



Company's Audit Financial
Statement Summary Sheet

Company Information			
Company Name	Welspun Middle East DMCC		
Portal Account No.	109226		
Customer License No.	DMCC-31592		
Financial Information (Amount in UAE - Dirham)			
Year Start Date	1/4/2015	Year End Date	31/03/2016
Total Share Capital	200,000	Reserves	-
Retained Earnings/(Accumulated Losses) for the financial year	4,109,211	Shareholders current account/Loans	-
		Total Equity (System Calculated)	3,909,211
Fixed Assets (Net)	149,934	Total Depreciation	73,154
Current Assets	4,172,397	Non-Current Assets excluding Fixed Assets	-
		Total Assets (System Calculated)	4,322,331
Current Liabilities	543,406	Non-Current Liabilities	7,688,136
		Total Liabilities (System Calculated)	8,231,542
Annual Sales/Annual Turnover	-	Cost of Revenue/ Goods Sold	-
Total Salaries	3,609,669	All other expenses	2,702,405
		All other income	5,877,956
Gross Profit/Loss	-	Net Profit/Loss	434,117
Auditor's Information			
Audit Firm Name	RSM DAHMAN AUDITORS		
Auditor's Signature	<i>RSM Dahman</i>	Date	26 April 2016
Auditor's Seal			

Note - Figures have been converted using standard rate @ 3.67.

Welspun Middle East DMCC
Dubai, United Arab Emirates

MANAGER'S REPORT
AND
AUDITED FINANCIAL STATEMENTS
31 March 2016

Welspun Middle East DMCC
MANAGER'S REPORT & AUDITED FINANCIAL STATEMENTS
31 March 2016

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**MANAGER'S REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

I have pleasure in presenting this report and the audited financial statements of Welspun Middle East DMCC ("the Company") for the year ended 31 March 2016.

LEGAL STATUS AND ACTIVITIES

Welspun Middle East DMCC ("the Company") is a company registered with Dubai Multi Commodities Centre under certificate No. 2501. The Company was incorporated on 25 January 2011 and it was granted a trading license on 9 March 2011. The Company's licensed activity is trading in steel products.

The registered address of the Company is Unit No 3007-3008, Oaks Liwa Heights, Cluster W, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

FINANCIAL RESULTS AND FUTURE OUTLOOK

The Company is currently engaged in marketing activities. During the year, the Company has earned a commission revenue of USD 1,601,623 (2014-15: USD 2,843,883) and it incurred a loss of USD 118,288 (2014-15: profit of USD 253,403).

The Company's net equity is in deficit. However the Parent Company is committed to meet all the Company's obligations, present and future in order to commence and maintain operations and thus, accordingly these financial statements have been prepared on going concern basis.

The detailed results are set out in the statement of comprehensive income and related notes.

MANAGEMENT RESPONSIBILITY

As the Manager of the Company, I confirm that management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as we determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I am also responsible for keeping proper financial records in line with the laws and regulations of Dubai Multi Commodities Centre, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

As the Manager of the Company, I have approved these financial statements on 26 April 2016.

INDEPENDENT AUDITORS

The independent auditors of the Company, RSM Dahman, have indicated their willingness to continue in office.

Ashish Guwalani
Manager



Date: 26 April 2016

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF
Welspun Middle East DMCC**

Report on the Financial Statements

We have audited the accompanying financial statements of Welspun Middle East DMCC ("the Company") which comprise the statement of financial position as at 31 March 2016 and the related statements of comprehensive income, changes in equity and 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 and the applicable requirement and provisions of the DMCC Company Regulation No. (1/03) issued by the Government of Dubai, 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.

Auditors' 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 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 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 the reasonableness of accounting estimates made by the 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 presents fairly, in all material respects, the financial position of the Welspun Middle East DMCC ("the Company") as at 31 March 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Contd...

Independent Auditors' Report contd...

Report on other legal and regulatory compliance

We further confirm that we have obtained all information and explanations that we deemed necessary for our audit, that proper financial records have been kept by the Company and that the information contained in the Manager's report in so far as they relate to the financial statements are in agreement therewith. We are not aware of any violations of the DMCC Company Regulation No. (1/03) have occurred during the year ended 31 March 2016, which may have had a material adverse effect on the business of the Company or its financial position.

RSM Dahman

RSM Dahman

Dubai

26 April 2016

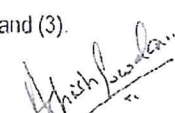


WELSPUN MIDDLE EAST DMCC

STATEMENT OF FINANCIAL POSITION
31 March 2016

	Note	31 March 2016 USD	31 March 2015 USD
ASSETS			
NON CURRENT ASSETS			
Fixed assets	3	40,854	58,063
CURRENT ASSETS			
Advances, deposits and prepayments	4	169,160	146,183
Amounts due from related parties	8(a)	834,230	814,831
Bank balances and cash	5	133,503	160,215
		1,136,893	1,121,229
Total assets		1,177,747	1,179,292
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	54,496	54,496
Accumulated losses		(1,119,676)	(1,001,388)
(Deficit) in equity		(1,065,180)	(946,892)
NON CURRENT LIABILITIES			
Employees' end of service benefits	7	94,860	36,108
Loan from related party	8(c)	2,000,000	2,000,000
		2,094,860	2,036,108
CURRENT LIABILITIES			
Amounts due to related parties	8(b)	106,146	66,857
Other payables		41,921	23,219
		148,067	90,076
Total equity and liabilities		1,177,747	1,179,292

The independent auditors' report is set out on pages (2) and (3).


Ashish Guwalani
Manager



The attached notes 1 to 12 form part of these financial statements.

WELSPUN MIDDLE EAST DMCC

STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 March 2016

		<i>Year ended 31 March 2016 USD</i>	<i>Year ended 31 March 2015 USD</i>
INCOME STATEMENT			
Revenue	9	<u>1,601,623</u>	<u>2,843,883</u>
EXPENSES			
General and administration expenses	10	1,618,243	2,523,623
Finance costs		<u>101,668</u>	<u>66,857</u>
		<u>1,719,911</u>	<u>2,590,480</u>
(LOSS) / PROFIT FOR THE YEAR		<u>(118,288)</u>	<u>253,403</u>
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified subsequently to profit or loss:</i>		-	-
Other comprehensive income		<u>-</u>	<u>-</u>
Net other comprehensive income not to be reclassified subsequently to profit or loss		<u>-</u>	<u>-</u>
<i>Items that will be reclassified subsequently to profit or loss:</i>		-	-
Net other comprehensive income to be reclassified subsequently to profit or loss		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		<u>(118,288)</u>	<u>253,403</u>

The attached notes 1 to 12 form part of these financial statements.

WELSPUN MIDDLE EAST DMCC

STATEMENT OF CHANGES IN EQUITY
Year Ended 31 March 2016

	<i>Share capital USD (Note 6)</i>	<i>Accumulated losses USD</i>	<i>Total USD</i>
Balance at 1 April 2014	54,496	(1,254,791)	(1,200,295)
<i>Comprehensive Income</i>			
Profit for the year	-	253,403	253,403
Total comprehensive income	-	253,403	253,403
<i>Transactions with Owner:</i>			
Total transactions with owner	-	-	-
As at 31 March 2015	<u>54,496</u>	<u>(1,001,388)</u>	<u>(946,892)</u>
<i>Comprehensive Income</i>			
(Loss) for the year	-	(118,288)	(118,288)
Total comprehensive loss	-	(118,288)	(118,288)
<i>Transaction with Owner:</i>			
Total transactions with owner	-	-	-
As at 31 March 2016	<u>54,496</u>	<u>(1,119,676)</u>	<u>(1,065,180)</u>

Figures in (brackets) indicate debits

The attached notes 1 to 12 form part of these financial statements.

WELSPUN MIDDLE EAST DMCC

STATEMENT OF CASH FLOWS
Year Ended 31 March 2016

	Year ended 31 March 2016 USD	Year ended 31 March 2015 USD
OPERATING ACTIVITIES		
(Loss) / Profit for the year	(118,288)	253,403
Adjustment for:		
Depreciation of fixed asset	19,933	28,436
Provision for employees' end of service benefits	69,996	26,530
Operating (Loss) / Profit before working capital changes:	(28,359)	308,369
(Increase) in advances, deposits and prepayments	(22,977)	(29,141)
(Increase) in Amount due from related party	(19,399)	(814,831)
Increase in other payables	18,702	8,736
Increase in amount due to related party	39,289	35,286
Cash from operating activities	(12,744)	(491,581)
Employees end of service benefits (paid)	(11,244)	-
Net cash (used in) operating activities	(23,988)	(491,581)
INVESTING ACTIVITIES		
(Purchase) of fixed assets	(2,724)	(1,866)
Cash flow (used in) investing activities	(2,724)	(1,866)
FINANCING ACTIVITIES		
Loan from related party	-	1,550,000
Repayment of loan from related party	-	(942,000)
Cash flow from financing activities	-	608,000
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(26,712)	114,553
Cash and cash equivalents at the beginning of the year	160,215	45,662
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	133,503	160,215
REPRESENTED BY		
Bank balances and cash	133,503	160,215

The attached notes 1 to 12 form part of these financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Welspun Middle East DMCC ("the Company") is a company registered with Dubai Multi Commodities Centre under certificate No. 2501. The Company was incorporated on 25 January 2011 and it was granted a trading license on 9 March 2011. The Company's licensed activity is trading in steel products.

The registered address of the Company is Unit No 3007-3008, Oaks Liwa Heights, Cluster W, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

These financial statements are consolidated together with the financial statements of the Parent Company. - (Welspun Tradings Ltd.)

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

These financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standards (IFRSs) issued and adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee of the IASB enforce at 31 March 2016 and the requirements of the local laws and regulations.

Accounting convention

The financial statements are prepared under the historical cost convention except for the measurement at fair values of financial assets at fair value through profit or loss including those designated as such upon initial recognition and those classified as held for trading, investment properties.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

The financial statements have been presented in the UAE Dirham which is the Company's presentation and functional currency.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

31 March 2016

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.2 Changes in accounting policies and disclosures

a) New and amended standards, and interpretations effective for the first time and applied but with no material effect on the financial statements:

For the preparation of these financial statements, the following new or amended pronouncements are effective for the first time for the financial year beginning on or after 1 April 2016. The application of these amended IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 19 titled *Defined Benefit Plans: Employee Contributions* (issued in November 2013)
- Annual improvements 2010-2012 cycle:
 - Amendment to IFRS 2 (*Annual Improvements to IFRSs 2010–2012 Cycle*, issued in December 2013)
 - Amendment to IFRS 3 (*Annual Improvements to IFRSs 2010–2012 Cycle*, issued in December 2013)
 - Amendment to IAS 24 (*Annual Improvements to IFRSs 2010–2012 Cycle*, issued in December 2013)
 - Amendment to IFRS 8 (*Annual Improvements to IFRSs 2010–2012 Cycle*, issued in December 2013)
 - Amendment to IAS 16 and IAS 38 (*Annual Improvements to IFRSs 2010–2012 Cycle*, issued in December 2013)
- Annual Improvements to IFRSs 2011–2013 Cycle
 - Amendment to IFRS 13 (*Annual Improvements to IFRSs 2010–2012 Cycle*, issued in December 2013)
 - Amendment to IAS 40 (*Annual Improvements to IFRSs 2011–2013 Cycle*, issued in December 2013)
 - Amendment to IFRS 3 (*Annual Improvements to IFRSs 2011–2013 Cycle*, issued in December 2013)
 - Amendment to IFRS 13 (*Annual Improvements to IFRSs 2011–2013 Cycle*, issued in December 2013)

b) New and amended standards, and interpretations issued but not yet effective and not early adopted:

The Company has not applied the following new or amended pronouncements that have been issued by the IASB but are not yet effective for the financial year beginning 1 April 2016.

The Management anticipate that the new standards and amendments will be adopted in the Company financial statements when they become effective. The Company has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

- Amendments to IAS 1 titled *Disclosure Initiative* (issued in December 2014)
- Amendments to IAS 16 and IAS 38 titled *Clarification of Acceptable Methods of Depreciation and Amortisation* (issued in May 2014)
- Amendments to IAS 16 and IAS 41 titled *Agriculture: Bearer Plants* (issued in June 2014)
- Amendment to IFRS 5 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)
- Amendment to IFRS 7 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)
- Amendments to IFRS 10 and IAS 28 titled *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued in September 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 28 titled *Investment Entities*
- Amendments to IFRS 11 titled *Accounting for Acquisitions of Interests in Joint Operations* (issued in May 2014) –
- IFRS 9 *Financial Instruments* (issued in July 2014)

Topics covered by these standards/interpretations are either not relevant for the preparations of this set of IFRS financial statements or the Company does not foresee that the application of these standards/interpretations will result in a significant impact on figures and disclosures on the reporting period they will be adopted except in certain cases where it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

31 March 2016

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.3 Significant accounting policies and disclosures

Fixed assets and depreciation

Fixed assets are initially recorded at cost. Subsequent to the initial recognition all fixed assets are carried at cost less accumulated depreciation less impairment losses. Cost includes the purchase price and related expenses.

Depreciation on all fixed assets is calculated at rates to write off their cost over their useful lives. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Office equipment	3 years
Furniture and fixture	3 years

Impairment of tangible assets

At the end of every period, the Company reviews the carrying amount of its tangible assets to determine whether there is any indication of the impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss, if any. Where it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the estimated recoverable amount of an asset (or cash generating unit) is less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Impairment loss is recognized immediately.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior periods. A reversal of the impairment loss is recognized immediately in the profit or loss.

Financial assets*Initial recognition and measurement:*

The Company recognizes financial assets on its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets are recognized at fair value which is normally the transaction price.

Subsequent measurement:

Subsequent measurement of financial assets depends on how they have been treated on initial recognition. IAS 39 prescribes classification of the financial assets in one of the following four categories:

- a) *Financial assets at fair value through profit and loss:* Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives. All changes in fair value relating to assets at fair value through profit and loss are charged to the profit or loss as incurred.

For the year ended on 31 March 2016, the Company did not carry any financial assets classified in this category.

- b) *Loans and receivables:* Loans and receivables and amount due from related parties are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that the Company intends to sell immediately or in the near term cannot be classified in this category. These assets are carried at cost minus any reduction for impairment or un-collectability. The amount of loss is recognized in the profit or loss.

Typically, accounts receivables, deposits, other receivables and amount due from related party are classified in this category. Accounts receivable are stated net of provision for amounts estimated to be doubtful of recovery. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant accounting policies and disclosures (continued)

Financial assets (continued)

c) *Held to maturity financial assets:* These are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

For the year ended on 31 March 2016, the Company did not carry any financial assets classified in this category.

d) *Available for sale financial assets:* These are non-derivative financial assets that are designated as available for sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available for sale financial assets are recognized in other comprehensive income and presented within the other comprehensive income and accumulated in fair value reserves and presented within equity in the fair value reserves until the security is disposed off or is determined to be impaired, at which time the cumulative gain or loss previously recognized in other comprehensive income and accumulated in fair value reserves is taken to profit or loss.

For the year ended on 31 March 2016, the Company did not carry any financial assets classified in this category.

Impairment and un-collectability of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, any impairment loss is recognized in the profit or loss. Impairment is determined as follows:

- i) For assets carried at fair value, impairment is the difference between cost and fair value;
- ii) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and cash.

Financial liabilities

Initial recognition and measurement:

The Company recognizes financial liabilities on its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, all financial liabilities are recognized at fair value which is normally the transaction price.

Subsequent measurement:

Subsequent measurement of financial liabilities depends on how they have been treated on initial recognition. IAS 39 prescribes classification of the financial liabilities in one of the following two categories:

a) *Liabilities at fair value through profit and loss:* Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives. All changes in fair value relating to liabilities at fair value through profit and loss are charged to the profit or loss as incurred.

For the year ended on 31 March 2016, the Company did not carry any financial liabilities held for trading or designated as at fair value through profit and loss.

b) *Other financial liabilities:* All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

Typically, accounts payable and accruals are classified in this category. Items classified within this category are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Provisions

Provisions are recognized when the Company has a legal or constructive obligation arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Significant accounting policies and disclosures (continued)

Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current / non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Revenue recognition

Revenue represents commission income earned on rendering of services to related party during the year.

Foreign currencies

The Company invoices its customers mainly in USD. Accordingly, the USD is considered the Company's functional and reporting currency. Transactions denominated in foreign currencies are translated into USD and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the exchange rates ruling at the reporting date. Realized and unrealized foreign exchange gains and losses arising on translation are recognized in the profit or loss.

2.4 Significant accounting judgements, estimates and assumptions

In preparing its financial statements in conformity with International Financial Reporting Standards, The Company has to make significant judgment, estimates and assumptions that impact the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Company periodically monitors such estimates and assumptions to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures from differing from estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Useful lives of fixed assets

The Company's management determines the estimated useful lives of its fixed assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

WELSPUN MIDDLE EAST DMCC

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2016

3 FIXED ASSETS

	<i>Office equipment</i> USD	<i>Furniture & fixtures</i> USD	<i>Total</i> USD
<i>Cost:</i>			
At 1 April 2014	48,603	53,018	101,621
Additions during the year	1,866	-	1,866
At 31 March 2015	50,469	53,018	103,487
Additions during the year	2,724	-	2,724
At 31 March 2016	53,193	53,018	106,211
<i>Depreciation:</i>			
At 1 April 2014	3,950	13,038	16,988
Charge for the year	15,111	13,325	28,436
At 31 March 2015	19,061	26,363	45,424
Charge for the year	11,049	8,884	19,933
At 31 March 2016	30,110	35,247	65,357
<i>Net book amounts:</i>			
At 31 March 2016	23,083	17,771	40,854
At 31 March 2015	31,408	26,655	58,063

4 ADVANCES, DEPOSITS AND PREPAYMENTS

	<i>31 March 2016</i> USD	<i>31 March 2015</i> USD
Staff advances	107,131	112,474
Refundable deposits	10,354	10,147
Prepayments	26,733	23,562
Other receivables	24,942	-
Total advances, deposits and prepayments	169,160	146,183

5 BANK BALANCES AND CASH

	<i>31 March 2016</i> USD	<i>31 March 2015</i> USD
Current accounts	125,937	142,921
Cash in hand	7,566	17,294
Total bank balances and cash	133,503	160,215

WELSPUN MIDDLE EAST DMCC

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2016

6 SHARE CAPITAL

The capital of the Company is AED 200,000, divided into 200 shares of AED 1,000 each, and held as under:

	%	31 March 2016 USD	31 March 2015 USD
Welspun Tradings Limited, India	100	54,496	54,496
		<u>54,496</u>	<u>54,496</u>

Capital management risk

The Company objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of the shareholder and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital

7 EMPLOYEES' END OF SERVICE BENEFITS

	31 March 2016 USD	31 March 2015 USD
Balance at 1 April	36,108	9,578
Add: Amount provided during the year (note 10)	69,996	26,530
Less: Gratuity paid	(11,244)	-
Balance at 31 March	<u>94,860</u>	<u>36,108</u>

8 RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, carries out transactions with other entities, which fall within the definition of related parties contained in International Accounting Standard No. (24). The rates and terms of the transactions are decided by the management. Transactions with related parties included in the financial statements are as follows:

	31 March 2016 USD	31 March 2015 USD
Commission income	1,601,623	2,843,883
Interest paid on loan	101,668	66,857
Advance received from Parent Company	-	1,550,000
<u>Remuneration of Key Management personnel</u>		
Salary and other benefits to Director and Manager	<u>550,515</u>	<u>549,144</u>

8(a) AMOUNTS DUE FROM RELATED PARTIES

	31 March 2016 USD	31 March 2015 USD
<u>Amount due from Parent Company & other group company:</u>		
Welspun Tradings Ltd	755,140	814,831
Welspun Corp Ltd	<u>79,090</u>	<u>-</u>
Total amounts due from related parties	<u>834,230</u>	<u>814,831</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
31 March 2016

8(b) AMOUNTS DUE TO RELATED PARTIES

<u>Amount due to Parent Company:</u>	31 March 2016	31 March 2015
Welspun Tradings Ltd	<u>106,146</u>	<u>66,857</u>
Total amounts due to related parties	<u>106,146</u>	<u>66,857</u>

8(c) LOAN FROM RELATED PARTY

	31 March 2016 USD	31 March 2015 USD
<u>Loan from related party:</u>		
Welspun Tradings Ltd.	<u>2,000,000</u>	<u>2,000,000</u>
	<u>2,000,000</u>	<u>2,000,000</u>

The above amount represents loan from Parent Company which is unsecured and carries an interest charge of 5% per annum. The loan is repayable as per the terms of the loan agreement. As the Company has accumulated losses so, it is not in the position to repay loan in near future hence, the loan has been classified as long term.

9 REVENUE

	Year ended 31 March 2016 USD	Year ended 31 March 2015 USD
Commission income	<u>1,601,623</u>	<u>2,843,883</u>
	<u>1,601,623</u>	<u>2,843,883</u>

Commission is charged to related parties.

10 GENERAL AND ADMINISTRATION EXPENSES

	Year ended 31 March 2016 USD	Year ended 31 March 2015 USD
Salaries and other staff cost	983,561	907,181
Employees' end of service benefits (note 7)	69,996	26,530
Depreciation on fixed asset (note 4)	19,933	28,436
Telephone and DEWA expenses	76,301	75,056
Medical insurance	28,740	20,366
Professional & consultancy fee	9,346	1,055,498
Marketing expenses	30,191	59,020
Rent	64,022	64,030
Travelling expenses	233,776	198,744
Other expenses	73,146	63,830
Motor vehicle expenses	7,025	3,124
Bank charges	1,288	2,080
Office expenses	<u>20,918</u>	<u>19,728</u>
	<u>1,618,243</u>	<u>2,523,623</u>

11 FINANCIAL INSTRUMENTS

The financial assets of the Company comprise bank balances and cash. The financial liabilities of the Company comprise other payables and related party liabilities. The accounting policies for financial assets and liabilities are set out in note (2).

WELSPUN MIDDLE EAST DMCC

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2016

11 FINANCIAL INSTRUMENTS (continued)

The following table summarizes the carrying amount of financial assets and liabilities recorded at 31 March by IAS 39 category:

	31 March 2016 USD	31 March 2015 USD
FINANCIAL ASSETS		
Cash and cash equivalents	133,503	160,215
Financial assets at fair value through the income statement		
- those designated as such upon initial recognition	-	-
- those classified as held for trading	-	-
Available for sale investments	-	-
Loans and receivables	976,657	937,452
Held-to-maturity investments	-	-
Total financial assets	<u>1,110,160</u>	<u>1,097,667</u>
FINANCIAL LIABILITIES		
At fair value through the income statement	-	-
Measured at amortised cost:		
- Borrowings	2,000,000	2,000,000
- Derivative financial instruments	-	-
- Other financial liabilities	148,067	90,076
Total financial liabilities	<u>2,148,067</u>	<u>2,090,076</u>

Fair value

The fair values of the Company's financial instruments are not materially different from their carrying values at the reporting date.

12 INFORMATION ON FINANCIAL RISKS

The main risks to which the Company is exposed are as under:

Credit risk

The Company's bank accounts are placed with reputable international banks. There is no credit risk in respect of trade receivables as all the receivables are from related party and amounts due from related parties are considered recoverable by the management.

Liquidity risk

The Company limits its liquidity risk by ensuring support funds from the Parent Company are available to it to meet financial liabilities. The amounts due to related party do not have a repayment schedule and are repayable as per convenience. The Company does expect to pay all external liabilities at their contractual maturity and expects to generate cash flows to be able to do so.

Interest rate risk

Interest rate risk mainly concerns financial liabilities. The financial liabilities are mainly fixed rates. All financial assets are non-interest bearing. The following table analyses financial liabilities by interest rate:

	2016 USD	2015 USD
FINANCIAL LIABILITIES BY INTEREST RATE		
Non-interest bearing	148,067	90,076
Fixed rate	2,000,000	2,000,000
Balance at 31 March	<u>2,148,067</u>	<u>2,090,076</u>

12 INFORMATION ON FINANCIAL RISKS (*continued*)

Currency risk

The management closely monitors the exchange rate fluctuations to minimize foreign currency risk. All financial assets and liabilities are designated in USD or AED which is pegged in to the USD. Accordingly, currency risk on this front is minimal.