

Kreston MNS & Co

COPY Management

Our Ref: 1996 / A816 / SB / KA

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FINANCIAL STATEMENTS OF
WELWORTH LANKA HOLDING (PVT) LTD.
FOR THE YEAR ENDED
31ST MARCH 2015

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WELWORTH LANKA HOLDING (PVT) LTD

Report on the Financial Statements

We have audited the accompanying Financial Statements of **WELWORTH LANKA HOLDING (PVT) LTD** as at 31st March 2015, which comprise the Statement of Financial Position as at 31st March 2015, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, exhibited on pages 3 to 12.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standard applicable to Small and Medium – sized Entities and for such internal control as Management 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 Sri Lanka Auditing Standards. 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 the - 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 Management, as well as evaluating the overall presentation of the Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company as at 31st March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standard applicable to Small and Medium – sized Entities.



Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
 - We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company
 - The Financial Statements of the Company, give a true & fair view of its financial position as at 31st March 2015, and of its financial performance & cash flows for the year then ended in accordance with Sri Lanka Accounting Standard applicable to Small and Medium – sized Entities
 - The Financial Statements of the Company comply with the requirements of Section 151 of the Companies Act.

Kreston MNS & Co

CHARTERED ACCOUNTANTS

COLOMBO

8TH APRIL 2015

SB/KA/bn

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STATEMENT OF FINANCIAL POSITION AS AT

		31.03.2015 Rs.	31.03.2014 Rs.
ASSETS	Note		
Non Current Assets			
Investments in Subsidiary	4	214,999,980.00	214,999,980.00
		<u>214,999,980.00</u>	<u>214,999,980.00</u>
Current Assets			
Amounts due from Related Company	5	26,946,142.75	3,806,142.75
Amount due from Directors		20.00	20.00
Cash and Cash Equivalents	7	44,765.35	1,705.95
		<u>26,990,928.10</u>	<u>3,807,868.70</u>
Total Assets		<u>241,990,908.10</u>	<u>218,807,848.70</u>
EQUITY & LIABILITIES			
Equity			
Stated Capital	8	216,030,000.00	216,030,000.00
Retained Profit		(2,915,309.70)	(2,722,218.90)
		<u>213,114,690.30</u>	<u>213,307,781.10</u>
Current Liabilities			
Amount due to Related Company	9	28,683,425.00	5,263,425.00
Other Payables	10	192,792.80	236,642.60
		<u>28,876,217.80</u>	<u>5,500,067.60</u>
Total Equity & Liabilities		<u>241,990,908.10</u>	<u>218,807,848.70</u>

The Notes on pages 7 to 12 form an Integral part of these Financial Statements.

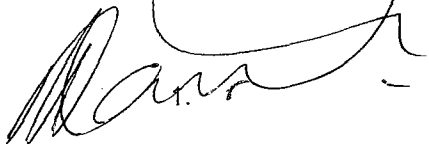
I certify that the above Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



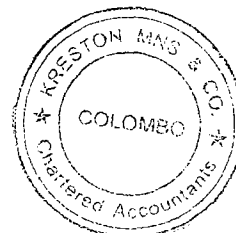
Finance Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board by



Directors

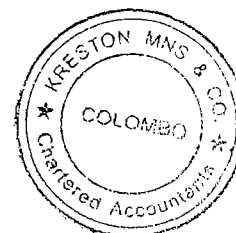



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED

		31.03.2015 Rs.	31.03.2014 Rs.
	Note		
Operating Income		-	-
Administrative Expenses		(193,090.80)	(440,237.60)
Operating Profit / (Loss) before Tax	12	(193,090.80)	(440,237.60)
Tax expense	13	-	-
Profit / (Loss) after Tax		(193,090.80)	(440,237.60)
Other comprehensive income		-	-
		-	-
Total comprehensive income for the year		(193,090.80)	(440,237.60)

The Notes on pages 7 to 12 form an Integral part of these Financial Statements.



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2015

	Stated Capital Rs.	Retained Profit Rs.	Total Rs.
Balance as at 31st March 2013	182,030,000.00	(2,281,981.30)	179,748,018.70
Shares issued during the year	34,000,000.00	-	34,000,000.00
Profit / (Loss) for the year	-	(440,237.60)	(440,237.60)
Other Comprehensive Income for the year	-	-	-
Balance as at 31st March 2014	<u>216,030,000.00</u>	<u>(2,722,218.90)</u>	<u>213,307,781.10</u>
Shares issued during the year	-	-	-
Profit / (Loss) for the year	-	(193,090.80)	(193,090.80)
Other Comprehensive Income for the year	-	-	-
Balance as at 31st March 2015	<u><u>216,030,000.00</u></u>	<u><u>(2,915,309.70)</u></u>	<u><u>213,114,690.30</u></u>

The Notes on pages 7 to 12 form an Integral part of these Financial Statements.



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

		31.03.2015 Rs.	31.03.2014 Rs.
	Note		
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before Tax		(193,090.80)	(440,237.60)
Adjustments:		-	-
Operating Profit / (Loss) before Changes in Working Capital		<u>(193,090.80)</u>	<u>(440,237.60)</u>
Increase / (Decrease) in Other Payables	10	(43,849.80)	(7,344.00)
Cash Generated from / (used in) Operations		<u>(43,849.80)</u>	<u>(7,344.00)</u>
Net Cash from / (used in) Operating Activities		<u>(236,940.60)</u>	<u>(447,581.60)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in Subsidiary	4	-	(57,300,000.00)
Net Cash from / (used) in Investing Activities		<u>-</u>	<u>(57,300,000.00)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Shares	7	-	34,000,000.00
Amount received from (Paid to) related Company	5	(23,140,000.00)	47,150,000.00
Amount received from (Paid to) related Company	9	23,420,000.00	(23,415,000.00)
		<u>280,000.00</u>	<u>57,735,000.00</u>
Net Increase / (Decrease) in Cash & Cash Equivalents		43,059.40	(12,581.60)
Cash & Cash Equivalents at the beginning of the year		1,705.95	14,287.55
Cash & Cash Equivalents at the end of the year	8	<u>44,765.35</u>	<u>1,705.95</u>

The Notes on pages 7 to 12 form an Integral part of these Financial Statements.



NOTES TO FINANCIAL STATEMENTS

NOTE 1 – CORPORATE INFORMATION

Welworth Lanka Holding (Pvt) Ltd (Formerly Puravankara Holding Lanka (Pvt) Ltd) is a Private Limited liability Company incorporated under the Companies Act No. 07 of 2007 (PB 8705) and domiciled in Sri Lanka. The address of its registered office and principal place of business is No. Level 8, East Tower, World Trade Centre, Echelon Square, Colombo 01. The Company was first registered on 01st December 2006.

The principal shareholder is Puravankara Projects Limited – India, which holds 99.99% of the shares of Welworth Lanka Holding (Pvt) Ltd.

The principal activity of Welworth Lanka Holding (Pvt) Ltd is holding Investments.

NOTE 2 - GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH SRI LANKA ACCOUNTING STANDARD FOR SMALL AND MEDIUM SIZED ENTITIES (SLFRS FOR SMES)

The Financial Statements of the Company for the year ended 31st March 2015 have been prepared in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs) issued by the Institute of Chartered Accountants of Sri Lanka. They are presented in Sri Lankan Rupees (Rs), which is also the functional currency of the Company.

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or cease operations.

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES

NOTE 3.1 - OVERALL CONSIDERATIONS

The significant accounting policies that have been used in the preparation of these Financial Statements are summarised below. These accounting policies have been used throughout all periods presented in the financial statements.

NOTE 3.2 - FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items that are measured at historical cost are not retranslated. Non-monetary items that are measured at fair value are translated at the exchange rates at the date fair value was determined.

NOTE 3.3 - EVENTS OCCURRING AFTER REPORTING DATE

All material events occurred after the reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 3.4 – REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value added taxes.

NOTE 3.5 - BORROWING COSTS

All borrowing costs are expensed in the period in which they are incurred.

NOTE 3.6 – EXPENDITURE

Expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income.

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year.

NOTE 3.7 - FINANCIAL INSTRUMENTS

Financial Assets

Other receivables and cash and cash equivalents

These financial assets are recognised initially at the transaction price.

Other Receivables

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Financial Liabilities

The Company's financial liabilities include Amounts due to Related Company and other payables. Financial liabilities are recognised initially at transaction price. After initial recognition they are measured at amortised cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

NOTE 3.8 - INCOME TAXES

Tax expense recognised in profit or loss comprises the current tax not recognised in other comprehensive income or directly in equity.

Current Taxes

The provision for income tax is based on the elements of the income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 3.9 – EQUITY AND RESERVES

The total amount received by the Company or due and payable to the Company in respect of the issue of shares are referred to as “Stated Capital”.

NOTE 3.10 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

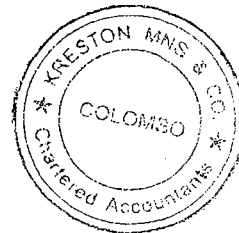
Provisions are made for all obligations existing as at the reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote.

All contingent assets are disclosed where inflow of economic benefits is probable.

NOTE 3.11 – CAPITAL COMMITMENTS

Capital commitments of the company are disclosed in the respective notes to the Financial Statements.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

31.03.2015

31.03.2014

Rs.

Rs.

NOTE 4 - INVESTMENT IN SUBSIDIARY

Welworth Project Lanka (Pvt) Ltd. (12,999,998 Shares) at Rs. 10/- each (Formerly Puravankara Projects Lanka (Pvt) Ltd)	214,999,980.00	129,999,980.00
Investment made during the year (8,500,000 shares at Rs. 10/- each)	-	85,000,000.00
	<u>214,999,980.00</u>	<u>214,999,980.00</u>

NOTE 5 - AMOUNT DUE FROM RELATED COMPANY

Welworth Project Lanka (Pvt) Ltd.	26,946,142.75	3,806,142.75
	<u>26,946,142.75</u>	<u>3,806,142.75</u>

NOTE 6 - FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial Assets

Financial Assets measured at amortised cost less impairment

	Note		
Amounts due from Related Company	5	26,946,142.75	3,806,142.75
Amount due from Directors		20.00	20.00
Cash and Cash Equivalents	7	44,765.35	1,705.95
Total		<u>26,990,928.10</u>	<u>3,807,868.70</u>

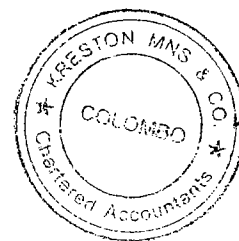
Financial liabilities

Financial Liabilities measured at amortised cost

Amount due to Related Company	9	28,683,425.00	5,263,425.00
Other Payables	10	192,792.80	236,642.60
Total		<u>28,876,217.80</u>	<u>5,500,067.60</u>

NOTE 7 - CASH AND CASH EQUIVALENTS

Cash at Bank	44,765.35	1,705.95
	<u>44,765.35</u>	<u>1,705.95</u>



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 8 - STATED CAPITAL

The stated Capital of the Company consists only of fully paid ordinary shares

All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholder meetings of the company. All shares rank equally with regard to the Company's residual assets.

	31.03.2015 Rs.	31.03.2014 Rs.
Number of Ordinary Shares issued & fully paid		
Balance on 1st April	21,603,000	18,203,000
Shares issued during the year	-	3,400,000
Balance on 31st March	<u>21,603,000</u>	<u>21,603,000</u>
Stated Capital		
Balance on 1st April	216,030,000.00	182,030,000.00
Shares issued during the year	-	34,000,000.00
Balance on 31st March	<u>216,030,000.00</u>	<u>216,030,000.00</u>

NOTE 9 - AMOUNT DUE TO RELATED COMPANY

Puravankara Projects Limited - India	28,683,425.00	5,263,425.00
	<u>28,683,425.00</u>	<u>5,263,425.00</u>

NOTE 10 - OTHER PAYABLES

Financial Liabilities

Kreston MNS & Co. - Audit Fees	96,237.00	87,964.80
-Tax Return filing charges	35,098.20	31,987.20
- Accounting Fees	54,345.60	50,265.60
Em En Es Assignments(Pvt)Ltd-Secretarial Charges	7,112.00	66,425.00
	<u>192,792.80</u>	<u>236,642.60</u>

NOTE 11 - OPERATING PROFIT / (LOSS) BEFORE TAX

is stated after charging all expenses including

Audit Fees	96,237.00	87,964.80
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NOTE 12 - TAXATION

Income Tax

The Company is liable to Income Tax @ 28% on Taxable Income.

However income tax has not been provided in view of the assessable loss for the year.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 13 - EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No Circumstances have arisen since the Statement of Financial Position date which require adjustments to or disclosure in the Financial Statements.

NOTE 14 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no Significant Contingent Assets and contingent Liabilities as at 31 March 2015

NOTE 15 - RELATED PARTY TRANSACTIONS

Details of Related Party Transactions are given below.

	31.03.2015 (Rs.)	31.03.2014 (Rs.)
Advance received from Puravankara Projects Ltd - India	23,420,000	10,585,000
Shares allotted to Puravankara Projects Ltd - India	-	34,000,000
Investment in Shares of Welworth Lanka (Pvt) Ltd	-	85,000,000
Advance given to Welworth Lanka (Pvt) Ltd	23,140,000	10,150,000



SCHEDULES

31.03.2015

31.03.2014

Rs.

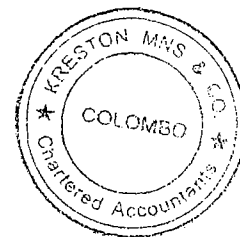
Rs.

SCH 1 - ADMINISTRATIVE EXPENSES

Secretarial Charges	7,112.00	96,020.00
Tax Fees	35,098.20	31,987.20
Audit Fees	96,237.00	87,964.80
Stamp Duty on Issue of Shares	-	170,000.00
Bank Charges	2,450.00	4,000.00
Accounting Charges	52,193.60	50,265.60
	<u>193,090.80</u>	<u>440,237.60</u>

SCH 2 - CASH AT BANK

HNB - A/C No. 003010381061

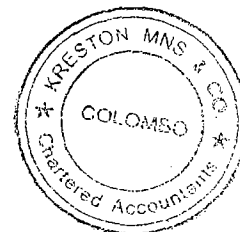
44,765.351,705.95

WELWORTH LANKA HOLDING (PVT) LTD.

YEAR OF ASSESSMENT 2014 / 2015

Rs.

Loss as per Accounts	(193,091)
Assessable / Taxable Income	<u>(193,091)</u>
Income Tax Loss brought forward from Y/A 2013/2014	2,279,744
Income tax loss for the year	193,091
Income Tax loss carried forward to Y/A 2015/2016	<u>2,472,835</u>



ANNEXURES

ANNEX 1 - LIST OF SHAREHOLDERS AS AT 31.03.2015

Name	No. of Shares
Mr. Ravi Puravankara	01
Puravankara Project Limited - India	21,602,999
	<hr/> 21,603,000 <hr/>

