

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF WELSPUN ZUCCHI TEXTILE LIMITED

#### Report on the Standalone Indian Accounting Standards (Ind As) Financial Statements

1. We have audited the accompanying Standalone Financial Statements of **WELSPUN ZUCCHI TEXTILE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period then ended, and a summary of significant accounting policies and other explanatory information (together referred to as "Standalone Indian Accounting Standards (Ind As) Financial Statements"), which we have signed under reference to this report.

#### Management's Responsibility for Standalone Indian Accounting Standards (Ind As) Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Indian Accounting Standards (Ind As) Financial Statements to 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 specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 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 Indian Accounting Standards (Ind As) 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 Standalone Indian Accounting Standards (Ind As) Financial Statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Indian Accounting Standards (Ind As) Financial Statements, in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Indian Accounting Standards (Ind As) Financial Statements are free from material misstatement.



6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Indian Accounting Standards (Ind As) Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Indian Accounting Standards (Ind As) Financial Statements whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Indian Accounting Standards (Ind As) Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Indian Accounting Standards (Ind As) Financial Statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Indian Accounting Standards (Ind As) Financial Statements

#### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Indian Accounting Standards (Ind As) 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, of the state of affairs of the Company as at March 31, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the period ended on that date.

#### **Other Matters**

9. The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 prepared in accordance with Ind AS included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated April 23, 2016 and April 24, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us, on which we have expressed an unmodified opinion vide our report dated April 18, 2017

Our opinion is not qualified in respect of these matters.

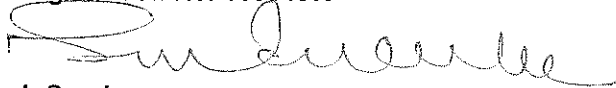
#### **Report on Other Legal and Regulatory Requirements**

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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 other comprehensive income), the Cash Flow Statement and the 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 Indian Accounting Standards specified under Section 133 of the Act
- e. on the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rules 2014, in our opinion and to the best of our information and accordingly to the explanations give to us :
- i. the Company does not have any pending litigations as at March 31, 2017 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.
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer note 8(a).

For SUREKA ASSOCIATES  
Chartered Accountants  
Firm Registration No. 110640W



Suresh Sureka  
Partner  
Membership No. 34132

Place: Mumbai  
Date: 18 April 2017



## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Welspun Zucchi Textiles Limited on the financial statements as of and for the year ended March 31, 2017

**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 Welspun Zucchi Textiles Limited ("the Company") as of March 31, 2017 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

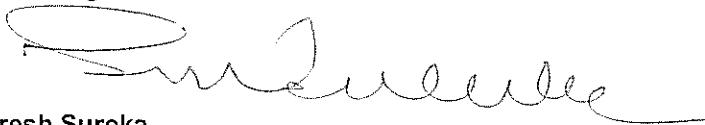
#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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, 2017, 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 and on behalf of  
**SUREKA ASSOCIATES**  
Chartered Accountants  
Firm's Registration No. 110640W



**Suresh Sureka**  
Partner  
Membership No. 34132

Place : Mumbai  
Date : 18 April 2017



**SUREKA ASSOCIATES**  
CHARTERED ACCOUNTANTS

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

**ANNEXURE B TO INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Welspun Zucchi Textiles Limited on the financial statements as of and for the year ended March 31, 2017

- 1 i. The Company is maintaining proper records showing full particulars, including quantitative detail & situation of fixed assets.
  - ii. The Company has a program for physical verification of fixed assets at period intervals. In our opinion, the period of verification is reasonable having regard to the size of the company and nature of its assets. Discrepancies reported on such verification have been properly dealt in the accounts.
  - iii. The title deed of immovable properties, as disclosed in note 2 on Property, plant and equipment to the financial statements, are held in the name of the Company.
2. The company does not have any inventory during the year & at year end. Accordingly provisions of clause 3(ii) of the said order are not applicable to the company.
3. 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.
4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
5. 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.
6. 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.
7. (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 Income tax, sales tax, Service tax, 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 other than disputed income tax demand as under :

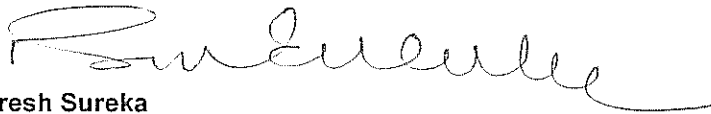
Sr No	Assessment year	Nature of Dues	Amount Rs	Forum where case is pending
1	2009-10	Income Tax	45,23,756	CIT Appeals
2	2010-11	Income Tax	50,46,588	CIT Appeals
3	2012-13	Income Tax	65,39,432	CIT Appeals

8. 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 or has not issued any debentures. Hence the question of any default does not arise.



- 9 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.
10. 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.
- 11 The Company has not paid nor provided for any managerial remuneration during the year.
12. 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.
13. 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 Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. 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.
15. 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.
16. 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 and on behalf of  
**SUREKA ASSOCIATES**  
Chartered Accountants  
Firm's Registration No. 110640W



**Suresh Sureka**  
Partner  
Membership No. 34132

Place : Mumbai  
Date : 18 April 2017



**WELSPUN ZUCCHI TEXTILE LIMITED**

Balance Sheet as at March 31, 2017

Particulars	Note No.	As At 31-Mar-17 Rs.	As At 31-Mar-16 Rs.	As At 01-Apr-15 Rs.
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipments	2	2,10,65,954	2,19,23,999	1,74,35,660
<b>Financial assets</b>				
- Investments	3	13,008	13,008	13,008
- Loan	4	1,00,00,000	1,00,00,000	1,00,00,000
- Other financial assets	5	60,00,000	30,00,000	-
<b>Other Non Current assets</b>	6	1,73,64,612	1,74,91,714	1,75,20,304
<b>Total non-current assets</b>		<b>5,44,43,574</b>	<b>5,24,28,721</b>	<b>4,49,68,972</b>
<b>Current assets</b>				
<b>Financial Assets</b>				
- Trade receivables	7	1,52,89,805	1,49,59,405	2,19,60,939
- Cash & cash equivalents	8 (a)	16,11,511	30,00,974	26,03,897
- Bank balances other than 8 (a) above	8 (b)	2,81,89,848	2,65,70,478	2,48,98,510
- Other financial assets	9	11,94,040	7,81,347	28,50,722
<b>Total -current assets</b>		<b>4,62,85,204</b>	<b>4,53,12,204</b>	<b>5,23,14,068</b>
<b>Total -assets</b>		<b>10,07,28,778</b>	<b>9,77,40,925</b>	<b>9,72,83,040</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	10	5,50,00,000	5,50,00,000	5,50,00,000
<b>Other equity</b>				
Reserves and surplus	11	4,45,81,823	4,15,15,255	4,16,13,196
<b>Total equity</b>		<b>9,95,81,823</b>	<b>9,65,15,255</b>	<b>9,66,13,196</b>
<b>Liabilities</b>				
<b>Non- current liabilities</b>				
Other non- current liabilities	12	8,40,000	8,40,000	-
<b>Total non- current liabilities</b>		<b>8,40,000</b>	<b>8,40,000</b>	<b>-</b>
<b>Current liabilities</b>				
Other current liabilities	13	3,06,955	3,85,670	6,69,844
<b>Total current liabilities</b>		<b>3,06,955</b>	<b>3,85,670</b>	<b>6,69,844</b>
<b>Total equity and liabilities</b>		<b>10,07,28,778</b>	<b>9,77,40,925</b>	<b>9,72,83,040</b>

Notes Forming Part of Financial Statements

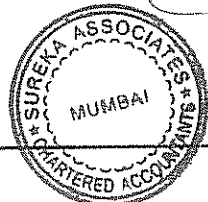
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As per our attached Report of even date

For Sureka Associates  
Firm Registration No 110640W  
Chartered Accountants

For and on behalf of the Board

Suresh Sureka  
Partner  
Membership No 34132  
Place : Mumbai  
Date : 18 APR 2017



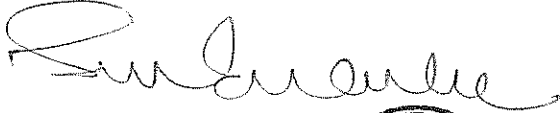



Dípali Goenka  
Director

R.R.Mandawewala  
Director



**WELSPUN ZUCCHI TEXTILE LIMITED**

**Statement of Profit and Loss for the year ended March 31, 2017**

Particulars	Note No.	Year Ended 31-Mar-17 Rs.	Year Ended 31-Mar-16 Rs.
<b>Continuing operations</b>			
Revenue From operations		-	98,267
Other income	14	56,06,064	56,54,023
<b>Total income</b>		<b>56,06,064</b>	<b>57,52,290</b>
<b>Expenses</b>			
Depreciation and amortisation Expense	2	8,58,045	7,66,988
Other expenses	15	8,71,776	44,92,008
Finance costs	16	88,661	3,840
<b>Total expenses</b>		<b>18,18,483</b>	<b>52,62,836</b>
<b>Profit before tax from continuing operations</b>		<b>37,87,581</b>	<b>4,89,454</b>
<b>Income tax expense</b>			
- Current Tax		7,21,014	2,66,293
- Prior Year Tax Adjustments		-	3,21,102
<b>Profit (loss) from continuing operations for the year</b>		<b>30,66,567</b>	<b>(97,941)</b>
Earnings Per Share Basic & Diluted		0.56	(0.02)
Notes Forming Part of Financial Statements	1-17		
As per our attached Report of even date			
For Sureka Associates Firm Registration No 110640W Chartered Accountants		For and on behalf of the Board	
 <b>Suresh Sureka</b> Partner Membership No 34132 Place : Mumbai Date : 18 APR 2017	 <b>Dipali Goenka</b> Director	 <b>R.R. Mandawewala</b> Director	
			

WELSPUN ZUCCHI TEXTILE LIMITED

Note 2 - Property, plant and equipment

	(Amt in INR)			
	Free hold Land	Free hold buildings	Electric Installation	Total
<b>Year ended 31 March 2016</b>				
Deemed cost as at 1 April 2015	34,89,608.00	1,44,27,945	-	1,79,17,553
Addition	-	-	52,55,327	52,55,327
Disposals	-	-	-	-
<b>Closing gross carrying amount</b>	<b>34,89,608</b>	<b>1,44,27,945</b>	<b>52,55,327</b>	<b>2,31,72,880</b>
<b>Accumulated Depreciation</b>				
Depreciation charge during the year	-	4,81,893	-	4,81,893
Disposals	-	4,81,893	2,85,094	7,66,988
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>9,63,787</b>	<b>2,85,094</b>	<b>12,48,881</b>
<b>Net Carrying amount</b>	<b>34,89,608</b>	<b>1,34,64,159</b>	<b>49,70,233</b>	<b>2,19,23,999</b>
<b>Year ended 31 March 2017</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount	34,89,608	1,44,27,945	52,55,327	2,31,72,880
Exchange differences	-	-	-	-
Acquisition of subsidiary (note xx)	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Closing gross carrying amount</b>	<b>34,89,608</b>	<b>1,44,27,945</b>	<b>52,55,327</b>	<b>2,31,72,880</b>
<b>Accumulated depreciation and impairment</b>				
Opening accumulated depreciation	-	9,63,787	2,85,094	12,48,881
Depreciation charge during the year	-	4,81,893	3,76,152	8,58,045
Disposals	-	-	-	-
Exchange differences	-	-	-	-
<b>Closing accumulated depreciation and impairment</b>	<b>-</b>	<b>14,45,680</b>	<b>6,61,246</b>	<b>21,06,926</b>
<b>Net carrying amount</b>	<b>34,89,608</b>	<b>1,29,82,265</b>	<b>45,94,081</b>	<b>2,10,65,954</b>



WELSPUN ZUCCHI TEXTILE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

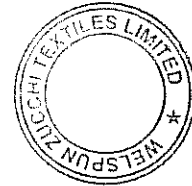
a. Equity Share Capital

Particulars	Amount
Balance as at April 1, 2015	5,50,00,000
Changes in equity share capital during the year	-
Balance as at March 31, 2016	5,50,00,000
Changes in equity share capital during the year	-
Balance as at March 31, 2017	5,50,00,000

b. Other Equity

Retained earnings

Particulars	Amount
Balance as at April 1, 2015	4,16,13,196
Profit (loss) for the year	(97,941)
Balance as at March 31, 2016	4,15,15,255
Profit for the year	30,66,567
Balance as at March 31, 2017	4,45,81,822



WELSPUN ZUCCHI TEXTILE LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	31-Mar-17		31-Mar-16	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT/(LOSS) BEFORE TAX		37,87,581		4,89,454
ADJUSTMENT FOR:				
INTEREST INCOME	(56,06,064)		(20,25,512)	
DEPRECIATION	8,58,045		7,66,988	
FINANCE EXPENSES	88,661		-	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(46,59,357)		(12,58,524)
ADJUSTMENT FOR:		(8,71,776)		(7,69,070)
OTHER CURRENT FINANCIAL ASSETS	(4,12,692)		-	
TRADE RECEIVABLE	(3,30,400)		88,10,966	
TRADE PAYABLES	(7,99,728)		5,55,826	
CASH GENERATED FROM OPERATIONS		(15,42,821)		93,66,792
LESS: DIRECT TAXES PAID		(24,14,597)		85,97,722
		(24,14,597)		22,239
EXTRA ORDINARY ITEMS:				
NET CASH FLOW FROM OPERATING INCOME		(24,14,597)		86,19,961
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
OTHER NON CURRENT ASSETS	1,27,102		-	
PURCHASE OF FIXED ASSETS	-		(52,55,327)	
MATURITY OF FIXED DEPOSIT	(30,00,000)		(46,71,968)	
INTEREST RECEIVED	56,06,064		20,25,512	
NET CASH FLOW FROM INVESTING ACTIVITIES		27,33,166		(79,01,783)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
FINANCE EXPENSES PAID	(88,661)		-	
INCOME TAX			(3,21,102)	(3,21,102)
NET CASH USED IN FINANCING ACTIVITIES		(88,661)		(3,21,102)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,29,907		3,97,076
CASH AND CASH EQUIVALENTS OPENING BALANCE		2,95,71,452		26,03,898
CASH AND CASH EQUIVALENTS CLOSING BALANCE		2,98,01,359		30,00,974
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,29,907		3,97,076
		(0)		(0)

**AUDITORS CERTIFICATE**

We have verified the above cash flow statement of WELSPUN ZUCCHI TEXTILE LIMITED derived from the audited annual financial statement and the books and records maintained by the company for the years ended 31st March, 2017 and 31st March, 2016 and found the same in agreement there with

For Sureka Associates  
Firm Registration No 110640W  
Chartered Accountants

Suresh Sureka  
Partner  
Membership No 34132  
Place : Mumbai  
Date : 18 APR 2017



For and on behalf of the Board

Dipali Goenka  
Director

R.R. Mandavewala  
Director

Note 1: Significant Accounting Policies

a) Basis of preparation of Financial Statements

a) **Compliance with Ind AS**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 17 (a) for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

b) **Historical cost convention**

The financial statements have been prepared on the accrual and going concern basis. The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that is measured at fair value.

c) **Income 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 for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent period are recognized as deferred tax assets or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred assets can be realized. Deferred tax assets are recognized on carried forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. However, in view of the uncertainty, the Company has not recognised MAT credit as an assets during the year.

d) **Investments**

Investments intended to be held for more than a year, from the date of acquisition, are classified as long term and are carried at cost. Provision for diminution in value of investments is made to recognize a decline other than temporary. Current Investments are stated at cost or fair value whichever is lower.

The cost includes acquisition charges such as brokerage, fee, duties, and reduced by pre-acquisition dividends.

e) **Revenue Recognition**

Sales of products are recognized with transfer of risk and rewards. Sales are exclusive of sales tax and net of sales return and

Export benefits claims like duty draw back and paybacks, insurance, etc. are recognized on reasonable certainty of recovery of such claims. Premium on sale of duty entitlement is recognized on sale of such entitlements.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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

f) **Contingent Liabilities**

Provisions are recognized in the accounts in respect of present probable obligation, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

g) **Lease**

**As a lessor**

The Company has leased certain tangible assets and such leases where the company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the statement of Profit and Loss on a straight line basis over the lease term which is representative of the pattern in which benefit derived from the use of the leases asset is diminished. Initial direct costs are recognised as an expense in the statement of Profit and loss in the period in which they are incurred.

h) **Cash and cash equivalents**

For the purpose or presentation in the statement of cash flow, cash and cash equivalents includes cash on hand, deposits, held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and bank overdraft.

i) **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

j) **Property, plant and equipment**

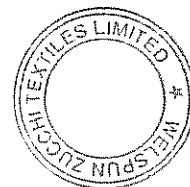
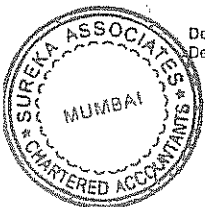
Free hold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation.

**Transition to Ind AS**

On Transition to Ind As, the company has elected to continue with carrying value of all its property, plant, and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**Depreciation**

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.



	As At 31-Mar-17 Rs.	As At 31-Mar-16 Rs.	As At 01-Apr-15 Rs.
<b>Note 3 : Financial assets</b>			
Non - current investments			
Trade and Quoted at Cost			
Investments in equity instruments ( fully paid up)			
1100 ( 31 March 2016 : 1100, 31 March 2015: 110)			
Equity Share of Welspun India Limited	11,017	11,017	11,017
5 ( 31 March 2016 : 5, 31 March 2015: 5)			
Equity Share of Welspun Investment and Commercial Ltd.	483	483	483
25 ( 31 March 2016 : 25, 31 March 2015: 25)			
Equity Share of AYM Syntex Limited	508	508	508
Trade and unquoted at Cost			
100 ( 31 March 2016 : 100, 31 March 2015: 100)			
Welspun Steel Limited	1,000	1,000	1,000
<b>Total ( equity instruments)</b>	<b>13,008</b>	<b>13,008</b>	<b>13,008</b>
<b>Total non- current investments</b>	<b>12,008</b>	<b>12,008</b>	<b>12,008</b>
Aggregate amount of quoted Investment and market value thereof	98,266	1,04,386	43,646
Aggregate amount of unquoted investment	1,000	1,000	1,000

<b>Note 4 : Loans</b>			
Unsecured, considered good			
Interest free loans to holding company			
Welspun India Limited	1,00,00,000	1,00,00,000	1,00,00,000
<b>Total loans</b>	<b>1,00,00,000</b>	<b>1,00,00,000</b>	<b>1,00,00,000</b>

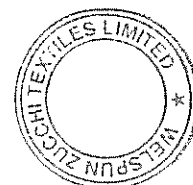
<b>Note 5 : Other Financial Assets</b>			
Balances with Scheduled Banks			
In deposit accounts original maturity more than 12 months	60,00,000	30,00,000	-
	<b>60,00,000</b>	<b>30,00,000</b>	<b>-</b>

<b>Note 6 : Other Non Current Assets</b>			
Advance Tax & TDS Net Of Provision	1,73,64,612	1,74,91,714	1,75,20,304
	<b>1,73,64,612</b>	<b>1,74,91,714</b>	<b>1,75,20,304</b>

<b>Note 7 : Trade receivables</b>			
Trade receivables	9,09,418	9,09,418	9,54,419
Receivable from related party	1,52,89,805	1,49,59,405	2,10,06,520
Less: Allowance for doubtful debts	(9,09,418)	(9,09,418)	-
<b>Total receivable</b>	<b>1,52,89,805</b>	<b>1,49,59,405</b>	<b>2,19,60,939</b>
Current Portion	1,52,89,805	1,49,59,405	2,19,60,939
<b>Break-up of security details</b>			
Unsecured Considered good	1,52,89,805	1,49,59,405	2,10,06,520
Doubtful	9,09,418	9,09,418	-
<b>Total</b>	<b>1,61,99,223</b>	<b>1,58,68,823</b>	<b>2,10,06,520</b>
Allowance for doubtful debts	(9,09,418)	(9,09,418)	-
<b>Total trade receivables</b>	<b>1,52,89,805</b>	<b>1,49,59,405</b>	<b>2,10,06,520</b>

<b>Note 8 (a) : Cash and cash equivalents</b>			
Balances with Scheduled Banks			
- In Current Accounts	15,39,233	28,90,698	25,20,779
Cash on Hand	72,278	1,10,276	83,118
<b>Total cash and cash equivalents</b>	<b>16,11,511</b>	<b>30,00,974</b>	<b>26,03,897</b>
	Specified Bank Notes (SBN)	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	95,000	4,278	99,278
Add: Permitted receipts	-	2,00,000	2,00,000
Less: Permitted payments	-	-	-
Less: Amount deposited in Banks	95,000	32,000	1,27,000
<b>Closing balance as at December 30, 2016</b>	<b>-</b>	<b>1,72,278</b>	<b>1,72,278</b>

<b>Note 8 (b) : Other bank balances</b>			
Balances with Scheduled Banks			
In deposit accounts Original maturity more than 3 months but less than 12 months	2,81,89,848	2,65,70,478	2,48,98,510
	<b>2,81,89,848</b>	<b>2,65,70,478</b>	<b>2,48,98,510</b>



Note 9 : Other financial assets

Unsecured, considered good			
Interest Receivable	9,56,521	5,41,343	3,44,343
Export Benefit Receivable			22,72,725
Security Deposit	2,37,519	2,40,004	2,33,654
<b>Total other financial assets</b>	<b>11,94,040</b>	<b>7,81,347</b>	<b>28,50,722</b>

Note 10 : Equity Share Capital

(a) Equity Share Capital

Particulars	As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.	As at 01-Apr-15 Rs.
<b>Authorised</b> 56,00,000 Equity Shares of Rs. 10 each (Previous Year 56,00,000)	5,60,00,000	5,60,00,000	5,60,00,000
	<b>5,60,00,000</b>	<b>5,60,00,000</b>	<b>5,60,00,000</b>
<b>Issued, Subscribed and Paid Up</b> 55,00,000 Equity Shares of Rs. 10 each, fully paid up (Previous Year 55,00,000)	5,50,00,000	5,50,00,000	5,50,00,000
	<b>5,50,00,000</b>	<b>5,50,00,000</b>	<b>5,50,00,000</b>

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

Particulars	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015	
	Number of shares	Amount in Rupees	Number of shares	Amount in Rupees	Number of shares	Amount in Rupees
Shares outstanding as at the opening of the year	55,00,000	5,50,00,000	55,00,000	5,50,00,000	55,00,000	5,50,00,000
Add: Shares Issued during the year	-	-	-	-	-	-
Shares outstanding as at closing of the year	55,00,000	5,50,00,000	55,00,000	5,50,00,000	55,00,000	5,50,00,000

(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, 2017		As at March 31, 2016		As at March 31, 2015	
	No. of shares held	% of holding	No. of shares held	% of holding	No. of shares held	% of holding
<b>Holding Company</b>						
Welspun India Ltd	54,99,940	100	54,99,940	100	54,99,940	100
<b>Total</b>	<b>54,99,940</b>	<b>100</b>	<b>54,99,940</b>	<b>100</b>	<b>54,99,940</b>	<b>100</b>

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

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Welspun India Ltd	54,99,940	100	54,99,940	100	54,99,940	100
<b>TOTAL</b>	<b>54,99,940</b>	<b>100</b>	<b>54,99,940</b>	<b>100</b>	<b>54,99,940</b>	<b>100</b>

(e) Terms/right 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 preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 11 : Reserves and surplus

Surplus in the Statement of Profit and Loss

	As At 31-Mar-17 Rs.	As At 31-Mar-16 Rs.	As At 01-Apr-15 Rs.
Balance as at the beginning of the year	4,15,15,256	4,16,13,196	4,49,56,503
Add : Profit / (Loss) for the year	30,66,567	(97,941)	(33,43,307)
<b>Net Profit / (Loss)</b>	<b>4,45,81,823</b>	<b>4,15,15,255</b>	<b>4,16,13,196</b>

Note 12 : Other Non-Current Liabilities

	As At 31-Mar-17 Rs.	As At 31-Mar-16 Rs.	As At 01-Apr-15 Rs.
Deposit Received From Welspun India Ltd	8,40,000	8,40,000	-
	<b>8,40,000</b>	<b>8,40,000</b>	<b>-</b>

Note 13 : Other Current liabilities

	As At 31-Mar-17 Rs.	As At 31-Mar-16 Rs.	As At 01-Apr-15 Rs.
Statutory tax payables	500	-	-
Insurance Claim Payable	2,82,620	2,82,620	2,82,620
Outstanding Liabilities	23,835	1,03,050	3,87,224
<b>Total other current liabilities</b>	<b>3,06,955</b>	<b>3,85,670</b>	<b>6,69,844</b>



	As At 31-Mar-17 Rs.	As At 31-Mar-16 Rs.
<b>Note 14 : Other Income</b>		
Rental Income	33,60,000	33,60,000
Dividend Income from equity investmens	3,725	1,375
Interest income from Deposits with Banks	22,42,339	20,25,512
Miscellaneous Receipts	-	3,090
Provision no longer required written back	-	2,64,046
<b>Total other income</b>	<b>56,06,064</b>	<b>56,54,023</b>

**Note 15 : Other expenses**

Legal and professional fees	5,20,988	4,12,300
Drainage Charges	41,762	23,646
Insurance	20,670	23,286
Power & Fuel	-	1,06,161
Repairs to machinery	-	79,319
Rates & taxes	2,00,058	5,28,663
Auditors Remuneration	14,835	1,04,786
Provision for doubtful debts	-	9,09,418
Export incentive written off	-	22,72,725
Miscellaneous Expenses	73,463	31,504
<b>Total other expenses</b>	<b>8,71,776</b>	<b>44,92,008</b>

**Note 16 : Finance Costs**

<b>Other borrowing costs</b>		
Interest and finance Charges	88,661	3,840
<b>finance cost expenses</b>	<b>88,661</b>	<b>3,840</b>

**Note 17 : Other Significant Notes**

**c Audit Fees :**

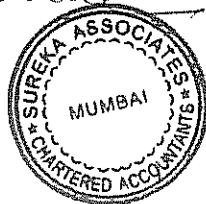
Particulars	(Amount In Rs.)	
	2016-17	2015-16
Audit Fee	14,835	1,04,766

**d Contingent Liabilities**

- a. Income tax demands pursuant to orders received for AY 2010-11 Rs. 5,046,588. The company has filed appeals against the orders which is pending before appellate authorities.
- b. Stamp Duty demand of Rs. 3,68,918/- (Previous Year Rs. 3,68,918/-) for which the Company has filed an appeal before the Hon'ble High Court of Gujarat. The Company has paid Rs. 92,230/- towards the said demand as protest money.
- e. In the opinion of the 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.
- f. Previous year figures have been regrouped/ rearranged/ recast wherever considered necessary to confirm to this year's classification.
- g. The company does not have dues payable to any Micro, Small and Medium Enterprises for the year ended March 31, 2017. The identification of Micro, Small and Medium Enterprises is based on management's knowledge of their status.
- h. Other additional information pursuant to provisions of the Companies Act, 2013, has not been furnished as the same is either nil or not applicable.

For Sureka Associates  
Firm Registration No 110640W  
Chartered Accountants

Suresh Sureka  
Partner  
Membership No 34132  
Place : Mumbai  
Date : 18 APR 2017



For and on behalf of the Board

Dipall Goenka  
Director

R.R.Mandawewala  
Director



## Note 17 : Other Significant Notes

## a. First time adoption of Ind AS

## Reconciliation of equity as at date of transition (April 1, 2015)

	Previous GAAP *	Adjustments	(Amt in INR) Ind AS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,74,35,660	-	1,74,35,660
<b>Financial assets</b>			
- Investments	13,008	-	13,008
- Loans	1,00,00,000	-	1,00,00,000
<b>Other non-current assets</b>	1,75,20,304	-	1,75,20,304
<b>Total non-current assets</b>	<b>4,49,68,972</b>	<b>-</b>	<b>4,49,68,972</b>
<b>Current assets</b>			
<b>Financial assets</b>			
- Trade receivables	2,19,60,939	-	2,19,60,939
- Cash & cash equivalents	26,03,897	-	26,03,897
- Bank balances	2,48,98,510	-	2,48,98,510
- Other financial assets	28,50,722	-	28,50,722
<b>Total current assets</b>	<b>5,23,14,068</b>	<b>-</b>	<b>5,23,14,068</b>
<b>Total assets</b>	<b>9,72,83,040</b>	<b>-</b>	<b>9,72,83,040</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	5,50,00,000	-	5,50,00,000
<b>Other equity</b>			
Reserve and surplus	4,16,13,196	-	4,16,13,196
<b>Total equity</b>	<b>9,66,13,196</b>	<b>-</b>	<b>9,66,13,196</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other current liabilities	6,69,844	-	6,69,844
<b>Total current liabilities</b>	<b>6,69,844</b>	<b>-</b>	<b>6,69,844</b>
<b>Total equity and liabilities</b>	<b>9,72,83,040</b>	<b>-</b>	<b>9,72,83,040</b>

(0)

(0)

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

(Amt in INR)

## Reconciliation of total comprehensive income for year ended March 31, 2016

	Previous GAAP *	Adjustments	(Amt in INR) Ind AS
Revenue from operations	98,267		98,267
Other Income	56,54,023	-	56,54,023
<b>Total revenue</b>	<b>57,52,290</b>	<b>-</b>	<b>57,52,290</b>
<b>Expenses</b>			
Depreciation and amortization expense	7,66,988		7,66,988
Other expenses	44,92,008		44,92,008
Finance costs	3,840		3,840
<b>Total expenses</b>	<b>52,62,836</b>	<b>-</b>	<b>52,62,836</b>
<b>Profit before tax</b>	<b>4,89,454</b>	<b>-</b>	<b>4,89,454</b>
<b>Income Tax Expense</b>			
- Current Tax	2,66,293		2,66,293
- Prior Year Tax Adjustments	3,21,102		3,21,102
<b>Total Income Tax Expense</b>	<b>5,87,395</b>	<b>-</b>	<b>5,87,395</b>
<b>Profit for the year</b>	<b>(97,941)</b>	<b>-</b>	<b>(97,941)</b>
<b>Total Comprehensive Income</b>	<b>(97,941)</b>	<b>-</b>	<b>(97,941)</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.



Note 17 : Other Significant Notes

b Related Party Disclosure:-

As per Ind As 24, the disclosure for related parties as defined in the accounting standard is given below.

i) Key Management Personnel

Dipali Goenka	Director
R.R.Mandawewala	Director

ii) Related parties with whom transaction have taken place during the year and balance outstanding as on the last day of the year

Welspun India Ltd.(Holding Company)	Amount in Rs
<b>PARTICULARS</b>	<b>31st March 2017</b>
Transactions during the year	
Reimbursement of Expenses	2,22,45,602
	(1,72,35,353)
Rent Income (Including Service Tax )	38,64,000
	(33,60,000)
<b>Closing Balance</b>	
Debtors	1,52,89,805
	(1,49,59,405)
Loan Given	1,00,00,000
	(1,00,00,000)
Deposit Received	8,40,000
	(8,40,000)

Previous year figures are given in brackets

Note: Related Parties are as disclosed by the Management and relied upon by the auditors.

