

INDEPENDENT AUDITOR'S REPORT

To the Members of Welspun Plastics Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Welspun Plastics Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014,
 - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

5. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order:
6. As required by section 227(3) of the Act, we report that:
- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
 - in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books,
 - the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 ;
 - on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
SUREKA ASSOCIATES
Chartered Accountants
Firm's Registration No. 110640W



Suresh Sureka
Partner

Membership No. 34132
Place : Mumbai
Date 09 JUN 2014



ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (5) of our report of even date to the members of Welspun Plastics Private Limited on the accounts for the year ended 31st March, 2014

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

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

(b) Based on our audit procedures and according to the information and explanations given to us, there are no undisputed arrears of statutory dues which has remained outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
10. In our opinion, there are no accumulated losses at the end of the financial year hence question of losses being more than fifty per cent of its net worth does not arise and the Company has incurred cash losses in the financial year cover by audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanation given to us, the Company does not have any borrowing from Bank / financial institution. Hence, the question of default does not arise.



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

For and on behalf of
SUREKA ASSOCIATES
Chartered Accountants
Firm's Registration No. 110640W



Suresh Sureka
Partner

Membership No. 34132

Place : Mumbai

Date 09 JUN 2014



WELSPUN PLASTICS PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

(Amount in Rupees)

| Sr. No. | Particulars | Note No. | As at March 31, 2014 | As at March 31, 2013 |
|----------------------------------|-------------------------------|----------|---------------------------|--------------------------|
| I. EQUITY AND LIABILITIES | | | | |
| 1 Shareholders' funds | | | | |
| | (a) Share Capital | 2 | 11,287,500 | 11,287,500 |
| | (b) Reserves and Surplus | 3 | 38,017,168 | 38,032,094 |
| | | | <u>49,304,668</u> | <u>49,319,594</u> |
| 2 Non-Current liabilities | | | | |
| | (a) Long Term Borrowings | 4 | 344,604,989 | 35,663,000 |
| 3 Current liabilities | | | | |
| | (a) Other Current Liabilities | 5 | 211,120 | 43,320 |
| | TOTAL | | <u><u>394,120,777</u></u> | <u><u>85,025,914</u></u> |
| II. ASSETS | | | | |
| 1 Non-current assets | | | | |
| | (a) Fixed Assets | | | |
| | (i) Capital Work in Progress | | 394,030,308 | 84,857,156 |
| 2 Current assets | | | | |
| | (a) Cash and Cash Equivalents | 6 | 90,469 | 130,976 |
| | (b) Other Current Assets | 7 | - | 37,782 |
| | | | <u>90,469</u> | <u>168,758</u> |
| | TOTAL | | <u><u>394,120,777</u></u> | <u><u>85,025,914</u></u> |

See accompanying notes from 1 to 10 forming part of the financial statements

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

SURESH SUREKA
Partner
Membership No 34132
Place: Mumbai
Date: 09 JUN 2014



For and on behalf of the Board of Directors

[Signature]
Director

[Signature]
Director

WELSPUN PLASTICS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rupees)

| Sr. No. | Particulars | Note No. | Year ended 31, 2014 | March Previous Year ended March 31, 2013 |
|----------------------|--|----------|------------------------|--|
| Income | | | | |
| I. | Revenue from Operations | | - | - |
| | Total Revenue | | - | - |
| II. Expenses: | | | | |
| | Other expenses | 8 | 14,926 | 15,883 |
| | Total expenses | | 14,926 | 15,883 |
| III. | Profit/ (Loss) before tax | | (14,926) | (15,883) |
| IV. | Tax expense: | | | |
| | (1) Current tax | | | - |
| | (2) Deferred tax | | | - |
| V. | Profit (Loss) for the period from continuing operations | | (14,926) | (15,883) |
| VI. | Profit/(loss) from discontinuing operations | | - | - |
| VII. | Tax expense of discontinuing operations | | - | - |
| VIII. | Profit/(loss) from Discontinuing operations (after tax) | | - | - |
| IX. | Profit (Loss) for the period | | (14,926) | (15,883) |
| X. | Earnings per equity share (Face Value Rs 10 per share): | 9 | | |
| | 1. Basic (In Rupees) | | (0.01) | (0.01) |
| | 2. Diluted (In Rupees) | | (0.01) | (0.01) |

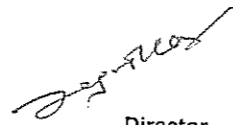
See accompanying notes from 1 to 10 forming part of the financial statements

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

SURESH SUREKA
Partner
Membership No 34132
Place: Mumbai
Date: 09 JUN 2014



For and on behalf of the Board of Directors


Director


Director

WELSPUN PLASTICS PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

| Particulars | March 31, 2014 (Rs.) | March 31, 2013 (Rs.) |
|---|-------------------------|-------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and exceptional items | (14,926) | (15,883) |
| Adjustments for: | | |
| Depreciation | - | - |
| Interest income | - | - |
| Dividend income | - | - |
| Interest expenses | - | - |
| Operating Profit before working capital changes | (14,926) | (15,883) |
| Trade and other receivables | 37,782 | (37,782) |
| Trade and other payables | 167,800 | (72,378) |
| Cash generated from operations | 205,582 | (110,160) |
| Taxes paid (net) | 190,656 | (126,043) |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | 190,656 | (126,043) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Investment in fixed assets (Including capital work in progress) | (309,173,152) | (35,497,893) |
| Share Application Money Received | - | 200,000 |
| NET CASH USED IN INVESTING ACTIVITIES | (309,173,152) | (35,297,893) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from long term borrowings | 308,941,989 | 35,378,000 |
| NET CASH FROM FINANCING ACTIVITIES | 308,941,989 | 35,378,000 |
| NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS | (40,507) | (45,936) |
| Opening Balance Cash and cash equivalent | 130,976 | 176,912 |
| Closing Balance Cash and cash equivalent | 90,469 | 130,976 |

Notes:

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

FOR SUREKA ASSOCIATES
 Firm Registration No 110640W
CHARTERED ACCOUNTANTS

(SURESH SUREKA)
 PARTNER
 Membership No. 34132
 PLACE : MUMBAI



Date: 09 JUN 2014

For and on behalf of the Board of Directors

[Signature]
 Director

[Signature]
 Director

WELSPUN PLASTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Note 1 Significant Accounting Policies

a Basis of Accounting:

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

b Basis of Preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principle in India (Indian GAAP). The company has prepared these financial statements to comply in all material respect with the accounting standards notified under the companies (Accounting standards) Rules, 2006, (as amended) and the relevant provision of the Companies act, 1956 read with general circular 8/2014 Dated 4 April 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statement are consistent with those of previous year.

c Use of estimates:

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

Note 2 Share Capital

(a) Share Capital

| Particulars | (Amount in Rupees) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Authorised | | |
| 12,50,000 (Previous Year 12,50,000) Equity Shares of Rs. 10 each | 12,500,000 | 12,500,000 |
| Issued,Subscribed and Paid up | | |
| 11,28,750 (Previous Year 11,28,750) Equity Shares of Rs. 10 each fully paid up | 11,287,500 | 11,287,500 |
| Total | 11,287,500 | 11,287,500 |

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

| | As at March 31, 2014 | | As at March 31, 2013 | |
|--|----------------------|-------------------|----------------------|-------------------|
| | Number of shares | Amount in | Number of | Amount in |
| Equity Shares :- | | | | |
| Balance as at the beginning of the year | 1,128,750 | 11,287,500 | 1,128,750 | 11,287,500 |
| Add: Shares Issued during the year | - | - | - | - |
| Balance as at the end of the year | 1,128,750 | 11,287,500 | 1,128,750 | 11,287,500 |



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

| Name of shareholder | As at March 31, 2014 | | As at March 31, 2013 | |
|---|----------------------|--------------|----------------------|--------------|
| | No. of shares held | % of holding | No. of shares held | % of holding |
| Holding Company | | | | |
| Welspun Natural Resources Private Limited | 1,128,750 | 100 | 1,128,750 | 100 |
| TOTAL | 1,128,750 | 100 | 1,128,750 | 100 |

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

| Name of Shareholder | As at March 31, 2014 | | As at March 31, 2013 | |
|---|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Welspun Natural Resources Private Limited (Holding Company) | 1,128,750 | 100 | 1,128,750 | 100 |
| TOTAL | 1,128,750 | 100 | 1,128,750 | 100 |

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

Note 3 Reserves And Surplus

(Amount in Rupees)

| Particulars | As at March 31, 2014 | As at March 31, 2013 |
|---|----------------------|----------------------|
| Securities Premium Reserve | | |
| Securities Premium Account | 33,562,500 | 33,562,500 |
| Profit & Loss Account | | |
| Balance as per last Balance Sheet | 4,469,594 | 4,485,477 |
| Add: Net Profit/(Net Loss) for the current period | (14,926) | (15,883) |
| | 4,454,668 | 4,469,594 |
| Total | 38,017,168 | 38,032,094 |

Note 4 Long Term Borrowings

(Amount in Rupees)

| Particulars | As at March 31, 2014 | As at March 31, 2013 |
|--|----------------------|----------------------|
| Loans and Advances from related parties | | |
| Unsecured Loan from Welspun Enterprise Limited | 37,672,670 | - |
| Payable to Holding Company - Welspun Natural Resources Private Limited | 306,932,319 | 285,000 |
| Unsecured Loan from Welspun Corp Limited | - | 35,378,000 |
| Total | 344,604,989 | 35,663,000 |

Note 5 Other Current Liabilities

(Amount in Rupees)

| Particulars | As at March 31, 2014 | As at March 31, 2013 |
|---|----------------------|----------------------|
| Other Payables | | |
| Provision for Expenses | 86,451 | 8,427 |
| Interest Payable (Welspun Corp Limited) | - | 34,893 |
| Service Tax Payable | 13,596 | - |
| TDS Payable | 111,073 | - |
| Total | 211,120 | 43,320 |



Note 6 Cash and cash equivalents

| Particulars | (Amount in Rupees) | |
|--|----------------------|----------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Balance with Banks - In Current Accounts | 90,469 | 130,976 |
| Total | 90,469 | 130,976 |

Note 7 Other Current Assets

| Particulars | (Amount in Rupees) | |
|-------------------|----------------------|----------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| Prepaid Insurance | - | 37,782 |
| Total | - | 37,782 |

Note 8 Other Expenses

| Particulars | (Amount in Rupees) | |
|----------------------------|---------------------------|------------------------------------|
| | Year ended March 31, 2014 | Previous Year ended March 31, 2013 |
| Professional Fees | 3,900 | 2,959 |
| Registration & Filing Fees | 1,605 | 3,700 |
| Audit Fees | 7,500 | 8,427 |
| Misc Expenses | 1,921 | 797 |
| Total | 14,926 | 15,883 |

Note 9 Basic and Diluted Earning Per Share

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

| Particulars | (Amount in Rupees) | |
|---|---------------------------|------------------------------------|
| | Year ended March 31, 2014 | Previous Year ended March 31, 2013 |
| Basic Earnings Per Share | | |
| Net Profit after tax (A) | (14,926) | (15,883) |
| Weighted average number of equity shares (Nos.) (B) | 1,128,750 | 1,128,750 |
| Basic Earnings Per Share of face value of Rs. 10/- each (A) / (B) | (0.01) | (0.01) |
| Diluted Earnings Per Share | | |
| Amount available for calculation of Diluted EPS (A) | (14,926) | (15,883) |
| Weighted average number of equity shares (Nos.) (B) | 1,128,750 | 1,128,750 |
| Number of Shares used for calculating Diluted EPS (B) | 1,128,750 | 1,128,750 |
| Diluted Earnings Per Share of face value of Rs. 10/- each (A) / (B) | (0.01) | (0.01) |



Note 10 Other Significant Notes

- 1 Previous year's figures are regrouped, rearranged or recast wherever considered necessary.
- 2 In the opinion of Board the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business and Provision for all the known liabilities have been made in the accounts.
- 3 The company has not recognised Deferred Tax Assets in respect of carry forward losses under the laws as the company is not certain to earn sufficient future taxable income against which deferred tax assets can be realized.
- 4 The Directorate General of Hydrocarbons have served termination notice on the ground that the designated operator in respect of the Block M/s Naftogaz India Pvt Ltd -"NIPL" had allegedly committed misrepresentation by falsely representing itself as the subsidiary of Naftogaz, Ukraine which has 10 % stake in the Block. Adani Group Companies-"Adani"-(55%) and Welspun Plastics Private Limited-"Welspun" (35%) together holding 90 % stake in the Block, have contested this notice. The Company has already made representations to the Government expressing its willingness to carry put the activities and to consider the Block as valid and live. Pending a decision from the Government on the representation made by the Company, it has been decided to carry the amount spent on the said block in the balance sheet, till the final outcome.



5 **Related Party Disclosure:-**

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

a.) **Key Management Personnel**

- | | | |
|---|---------------------|----------|
| 1 | Shri L.T.Holwani | Director |
| 2 | Shri Mohan Manikkan | Director |

- | | | |
|----|--------------------------|-------------------------------------|
| b) | Ultimate Holding Company | Welspun Enterprises Limited |
| c) | Holding Company | Welspun Natural Resources Pvt. Ltd. |

Note: A Scheme of Arrangement between Welspun Corp Limited ("WCL" or the "Demerged Company") and Welspun Enterprises Limited ("WEL" or a wholly owned subsidiary of WCL or the Resulting Company) and their respective shareholders and creditors (the "Scheme"), providing for inter alia transfer of Other Business undertakings (viz. the infrastructure business (including energy, water, road), the direct reduced iron ore (DRI), EPC contracting, oil and gas business) of WCL to WEL, was approved by the Hon'ble High Court of Gujarat at Ahmedabad on 10 January 2014. The Scheme became effective on 24 January 2014 on filing with the Registrar of Companies and consequently all the assets and liabilities of the Other Business undertakings of WCL are transferred to WEL as on the appointed date 1 April 2012.

6 **Transaction with Related Parties :**
Particulars

| | Year ended March 31, 2014 | Amount in Rupees Previous Year ended March 31, |
|-----------------------------------|------------------------------|--|
| Long Term Borrowings | | |
| Welspun Enterprises Limited | 37,672,670 | 35,378,000 |
| Welspun Natural Resources Pvt Ltd | 306,932,319 | 285,000 |
| Interest Payable | | |
| Welspun Corp Limited | - | 34,893 |

7 **Audit Fees :**

| | Year ended March 31, 2014 | Amount in Rupees Previous Year ended March 31, 2013 |
|------------------|------------------------------|--|
| Audit Fee | 7,500 | 8,427 |

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

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

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

For and on behalf of the Board of Directors

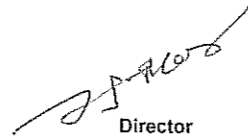


SURESH SUREKA
Partner

Membership No 34132

Place: Mumbai

Date: 09 JUN 2014

Director



Director