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# ***Welspun Holdings Private Limited***

Office Copy (signed)

*Report and  
financial  
statements*

*31 March 2016*





# **Welspun Holdings Private Limited**

## **Report and financial statements 31 March 2016**

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# **Welspun Holdings Private Limited**

## **Board of Directors and other officers**

### **Board of Directors**

Rajesh Mandawewala  
Milorad Vujnovic  
Giorgos Flourentzou

### **Company Secretary**

**CCY Services Limited**  
10, Diomidous Avenue  
Building Alphamega - Acropolis, 3rd floor  
Office 401  
2024 Nicosia  
Cyprus

### **Registered office**

10, Diomidous Avenue  
Building Alphamega - Acropolis, 3rd floor  
Office 401  
2024 Nicosia  
Cyprus

### **Auditors**

PricewaterhouseCoopers Limited  
PwC Central  
43 Demostheni Severi Avenue  
CY-1080 Nicosia  
P O Box 21612  
CY-1591 Nicosia, Cyprus  
Telephone: + 357 - 22555000  
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# Welspun Holdings Private Limited

## Report of the Board of Directors

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 March 2016.

### Principal activity

2 The principal activity of the Company, which is unchanged from last year, is the holding of investments.

### Review of developments, position and performance of the Company's business

3 The profit of the Company for the year ended 31 March 2016 was GBP£13.265 (2015: loss of GBP£5.874). On 31 March 2016 the total assets of the Company were GBP£5,648,993 (2015: GBP£5,654,922) and the net assets were GBP£5,633,457 (2015: net assets GBP£5,620,192). The financial position, development and performance of the Company as presented in these financial statements are as expected.

### Principal risks and uncertainties

4 The principal risks and uncertainties faced by the Company are disclosed in Notes 3 and 4 of the financial statements.

### Future developments of the Company

5 The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

### Results

6 The Company's results for the year are set out on page 6. The loss for the year is carried forward.

### Share capital

7 There were no changes in the share capital of the Company.

### Board of Directors

8 The members of the Board of Directors at 31 March 2016 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year ended 31 March 2016.

9 There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

# Welspun Holdings Private Limited

## Report of the Board of Directors (continued)

### Events after the balance sheet date

10 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

### Branches

11 The Company did not operate through any branches during the year.

### Independent Auditors

12 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



Giorgos Flourentzou  
Director

Nicosia,  
23 June 2016





## **Independent auditor's report**

To the Members of Welspun Holdings Private Limited

### **Report on the financial statements**

We have audited the accompanying financial statements of parent company Welspun Holdings Private Limited (the "Company"), which comprise the balance sheet as at 31 March 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the financial statements*

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements 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 entity's preparation of financial statements that give a true and fair view 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 accounting estimates made by the Board of Directors, 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*

In our opinion, the financial statements give a true and fair view of the financial position of parent company Welspun Holdings Private Limited as at 31 March 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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### **Report on other legal requirements**

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- 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 Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

### **Other matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Achilleas Chrysanthou  
Certified Public Accountant and Registered Auditor  
for and on behalf of

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Nicosia, 23 June 2016



# Welspun Holdings Private Limited

## Statement of comprehensive income for the year ended 31 March 2016

	Note	2016 GBP£	2015 GBP£
Interest income	15(i)	<u>5.797</u>	<u>6.654</u>
<b>Gross profit</b>		<b>5.797</b>	<b>6.654</b>
Administrative expenses		(10.200)	(12.501)
Other losses	5	<u>(30)</u>	<u>(27)</u>
<b>Loss before income tax</b>		<b>(4.433)</b>	<b>(5.874)</b>
Income tax credit	7	<u>17.698</u>	<u>-</u>
<b>Profit/(loss) and total comprehensive income/(loss) for the year</b>		<b><u>13.265</u></b>	<b><u>(5.874)</u></b>

The notes on pages 10 to 22 are an integral part of these financial statements.

# Welspun Holdings Private Limited

## Balance sheet at 31 March 2016

	Note	2016 GBP£	2015 GBP£
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	10	<u>5,592,760</u>	<u>5,592,760</u>
<b>Current assets</b>			
Receivables	11	53,156	57,482
Cash at bank	12	<u>3,077</u>	<u>4,680</u>
		<u>56,233</u>	<u>62,162</u>
<b>Total assets</b>		<u><b>5,648,993</b></u>	<u><b>5,654,922</b></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	13	21,626	21,626
Share premium	13	16,072,134	16,072,134
Accumulated losses		<u>(10,460,303)</u>	<u>(10,473,568)</u>
<b>Total equity</b>		<u><b>5,633,457</b></u>	<u><b>5,620,192</b></u>
<b>Current liabilities</b>			
Payables	14	5,423	6,919
Current income tax liabilities		<u>10,113</u>	<u>27,811</u>
<b>Total liabilities</b>		<u><b>15,536</b></u>	<u><b>34,730</b></u>
<b>Total equity and liabilities</b>		<u><b>5,648,993</b></u>	<u><b>5,654,922</b></u>

On 23 June 2016 the Board of Directors of Welspun Holdings Private Limited authorised these financial statements for issue.

  
Milorad Vujnovic, Director

  
Giorgos Flourentzou, Director

The notes on pages 10 to 22 are an integral part of these financial statements.

# Welspun Holdings Private Limited

## 2 Summary of significant accounting policies (continued)

### Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 April 2015. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

### Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

Revenues earned by the Company are recognised on the following bases:

**(i) Interest income**

Interest income is recognised using the effective interest method.

**(ii) Dividend income**

Dividend income is recognised when the right to receive payment is established.

### Foreign currency translation

**(i) Functional and presentation currency**

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in UK Pounds (GBP£), which is the Company's functional and presentation currency.

# Welspun Holdings Private Limited

## Notes to the financial statements

### 1 General information

#### Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at , 10, Diomidous Avenue , Building Alphamega - Acropolis, 3rd floor, Office 401, 2024 Nicosia.

#### Principal activity

The principal activity of the Company, which is unchanged from last year, is the holding of investments.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 April 2015 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The Company is not required by the Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in India and the Company does not intend to issue consolidated financial statements for the year ended 31 March 2015. A copy of the consolidated financial statements is available to the members, at Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat 370 110, India.

Since the EU 7th Directive permits the preparation of such consolidated financial statements in accordance with the Directive or in a manner equivalent to that Directive and since the Companies Law, Cap.113, provides for the aforementioned exemption, the provisions in IFRS 10 "Consolidated financial statements" requiring the preparation of such consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.



# Welspun Holdings Private Limited

## Statement of cash flows for the year ended 31 March 2016

	Note	2016 GBP£	2015 GBP£
<b>Cash flows from operating activities</b>			
Loss before income tax		(4,433)	(5,874)
Adjustments for:			
Interest income		<u>(5,797)</u>	<u>(6,654)</u>
		<b>(10,230)</b>	<b>(12,528)</b>
<b>Changes in working capital:</b>			
Receivables		2,123	323
Payables		<u>(1,496)</u>	<u>(596)</u>
<b>Cash used in operations</b>		<b>(9,603)</b>	<b>(12,801)</b>
Income tax paid		<u>-</u>	<u>-</u>
<b>Net cash used in operating activities</b>		<b><u>(9,603)</u></b>	<b><u>(12,801)</u></b>
<b>Cash flows from investing activities</b>			
Repayments received from related parties	15	5,368	9,654
Loan repayments received from related parties	15	<u>2,632</u>	<u>6,846</u>
<b>Net cash from investing activities</b>		<b><u>8,000</u></b>	<b><u>16,500</u></b>
<b>Cash flows from financing activities</b>			
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,603)</b>	<b>3,699</b>
<b>Cash and cash equivalents at beginning of year</b>		<b><u>4,680</u></b>	<b><u>981</u></b>
<b>Cash and cash equivalents at end of year</b>	12	<b><u>3,077</u></b>	<b><u>4,680</u></b>

The notes on pages 10 to 22 are an integral part of these financial statements.

# Welspun Holdings Private Limited

## Statement of changes in equity for the year ended 31 March 2016

	Note	Share capital GBP£	Share premium (1) GBP£	Accumulated losses GBP£	Total GBP£
<b>Balance at 1 April 2014</b>		<u>21.626</u>	<u>16.072.134</u>	<u>(10.467.694)</u>	<u>5.626.066</u>
<b>Comprehensive loss</b>					
Loss for the year		<u>-</u>	<u>-</u>	<u>(5.874)</u>	<u>(5.874)</u>
<b>Balance at 31 March 2015/1 April 2015</b>		<u>21.626</u>	<u>16.072.134</u>	<u>(10.473.568)</u>	<u>5.620.192</u>
<b>Comprehensive loss</b>					
Profit for the year		<u>-</u>	<u>-</u>	<u>13.265</u>	<u>13.265</u>
<b>Balance at 31 March 2016</b>		<u>21.626</u>	<u>16.072.134</u>	<u>(10.460.303)</u>	<u>5.633.457</u>

(1) The share premium reserve is not available for distribution by way of a dividend.

The notes on pages 10 to 22 are an integral part of these financial statements.

# Welspun Holdings Private Limited

## 2 Summary of significant accounting policies (continued)

### Foreign currency translation (continued)

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other losses".

### Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or 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.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is 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 transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

# Welspun Holdings Private Limited

## 2 Summary of significant accounting policies (continued)

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non current assets. The Company's loans and receivables comprise "receivables from related parties" and "cash at bank" in the balance sheet.

Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are derecognised when the rights to receive cash flows from the loans and receivables have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An allowance for loan impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. Significant financial difficulties of the borrower, probability that the borrower will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at effective interest rate. The amount of the provision is recognised in profit or loss.

### Subsidiaries at cost

Subsidiaries are all entities (including special purpose entities) in which the Company directly or indirectly, has an interest of more than one half of the voting rights, or otherwise has the power to govern the financial and operating policies so as to obtain economic benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity. The Company carries the investments in subsidiaries at cost less any impairment in its separate financial statements.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

# Welspun Holdings Private Limited

## 2 Summary of significant accounting policies (continued)

### Transactions with equity owners/subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Company's accounting policy is to recognise (a) any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries, are recognised through the profit or loss in accordance with IAS 39, 'Financial Instruments Recognition and Measurement'.

### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### Share capital

Ordinary shares are classified as equity.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

# Welspun Holdings Private Limited

## 2 Summary of significant accounting policies (continued)

### Cash at bank

Cash at bank include deposits held at call with banks.

## 3 Financial risk management

### (i) Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

The Company does not have a formal risk management policy programme, risks are monitored as part of its daily management of the business.

- **Credit risk**

Credit risk arises from cash and cash equivalents and outstanding receivables and committed transactions.

The Company does not have formal policies and procedures for managing and monitoring credit risk.

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year GBP£
<b>At 31 March 2015</b>	
Payables	<u>6,919</u>
	Less than 1 year GBP£
<b>At 31 March 2016</b>	
Payables	<u>5,423</u>

Management does not have a formal policy for managing liquidity risk.

### (ii) Capital risk management

The Company does not have formal policies and procedures for capital risk management.

The capital as defined by management at 31 March 2016 and 2015 consists of equity as shown on the face of the balance sheet.

# Welspun Holdings Private Limited

## 3 Financial risk management (continued)

### (III) Fair value estimation

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to for similar financial instruments.

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (i) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

- **Impairment of Investment in subsidiary**

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Company has used discounted cash flow analysis to check for any impairment in its subsidiary undertaking.

# Welspun Holdings Private Limited

## 5 Other (losses)/gains

	2016 GBP£	2015 GBP£
Net foreign exchange transaction losses	<u>(30)</u>	<u>(27)</u>
<b>Total other losses - net</b>	<b><u>(30)</u></b>	<b><u>(27)</u></b>

## 6 Expenses by nature

	2016 GBP£	2015 GBP£
Auditors' remuneration	4,570	5,800
Bank charges	170	189
Professional fees	1,864	4,162
Director fees	<u>3,596</u>	<u>2,350</u>
<b>Total administrative expenses</b>	<b><u>10,200</u></b>	<b><u>12,501</u></b>

The professional fees stated above do not include fees for other assurance services or other non-assurance services charged by the Company's statutory audit firm.

## 7 Income tax expense

	2016 GBP£	2015 GBP£
<b>Current tax:</b>		
Overprovision of prior years' taxes:		
Corporation tax	<u>(17,698)</u>	-
Income tax credit	<u>(17,698)</u>	-

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2016 GBP£	2015 GBP£
Loss before tax	<u>(4,433)</u>	<u>(5,874)</u>
Tax calculated at the applicable corporation tax rate of 12,5%	(554)	(734)
Tax effect of expenses not deductible for tax purposes	25	20
Tax effect of tax losses for which no deferred tax asset was recognised	529	714
Overprovision of prior years tax charge	<u>(17,698)</u>	-
Income tax credit	<u>(17,698)</u>	-

The Company is subject to income tax on taxable profits at the rate of 10% up to 31 December 2012, and at the rate of 12,5% as from 1 January 2013.

As from tax year 2012 brought forward losses of only five years may be utilised.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% as from 1 January 2012; reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.



# Welspun Holdings Private Limited

## 7 Income tax expense (continued)

Gains on disposal of qualifying titles (including shares etc) are exempt from Cyprus income tax.

Deferred tax on the Company's tax losses was not recognised since a reliable estimate of future taxable profits will be available which temporary tax differences could be utilised can not be made.

## 8 Financial instruments by category

	Loans and receivables GBP£
<b>31 March 2016</b>	
<b>Assets as per balance sheet</b>	
Receivables (excluding prepayments)	52,910
Cash at bank	<u>3,077</u>
<b>Total</b>	<u>55,987</u>
	Financial liabilities GBP£
<b>Liabilities as per balance sheet</b>	
Payables	<u>5,423</u>
	Loans and receivables GBP£
<b>31 March 2015</b>	
<b>Assets as per balance sheet</b>	
Receivables (excluding prepayments)	55,114
Cash at bank	<u>4,680</u>
<b>Total</b>	<u>59,794</u>
	Financial liabilities GBP£
<b>Liabilities as per balance sheet</b>	
Payables	<u>6,919</u>

## 9 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	<b>2016</b> <b>GBP£</b>	<b>2015</b> <b>GBP£</b>
<b>Loans and other receivables</b>		
Counterparties without external credit rating		
Group 1	<u>62,910</u>	<u>55,114</u>
	<b>2016</b> <b>GBP£</b>	<b>2015</b> <b>GBP£</b>
<b>Cash at bank and short-term bank deposits</b>		
Baa3	<u>3,077</u>	<u>4,680</u>
Group 1 – company within the group with no defaults in the past.		

None of the financial assets that are fully performing has been renegotiated in the last year.

# Welspun Holdings Private Limited

## 9 Credit quality of financial assets (continued)

None of the loans and receivables from related parties is past due or impaired.

## 10 Investment in subsidiary

	2016 GBP£	2015 GBP£
At beginning of year	5.592.760	4.000.000
Additions	<u>-</u>	<u>1.592.760</u>
At end of year	<u>5.592.760</u>	<u>5.592.760</u>

The Company's interests in its subsidiary, which is unlisted, was as follows:

Name	Principal activity	Country of Incorporation	2016 % holding	2015 % holding
Welspun Home Textiles UK Limited	Textile trading	United Kingdom	100	100

On 8 April 2014 it was resolved that the Company accepts the issuance of 1 592 760 additional ordinary shares of GBP£1 per share, out of the subsidiary's share capital in exchange of the respective amount receivable by the subsidiary as at that day.

The Company is not required by the Companies Law, Cap.113, to prepare consolidated financial statements because its holding company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in India that include the results of the Company and its subsidiary. These can be obtained from Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat 370 110, India. The Company does not intend to issue consolidated financial statements for the year ended 31 March 2016.

## 11 Receivables

	2016 GBP£	2015 GBP£
Receivables from third parties	1.372.495	1.372.495
Less: Provision for impairment of receivables	<u>(1.372.495)</u>	<u>(1.372.495)</u>
Receivables from third parties - net	-	-
Receivables from related parties (Note 15(iii))	52.910	55.114
Prepayments	<u>246</u>	<u>2.368</u>
	<u>53.156</u>	<u>57.482</u>

For details over the receivables from related parties see Note 15 (iv).

The provision has been made against the receivable of GBP£1.372.495 from a third party as management of the Company does not expect it to be repaid.

The fair value of receivables from related parties which are due within one year approximates their carrying amount at the balance sheet date.

# Welspun Holdings Private Limited

## 11 Receivables (continued)

Movements on the Company's provision for impairment of receivables from third parties are as follows:

	2016 GBP£	2015 GBP£
At 31 March 2015/ 31 March 2016	<u>1,372,495</u>	<u>1,372,495</u>

The carrying amounts of the Company's receivables are denominated in the following currencies:

	2016 GBP£	2015 GBP£
Pound Sterling - functional and presentation currency	<u>53,156</u>	<u>57,482</u>

## 12 Cash at bank

	2016 GBP£	2015 GBP£
Cash at bank	<u>3,077</u>	<u>4,680</u>

Cash and cash equivalents are denominated in the following currencies:

	2016 GBP£	2015 GBP£
Pound Sterling - functional and presentation currency	2,937	4,532
Euro	<u>140</u>	<u>148</u>
	<u>3,077</u>	<u>4,680</u>

## Non-cash transactions

There were no non-cash transactions during the current period. The principal non-cash transaction during the prior period are presented below:

On 8 April 2014, the Company subscribed for 1 592 760 additional shares of GBP£1 each in its 100% owned subsidiary, Welspun Home Textiles UK Limited. The shares had been provided in exchange of the loan receivable from its subsidiary amounting to GBP£1,592,760.

## 13 Share capital and share premium

	Share capital GBP£	Share premium GBP£	Total GBP£
At 31 March 2015/1 April 2015/31 March 2016	<u>21,626</u>	<u>16,072,134</u>	<u>16,093,760</u>

The total authorised number of ordinary shares is 41 000 shares (2014: 41 000 shares) with a par value of GBP£1 per share.

The issued share capital of Company is 21 626 shares of a nominal value of GBP£1 each. All issued shares are fully paid.

(1) The share premium reserve is not available for distribution by way of dividend.

# Welspun Holdings Private Limited

## 14 Payables

	2016 GBP£	2015 GBP£
Other payables	-	1.119
Accrued expenses	<u>5.423</u>	<u>5.800</u>
	<u>5.423</u>	<u>6.919</u>

The fair value of payables which are due within one year approximates their carrying amount at the balance sheet date.

The carrying amounts of the Company's other payables are denominated in the following currencies:

	2016 GBP£	2015 GBP£
Euro	<u>5.423</u>	<u>6.919</u>

## 15 Related party transactions

The Company is controlled by Welspun Global Brands Limited, which owns 93,06% of the Company's shares.

The following transactions were carried out with related parties:

### (i) Interest income

	2016 GBP£	2015 GBP£
Welspun Home Textiles UK Limited - subsidiary	<u>5.797</u>	<u>6.654</u>

### (ii) Directors' remuneration

The total remuneration of the Directors was as follows:

	2016 GBP£	2015 GBP£
Directors' fees (Note 6)	<u>3.596</u>	<u>2.350</u>

### (iii) Year-end balances

	2016 GBP£	2015 GBP£
Receivables from related parties (Note 11):		
Welspun Home Textiles UK Limited - subsidiary	<u>52.910</u>	<u>55.114</u>

The balance of GBP£ 52.910 bears interest of 11,4% p.a., has no security and is repayable on demand.

# **Welspun Holdings Private Limited**

## **15 Related party transactions (continued)**

### **(iv) Pledge of shares**

On 6 February 2013 the Company pledged its interest in the subsidiary Company in favour of the Bank of India for a facility provided to the subsidiary amounting to GBP£3 million for the purpose of acquiring investment in subsidiary.

On the same day, the Company's shares were pledged by its holding company in favour of the Bank of India for a facility provided to the Company's subsidiary amounting to GBP£3 million.

On 29 December 2014 the Company's pledge of shares was discharged.

## **16 Events after the balance sheet date**

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 4 to 5.

# Welspun Holdings Private Limited

## Additional information to the statement of comprehensive income

### Analysis of expenses for the year ended 31 March 2016

	2016 GBP£	2015 GBP£
<b>Administrative expenses</b>		
Auditors' remuneration	4.570	5.800
Professional fees	1.864	4.162
Directors' fees	3.596	2.350
Bank charges	170	189
	<u>10.200</u>	<u>12.501</u>



