized in the statement of profit and loss.

c) Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

xii) Fair value measurement

The Company measures financial instruments, such as, investment in debt and equity instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
• in the principal market for the asset or liability, or
• in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers, if any, have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

xiii) Investment in associates, joint venture and subsidiaries
The Company has accounted for its investment in associates, joint venture and subsidiaries at cost.

3 (B) Significant accounting judgements, estimates and assumptions
The preparation of financial statements requires management to exercise judgment in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including disclosure of contingent liabilities . Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

Judgements
The management has exercised judgements in determing whether the Company exercises control/ significant influence over the entity. Based on representation on the board of AWEL vis-a-vis 35% of equity shareholding, the managment believes it has the ability to exert significant influence (as defined in Ind AS 28) over AWEL.

Estimates and assumptions

a) Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that have a low probability of crystallising or are very difficult to quantify reliably, are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.

b) Useful lives and residual values

The Company uses Schedule II of Companies Act 2013 for estimating the useful lives and residual values of property, plant and equipment, investment property and intangible assets at each financial year end.

c) Impairment testing

i. Judgment is also required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances.

ii. Determining whether the carrying amount of these assets has any indication of impairment also requires judgment. If an indication of impairment is identified, further judgment is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate.

d) Fair Value Measurement

A number of Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

-Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly(i.e. prices) or indirectly (i.e. derived from prices).

-Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of a fair value hierarchy, then the fair value measurement is categorized in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3 (C) Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There are no such notification which would have been applicable from April 1, 2020.

Notes forming part of the financial statements

4 Capital work-in-progress

	Freehold Land [refer note (ii) below] (Amount in Rs.)	Total	Capital work-in-progress (Amount in Lakhs)
Gross carrying amount (cost)			
As at 31 March 2018	**-**	**-**	**5,726.02**
As at 31 March 2019	**-**	**-**	**5,726.02**
As at 31 March 2020	**-**	**-**	**5,726.02**
As at 31 March 2020	**-**	**-**	**5,726.02**
As at 31 March 2019	**-**	**-**	**5,726.02**

Notes forming part of the financial statements

Financial assets

5 Non-current investments

(Amount in Lakhs)

	As at 31 March 2020	As at 31 March 2019
Unquoted - Trade		
Equity Shares		
Investment in Associate		
Adani Welspun Explorations Limited		
4,654,997 (31 March 2019 : 4,654,997) equity shares of Rs 10/- each fully paid up. *	4,507.99	4,507.99
34,208,523 (31 March 2019 : 29,431,368) 0% Unsecured Compulsorily Convertible Debentures of Rs 100/- each fully paid up. #	20,617.19	15,840.04
Total	**25,125.18**	**20,348.03**
Aggregate value of unquoted investments	**25,125.18**	**20,348.03**

* Investment as at 31 March 2020 includes adjustment for fair value of interest free loan Rs. 2,503.83 lakhs (31 March 2019 : Rs. 2,503.83 lakhs)

Each debenture having face value of Rs. 100 each shall be compulsorily convertible into 10 equity shares of Rs 10 each fully paid up at any time after expiry of 5 years till the end of the 20 years from the date of allotment or as mutually agreed before the end of the tenure.

6 Non-current tax assets (net)

(Amount in Lakhs)

	As at 31 March 2020	As at 31 March 2019
Balance with government authorities		
- Direct tax (net of provision for taxation)	6.63	4.38
Total	**6.63**	**4.38**

7 Non-current assets - others

(Amount in Lakhs)

	As at 31 March 2020	As at 31 March 2019
Balance with Government authorities		
- Indirect tax	8.78	6.66
- Direct tax	-	0.38
Total	**8.78**	**7.04**

Notes forming part of the financial statements

Financial assets

5 Non-current investments

	As at 31 March 2020	As at 31 March 2019

(Amount in Lakhs)

8 Cash and cash equivalents

(Amount in Lakhs)

	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- In current accounts	204.28	17.69
Total	**204.28**	**17.69**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

(Amount in Lakhs)

	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- In current accounts	204.28	17.69
Total	**204.28**	**17.69**

9 Current financial assets - loans

(Amount in Lakhs)

	As at 31 March 2020	As at 31 March 2019
(Unsecured considered good, unless otherwise stated)		
Security Deposits		
- Considered good	0.51	0.51
Loans and advances to related parties		
- Considered good	0.02	8,233.43
Total	**0.53**	**8,233.94**

10 Share capital and other equity

10(a) Equity share capital

(Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised		
Equity shares of Rs 10 each		
32,000,000 (32,000,000 31 March 2019) Equity Shares of Rs.10 each fully paid up	3,200.00	3,200.00
Issued, subscribed and paid up	3,187.50	3,187.50
31,875,000 (31,875,000 31 March 2019) Equity Shares of Rs.10 each fully paid up		
	3,187.50	**3,187.50**

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. 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 all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(i) Shares held by holding/ ultimate holding companies and / or their subsidiaries/ associates

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% Holding	Number of shares	% Holding
Welspun Enterprises Limited	31,875,000	100%	31,875,000	100%

(ii) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% Holding	Number of shares	% Holding
Welspun Enterprises Limited	31,875,000	100%	31,875,000	100%

(iii) Reconciliation of the number of shares outstanding and the amount of the share capital

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount in lakhs	Number of shares	Amount in lakhs
Number of shares at the beginning of the period	31,875,000	3,187.50	31,875,000	3,187.50
Number of shares at the end of the period	31,875,000	3,187.50	31,875,000	3,187.50

10(b) - Instruments entirely equity in nature

Equity component of Compulsorily Convertible Debentures of Rs 100 each fully paid

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of Units	Amount in lakhs	Number of units	Amount in lakhs
Opening Balance	15,997,260	15,997.26	14,424,022	14,424.02
Add : Issued during the year	4,990,284	4,990.28	1,573,238	1,573.24
Closing Balance	20,987,544	20,987.54	15,997,260	15,997.26

Terms of Compulsorily Convertible Debentures

Each debenture having face value of Rs 100 each shall be compulsorily convertible into 10 equity shares of Rs 10 each fully paid up at the end of the 5 years from the date of allotment or as mutually agreed before the end of the tenure.

10(c) - Other Equity

(i) Securities premium reserve (Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	1,652.00	1,652.00
Total	**1,652.00**	**1,652.00**

(ii) Retained earnings (Amount in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	(10,331.61)	(8,543.72)
Total comprehensive income for the year	(1,997.54)	(1,787.89)
Total	**(12,329.15)**	**(10,331.61)**

WELSPUN NATURAL RESOURCES PRIVATE LIMITED

Notes forming part of the financial statements

11 Non- current financial liability - borrowings (Amount in Lakhs)

	As at 31 March 2020	As at 31 March 2019
Borrowings from related parties	17,567.91	15,576.10
Total	**17,567.91**	**15,576.10**

12 Current financial liabilities - borrowings (Amount in Lakhs)

	As at 31 March 2020	As at 31 March 2019
Loans repayable on demand		
- From related parties	-	8,233.40
Total	**-**	**8,233.40**

13 Trade payables (Amount in Lakhs)

	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	4.15	14.68
Total	**4.15**	**14.68**

14 Other current liabilities (Amount in Lakhs)

	As at 31 March 2020	As at 31 March 2019
Statutory dues payable	1.47	7.77
Total	**1.47**	**7.77**

Notes forming part of the financial statements

15 Other income

(Amount in Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on financial assets at amortised cost		
- On loans and advances	18.80	43.78
Miscellaneous income	0.01	-
Total	**18.80**	**43.78**

16 Finance costs

(Amount in Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Interest expenses on financial liabilities at amortised cost		
- On borrowings	2,003.76	1,809.72
Bank charges and other finance costs	0.00	0.01
Total	**2,003.76**	**1,809.73**

17 Other expenses

(Amount in Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Rent	6.54	6.20
Rates and taxes	0.17	-
Legal and professional fees	-	10.29
Directors sitting fees	0.90	1.28
Payment to Auditor :-		
- As auditor	0.75	0.69
Filing and registration fees	1.40	0.49
Security Charges	2.83	2.99
Total	**12.59**	**21.94**

Notes forming part of the financial statements

18 Financial risk management objectives and policies

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations provisions and on the non-financial assets and liabilities. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in respective market risks.

a) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize Company's position with regard to interest income and interest expenses and manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instrument in its total portfolio.

(i) Interest rate risk exposure

(Amount in Lakhs)

	As at 31 March 2020	As at 31 March 2019
Variable rate borrowings	Nil	Nil

ii) Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact of change in interest rate of borrowings, as follows:

(Amount in Lakhs)

Effect on Profit before tax	Year ended 31 March 2020	Year ended 31 March 2019
Interest rates : Increase by 50 basis points	Nil	Nil
Interest rates : Decrease by 50 basis points	Nil	Nil

Foreign Currency risk

Currency risk is the risk that the fair value or future cash flows fluctuate because of changes in market prices of various currencies against the functional currency. However the Company is currently not exposed to foreign currency risk.

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that the funds are available for use as per the requirements.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2020

	Total	Less than 1 year	1 to 5 years
Financial Liabilities			
Borrowings	17,567.91	-	17,567.91
Trade payables	4.15	4.15	-
Total	**17,572.06**	**4.15**	**17,567.91**

Notes forming part of the financial statements

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2019

	Total	Less than 1 year	1 to 5 years
Financial Liabilities			
Borrowings	15,576.10	-	15,576.10
Trade payables	14.68	14.68	-
Total	**15,590.78**	**14.68**	**15,576.10**

19 Capital Management

For the purpose of Company's capital management, capital includes issued capital and other equity reserves attributable to the shareholders. The primary objective of the Company's Capital Management is to maximize shareholder value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants, if any.

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing borrowings, trade and other payables, less cash and cash equivalents.

		(Amount in Lakhs)
	As at 31 March 2020	**As at 31 March 2019**
Net Debt	17,368.71	7,346.92
Total Capital	13,497.89	10,505.15
Capital and net debt	**30,866.61**	**17,852.07**
Capital Gearing Ratio	**56.27%**	**41.15%**

WELSPUN NATURAL RESOURCES PRIVATE LIMITED

Notes forming part of the financial statements

20 Fair value measurements

On comparision by class of the carrying amounts and fair value of the Company's financial instruments, the carrying amounts of the financial instruments reasonably approximates fair.

Financial instruments by category

(Amount in Lakhs)

	As at 31 March 2020		As at 31 March 2019	
	FVTPL	**Amortised Cost**	**FVTPL**	**Amortised Cost**
Financial assets (other than investment in subsidiaries, joint venture and associates)				
Non-current assets				
Loans	-	-	-	-
Current assets				
Cash and cash equivalents	-	204.28	-	17.69
Loans	-	0.53	-	8,233.94
Total financial assets	**-**	**204.81**	**-**	**8,251.63**
Financial liabilities				
Non-current liabilities				
Borrowings	-	17,567.91	-	15,576.10
Current liabilities				
Trade payables	-	4.15	-	14.68
Total financial liabilities	**-**	**17,572.06**	**-**	**15,590.78**

Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

Fair value of the cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to short term maturities of these instruments.

Notes forming part of the financial statements

21 Earnings per share (EPS)

(Amount in Lakhs)

		As at 31 March 2020	As at 31 March 2019
Net profit after tax available for equity shareholders	A	(1,997.54)	(1,787.89)
Weighted average number of equity shares of Rs. 10 each outstanding during the year used for calculating basic EPS (Number of shares)	B	31,875,000	31,875,000
Add : Effect of dilutions :-			
Compulsorily Convertible Debentures (number of shares)	C	190,404,873	145,019,555
Weighted average number of equity shares of Rs. 10 each outstanding during the year used for calculating diluted EPS (Number of shares)*	D = B+C	31,875,000	31,875,000
Basic earnings per share	A / B	(6.27)	(5.61)
Diluted earnings per share	A / D	(6.27)	(5.61)

* Compulsorily convertible debentures has not been considered for calculation of diluted earnings per share because they are antidilutive. These compulsorily convertible debentures could potentially dilute earnings per share in the future.

There have been no transactions involving equity shares or potential equity shares between the reporting period and the date of authorisation of these financial statements

22 Leases

Company as lessee

The Company has taken office premises and residential facilities under cancellable opearting lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease varies from six month to twenty four months. Lease rental charges for 31 March 2020 is Rs 6.54 lakhs (31 March 2019 : Rs 6.20 lakhs)

23 Segment Information

The Company is engaged in one business segment ie infrastructure development. The Company is operating in a single geographical segment i.e. India.

24 Disclosure as required by Ind AS 24 - Related Party disclosures

a) Particulars of Holding Companies

	Extent of holding	
Name of the entities	**As at 31 March 2020**	**As at 31 March 2019**
Welspun Enterprises Limited	100%	100%

b) Associate

	Extent of holding	
Name of the Companies	**As at 31 March 2020**	**As at 31 March 2019**
Adani Welspun Exploration Limited	35%	35%

c) Directors / Key managerial Personnel (KMP)

Name of the Related Parties	
Mr. Sandeep Garg	Director
Mr Lalit Jain ^	Director
Mr Jitendra Jain ^	Director
Ms. Mala Todarwal	Director
Mr. Shriniwas Kargutkar *	Whole Time Director and CFO

^ Appointed as director w.e.f. 31 October 2019

* Ceased to be director and CFO w.e.f. 31 October 2019

Notes forming part of the financial statements

d) The following transactions were carried out with related parties in the ordinary course of business:

Nature of transactions	Year ended 31 March 2020	Year ended 31 March 2019
Loan given during the year		
Adani Welspun Exploration Limited	2,911.84	9,797.80
Welspun Build-Tech Private Limited	-	0.02
Loan repaid/ written off during the year		
Adani Welspun Exploration Limited	6,368.08	33.60
Loan taken during the year		
Welspun Enterprises Limited	2,923.88	9,767.24
Loan taken during the year repaid		
Welspun Enterprises Limited	6,167.00	-
Conversion of borrowings into CCD during the year		
Welspun Enterprises Limited	4,990.28	1,573.24
Conversion of Loan given into CCD during the year		
Adani Welspun Exploration Limited	4,777.16	1,570.20
Interest income during the year		
Adani Welspun Exploration Limited	18.80	43.78
Interest expense during the year		
Welspun Enterprises Limited	1,991.81	1,765.94
Interest expense during the year #		
Welspun Enterprises Limited	11.95	43.78
Directors sitting fees		
Ms. Mala Todarwal	0.90	1.28

Closing balances as at

Nature of transactions	As at 31 March 2020	As at 31 March 2019
Loans, advances and deposits given		
Adani Welspun Exploration Limited	-	8,233.41
Welspun Build-Tech Private Limited	0.02	0.02
Borrowings		
Welspun Enterprises Limited	17,567.91	23,809.50
Investment in Equity Shares		
Adani Welspun Exploration Limited	4,507.99	4,507.99
Investment in Compulsorily Convertible Debentures		
Adani Welspun Exploration Limited	20,617.19	15,840.04
Compulsorily Convertible Debentures		
Welspun Enterprises Limited	20,987.54	15,997.26

Represents transactions related to Ind AS adjustments

25 Under the Micro, Small and Medium Enterprise Development Act, 2006 (“MSMED Act”), certain disclosures relating to amounts due to micro, small and medium enterprises are required to be made. As the relevant information is not given or confirmed by such enterprises in view of the management, the impact of interest, if any, which may subsequently become payable to such enterprises in accordance with the provisions of the Act, would not be material and the same, if any, would be disclosed in the year of payment of interest.

26 Interest in associate

Name of Entity	Adani Welspun Exploration Limited(AWEL)
Place of Business	India
Relationship	Associate
Accounting Method	At cost
% of ownership interest	31 March 2020 - 35% 31 March 2019 - 35%

Notes forming part of the financial statements

27 The Directorate General of Hydrocarbons ('DGH") have served termination notice 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 Natural Resources Private Limited-"Welspun" (35%) together holding 90 % stake in the Block, have contested this notice. The Company had made representations to the Government expressing its willingness to carry out the activities and to consider the Block as valid and live. The Government has rejected the proposal and cited that the termination was valid. The Company has contested the same before Delhi High Court. The Hon'ble Court was of the view that the Company should pursue the remedies available under the contract. Accordingly the Company has initiated dispute resolution mechanism with the authority and also have initiated discussions with the Ministry of Petroleum and Natural Gas and DGH for a possible revival of the Block.

28 a) Reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities as required by Ind AS 7 "Statement of Cash Flows" is as under:

(Amount in Lakhs)

	Borrowings	**Equity share capital**	**Securities Premium**
As at 31 March 2019	23,809.50	3,187.50	1,652.00
Cash inflow	2,923.89	-	-
Cash outflow	(6,167.00)	-	-
Non cash changes	(2,998.48)	-	-
As at 31 March 2020	**17,567.91**	**3,187.50**	**1,652.00**

b) Non- cash investing and financing activities for the current year

i) Conversion of borrowing to Compulsorily convertible debentures during the year is Rs 4,990.28 lakhs

ii) Conversion of loan to investment in associate during the year is Rs 4,777.68 lakhs.

29 Estimation of uncertainity relating to COVID - 19 Outbreak

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements. Due to the nature of the pandemic, the Company will continue to monitor developments to Identify significant uncertainties in future periods, if any.

30 Details of loans given, investments made and guarantee given covered U/s 186 of the Companies Act, 2013

a) The Company is engaged in the business of providing infrastructural facilities as specified under Schedule VI of the Companies Act 2013 (the 'Act') and hence the provisions of Section 186 of the Act related to loans/ guarantees given or securities provided are not applicable to the Company.

b) There are no investments other than as disclosed in Note 6 forming part of the financial statements.

31 Figures for the previous year are re-classified/ re-arranged/ re-grouped, wherever necessary to be in conformity with the figures of the current year's classification / disclosure.

As per our report of even date attached.
FOR NGS & CO. LLP.
Firm Registration No 119850W
Chartered Accountants

For and on behalf of the Board of Directors

Ashok A. Trivedi
Partner
Membership No: 042472

Sandeep Garg
Director
DIN : 00036419

Lalit Jain
Director
DIN : 08382081

Place: Mumbai
Date: 27 May 2020

Paras Shah
Company Secretary