

INDEPENDENT AUDITOR'S REPORT

To the Members of **WELSTEEL ENTERPRISES PRIVATE LIMITED**

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of WELSTEEL ENTERPRISES PRIVATE LIMITED (“the Company”), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Standalone Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Responsibility of Management for the Standalone Ind AS Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure 1**" 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 explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 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 the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure 2**" to this report;
 - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;
 - (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 explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For SUREKA ASSOCIATES
Chartered Accountants
Firm's Registration No. 110640W

Suresh Sureka
Partner
Membership No. 34132

Place : Mumbai
Date : 27 May 2020

ANNEXURE 1 TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 of the Independent Auditors' Report of even date to the members of **Welsteel Enterprises Private Limited** on the financial statements as of and for the year ended March 31, 2020

- i. The Company does not have any fixed assets. Hence the question of records and physical verification thereof does not arise.
- ii. The Company does not have any inventory. Hence, the question of verification thereof does not arise.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of 186 of the Companies Act, 2013 in respect of the investments made.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records as specified under Section 148(1) of the Act in respect of its business.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and service tax, and is regular in depositing undisputed statutory dues, including provident fund, sales tax, duty of customs, value added tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise or value added tax which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company does not have any borrowings from banks or financial institutions. However, the Company has issued Optionally Convertible Debentures and there is no default in their repayment.
- ix. In our opinion, and according to the information and explanations given to us, the Company has not raised any moneys by way of term loans nor by way of initial public offer.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has not paid nor provided for any managerial remuneration during the year.

- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standards (Ind As) 24 Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For SUREKA ASSOCIATES
Chartered Accountants
Firm's Registration No. 110640W

Suresh Sureka
Partner
Membership No. 34132

Place : Mumbai
Date : 27 May 2020

ANNEXURE 2 TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(f) of the Independent Auditors' Report of even date to the members of **Welsteel Enterprises Private Limited** on the financial statements as of and for the year ended March 31, 2020

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

1. We have audited the internal financial controls over financial reporting of Welsteel Enterprises 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

2. 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 Act.

Auditors' Responsibility

3. 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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.
4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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

6. 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

7. 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

8. 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 SUREKA ASSOCIATES
Chartered Accountants
Firm's Registration No. 110640W

Suresh Sureka
Partner
Membership No. 34132

Place : Mumbai
Date : 27 May 2020

Welsteel Enterprises Private Limited**Balance Sheet as at 31 March 2020**

(Rupees in lakhs)

	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
1. Non-current assets			
(a) Financial assets			
(i) Investment	4	3,475.26	1,375.26
		3,475.26	1,375.26
2. Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	5	9.15	9.55
		9.15	9.55
Total assets		3,484.41	1,384.81
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	6(a)	10.00	10.00
(b) Other equity	6(b)	(1.18)	(0.48)
		8.82	9.52
LIABILITIES			
1. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	7	3,475.18	1,375.03
(ii) Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises			
Total outstanding dues of creditors other than micro enterprises and small enterprises		0.41	0.26
		3,475.59	1,375.29
Total equity and liabilities		3,484.41	1,384.81

Notes forming part of the financial statements (Refer note 1 to 22)

As per our report of even date

FOR SUREKA ASSOCIATES

Chartered Accountants

FRN : 110640W**For and on behalf of the Board of Directors****Suresh Sureka**

Partner

Membership No: 34132

Jitendra Jain

Director

DIN : 08377285

Harshit Khandelwa

Director

DIN : 07851142

Place: Mumbai

Date: 27 May 2020

Welsteel Enterprises Private Limited

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

(Rupees in lakhs)

	Note	Year ended 31 March 2020	Period ended 31 March 2019
I.		-	-
II.		-	-
III.		-	-
IV. Expenses			
Finance costs	9	0.00	-
Other expenses	10	0.70	0.48
Total expenses (IV)		0.70	0.48
V Profit before exceptional items and tax (III-IV)		(0.70)	(0.48)
Exceptional items		-	-
VI Profit before tax		(0.70)	(0.48)
VII Income tax expense			
- Current tax		-	-
- Deferred tax (benefit)/ charge		-	-
VIII Profit for the year (VI-VII)		(0.70)	(0.48)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss)		-	-
Tax relating to above		-	-
IX. OCI for the year		-	-
X Total comprehensive income for the year (VIII-IX)		(0.70)	(0.48)
Earnings per equity share of Rs. 10 each fully paid-up	14		
Basic EPS (Rs)		(0.70)	(0.63)
Diluted EPS (Rs)		(0.70)	(0.63)

Notes forming part of the financial statements (Refer note 1 to 22)

As per our report of even date

FOR SUREKA ASSOCIATES

Chartered Accountants

FRN : 110640W

For and on behalf of the Board of Directors

Suresh Sureka

Partner

Membership No: 34132

Jitendra Jain

Director

DIN : 08377285

Harshit Khandelwal

Director

DIN : 07851142

Place: Mumbai

Date: 27 May 2020

Welsteel Enterprises Private Limited**Statement of Cash Flow for the year ended 31 March 2020**

(Rupees in lakhs)

43,921.00 **31 March 2019****Cash flows from operating activities**

Net Profit before tax and exceptional items	(0.70)	(0.48)
Add : Finance expenses	0.00	-
Increase in trade payables	0.15	0.26
(Increase) in Current Assets	-	-
Cash Generated/ (used) from/ in Operation	(0.55)	(0.22)
Tax Paid (net)	-	-
Net cash flow from/ (used in) operating activities (A)	(0.55)	(0.22)

Cash flows from investing activities

Purchase of investment	(2,100.00)	(1,375.26)
Net cash flow from/ (used in) investing activities (B)	(2,100.00)	(1,375.26)

Cash flows from financing activities

Short term borrowing	2,100.15	1,375.03
Finance Exp paid	(0.00)	-
Proceeds from issue of shares	-	10.00
Net cash flow from/ (used in) in financing activities (C)	2,100.15	1,385.03

Net increase/(decrease) in cash and cash equivalents (A+B+C) **(0.40)** **9.55**

Cash and cash equivalents at the beginning of the year 9.55 -

Cash and cash equivalents at the end of the year **9.15** **9.55**

Components of cash and cash equivalents

Cash and cash equivalent 9.15 9.55

Total cash and cash equivalents **9.15** **9.55**

Notes forming part of the financial statements (Refer note 1 to 22)

As per our report of even date attached.

FOR SUREKA ASSOCIATES

Chartered Accountants

FRN : 110640W**For and on behalf of the Board of Directors****Suresh Sureka****Partner****Membership No: 34132****Jitendra Jain**

Director

DIN : 08377285

Harshit Khandelwal

Director

DIN : 07851142

Place: Mumbai

Date: 27 May 2020

Welsteel Enterprises Private Limited

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

A. Equity share capital

(Rupees in lakhs)

	Amount
Balances as at 31 March 2018	-
Changes in equity share capital	10.00
Balances as at 31 March 2019	10.00
Changes in equity share capital	-
Balances as at 31 March 2020	10.00

B. Other Equity

	Retained earnings	Total other equity
Balances as at 31 March 2018	-	-
Profit for the period	(0.48)	(0.48)
Total comprehensive income for the period	(0.48)	(0.48)
Balances as at 31 March 2019	(0.48)	(0.48)
Profit for the year	(0.70)	(0.70)
Total comprehensive income for the year	(0.70)	(0.70)
Balances as at 31 March 2020	(1.18)	(1.18)

As per our report of even date attached.

FOR SUREKA ASSOCIATES

Chartered Accountants

FRN : 110640W

Suresh Sureka

Partner

Membership No: 34132

Place: Mumbai

Date: 27 May 2020

For and on behalf of the Board of Directors

Jitendra Jain

Director

DIN : 08377285

Harshit Khandelwal

Director

DIN : 07851142

Welsteel Enterprises Private Limited

Notes forming part of the financial statements

1 Company information

Welsteel Enterprises Private Limited, ('the Company') is domiciled and incorporated in India. The Company is joint arrangement between Welspun Enterprises Limited and Welspun Steel Limited. The Company is engaged into infrastructure development on Hybrid Annuity model basis.

The financial statements of the Company are prepared for the period ended 01 April 2019 to 31 March 2020 and authorised for issue by the Board of Directors at their meeting held on 27 May 2020.

2 Basis of preparation

The financial statements have been prepared to comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act and rules framed thereunder.

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.

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

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.

i) Property, plant and equipment

Subsequent to initial recognition, property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria is met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. The carrying amount of the replaced part accounted for as a separate asset previously is derecognized. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

Depreciation on property, plant and equipment is provided on written down value basis as per the rate derived on the basis of useful life and method prescribed under Schedule – II of the Companies Act, 2013.

Welsteel Enterprises Private Limited

Notes forming part of the financial statements

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

ii) Impairment of non-financial assets

The carrying amounts of other 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 to the statement of profit and loss if there has been a change in the estimate of recoverable amount.

iii) Revenue from contracts with customers

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. The Company has generally concluded that it is the principal in its

iv) Taxes on income

a) Current tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

b) Deferred tax

Deferred tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Welsteel Enterprises Private Limited

Notes forming part of the financial statements

v) 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.

vi) 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.

vii) 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.

viii) 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 occurrence or non occurrence 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 assets are not recognized, but are disclosed in the financial statements.

ix) 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.

Welsteel Enterprises Private Limited

Notes forming part of the financial statements

A. Financial assets

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.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- a) Debt instruments measured at amortised cost
- b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)
- c) Debt instruments measured at fair value through profit or loss (FVTPL)
- d) 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.

a) 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. Income from these financial assets is included in interest income using the effective interest rate method.

b) 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. Income from these financial assets is included in interest income using the effective interest rate method. Currently the Company doesn't have any financial assets classified under these category.

c) Debt instruments measured at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

d) Equity instruments

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. Currently the Company doesn't have any financial assets classified under these categories.

Welsteel Enterprises Private Limited

Notes forming part of the financial statements

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.

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)

B. Financial liabilities

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.

Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- a) Financial liabilities measured at amortised cost
- b) Financial liabilities measured at FVTPL (fair value through profit or loss)

a) Financial liabilities measured at amortised cost

After initial recognition, financial liabilities 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.

b) 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 fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the statement of profit and loss.

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.

Welsteel Enterprises Private Limited

Notes forming part of the financial statements

x) 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 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.

xi) Government grants

Government grants (except those existing on transition date) are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the statement of profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments.

xii) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a Substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

xiii) Exceptional items

On certain occasions, 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.

Notes forming part of the financial statements

3 (B) Significant estimates, judgements 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.

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, if any, but are not provided for in the financial statements. There can be no assurance regarding the final outcome of these legal proceedings.

b) 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.

c) Taxes

a) The Company's tax charge is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

b) Accruals for tax contingencies require management to make judgments and estimates in relation to tax audit issues and exposures.

c) The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgment regarding the future financial performance of the particular legal entity or tax Company in which the deferred tax asset has been recognized.

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 entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

e) Recent Indian Accounting Standards (Ind AS)

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

Welsteel Enterprises Private Limited

Notes forming part of the financial statements

Financial assets

4 Investment

(Rupees in lakhs)

	As at 31 March 2020	As at 31 March 2019
<u>Unquoted</u>		
<u>Investment in Joint arrangement</u>		
Welspun Aunta-Simaria Projects Private Limited		
260,000 (31 March 2019 : 2,600) equity shares of Rs. 10/- each fully paid	26.00	0.26
3,449,260 (31 March 2019 :1,375,000) 0% unsecured compulsorily convertible debentures of Rs 100 each fully paid up #	3,449.26	1,375.00
	3,475.26	1,375.26

* Shares are pledged in favour of security trustee for loans obtained by Welspun Aunta-Simaria Projects Private Limited .

Each debenture shall be compulsorily convertible into 10 equity Shares of Rs. 10 each of the Company at the end of the 10 years from the date of allotment or as mutually agreed before the end of the tenure.

5 Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- In current accounts	9.15	9.55
Total	9.15	9.55

Welsteel Enterprises Private Limited

Notes forming part of the financial statements

6(a) Share capital and other equity

6(a)(a) - Equity share capital

Particulars	(Rupees in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Authorised share capital		
100,000 (31 March 2019: 100,000) equity shares of Rs. 10/- each	10.00	10.00
Issued, subscribed and paid up		
100,000 (31 March 2019: 100,000) equity shares of Rs. 10/- each fully paid up	10.00	10.00
Total	10.00	10.00

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

(i) Shares held by holding/ ultimate holding companies and / or their subsidiaries/ associates/ co-venturer.

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% Holding	Number of shares	% Holding
Welspun Enterprises Limited	49,000	49.00%	49,000	49.00%
Welspun Steel Limited	51,000	51.00%	51,000	51.00%

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% Holding	Number of shares	% Holding
Welspun Enterprises Limited	49,000	49.00%	49,000	49.00%
Welspun Steel Limited	51,000	51.00%	51,000	51.00%

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period	100,000	10.00	-	-
Add : Shares issued during the year	-	-	100,000	10.00
Number of shares at the end of the period	100,000	10.00	100,000	10.00

Welsteel Enterprises Private Limited

Notes forming part of the financial statements

6(b) 6(b)(a) - Other Equity

Particulars	As at 31 March 2020	As at 31 March 2019
Retained earnings	(1.18)	(0.48)
Total	(1.18)	(0.48)

(i) Retained earnings

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	(0.48)	-
Total Comprehensive income for the year	(0.70)	(0.48)
Closing balance	(1.18)	(0.48)

Welsteel Enterprises Private Limited**Notes forming part of the financial statements**

(Rupees in lakhs)

7 Current financial liabilities - Borrowing

	As at 31 March 2020	As at 31 March 2019
Unsecured		
Welspun Enterprises Ltd		
3,475,000 (31 March 2019 :1,375,000) 0% unsecured optional convertible debentures of Rs 100 each fully paid up #	3,475.00	1,375.00
Borrowing from related parties	0.18	0.03
Total	3,475.18	1,375.03

Each debenture having face value of Rs 100 each shall be convertible, at the option of the holder or the Company into 10 equity shares of Rs 10 each of the Company at any time after the expiry of 5 years and such conversion option shall be available till the expiry of the tenure (10 years from date of allotment) unless redeemed earlier. Besides, the Debenture holder as well as the Company has the right to seek redemption or do redemption, as the case may be, any time after the allotment of debentures. If the debentures are not converted into equity or redeemed until the expiry of the tenure, the debentures shall be redeemed at the expiry of the tenure.

8 Trade payables

	As at 31 March 2020	As at 31 March 2019
Trade payables	0.41	0.26
Total	0.41	0.26

As at March 31, 2020 and March 31, 2019, there are no outstanding dues to Micro, Small and Medium Enterprises. There is no interest due or outstanding on the same.

Welsteel Enterprises Private Limited

Notes forming part of the financial statements

(Rupees in lakhs)

9 Finance costs

Bank charges and other finance costs

Total

Year ended 31 March 2020	Period ended 31 March 2019
0.00	-
0.00	-

10 Other expenses

Audit Fees

Professional Fees

Registration and Filing Fees

Total

Year ended 31 March 2020	Period ended 31 March 2019
0.22	0.24
0.21	0.02
0.27	0.22
0.70	0.48

Notes forming part of the financial statements

11 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.

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

(Rupees 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:

(Rupees in lakhs)

Effect on Profit before tax	Year ended 31 March 2020	Period 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

(Rupees in lakhs)

	Total	Less than 1 year	1 to 5 years
Financial Liabilities			
Borrowings	3,475.18	3,475.18	-
Trade Payable	0.41	0.41	-
Total	3,475.59	3,475.59	-

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

(Rupees in lakhs)

	Total	Less than 1 year	1 to 5 years
Financial Liabilities			
Borrowings	1,375.03	1,375.03	-
Trade Payable	0.26	0.26	-
Total	1,375.29	1,375.29	-

12 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.

	(Rupees in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Borrowing from related parties	3,475.18	1,375.03
Trade payables	0.41	0.26
Less : cash and cash equivalents	(9.15)	(9.55)
Net Debt	3,466.44	1,365.74
Equity shares	10.00	10.00
Other equity	(1.18)	(0.48)
Total Capital	8.82	9.52
Capital and net debt	3,475.26	1,375.26
Capital Gearing Ratio	99.75%	99.31%

Notes forming part of the financial statements

13 Fair value measurements

On comparison 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.

	(Rupees in lakhs)			
	As at 31 March 2020		As at 31 March 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial instruments by category				
<u>Financial assets (other than investment in subsidiaries, joint venture and associates)</u>				
Current assets				
Cash and cash equivalents	-	9.15	-	9.55
Total financial assets	-	9.15	-	9.55
<u>Financial liabilities</u>				
Current liabilities				
Borrowings	-	3,475.18	-	1,375.03
Trade payables	-	0.41	-	0.26
Total financial liabilities	-	3,475.59	-	1,375.29

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:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

14 Earnings per share (EPS)

	(Rupees in lakhs)	
	As at 31 March 2020	As at 31 March 2019
Net profit after tax available for equity shareholders (Rs in lakhs)	(0.70)	(0.48)
Weighted average number of equity shares of Rs. 10 each outstanding during the year used for calculating basic EPS (Number of shares)	100,000	76,712
Basic earnings per share (Rs)	(0.70)	(0.63)
Diluted earnings per share (Rs)	(0.70)	(0.63)

15 Commitment and contingencies

There are no contingent liabilities and commitments as at 31 March 2020 and 31 March 2019

16 Segment Information

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

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

a) Particulars of relationship

Name of the entities	Extent of holding		
	As at 31 March 2020	Relationship M20	Relationship M19
Welspun Enterprises Limited	49.00%	Parent	Co-venturer
Welspun Steel Limited	51.00%	Associate	Co-venturer
Welspun Aunta-Simaria Projects Private Limited	26.00%	Associate	Joint Venture

b) Directors / Key managerial Personnel (KMP)

Name of the Related Parties	
Mr Mohan Manikkan*	Director
Mr Navin Sinha**	Director
Mr Harshit Khandelwal	Director
Mr Vinoo Sanjay ^^	Director
Me Jitendra Jain ^	Director

* Ceased to be Director from 26 June 2019

** Ceased to be Director from 09 July 2019

^ with effect from 26 June 2019

^^ with effect from 09 July 2019

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

Nature of transactions	Year ended 31 March 2020	Period ended 31 March 2019
Investment in Equity Shares		
Welspun Aunta-Simaria Projects Private Limited	25.74	0.26
Investment in Compulsorily convertible debentures		
Welspun Aunta-Simaria Projects Private Limited	2,074.26	1,375.00
Equity shares issued		
Welspun Enterprises Limited	-	4.90
Welspun Steel Limited	-	5.10
Optionally Convertible Debentures issued		
Welspun Enterprises Limited	0.15	1,375.00
Expenses paid on behalf of the Company		
Welspun Enterprises Limited	2,100.00	0.03

Notes forming part of the financial statements

Closing balances as at

Nature of transactions		As at 31 March 2020	As at 31 March 2019
Investment in Equity Shares			
Welspun Aunta-Simaria Projects Private Limited		26.00	0.26
Investment in Compulsorily convertible debentures			
Welspun Aunta-Simaria Projects Private Limited		3,449.26	1,375.00
Short term borrowings (including Optionally Convertible Debentures)			
Welspun Enterprises Limited - Borrowing		0.18	0.03
Welspun Enterprises Limited - OCD		3,475.00	1,375.00

Transactions with related parties are at arm's length and in the ordinary courses of business. All the outstanding balances are unsecured and settled for consideration in cash.

18 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:

	Equity share capital	Optionally convertible debentures	Short term borrowings
As at 31 March 2019	10.00	1,375.00	0.03
Cash inflows	-	2,100.00	0.15
Cash outflows	-	-	-
As at 31 March 2020	10.00	3,475.00	0.18

19 Under the Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act") which came into force effective from October 2, 2006, certain disclosures relating to amounts due to micro, small and medium enterprises are required to be made. As the relevant information is not yet readily available and /or not given or confirmed by such enterprises, it is not possible to give required information in the accounts. However, 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.

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

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.

21 Estimation of uncertainty relating to COVID - 19

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.

22 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. The comparative information is prepared from the date of incorporation i.e. 25 June 2018 to 31 March 2019, hence, it is not comparable with current year.

As per our report of even date

FOR SUREKA ASSOCIATES
Chartered Accountants
FRN : 110640W

For and on behalf of the Board of Directors

Suresh Sureka
Partner
Membership No: 34132

Jitendra Jain
Director

Harshit Khandelwal
Director

DIN : 08377285

DIN : 07851142

Place: Mumbai
Date: 27 May 2020