WENDT

WENDT MIDDLE EAST FZE

DIRECTORS REPORT

The Directors are pleased to present the Seventh Annual Report and Audited Accounts for the year ended 31st March'2015.

Key Financials Summary: -
(AED in Lacs)

Particulars	31.03.2015	31.03.2014	% change
Sales	37.72	25.22	50%
Other Income	1.71	1.01	69%
Profit /(Loss)	8.30	6.61	25%
Profit % on sales	**22%**	**26%**	

Business Operations: -

During the current financial year, your Company's sales are at 37.72 lacs AED, a growth of over 50% over year sales. This has been possible due to special focus on sales in the Middle East market and Private labelling initiative. During the year, your Company continued its focus on cost control measures coupled with increasing market share and increased its share on high contribution products. Accordingly, your Company has reported profit of 8.30 lacs AED which is 25% higher than the last year's profit.

The effect of low oil prices was visible in last quarter, major economies in Middle East cut back on projects spending and many major construction projects are either going slow or stalled. Continued effects of Arab spring in many countries in Middle East have taken their toll on socio economic aspect. Countries like Syria, Tunisia, Libya and Yemen are going through major upheavals. Due to low oil prices China is dumping steel and cement in Middle East markets which has severely affected local industry

UAE, Saudi Arabia and Qatar are primarily driven by oil and construction. The continued downward spiral in the crude oil prices has taken up inflation up by 10-12% on an average compared to last year.UAE and Qatar have postponed their construction activities to 2016.

Euro got devalued almost by 35% on an average against AED. Major currencies are going through corrections.

Your company's increased focus on Trading and Private Labelling activity has translated into good profits during the year by mix of high contribution products. This has been possible due to new products and customers developed in OEM and Auto Markets.

For Financial year 2015-16, the Company has embarked on below strategies to consolidate and grow business:

1. Focus on Industrial ceramics Products
2. Focus on countries like Oman and Saudi Arabia for oil and gas, steel related applications.
3. Focus on South Africa
4. Focus on Turkey market for Cutting tool and automobile related applications

Human Resource: -

During the current year, your Company has continued its lean employee strength to be efficient and profitable. To enhance individual and organizational value your Company lays great emphasis on Flexibility and multi- tasking skills apart from keeping employee costs at the minimum.

Directors: -

As per law and Company's Articles of Association one third of the Directors will retire by rotation at its Annual General Meeting. During the Seventh Annual General Meeting Mr. M S Venkatesh, Director, retires by rotation and being eligible, offers himself for reappointment.

Auditors: -

Fuller International, Certified Public Accountants, appointed as the Auditors of the Company are due for retirement at the forthcoming Annual General Meeting. During the year, the company has received a request from M/s Stuart & Hamlyn to be appointed as the statutory auditor of Wendt Middle East, Sharjah for the financial year 2015-16.Your Directors recommend their appointment as statutory auditors of the Company for the financial year 2015-16.

Acknowledgement: -

The Board of Directors will like to place on record their appreciation for the support, co-operation and guidance extended to the Company by Wendt India Ltd, the Company's parent Company and its Associates and Group Companies. The Directors will like to convey their sincere appreciation to the Hamriyah Free Zone Authorities (HFZA), Government Departments, the Bankers, Customers, Suppliers auditors and employees for their continued support and cooperation.

SHARJAH
16th APRIL'2015

RAJESH KHANNA
AUTHORIZED DIRECTOR

Our Ref: JV-52/15

Independent Auditor's Report

To the Shareholder
Messrs Wendt Middle East FZE
P.O. Box 50732
Hamriyah Free Zone, Sharjah, United Arab Emirates

Report on the financial statements

We have audited the accompanying financial statements of Messrs Wendt Middle East FZE - Sharjah, U.A.E. (The Establishment), 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.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 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 and fair presentation of the financial statements 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 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 opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Messrs Wendt Middle East FZE - Sharjah, U.A.E as of 31st March, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Also, in our opinion, the Establishment has maintained proper books of account and the physical inventory was properly conducted. We obtained all information and explanations which we considered necessary for our audit. According to the information available to us there were no contraventions during the year of UAE Federal Commercial Companies Law No. 8 of 1984 as amended or regulations of Hamriyah Free Zone - Sharjah which might have materially affected the financial position of the Establishment or the results of its operation for the year.

FULLER INTERNATIONAL INTERNATIONAL فلـر انترناشيونال محاسبون قــانونيون PUBLIC ACCOUNTANTS
FULLER INTERNATIONAL
CERTIFIED PUBLIC ACCOUNTANTS

ISSUED IN DUBAI ON 16TH APRIL, 2015

WENDT MIDDLE EAST FZE - HAMRIYAH FREE ZONE, SHARJAH - U.A.E.
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH, 2015

Assets	**Note**	**2015 AED**	**2014 AED**	**2015 INR**	**2014 INR**
Current assets					
Inventory	4	37,066	15,762	630789	268238
Goods in transit		153,230	-	2607668	0
Accounts receivable	5	573,882	700,915	9766324	11928171
Related party - Wendt (India) Limited - India	6	125,951	-	2143434	0
Prepayments and deposits refundable	7	96,630	91,047	1644449	1549438
Cash and cash equivalents	8	1,096,505	237,073	18660322	4034508
Total		2,083,264	1,044,797	35,452,987	17,780,355
Non-current assets					
Property, plant and equipment - net carrying amount	9	10,047	7,987	170980	135923
Intangible assets - computer software	10	1,199	-	20405	0
Total		**11,246**	**7,987**	191,384	135,923
Total assets		**2,094,510**	**1,052,784**	**35,644,371**	**17,916,278**
Liabilities and equity					
Current liabilities					
Accounts payable	10	607,332	259,915	10335576	4423233
Provision for employees leave and passage		51,713	49,666	880052	845216
Related party - Wendt (India) Limited - India	6	-	143,515	0	2442338
Total		659,045	453,096	11,215,628	7,710,788
Non-current liabilities					
Provision for employees end of service benefits	11	71,312	65,267	1213588	1110714
Total liabilities		730,357	518,363	12,429,215	8,821,502
Equity					
Capital	13	1,200,000	1,200,000	20421600	20421600
Statutory reserve	14	149,025	66,052	2536107	1124073
Accumulated losses		15,128	(731,631)	257448	(12450896)
Total equity	15	1,364,153	534,421	23,215,156	9,094,777
Total liabilities and equity		**2,094,510**	**1,052,784**	**35,644,371**	**17,916,278**

The notes attached herewith form part of these financial statements.

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 17.018

WENDT MIDDLE EAST FZE - HAMRIYAH FREE ZONE, SHARJAH - U.A.E.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2015

	Note	2015 AED	2014 AED	2015 INR	2014 INR
Revenue		3,772,117	2,521,866	64193887	42917116
Direct Cost		(2,120,043)	(1,324,384)	(36078892)	(22538367)
Gross profit		1,652,074	1,197,482	28,114,995	20,378,749
Operating, administrative and general expenses	14	(988,525)	(637,609)	(16822718)	(10850830)
(Loss)/gain on foreign currency exchange		(5,252)	(679)	(89379)	(11555)
Other income	15	171,435	101,123	2917481	1720911
Gain on disposal of property, plant and equipment		-	200	0	3404
Net profit before statutory reserve		829,732	660,517	14,120,379	11,240,678
Statutory reserve		(82,973)	(66,052)	(1412035)	(1124073)
Net profit for the year		**746,759**	**594,465**	**12,708,345**	**10,116,605**

The notes attached herewith form part of these financial statements.

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 17.018

WENDT MIDDLE EAST FZE - HAMRIYAH FREE ZONE, SHARJAH - U.A.E.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2015

	Capital AED	Statutory reserve AED	Accumulated profit AED	Total AED	Capital INR	Statutory reserve INR	Accumulated profit INR	Total INR
Balance at 31st March, 2013	1,200,000	-	(1,326,096)	(126,096)	20,421,600	-	(22,567,502)	(2,145,902)
Net profit for the financial year 2013/2014	-	-	660,517	660,517	-	-	11,240,678	11,240,678
Transfer to statutory reserve	-	66,052	(66,052)	-	-	1,124,073	(1,124,073)	
Balance at 31st March, 2014	1,200,000	66,052	(731,631)	534,421	20,421,600	1,124,073	(12,450,896)	9,094,777
Net profit for the financial year 2014/2015	-	-	829,732	829,732	-	-	14,120,379	14,120,379
Transfer to statutory reserve	-	82,973	(82,973)	-	-	1,412,035	(1,412,035)	-
Balance at 31st March, 2015	**1,200,000**	**149,025**	**15,128**	**1,364,153**	20,421,600	2,536,107	257,448	23,215,156

The notes attached herewith form part of these financial statements.

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 17.018

WENDT MIDDLE EAST FZE - HAMRIYAH FREE ZONE, SHARJAH - U.A.E.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH, 2015

	Note	2015 AED	2014 AED	2014 INR	2013 INR
Operating activities					
Net profit for the year		746,759	594,465	12,708,345	10,116,605
Adjustments for:					
Statutory reserve		82,973	66,052	1,412,035	1,124,073
Depreciation and amortisation		6,035	8,191	102,704	139,394
Provision for employees end of service benefits		6,045	6,956	102,874	118,377
Gain on disposal of property plant and equipment		-	(200)	-	(3,404)
Net cash flow before changes in operating assets and liabilities		841,812	675,464	14,325,957	11,495,046
Changes in operating assets and liabilities:					
Inventory		(21,304)	2,473	(362,551)	42,086
Goods in transit		(153,230)	0	(2,607,668)	-
Prepayments and deposits refundable		(5,583)	7,850	(95,011)	133,591
Accounts receivable		127,033	(353,681)	2,161,848	(6,018,943)
Accounts payable		347,417	9,822	5,912,343	167,151
Related party - Commercial transactions		(143,515)	(233,977)	(2,442,338)	(3,981,821)
Provision for employees leave and passage		2,047	-	34,836	-
Net cash generated from operating activities		994,677	107,951	16,927,413	1,837,110
Investing activities					
Payment for purchase of property, plant and equipment		(7,794)	(5,106)	(132,638)	(86,894)
Proceeds from sale of property, plant and equipment		(1,500)	200	(25,527)	3,404
Net cash (used in)/generated from investing activities		(9,294)	(4,906)	(158,165)	(83,490)
Financing activities					
Net movement in related party - Non-commercial transactions		-	55,687	-	947,681
Net movement in bank loan		(125,951)	(164,246)	(2,143,434)	(2,795,138)
Net cash (used in) financing activities		(125,951)	(108,559)	(2,143,434)	(1,847,457)
(Decrease)/increase in cash and cash equivalents		859,432	(5,514)	14,625,814	(93,837)
Cash and cash equivalents at the beginning of the year		237,073	242,587	4,034,508	4,128,346
Cash and cash equivalents at the end of the year	8	**1,096,505**	**237,073**	**18,660,322**	**4,034,508**

The notes attached herewith form part of these financial statements.

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 17.018

Note 1 General information

1.1 Formation

WENDT MIDDLE EAST FZE (FREE ZONE ESTABLISHMENT) - (The Establishment) was formed as a Free Zone Establishment at Hamriyah Free Zone, Sharjah, U.A.E. on 24th September, 2008 in accordance with the provisions of United Arab Emirates Federal Law No. (8) of 1984 concerning commercial companies as amended and the Free Zone Regulations of the Emirate of Sharjah. The Establishment was registered in the trade registry on 24th September, 2008.

1.2 Activities

The Company is licensed to operate:

Under Industrial license - Trade license No. 4426
- To carry on the business of refining/servicing of diamond and CBN grinding wheels and tools.

Under Commercial license - Trade license No. 3135
- Import/Export/Trading in diamond and CBN grinding wheels and tools,Abrasive grinding wheels, Industrial ceramics, Hand tools, Machine tools and Accessories.

1.3 Address

The registered address of the Company is P.O. Box 50732, Sharjah, United Arab Emirates.

1.4 Shareholders

In accordance with the share certificate issued by the Hamriyah Free Zone Authority, the Establishment is owned by Messrs. Wendt (India) Limited, an entity incorporated under the law of Republic of India.

Note 2 Summary of significant accounting policies

2.1 Statement of compliance

The financial statements of the Establishment have been prepared in accordance with "International Financial Reporting Standard for Small and Medium-sized Entities" (IFRS for SMEs). The principal accounting policies applied in the preparation of these financial statements are set out below.

The preparation of financial statements in conformity with IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in process of applying the Establishment's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note (3).

New and amended standards and interpretations	**Effective date**
Amendments to the current standards:	
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 January 2014
Annual Improvements 2010-2012 Cycle	1 Jul 2014
Annual Improvements 2011-2013 Cycle	1 Jul 2014
New interpretations:	
IFRIC 21 Levies	1 January 2014

New or revised standards but not yet effective:

IFRS 9 Financial Instruments	Beginning or after 1 Jan 2018
IFRS 14 Regulatory Deferral Accounts	Beginning or after 1 Jan 2016
IFRS 15 Revenue from Contracts with Customers	Beginning or after 1 Jan 2017
Amendment to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	Beginning or after 1 Jan 2016
Amendment to IFRS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	Beginning or after 1 Jan 2016
Amendment to IFRS 16 and IAS 41 Agriculture: Bearer Plant	Beginning or after 1 Jan 2016
Amendment to IFRS 19 Defined Benefits Plans: Employees Contribution	Beginning or after 1 Jul 2014

2.2 Basis of preparation and presentation

These financial statements have been prepared prudently and consistently on the assumption that the Establishment as an entity shall continue in business for the foreseeable future and taking into account expenses and income related to the financial year irrespective whether they have been paid and received and in accordance with historical cost convention under which assets are shown at or below its original cost to the Establishment and no allowance has been made to cover its replacement cost.

2.3 Foreign currency translation

a - Functional and presentation currency

Items included in the financial statements of the Establishment are measured using the currency of the primary economic environment in which the Entity operates - United Arab Emirates Dirhams (AED).

b - Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within ''finance income or costs''. All other foreign exchange gains and losses are presented in profit or loss within "other (losses)/gains - net".

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short term highly liquid investments and instruments with original maturities of three months or less. Bank overdrafts are shown within borrowings in the current liabilities on the statement of financial position.

2.5 Trade receivables

Trade receivables are recognised initially at the transaction price and subsequently stated net of any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Establishment will not be able to collect all amounts due according to the original terms of the receivables.

2.6 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical costs less accumulated depreciation and any accumulated impairment losses. Historical costs includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

The Company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefit to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The assets' residual values useful lives and depreciation methods are reviewed, and adjusted, if there is an indication of significant change since the last reporting date.

The assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than the estimated recoverable amount.

Gain and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the other gain/losses - net in the statement of comprehensive income.

Depreciation:

Items of property, plant and equipment are depreciated on a straight - line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that the Company will obtain ownership by the end of the lease term. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the assets is completed and ready for use. The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Expected useful life (years)	Annual rate (%)
Plant and machinery	4	25
Leasehold improvements	4	25
Furniture and fixtures	3	33.33
Computers	3	33.33

2.8 Intangible assets

Computer Software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

2.9 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2.10 Impairment of non financial asset other than inventories

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that an asset may be impaired, the carrying value of the asset (or Cash-Generating Unit (CGU) to which the asset has been allocated) is tested for impairment. An impairment loss 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 (or CGU'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 (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Trade payables

Trade payables are recognised initially at the transaction price and stated at the date of financial position at their nominal value.

2.12 Provisions

Provision for restructuring costs and legal claims are recognised when the Establishment has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

2.13 Employees benefit obligations

The liability has been recognised in the statement of financial position in respect of Employees leave, passage and end of service benefits on time basis in full for every employee in the service of the Establishment at the end of the reporting period in accordance with the provisions of the Labour Law of the United Arab Emirates.

2.14 Share capital

Ordinary shares are classified as equity.

2.15 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services rendered in the ordinary course of the Establishment's activities. Revenue is shown net of sale returns, rebates and discounts.

The Establishment recognises revenue when; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria of recognition of revenue have been met for each of the Establishment's activities detailed under Note (1.2).

Note 3 Judgment and key sources of estimation

No significant judgments have had to be made by management in preparing these financial statements. Management has, however, had to make key assumptions regarding the recoverable amount of impaired trade receivables.

Note 4 Inventory

	2015 AED	2014 AED	2015 INR	2014 INR
Inventory at cost	37,066	24,923	630,789	424,140
Allowance for impairment of inventory	-	(9,161)	-	(155,902)
Total	37,066	15,762	630,789	268,238

Note 5 Accounts receivable

	2015 AED	2014 AED	2015 INR	2014 INR
Trade debtors	608,924	739,342	10,362,669	12,582,122
Allowance for doubtful debts	(35,042)	(38,427)	(596,345)	(653,951)
Total	573,882	700,915	9,766,324	11,928,171

5.1 Trade debtors

The average credit period on sales is 60 days. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade debtors include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Establishment has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

The ageing analysis of trade debtors are as follows:	2015 AED	2014 AED	2015 INR	2014 INR
1 to 3 months	383,609	697,717	6,528,258	11,873,748
3 months and above	225,315	41,625	3,834,411	708,374
Total	608,924	739,342	10,362,669	12,582,122
Average age (days)	59	107	59	107

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 17.018

Note 6 Related parties

The Establishment enters into transactions with other parties that fall within the definition of a related party contained in International Financial Reporting Standards (IAS 24). Such transactions are carried out with such parties in the normal course of business and at terms that correspond to those on normal arm's length transactions with other parties.

Messrs Wendt (India) Ltd - India is a Related Party in the manner described under Note (2.9). Related party transactions and balance outstanding at 31st March, 2015 are as follows:

Transactions:	2015 AED	2014 AED	2015 INR	2014 INR
Commercial Transactions				
Purchase of merchandise during the year	2,223,455	1,319,405	37,838,757	22,453,634
Non-Commercial Transactions				
Net funding from related party during the year	71,685	17,148	1,219,935	291,825
Payments to Related Party:				
Payment to Related party towards purchase account	2,492,921	1,469,883	42,424,530	25,014,469
Payments to Related party towards settlement of fundings	71,685	100,647	1,219,935	1,712,811
Related Party Balance:				
Balance on purchase account - Due from/(to)	125,951	(143,515)	2,143,434	(2,442,338)

Note 7 Prepayments and deposits refundable

	2015 AED	2014 AED	2015 INR	2014 INR
Prepayments	62,946	50,113	1,071,215	852,823
Deposits refundable	33,684	40,934	573,234	696,615
Total	96,630	91,047	1,644,449	1,549,438

Note 8 Cash and cash equivalents

	2015 AED	2014 AED	2015 INR	2014 INR
Cash on hand	21,357	239	363,453	4,067
Bank current account balances	1,075,148	236,834	18,296,869	4,030,441
Total	1,096,505	237,073	18,660,322	4,034,508

Note 9 Property, plant and equipment

Cost	Plant and , machinery AED	Leasehold improvements AED	Furniture & fixtures AED	Computers AED	Total AED
At 31st March, 2013	27,305	27,380	14,841	5,999	75,525
Additions during the year	-	-	1,499	3,607	5,106
Disposals during the year	-	-	(1,399)	-	(1,399)
At 31st March, 2014	27,305	27,380	14,941	9,606	79,232
Additions during the year	-	-	4,589	3,205	7,794
	27,305	27,380	19,530	12,811	87,026
Depreciation	**25%**	**25%**	**33.33%**	**33.33%**	

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 17.018

At 31st March, 2013	19,316	25,673	14,552	4,912	64,453
Charge for the year	5,379	1,707	386	719	8,191
Related to disposals	-	-	(1,399)	-	(1,399)
At 31st March, 2014	24,695	27,380	13,539	5,631	71,245
Changes for the year	2,610	-	744	2,380	5,734
At 31st March, 2015	7,989	1,707	289	1,087	11,072
Net carrying amount					
At 31st March, 2015	-	-	5,247	4,800	10,047
At 31st March, 2014	2,610	-	1,402	3,975	7,987

Cost	Plant and , machinery INR	Leasehold improvements INR	Furniture & fixtures INR	Computers INR	Total INR
At 31st March, 2013	464,676	465,953	252,564	102,091	1,285,284
Additions during the year	-	-	25,510	61,384	86,894
Disposals during the year	-	-	(23,808)	-	(23,808)
At 31st March, 2014	464,676	465,953	254,266	163,475	1,348,370
Additions during the year	-	-	78,096	54,543	132,638
At 31st March, 2015	464,676	465,953	332,362	218,018	1,481,008
Depreciation	**25%**	**25%**	**33.33%**	**33.33%**	
At 31st March, 2013	328,720	436,903	247,646	83,592	1,096,861
Charge for the year	91,540	29,050	6,569	12,236	139,394
Related to disposals	-	-	(23,808)	-	(23,808)
At 31st March, 2014	420,260	465,953	230,407	95,828	1,212,447
Change for the year	44,417	-	12,661	40,503	97,581
As 31st March 2015	464,676	465,953	243,068	136,331	1,310,029
Net carrying amount					
At 31st March, 2015	-	-	89,293	81,686	170,980
At 31st March, 2014	44,417	-	23,859	67,647	135,923

Note 10 **Intangible assets - computer software**

	2015 AED	2014 AED	2015 INR	2014 INR
At 1st April	2,850	2,850	48,501	48,501
Additions during the year	1,500	-	25,527	-
At 31st March,	4,350	2,850	74,028	48,501
Amortisation (3 year - 33.33%)				
At 1st April	2,850	2,850	48,501	48,501
Additions for the year	301		5,122	-
At 1st April	3,151	2,850	53,624	48,501
Net carrying amount	1,199	-	20,405	-

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 17.018

Note 11 Accounts payable

	2015 AED	2014 AED	2015 INR	2014 INR
Bills payable	21,000	17,500	357,378	297,815
Salaries payable	-	10,171	-	173,090
Agency fee payable	-	70,057	-	1,192,230
Accrued expenses	52,216	19,630	888,612	334,063
Advance from customers	507,100	142,557	8,629,828	2,426,035
Other payable	27,016	-	459,758	-
Total	607,332	259,915	10,335,576	4,423,233

Note 12 Provision for employees end of service benefits

	2015 AED	2014 AED	2015 INR	2014 INR
Balance at the beginning of the year	65,267	58,311	1,110,714	992,337
Charge for the year	6,045	6,956	102,874	118,377
Balance at 31st December,	71,312	65,267	1,213,588	1,110,714

Note 13 Capital

The capital of the Establishment AED 1,200,000 (INR 20421600) is made up of 8 fully paid up shares of AED 150,000 each (INR 2552700) (See Note 1.4).

Note 14 Statutory reserve

In accordance with Article 192 of the U.A.E. Commercial Company Law of 1984, as amended, 10% of the net profit has been set aside as statutory reserve of capital nature for the Company which shall remain indivisible until dissolution and liquidation of the Company. The appropriation to this reserve may be discontinued when it accumulates to 50% of the capital of the Company.

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 17.018

Note 15	**Operating, administrative and general expenses**	2015 AED	2014 AED	2015 INR	2014 INR
	Payroll and related costs	224,414	164,964	3,819,077	2,807,357
	Rent and leases	120,229	97,308	2,046,057	1,655,988
	Management fees	56,582	-	962,912	-
	Trade license and related expenses	16,140	6,969	274,671	118,598
	Travelling and conveyance	106,736	74,229	1,816,433	1,263,229
	Communication	28,130	20,255	478,716	344,700
	Business promotions	303,291	143,906	5,161,406	2,448,992
	Bad and doubtful debts	-	40,546	-	690,012
	Other general expenses	114,763	56,044	1,953,037	953,757
	Finance and related costs	12,205	25,197	207,705	428,803
	Depreciation and amortisation	6,035	8,191	102,704	139,394
	Total	988,525	637,609	16,822,718	10,850,830

Note 16	**Other income**	2015 AED	2014 AED	2015 INR	2014 INR
	Freight charges reimbursement	165,793	91,144	2,821,465	1,551,089
	Provision no longer required written back	5,642	9,979	96,016	169,823
	Total	171,435	101,123	2,917,481	1,720,911

Note 17 Financial risk management

The Establishment has exposure to the following risks from use of its financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Establishment’s exposure to each of the above risks, the Establishment’s objectives, policies and processes for measuring and managing risk, and the Establishment’s management of capital. Further quantitative disclosures are included throughout these financial statements.

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 17.018

The Management has overall responsibility for the establishment and oversight of the Establishment's risk management framework. The Management is responsible for developing and monitoring the Establishment's risk management policies.

The Establishment's risk management policies are established to identify and analyse the risks faced by the Establishment, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Establishment's activities.

17.1 Credit risk

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of (A) are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Credit risk is limited to the carrying amount of financial assets comprising of cash and cash equivalents, trade debtors and deposit refundable. The management continuously review all financial assets portfolios in order to assess reliability and risks associated therewith.

The maximum exposure to credit risk at the reporting date was:

	2015 AED	2014 AED	2015 INR	2014 INR
Accounts receivable - Net of provision	573,882	700,915	9,766,324	11,928,171
Deposits refundable	33,684	40,934	573,234	696,615
Bank current account balances	1,075,148	236,834	18,296,869	4,030,441
Total	1,682,714	978,683	28,636,427	16,655,227

17.2 Liquidity risk

Liquidity risk is the risk that the Establishment will not be able to meet its financial obligations as they fall due. The Establishment's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Establishment's business and reputation.

The following are the contractual maturities of financial liabilities of the Establishment at the reporting date:

	Carrying amount AED	Contractual cash flows AED	Less than 1 year AED	More than 1 year AED
Accounts payable	607,332	607,332	607,332	-
Employees leave and passage	51,713	51,713	51,713	-
Employees end of service benefits	71,312	71,312	-	71,312
Total	730,357	730,357	659,045	71,312

	Carrying amount INR	Contractual cash flows INR	Less than 1 year INR	More than 1 year INR
Accounts payable	10,335,576	10,335,576	10,335,576	-
Employees leave and passage	880,052	880,052	880,052	-
Employees end of service benefits	1,213,588	1,213,588	-	1,213,588
Total	12,429,215	12,429,215	11,215,628	1,213,588

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 17.018

17.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Establishment's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Establishment's exposure to market risk arises from:

Currency risk

The Establishment is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of Establishment. The Establishment is not exposed to exchange rate risk on transactions relating to US $ as AED is currently pegged to US $. At the reporting date all the transactions in financial assets and financial liabilities are denominated in the functional currency of the Establishment and therefore the Establishment is not exposed to currency risk.

Interest rate risk

The Establishment is exposed to interest rate risk when it borrows funds at floating interest rates. The Establishment does not have any interest bearing borrowings at the reporting date.

Note 18 Approval of financial statements

These financial statements were approved by the board of directors and authorised for issue on 16th April, 2015.

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 17.018