# Financial Statements Force India Formula One Team Limited

**For the Year ended** 31 December 2009

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**Company No.** 02417588

# Officers and professional advisers

| | |
|---|---|
| **Company registration number** | 02417588 |
| **Registered office** | Force India Formula One Team<br>Dadford Road<br>Silverstone<br>Northamptonshire<br>NN12 8TJ |
| **Directors** | Dr Vijay Mallya<br>Michiel Mol<br>A K Ravindranath Nedungadi<br>T V Lakshmi Kanthan |
| **Secretary** | Sankaranarayanan Ramamurthy |
| **Bankers** | Fortis Bank<br>Bank House<br>18 Cherry Street<br>Birmingham<br>B2 5AL |
| | Investec Bank<br>2 Gresham Street<br>London<br>EC2V 7QP |
| **Solicitors** | Fladgate LLP<br>25 North Row<br>London<br>W1K 6DJ |
| | Travers Smith LLP<br>10 Snow Hill<br>London<br>EC1A 2AL |
| **Auditor** | Grant Thornton UK LLP<br>Chartered Accountants<br>Registered Auditor<br>Grant Thornton House<br>202 Silbury Boulevard<br>Central Milton Keynes<br>MK9 1LW |

# Contents

# Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2009

## Results and dividends

The loss for the period after taxation amounted to £40,308,000 (2008 £33,403,000) The directors do not recommend the payment of a dividend (2008 £nil)

## Principal activities and review of the business

The principal activity of the company during the year continued to be the operation of a Formula 1 team

The results for the year under review reflect a period of global economic constraints The current climate has forced F1 teams and companies alike to review its operations internally and externally Further reviewing its operations, Force India has successfully capitalised on the FOTA Resources Restriction Agreement, a cost cutting arrangement, implemented by all F1 teams in January 2010 By maximising efficiency levels in expanding its CFD & Aerodynamic development, alongside the introduction of the 24/7 wind tunnel operations programme during 2010, has provided significant improvements to the company Optimal performance has been the driving force for the company

Force India further built on its technical partnerships with Mclaren Applied Technologies, Mercedes-Benz High Performance Engines and CRL This together with its enhanced efficiency levels has resulted in the improved track performance Force India to date has achieved seven Q3 qualifying performances and fifteen Q2 qualifying performances during 2010, with still 4 races to go The team achieved a Q2 qualifying position 100% of the time during the season, against 75% during 2009, with an average qualifying position of 11th/13th in 2010 when compared to 15th/16th in 2009 This success is clearly demonstrated by the 6th position currently held in the 2010 FIA Formula One World Constructors Championship, being the best team performance since 2002 when the team was owned by Jordan

The directors believe that there are good prospects for 2011 season and beyond for the team The group will continue to build on the team successes of 2010, with clear vision and ambitions for podium finishes before the proposed Indian Grand Prix in 2011 The team's business development programme continues to develop the sponsorship markets within the Far East sector, these being more buoyant than others, with many more interested sponsors than there have been during the previous 12 months Force India is aiming to translate the success of the 2010 season and believes that there are more financial and on-track opportunities for the team

The directors continue to work to do everything necessary to ensure the future and long-term success of the Team, its staff, suppliers and customers

# Report of the directors (continued)

## Directors

The directors who served the company during the period were as follows

Dr Vijay Mallya (appointed director on 2 November 2009)
Michiel Mol
A K Ravindranath Nedungadi (appointed director on 2 November 2009)
T V Lakshmi Kanthan (appointed director on 9 January 2009)

## Going concern

The accounts have been prepared on the going concern basis as it is anticipated that the owners will continue to support the operation of the company as a Formula 1 team for the foreseeable future

## Principal risks and uncertainties

Running a Formula 1 team results in a number of specific risks and uncertainties Such risks and uncertainties include the fluctuation in revenue caused by the availability of major sponsors and the prize fund for distribution from Formula One Management between the various teams Coupled with this is the need to produce rule compliant and competitive cars, plus operate the team throughout the season, which requires significant investment Accordingly this can cause cash flow issues if sufficient revenue is not obtained This is managed through the active pursuit of all revenue opportunities underpinned by the support of the ultimate parent undertaking

## Financial risk management objectives and policies

The company uses various financial instruments which include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below The main risks arising from the company's financial instruments are interest rate risk, credit risk and liquidity risk The directors review and agree policies for managing each of these risks These policies have remained unchanged from previous years

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and for future investment

The company finances its operations through a mixture of bank borrowings and inter-company loans The company is exposed to interest rate fluctuations on the bank borrowings Interest costs are routinely reviewed and available options assessed in order to manage the risk

The balance sheet includes trade debtors and creditors which do not attract interest and are therefore subject to fair value interest rate risk

# Report of the directors (continued)

### Research and development

The company continues its programme of research and development at the forefront of the automotive and aerodynamic fields We will invest in our own chassis to stay a constructor in the Formula 1 competition

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

### Employee involvement

The company maintains a policy of regularly providing all employees with information of the company's performance

### Creditor payment policy

The company takes its opportunity to be an excellent business partner and in that perspective the company has the policy to keep in close contact with all partners and arrange payments schedules with all of them individually

### Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,

- make judgements and estimates that are reasonable and prudent,

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

# Report of the directors (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

**Auditor**

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 489 of the Companies Act 2006

ON BEHALF OF THE BOARD

T V Lakshmi Kanthan
Director

12 October 2010
Date

Grant Thornton



# Report of the independent auditor to the members of Force India Formula One Team Limited

We have audited the financial statements of Force India Formula One Team Limited for the year ended 31 December 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 20 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

## Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

## Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year ended 31 December 2009,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

## Emphasis of matter

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in the accounting policies relating to the company's ability to continue as a going concern The company and the group of which it is a member incurred a net loss of £40,308,000 during the year ended 31 December 2009 (2008 net loss of £33,403,000) and, at that date, the company's net current liabilities were £16,172,000 and the company's net liabilities were £15,566,000 These conditions indicate that the continued support of the company's ultimate parent, Orange India Holdings Sarl, is necessary if the business is to continue as a going concern Orange India Holdings Sarl is in turn dependant upon continued financial support from its owners and related entities

Grant Thornton



# Report of the independent auditor to the members of Force India Formula One Team Limited (continued)

Orange India Holdings Sarl has confirmed that it will continue to provide financial support to the group of which this company is a member and since 31 December 2009 it has provided a further £15,800,000 of financial support In the current economic climate there is no evidence available to us to confirm that Orange India Holdings Sarl will receive the continued support it needs from its shareholders and in turn that continued support will therefore be available to Force India Formula One Team Limited This material uncertainty may cast significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP.

John Corbishley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
**Central Milton Keynes**

14 October 2010

# Principal accounting policies (continued)

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses Such cost includes costs directly attributable to making the asset capable of operating as intended Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal installments over their estimated useful economic lives as follows

| | |
|---|---|
| Freehold buildings | 2% per annum |
| Leasehold land and buildings | life of lease |
| Leasehold improvements | 4-20% per annum reducing balance |
| Plant and equipment | 10-30% per annum reducing balance |
| Road vehicles | 20% per annum reducing balance |
| Computer equipment | 4 years |

Freehold land is not depreciated

### Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term Lease incentives are recognised over the shorter of the lease term and the date of the next rent review

### Stocks

Stocks are stated at the lower of cost and net realisable value

### Pension costs

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The amount charged against profit represents the contributions payable to the scheme in respect of the accounting year

### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

# Principal accounting policies (contmued)

### Financial Instruments

Denvatnve mstruments utihsed by the company are forward exchange contracts The company does not enter mto speculatnve denvatve contracts All such mstruments are used for hedgmg purposes to alter the nsk profile of an existmg underlymg exposure of the company m lne with the company's nsk management polces

In accordance with FRS 25 the loans from Orange India Holdmgs Sarl, the ultmate parent undertakmg, are shown as compound financial mstruments In hne with the standard the equity element of this loan is presented as equity within "Other reserves"

### Taxation

The charge for taxation is based on the profit for the year and takes mto account taxation deferred Current tax is measured at amounts expected to be paid usmg the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

# Profit and loss account

| | Note | 2009 £000 | 2008 £000 |
|---|---|---|---|
| **Turnover** | 1 | **31,454** | 37,023 |
| **Cost of sales** | | **(62,699)** | (60,126) |
| **Gross loss** | | **(31,245)** | (23,103) |
| Administrative expenses | | **(8,261)** | (9,427) |
| **Operating loss** | 2 | **(39,506)** | (32,530) |
| Interest receivable | | **7** | 120 |
| Interest payable and similar charges | 5 | **(809)** | (993) |
| **Loss on ordinary activities before taxation** | | **(40,308)** | (33,403) |
| Tax on loss on ordinary activities | 6 | **-** | - |
| **Loss for the financial year** | 16 | **(40,308)** | (33,403) |

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

# Balance sheet

| | Note | 2009 £000 | Proforma 2009 £000 | 2008 £000 |
|---|---|---|---|---|
| **Fixed assets** | | | | |
| Tangible assets | 7 | **10,562** | **10,562** | 11,886 |
| **Current assets** | | | | |
| Stocks | 8 | **322** | **322** | 688 |
| Debtors | 9 | **11,005** | **11,005** | 10,962 |
| Cash at bank | | **276** | **276** | 6,922 |
| | | **11,603** | **11,603** | 18,572 |
| **Creditors amounts falling due within one year** | 10 | **(27,775)** | **(27,775)** | (27,738) |
| **Net current liabilities** | | **(16,172)** | **(16,172)** | (9,166) |
| **Total assets less current liabilities** | | **(5,610)** | **(5,610)** | 2,720 |
| **Creditors: amounts falling due after more than one year** | 11 | **(9,956)** | **(9,956)** | (7,550) |
| | | **(15,566)** | **(15,566)** | (4,830) |
| **Capital and reserves** | | | | |
| Called up share capital | 15 | **10** | **10** | 10 |
| Other reserves | 16 | **105,177** | **25,177** | 75,605 |
| Profit and loss account | 16 | **(120,753)** | **(40,753)** | (80,445) |
| **Shareholders' deficit** | | **(15,566)** | **(15,566)** | (4,830) |

The proforma information shows the balance sheet at 31 December 2009 as if the £80,000,000 of loans from the ultimate parent, Orange India Holdings, had been waived in the year In accordance with FRS 25, these loans are presented as equity within Other reserves as set out on Note 16

These financial statements were approved by the directors and authorised for issue on 12 October 2010 and are signed on their behalf by

T V Lakshmi Kanthan
Director
Company number - 02417588

**The accompanying accounting policies and notes form part of these financial statements.**

# Notes to the financial statements

## 1 Turnover

Turnover and loss on ordinary activities were derived from the principal activity of the company All turnover arose in the UK and relates to continuing activities

Turnover includes barter transactions amounting to £674,000 (2008 £127,000)

## 2 Operating loss

Operating loss is stated after charging/(crediting)

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Depreciation of fixed assets - owned | **1,508** | 1,763 |
| Depreciation of fixed assets - leased | **292** | 365 |
| Hire of plant and machinery | **434** | 531 |
| Research and development expenditure | **19,298** | 17,913 |
| Auditors' remuneration | | |
| - Audit of financial statements | **30** | 25 |
| - Other services relating to taxation | **2** | 2 |
| Net gain on foreign currency translation | **(766)** | (1,385) |

## 3 Employee remuneration

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Wages and salaries | **11,931** | 10,015 |
| Social security costs | **1,260** | 1,090 |
| Pension costs | **534** | 372 |
| | **13,725** | 11,477 |

The average number of persons employed by the company (including directors) during the year was as follows

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Production | **74** | 80 |
| Design | **132** | 120 |
| Race team and testing | **42** | 48 |
| Administration | **37** | 40 |
| | **285** | 288 |

## 4 Directors

Remuneration in respect of directors was as follow

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Emoluments | **70** | 71 |

Emoluments of highest paid director

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Total emoluments (excluding pension contributions) | **70** | 71 |

No directors accrued benefits under company pension schemes (2008 none)

## 5 Interest payable and similar charges

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Interest payable on bank borrowings | **692** | 737 |
| Finance lease and hire purchase interest | **109** | 149 |
| Other similar charges payable | **8** | 107 |
| | **809** | 993 |

## 6 Taxation

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 28 5%)

The differences are explained as follows

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Loss on ordinary activities before taxation | **(40,308)** | (33,403) |
| Loss on ordinary activities multiplied by the standard rate of tax | **(11,286)** | (9,520) |
| Expenses not deductible for tax purposes | **2,240** | 2,189 |
| Depreciation in excess of capital allowances | **1,344** | 1,291 |
| Enhance R&D qualifying expenditure | **(1,820)** | (1,782) |
| Unrelieved tax losses | **9,522** | 7,822 |
| Total current tax | **-** | - |

The company has unprovided deferred tax assets of approximately £30 7m (2008 £21 2m) relating to trading losses that are available for carry forward against future trading profits Given the uncertainty as to the company's ability to utilise these losses the directors have not recognised any related deferred tax asset

## 7 Tangible fixed assets

| | Freehold land & buildings £000 | Plant, equipment, fixtures and road vehicles £000 | Computer equipment £000 | Total £000 |
|---|---|---|---|---|
| Cost | | | | |
| At 1 January 2009 | 7,507 | 14,259 | 6,225 | 27,991 |
| Additions | 98 | 190 | 188 | 476 |
| At 31 December 2009 | 7,605 | 14,449 | 6,413 | 28,467 |
| Depreciation | | | | |
| At 1 January 2009 | 3,076 | 7,954 | 5,075 | 16,105 |
| Charge for the period | 279 | 1,245 | 276 | 1,800 |
| At 31 December 2009 | 3,355 | 9,199 | 5,351 | 17,905 |
| Net book value | | | | |
| **At 31 December 2009** | **4,250** | **5,250** | **1,062** | **10,562** |
| At 31 December 2008 | 4,431 | 6,305 | 1,150 | 11,886 |

Included within the net book value of £10,562,000 is £1,241,000 (2008 £1,533,000) relating to assets held under finance leases and hire purchase agreements The depreciation charged to the financial statements in the period in respect of such assets amounted to £292,000 (2008 £365,000)

Freehold land and buildings includes £2,062,000 (2008 £2,062,000) of land which is not depreciated

## 8 Stocks

| | **2009 £000** | 2008 £000 |
|---|---|---|
| Spares and parts | **322** | 688 |

## 9 Debtors

| | **2009 £000** | 2008 £000 |
|---|---|---|
| Trade debtors | **203** | 569 |
| Other debtors | **3,320** | 460 |
| Prepayments and accrued income | **7,482** | 9,933 |
| | **11,005** | 10,962 |

## 10 Creditors: amounts falling due within one year

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Bank loans | 9,248 | 8,714 |
| Trade creditors | 5,140 | 7,029 |
| Other taxation and social security | 464 | 2,128 |
| Amounts due under finance leases | 339 | 317 |
| Other creditors | 4,292 | 2,226 |
| Accruals and deferred income | 8,292 | 7,324 |
| | 27,775 | 27,738 |

The bank loans are guaranteed by Watson Limited and personally guaranteed by Dr Vijay Mallya Watson Limited holds 50% of the share capital of the immediate parent company, Orange India Holdings Sarl

## 11 Creditors: amounts falling due after more than one year

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Amounts due under finance leases | 987 | 1,326 |
| Other loans | 8,969 | - |
| Banks loans | - | 6,224 |
| | 9,956 | 7,550 |

Other loans include £8,969,000 due to Modall Securities Limited, a company administered in Switzerland, and part of the group of companies including Watson Limited This loan is unsecured, interest free and has no fixed repayment date The earliest date on which repayments are expected to begin is January 2011

## 12 Capital commitments

Future capital commitments are repayable as follows

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Amounts payable within 1 year | 9,248 | 8,714 |
| Amounts payable between 1 and 2 years | 8,969 | 6,224 |
| | 18,217 | 14,938 |

## 13 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements net of future finance lease charges are as follows

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Finance leases and hire purchase agreements are analysed as follows | | |
| Due within 1 year | **426** | 426 |
| Due within 2 - 5 years | **1,117** | 1,543 |
| | **1,543** | 1,969 |
| Less finance charges allocated to future period | **(217)** | (326) |
| | **1,326** | 1,643 |

## 14 Commitments under operating leases

The annual commitments under non-cancellable operating leases are as follows

| | 2009 Land and buildings £000 | 2009 Other £000 | 2008 Land and buildings £000 | 2008 Other £000 |
|---|---|---|---|---|
| *Leases which expire* | | | | |
| Within one year | **50** | **107** | 2,967 | 52 |
| Within two to five years | **120** | **10** | 60 | - |
| | **170** | **117** | 3,027 | 52 |

## 15 Share capital

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Authorised, allotted and called up | | |
| 10,000 ordinary shares of £1 each | **10** | 10 |

## 16 Reconciliation of movements in shareholders' funds

| | Share Capital | Other reserves | Profit and Loss account | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| As at 1 January 2009 | 10 | 75,605 | (80,445) | **(4,830)** |
| Loss for the financial year | - | - | (40,308) | **(40,308)** |
| Increase in equity component of financial instrument | - | 29,572 | - | **29,572** |
| As at 31 December 2009 | **10** | **105,177** | **(120,753)** | **(15,566)** |

## 17 Pensions

The company contributed to defined contribution schemes for the benefit of some employees The assets of the scheme are administered by trustees in funds independent from those of the company Contributions paid during the year amounted to £481,000 (2008 291,000)

## 18 Related party transactions

During the year, the company received sponsorship income of £3,499,670 from Kingfisher Airlines plc The company also charged £103,907 to Kingfisher Airlines plc in respect of other services At 31 December 2009 £77,864 (2008 £nil) was due to the company from Kingfisher Airlines plc

During the year, the company received sponsorship income of £3,000,000 from Whyte & Mackay plc The company also charged £4,892 to Whyte & Mackay plc in respect of other management services At 31 December 2009 £nil (2008 £11,202) was due to the company from Whyte & Mackay plc

During the year, the company charged £39,179 to United Spirits Limited in respect of other management services At 31 December 2009 £nil (2008 £13,000) was due to the company from United Spirits Limited

The companies listed above are related to Force India Formula One Limited by virtue of common directorships

Included in creditors due within one year of the balance sheet are bank loans of £9,248,000 These bank loans are guaranteed by Watson Limited and personally guaranteed by Dr Vijay Mallya Watson Limited holds 50% of the share capital of the immediate parent company, Orange India Holdings Sarl

Included in creditors due after more than one year of the balance sheet are other loans of £8,969,000 These loans are due to Modall Securities Limited a company administered in Switzerland, and part of the group of companies including Watson Limited

## 19 Ultimate controlling party

The ultimate parent undertaking and controlling party is Orange India Holdings Sarl, a company incorporated in Luxembourg

## 20 Contingent liabilities

The company has received certain invoices for commission from Kodewa GmbH & Co, a company in which Dr C Kolles, a former director, may be considered interested The total value of the invoices is US$578,310 and €834,447 Payment of these invoices is disputed by the company because the board have been informed by the previous owner of the company, Spyker Cars NV, and a previous director of the company, that the company had no agreement to pay Kodewa GmbH & Co the amounts claimed in the invoices at the time they are alleged to have been earned Spyker Cars NV, has given an indemnity to Orange India Holdings Sarl, the company's ultimate holding company, in respect of losses that may be incurred by the company Further, the claim has been novated by Kodewa GmbH & Co to Spyker Cars NV No amounts have been provided in the financial statements in relation to these invoices