WENDT

WENDT MIDDLE EAST FZE

DIRECTORS REPORT

The Directors are pleased to present the Sixth Annual Report and Audited Accounts for the year ended 31st March'2014.

Key Financials Summary: -

(AED in Lacs)

Particulars	31.03.2013	31.03.2014	% change
Sales	19.81	25.22	27%
Other Income	0.89	1.01	13%
Profit /(Loss)	3.72	6.61	78%
Profit % on sales	**19%**	**26%**	-----

Business Operations: -

During the current financial year, your Company's sales are at 25.22 lacs AED, a growth of over 27 % over last year sales. This has been possible due to renewed focus on the sales in the Middle East market. During the year, your Company continued its focus on cost control measures and increased its share on high contribution product sales. Accordingly, your Company has reported profit of 6.61 lacs AED which is 78% higher than the last year's profit.

The aftermath effects of Arab spring and continuing Socio, Economic and Political instability in entire Middle East for countries, Egypt, Syria, Tunisia and Bahrain has had a recessionary impact on the middle east. Manufacturing has taken a severe beating and are reporting lower than 40% average. Investors sentiment is very pessimistic.

UAE, Saudi Arabia and Qatar are primarily driven by oil and construction. The continued fluctuation in the oil prices has taken up inflation up by 8-10 % on an average compared to last year. As UAE has won EXPO 2020, Qatar hosting Football world cup, and Saudi Arabia announcing jobs for locals, there's an expected investment of 30 Billion dollar plus in infrastructure projects over next 4-6 years. Much of the activity is expected to start from 1st quarter of 2015. Your company is positive on able to generate good business in the coming year.

Your company's increased focus on Trading 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 auto and steel markets.

For Financial year 2014-15, 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 GRP related industries in middle eas .
4. Focus on Turkey market for automobile related applications
5. Focus on Nigeria and Egypt for steel plant 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 Sixth Annual General Meeting Mr. Rajesh Khanna, Director, retires by rotation and being eligible, offers himself for reappointment. And also in the annual general meeting, Mr. D R Kulkarni has resigned and Mr. M S Venkatesh has been nominated in his place. The Board wishes to thank Mr. D R Kulkarni for the valuable and outstanding contribution made by him during his tenure as Director and also welcome Mr. M S Venkatesh for joining the Board as a new Director of the Company.

Auditors: -

Fuller International, Certified Public Accountants, appointed as the Auditors of the Company are due for retirement at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment for the ensuing year. Your Directors recommend their reappointment as statutory auditors of the Company for the financial year 2014-15.

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 and employees for their continued support and cooperation.

SHARJAH
15th APRIL'2014

RAJESH KHANNA
AUTHORIZED DIRECTOR

Our Ref: JV-93/14

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, 2014, 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, 2014, 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.

Matter of emphasis
Without qualifying our report we wish to highlight the contents of (Note 15) with regard to going concern status of the Establishment in view of the fact that Establishment's capital is depleted to the tune of approximately 60% due to losses sustained in the past.

FULLER INTERNATIONAL PUBLIC ACCOUNTANTS
فلــر انترناشيونال محاسبون قــانونيون

FULLER INTERNATIONAL
CERTIFIED PUBLIC ACCOUNTANTS

ISSUED IN DUBAI ON 15TH APRIL, 2014

WENDT MIDDLE EAST FZE - HAMRIYAH FREE ZONE, SHARJAH - U.A.E.
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH, 2014

Assets	Note	2014 AED	2013 AED	2014 INR	2013 INR
Current assets					
Inventory	4	15,762	18,235	257551	297960
Accounts receivable	5	700,915	347,234	11452951	5673804
Related party - Wendt (India) Limited - India	6	-	55,687	0	909926
Prepayments and deposits refundable	7	91,047	98,897	1487708	1615977
Cash and cash equivalents	8	237,073	242,587	3873773	3963872
Total		1,044,797	762,640	17,071,983	12,461,538
Non-current assets					
Property, plant and equipment - net carrying amount	9	7,987	11,072	130508	180916
Total assets		**1,052,784**	**773,712**	17,202,491	12,642,454
Liabilities and equity					
Current liabilities					
Accounts payable	10	259,915	250,093	4247011	4086520
Provision for employees leave and passage		49,666	49,666	811542	811542
Related party - Wendt (India) Limited - India	6	143,515	377,492	2345035	6168219
Short term bank loan	11	-	164,246	-	2683780
Total		453,096	841,497	7,403,589	13,750,061
Non-current liabilities					
Provision for employees end of service benefits	12	65,267	58,311	1066463	952802
Total liabilities		518,363	899,808	8,470,051	14,702,863
Equity				`	
Capital	13	1,200,000	1,200,000	19608000	19608000
Statutory reserve	14	66,052	-	1079290	0
Accumulated losses		(731,631)	(1,326,096)	(11954851)	(21668409)
Total equity	15	534,421	(126,096)	8732439	(2060409)
Total liabilities and equity		**1,052,784**	**773,712**	17,202,491	12,642,454

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 16.34

WENDT MIDDLE EAST FZE - HAMRIYAH FREE ZONE, SHARJAH - U.A.E.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2014

	Note	2014 AED	2013 AED	2014 INR	2013 INR
Revenue		2,521,866	1,981,097	41207290	32371125
Direct Cost		(1,324,384)	(982,131)	(21640435)	(16048021)
Gross profit		1,197,482	998,966	19566856	16323104
Operating, administrative and general expenses	16	(637,609)	(738,641)	(10418531)	(12069394)
(Loss)/gain on foreign currency exchange		(679)	799	(11095)	13056
Other income	17	101,123	89,193	1652350	1457414
Gain on disposal of property, plant and equipment		200	21,522	3268	351669
Net profit before statutory reserve		660,517	371,839	10792848	6075849
Statutory reserve		(66,052)	-	(1079290)	0
Net profit for the year		**594,465**	**371,839**	9713558	6075849

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 16.34

WENDT MIDDLE EAST FZE - HAMRIYAH FREE ZONE, SHARJAH - U.A.E.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2013

	Capital AED	Statutory reserve AED	Accumulated losses AED	Total AED	Capital INR	Statutory reserve INR	Accumulated losses INR	Total INR
Balance at 31st March, 2012	1,200,000	-	(1,697,935)	(497,935)	19,608,000	-	(27,744,258)	(8,136,258)
Net profit for the financial year 2012/2013	-	-	371,839	371,839	-	-	6,075,849	6,075,849
Balance at 31st March, 2013	1,200,000	-	(1,326,096)	(126,096)	19,608,000	-	(21,668,409)	(2,060,409)
Net profit for the financial year 2013/2014	-	-	660,517	660,517	-	-	10,792,848	10,792,848
Transfer to statutory reserve	-	66,052	(66,052)	-	-	1,079,290	(1,079,290)	-
Balance at 31st March, 2014	**1,200,000**	**66,052**	**(731,631)**	**534,421**	19,608,000	1,079,290	(11,954,851)	8,732,439

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 16.34

WENDT MIDDLE EAST FZE - HAMRIYAH FREE ZONE, SHARJAH - U.A.E.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH, 2014

	Note	2014 AED	2013 AED	2014 INR	2013 INR
Operating activities					
Net profit for the year		594,465	371,839	9,713,558	6,075,849
Adjustments for:					
Statutory reserve		66,052	-	1,079,290	-
Depreciation and amortisation		8,191	149,635	133,841	2,445,036
Provision for employees end of service benefits		6,956	6,459	113,661	105,540
Gain on disposal of property plant and equipment		(200)	(21,522)	(3,268)	(351,669)
Net cash flow before changes in operating assets and liabilities		675,464	506,411	11,037,082	8,274,756
Changes in operating assets and liabilities:					
Inventory		2,473	15,153	40,409	247,600
Prepayments and deposits refundable		7,850	5,180	128,269	84,641
Accounts receivable		(353,681)	(34,036)	(5,779,148)	(556,148)
Accounts payable		9,822	79,555	160,491	1,299,929
Related party - Commercial transactions		(233,977)	(393,953)	(3,823,184)	(6,437,192)
Provision for employees leave and passage		-	1,253	-	20,474
Net cash generated from operating activities		107,951	179,563	1,763,919	2,934,059
Investing activities					
Payment for purchase of property, plant and equipment		(5,106)	(1,099)	(83,432)	(17,958)
Proceeds from sale of property, plant and equipment		200	55,687	3,268	909,926
Net cash (used in)/generated from investing activities		(4,906)	54,588	(80,164)	891,968
Financing activities					
Net movement in related party - Non-commercial transactions		55,687	(250,452)	909,926	(4,092,386)
Net movement in bank loan		(164,246)	164,246	(2,683,780)	2,683,780
Net cash (used in) financing activities		(108,559)	(86,206)	(1,773,854)	(1,408,606)
(Decrease)/increase in cash and cash equivalents		(5,514)	147,945	(90,099)	2,417,421
Cash and cash equivalents at the beginning of the year		242,587	94,642	3,963,872	1,546,450
Cash and cash equivalents at the end of the year	8	**237,073**	**242,587**	3,873,773	3,963,872

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 16.34

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).

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

	2014 AED	2013 AED	2014 INR	2013 INR
Inventory at cost	24,923	18,235	407,242	297,960
Allowance for impairment of inventory	(9,161)	-	(149,691)	-
Total	15,762	18,235	257,551	297,960

Note 5 Accounts receivable

	2014 AED	2013 AED	2014 INR	2013 INR
Trade debtors	739,342	352,283	12,080,848	5,756,304
Allowance for doubtful debts	(38,427)	(5,049)	(627,897)	(82,501)
Total	700,915	347,234	11,452,951	5,673,804

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:	2014 AED	2013 AED	2014 INR	2013 INR
1 to 90	697,717	307,966	11,400,696	5,032,164
3 months and above	41,625	44,317	680,153	724,140
Total	739,342	352,283	12,080,848	5,756,304
Average age (days)	107	65	107	65

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 16.34

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, 2014 are as follows:

Transactions:	2014 AED	2013 AED	2014 INR	2013 INR
Commercial Transactions				
Purchase of merchandise during the year	1,319,405	1,013,390	21,559,078	16,558,793
Non-Commercial Transactions				
Capital equipment returned - Charged at value ascertained as net realizable value at the date of transfer of equipment	-	55,687	-	909,926
Net funding from related party during the year	17,148	-	280,198	-
Payments to Related Party:				
Payment to Related party towards purchase account	1,469,883	1,300,578	24,017,888	21,251,445
Payments to Related party towards settlement of fundings	100,647	129,175	1,644,572	2,110,720
Related Party Balance:				
Balance on purchase account - Due to	143,515	293,993	2,345,035	4,803,846
Balance of funding account - Due to	-	83,499	-	1,364,374
Total balance - due to	143,515	377,492	2,345,035	6,168,219
Balance of other transactions - Due from	-	55,687	-	909,926

Note 7 Prepayments and deposits refundable

	2014 AED	2013 AED	2014 INR	2013 INR
Prepayments	50,113	48,847	818,846	798,160
Deposits refundable	40,934	50,050	668,862	817,817
Total	91,047	98,897	1,487,708	1,615,977

Note 8 Cash and cash equivalents

	2014 AED	2013 AED	2014 INR	2013 INR
Cash on hand	239	1,141	3,905	18,644
Bank current account balances	236,834	241,446	3,869,868	3,945,228
Total	237,073	242,587	3,873,773	3,963,872

Note 9 Property, plant and equipment

Cost	Plant and , machinery AED	Leasehold improvements AED	Furniture & fixtures AED	Computers AED	Total AED
At 31st March, 2012	563,661	27,380	14,841	4,900	610,782
Additions during the year	-	-	-	1,099	1,099
Equipment retuned to related party - The supplier	(536,356)	-	-	-	(536,356)
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

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 16.34

Depreciation	**25%**	**25%**	**33.33%**	**33.33%**	
At 31st March, 2012	381,345	18,847	13,152	3,923	417,267
Charge for the year	140,162	6,826	1,400	989	149,377
Related to items retuned to related party	(502,191)	-	-	-	(502,191)
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
Net carrying amount					
At 31st March, 2014	2,610	-	1,402	3,975	7,987
At 31st March, 2013	7,989	1,707	289	1,087	11,072

Cost	Plant and , machinery INR	Leasehold improvements INR	Furniture & fixtures INR	Computers INR	Total INR
At 31st March, 2012	9,210,221	447,389	242,502	80,066	9,980,178
Additions during the year	-	-	-	17,958	17,958
Equipment retuned to related party - The supplier	(8,764,057)	-	-	-	(8,764,057)
At 31st March, 2013	446,164	447,389	242,502	98,024	1,234,079
Additions during the year	-	-	24,494	58,938	83,432
Disposals during the year	-	-	(22,860)	-	(22,860)
At 31st March, 2014	446,164	447,389	244,136	156,962	1,294,651
Depreciation	**25%**	**25%**	**33.33%**	**33.33%**	
At 31st March, 2012	6,231,177	307,960	214,904	64,102	6,818,143
Charge for the year	2,290,247	111,537	22,876	16,160	2,440,820
Related to items retuned	-	-	-	-	-
to related party	(8,205,801)	-	-	-	(8,205,801)
At 31st March, 2013	315,623	419,497	237,780	80,262	1,053,162
Charge for the year	87,893	27,892	6,307	11,748	133,841
Related to disposals	-	-	(22,860)	-	(22,860)
At 31st March, 2014	403,516	447,389	221,227	92,011	1,164,143
Net carrying amount					
At 31st March, 2014	42,647	-	22,909	64,952	130,508
	-	-	-	-	-
At 31st March, 2013	130,540	27,892	4,722	17,762	180,916

Note 10 Accounts payable

	2014 AED	2013 AED	2014 INR	2013 INR
Bills payable	17,500	24,700	285,950	403,598
Salaries payable	10,171	9,213	166,194	150,540
Agency fee payable	70,057	46,550	1,144,731	760,627
Accrued expenses	19,630	14,130	320,754	230,884
Advance from customers	142,557	155,500	2,329,381	2,540,870
Total	259,915	250,093	4,247,011	4,086,520

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 16.34

Note 11 Short term bank loan

During the financial year 2013- 2014, the Establishment obtained short term loan of USD 135,000 (Equivalent to AED 496,125) (Equivalent to INR 8106683) to support the working capital requirement from one of the bankers of the Establishment. The loan settled fully within the financial year.

Note 12 Provision for employees end of service benefits

	2014 AED	2013 AED	2014 INR	2013 INR
Balance at the beginning of the year	58,311	51,852	952,802	847,262
Charge for the year	6,956	6,459	113,661	105,540
Balance at 31st December,	65,267	58,311	1,066,463	952,802

Note 13 Capital

The capital of the Establishment AED 1,200,000 (INR 19608000) is made up of 8 fully paid up shares of AED 150,000 each (INR 2451000) (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.

Note 15 Going concern status

The shareholder and the management of the Establishment acknowledge and confirm the fact that the losses in the past years caused the depletion of capital to the tune of approximately 60%; yet the Establishment shall continue to carry on its business activities for the foreseeable future as a going concern. The management is of the opinion that the lost capital soon be recovered as the Entity started generating profit.

Note 16 Operating, administrative and general expenses

	2014 AED	2013 AED	2014 INR	2013 INR
Payroll and related costs	164,964	163,198	2,695,512	2,666,655
Rent and leases	97,308	105,010	1,590,013	1,715,863
Trade license and related expenses	6,969	4,152	113,873	67,844
Travelling and conveyance	74,229	36,078	1,212,902	589,515
Communication	20,255	19,662	330,967	321,277
Business promotions	143,906	173,767	2,351,424	2,839,353
Bad and doubtful debts	40,546	5,049	662,522	82,501
Other general expenses	56,044	43,054	915,759	703,502
Finance and related costs	25,197	39,036	411,719	637,848
Depreciation and amortisation	8,191	149,635	133,841	2,445,036
Total	637,609	738,641	10,418,531	12,069,394

Note 17 Other income

	2014 AED	2013 AED	2014 INR	2013 INR
Freight charges reimbursement	91,144	89,193	1,489,293	1,457,414
Provision no longer required written back	9,979	-	163,057	-
Total	101,123	89,193	1,652,350	1,457,414

Note 18 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 16.34

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.

18.1 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:

	2014 AED	2013 AED	2014 INR	2013 INR
Accounts receivable - Net of provision	700,915	347,234	11,452,951	5,673,804
Deposits refundable	40,934	50,050	668,862	817,817
Bank current account balances	236,834	241,446	3,869,868	3,945,228
Total	978,683	638,730	15,991,680	10,436,848

18.2 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	259,915	259,915	259,915	-
Employees leave and passage	49,666	49,666	49,666	-
Employees end of service benefits	65,267	65,267	-	65,267
Related party - Wendt (India) Limited	143,515	143,515	143,515	-
Total	518,363	518,363	453,096	65,267

	Carrying amount INR	Contractual cash flows INR	Less than 1 year INR	More than 1 year INR
Accounts payable	4,247,011	4,247,011	4,247,011	-
Employees leave and passage	811,542	811,542	811,542	-
Employees end of service benefits	1,066,463	1,066,463	-	1,066,463
Related party - Wendt (India) Limited	2,345,035	2,345,035	2,345,035	-
Total	8,470,051	8,470,051	7,403,589	1,066,463

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 16.34

18.3 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 19 Approval of financial statements

These financial statements were approved by the board of directors and authorised for issue on 15th April, 2014.

The India Rupee equivalent to the figures given in foreign currency have been converted at 1 AED = INR 16.34