



# **Welspun Holdings Private Limited**

## **Report and financial statements 31 March 2017**

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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  
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## **Independent Auditor's Report**

To the Members of Welspun Holdings Private Limited

### **Report on the Audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Welspun Holdings Private Limited (the "Company"), which are presented on pages 5 to 21 and comprise the balance sheet as at 31 March 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of the Board of Directors' 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.

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

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

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### **Auditor's responsibility for the Audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.







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

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016, 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.

### **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 to 2016 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.

A handwritten signature in blue ink, appearing to read 'Achilleas', with a large loop above it.

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

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Nicosia, 5 May 2017



# Welspun Holdings Private Limited

## Statement of comprehensive income for the year ended 31 March 2017

	Note	2017 GBP£	2016 GBP£
Administrative expenses		(15,205)	(10,200)
Other income - net	5	<u>5,239</u>	<u>5,767</u>
<b>Loss before income tax</b>		<b>(9,966)</b>	<b>(4,433)</b>
Income tax credit	7	<u>6,909</u>	<u>17,698</u>
<b>(Loss)/profit and total comprehensive (loss)/income for the year</b>		<b><u>(3,057)</u></b>	<b><u>13,265</u></b>

The notes on pages 9 to 21 are an integral part of these financial statements.

# Welspun Holdings Private Limited

## Balance sheet at 31 March 2017

	Note	2017 GBP£	2016 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>			
Loan receivable	11	39,895	52,911
Receivables	12	2,789	246
Cash at bank	13	<u>3,197</u>	<u>3,077</u>
		<u>45,881</u>	<u>56,234</u>
<b>Total assets</b>		<u><b>5,638,641</b></u>	<u><b>5,648,994</b></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	14	21,626	21,626
Share premium	14	16,072,134	16,072,134
Accumulated losses		<u>(10,463,360)</u>	<u>(10,460,303)</u>
<b>Total equity</b>		<u><b>5,630,400</b></u>	<u><b>5,633,457</b></u>
<b>Current liabilities</b>			
Payables	15	5,037	5,424
Income tax liabilities		<u>3,204</u>	<u>10,113</u>
<b>Total liabilities</b>		<u><b>8,241</b></u>	<u><b>15,537</b></u>
<b>Total equity and liabilities</b>		<u><b>5,638,641</b></u>	<u><b>5,648,994</b></u>

On 5 May 2017 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 9 to 21 are an integral part of these financial statements.

# Welspun Holdings Private Limited

## Statement of changes in equity for the year ended 31 March 2017

	Note	Share capital GBP£	Share premium (1) GBP£	Accumulated losses GBP£	Total GBP£
<b>Balance at 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		-	-	13.265	13.265
<b>Balance at 31 March 2016/1 April 2016</b>		<u>21.626</u>	<u>16.072.134</u>	<u>(10.460.303)</u>	<u>5.633.457</u>
<b>Comprehensive loss</b>					
Loss for the year		-	-	(3.057)	(3.057)
<b>Balance at 31 March 2017</b>		<u>21.626</u>	<u>16.072.134</u>	<u>(10.463.360)</u>	<u>5.630.400</u>

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

The notes on pages 9 to 21 are an integral part of these financial statements.

# Welspun Holdings Private Limited

## Statement of cash flows for the year ended 31 March 2017

	Note	2017 GBP£	2016 GBP£
<b>Cash flows from operating activities</b>			
Loss before income tax		(9.966)	(4.433)
Adjustments for:			
Interest income	5	<u>(5.209)</u>	<u>(5.797)</u>
		<b>(15.175)</b>	<b>(10.230)</b>
Changes in working capital:			
Receivables		(2.543)	2.123
Payables		<u>(387)</u>	<u>(1.496)</u>
<b>Cash used in operations</b>		<b>(18.105)</b>	<b>(9.603)</b>
Income tax paid		<u>-</u>	<u>-</u>
<b>Net cash used in operating activities</b>		<b>(18.105)</b>	<b>(9.603)</b>
<b>Cash flows from investing activities</b>			
Loan repayments received from related parties	16(iii)	<u>18.225</u>	<u>8.000</u>
<b>Net cash from investing activities</b>		<b>18.225</b>	<b>8.000</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>120</b>	<b>(1.603)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>3.077</b>	<b>4.680</b>
<b>Cash and cash equivalents at end of year</b>	13	<b>3.197</b>	<b>3.077</b>

The notes on pages 9 to 21 are an integral part of these financial statements.

# **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 2016 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 2017. 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.

The European Commission has concluded that since parent companies are required by the EU 4th Directive to prepare their separate financial statements and since the Companies Law, Cap.113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IAS 27 "Consolidated and Separate Financial Statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.



# **Welspun Holdings Private Limited**

## **2 Summary of significant accounting policies (continued)**

### **Basis of preparation (continued)**

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

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 2016. 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 2016, 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.

### **Foreign currency translation**

#### **(i) Functional and presentation currency**

Items included in the Company's financial statements 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**

## **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.

### **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 "loan receivable", "receivables" 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 structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at banks with original maturity of three months or less.

## **3 Financial risk management**

### **(i) Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), 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.

- **Market risk**

#### **Foreign exchange risk**

Foreign exchange risk arises when future commercial transactions on recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. At the year end, the Company did not have any significant balances denominated in foreign currencies.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### **Cash flow and fair value interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's loan receivable carries fixed interest rate and is consequently not subject to cash flow interest rate risk. In addition, as the Company's loan receivable is carried at amortised cost, it is not susceptible to fair value interest rate risk.

The management assessed that in the view of the relatively low value of cash and cash equivalents and the nominal interest rates thereon at the reporting date, any sensitivity analysis to demonstrate the impact of changes in the market interest rates of the Company's results would be insignificant.

The management does not have any formal policies for managing interest rate risk.

# Welspun Holdings Private Limited

## 3 Financial risk management (continued)

### (I) Financial risk factors (continued)

- **Credit risk**

Credit risk arises primarily from the loan receivable and cash at bank. The Company has concentration of credit risk in relation to its loan receivable as it is mainly due from a single counterparty (subsidiary). Based on management assessment the counterparty has the financial capacity to repay its debts and as a result no credit risk arises.

The Company maintained its deposits with financial institutions with credit ratings as they are presented in Note 9.

- **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£
At 31 March 2016	
Payables	5,424
	Less than 1 year GBP£
At 31 March 2017	
Payables	5,037

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 2017 and 2016 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 at the reporting date, as they are short term.

## **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 income - net

	2017 GBP£	2016 GBP£
Interest income:		
Loan to subsidiary (Note 16(iii))	<u>5.209</u>	<u>5.797</u>
	<b>5.209</b>	<b>5.797</b>
Net foreign exchange gains/ (losses)	<u>30</u>	<u>(30)</u>
	<b>5.239</b>	<b>5.767</b>

## 6 Expenses by nature

	2017 GBP£	2016 GBP£
Auditors' remuneration	4.930	4.570
Bank charges	145	170
Professional fees	7.496	1.864
Director fees (Note 16 (ii))	<u>2.634</u>	<u>3.596</u>
<b>Total administrative expenses</b>	<b>15.205</b>	<b>10.200</b>

## 7 Income tax credit

	2017 GBP£	2016 GBP£
<b>Current tax:</b>		
Overprovision of prior years' taxes:		
Corporation tax	<u>(6.909)</u>	<u>(17.698)</u>
<b>Income tax credit</b>	<b>(6.909)</b>	<b>(17.698)</b>

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

	2017 GBP£	2016 GBP£
Loss before tax	<u>(9.966)</u>	<u>(4.433)</u>
Tax calculated at the applicable corporation tax rate of 12,5%	(1.246)	(554)
Tax effect of expenses not deductible for tax purposes	18	25
Tax effect of allowances and income not subject to tax	(4)	-
Tax effect of tax losses for which no deferred tax asset was recognised	-	529
Overprovision of prior years tax charge	(6.909)	(17.698)
Tax effect of tax losses carried forward	<u>1.232</u>	<u>-</u>
<b>Income tax credit</b>	<b>(6.909)</b>	<b>(17.698)</b>

The Company is subject to income tax on taxable profits at the rate of 12,5%.

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.



# Welspun Holdings Private Limited

## 7 Income tax credit (continued)

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.

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

## 8 Financial instruments by category

	Loans and receivables GBP£
<b>31 March 2017</b>	
<b>Assets as per balance sheet</b>	
Loan receivable	39.895
Cash at bank	3.197
<b>Total</b>	<b>43.092</b>
	Financial liabilities GBP£
<b>Liabilities as per balance sheet</b>	
Payables	5.037
	Loans and receivables GBP£
<b>31 March 2016</b>	
<b>Assets as per balance sheet</b>	
Loan receivable	52.911
Cash at bank	3.077
<b>Total</b>	<b>55.988</b>
	Financial liabilities GBP£
<b>Liabilities as per balance sheet</b>	
Payables	5.424

## 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:

	2017 GBP£	2016 GBP£
<b>Fully performing other receivables</b>		
Loan receivable from related party	39.895	52.910
	2017 GBP£	2016 GBP£
<b>Cash at bank and short-term bank deposits</b>		
Baa3	3.197	3.077

# Welspun Holdings Private Limited

## 9 Credit quality of financial assets (continued)

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

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

## 10 Investment in subsidiary

	2017 GBP£	2016 GBP£
At beginning of year	<u>5,592,760</u>	<u>5,592,760</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	2017 % holding	2016 % holding
Welspun Home Textiles UK Limited	Textile trading	United Kingdom	100	100

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 Loan receivable

	2017 GBP£	2016 GBP£
<b>Current</b>		
Loans to subsidiaries (Note 16(iii))	<u>39,895</u>	<u>52,911</u>

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

The carrying value of the loan receivable is denominated in GBP (£).

## 12 Receivables

	2017 GBP£	2016 GBP£
Prepayments	<u>2,789</u>	<u>246</u>

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

# Welspun Holdings Private Limited

## 12 Receivables (continued)

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

	2017 GBP£	2016 GBP£
Pound Sterling - functional and presentation currency	<u>2.789</u>	<u>246</u>

## 13 Cash at bank

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2017 GBP£	2016 GBP£
Cash at bank	<u>3.197</u>	<u>3.077</u>
	<u>3.197</u>	<u>3.077</u>

Cash and cash equivalents are denominated in the following currencies:

	2017 GBP£	2016 GBP£
Pound Sterling - functional and presentation currency	3.057	2.937
Euro	<u>140</u>	<u>140</u>
	<u>3.197</u>	<u>3.077</u>

## 14 Share capital and share premium

	Number of shares	Share capital GBP£	Share premium GBP£	Total GBP£
At 1 April 2015/ 31 March 2016/ 31 March 2017	<u>21 626</u>	<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 (2016: 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.

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

## 15 Payables

	2017 GBP£	2016 GBP£
Accrued expenses	<u>5.037</u>	<u>5.424</u>

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

# Welspun Holdings Private Limited

## 15 Payables (continued)

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

	2017 GBP£	2016 GBP£
Euro	<u>5.037</u>	<u>5.424</u>

## 16 Related party transactions

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

The following transactions were carried out with related parties:

### (i) Interest Income

	2017 GBP£	2016 GBP£
Welspun Home Textiles UK Limited - subsidiary (Note 5)	<u>5.209</u>	<u>5.797</u>

### (ii) Directors' remuneration

The total remuneration of the Directors was as follows:

	2017 GBP£	2016 GBP£
Directors' fees (Note 6)	<u>2.634</u>	<u>3.596</u>

### (iii) Loans to related parties

	2017 GBP£	2016 GBP£
Loans to subsidiary:		
At beginning of year	52.911	55.114
Loans repaid during year	(18.225)	(8.000)
Interest charged (Note 5)	<u>5.209</u>	<u>5.797</u>
At end of year	<u>39.895</u>	<u>52.911</u>

The balance of GBP£ 39.895 bears annual interest of 11,4%, has no security and is repayable on demand.

## 17 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 2 to 4.

