

Alok International (Middle East) FZE  
Financial Statements and Auditor's Report  
For the year ended March 31, 2016  
Dubai – U.A.E

**Alok International (Middle East) FZE**  
**Dubai Airport Free Zone**  
**Dubai - United Arab Emirates**

**Financial Statements**  
**March 31, 2016**

<b>Contents</b>	<b>Page</b>
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Comprehensive Income	4
Statement of Cash Flows	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7 - 16

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

### Report on the Financial Statements

We have audited the accompanying financial statements of **Alok International (Middle East) FZE, Dubai Airport Free Zone, Dubai – United Arab Emirates** which comprise the statement of financial position as at **March 31, 2016** and statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements which gives a true and fair view of the state of affairs of the Establishment and of the net profit or loss for that year and to comply with the applicable provisions of the Articles of Association of the Establishment and the U.A.E. Commercial Companies Law No.8 of 1984 (as amended). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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#### Barsha Branch

Barsha Mall Opposite  
Department of Economic  
Development



### Auditors' Responsibility (continued)

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 present fairly, in all material respects, the financial position of **Alok International (Middle East) FZE, Dubai Airport Free Zone, Dubai - United Arab Emirates** as of **March 31, 2016** and of its financial performance and cash flows for the year then ended, in accordance with Generally Accepted Accounting Principles.

### Report on other legal and regulatory requirements

As required by the U.A.E. Federal Commercial Companies Law No. 8 of 1984 (as amended), we further confirm that,

1. We have obtained all the information and explanations necessary for our audit,
2. We are not aware of any contraventions during the year of the above mentioned Law or the Establishment's Articles of Association; which may have materially effected the financial position of the Establishment or the result of its operations during the year.

INTERNATIONAL AUDITING & CONSULTING CENTER  
DUBAI - UNITED ARAB EMIRATES  
Obaid Yousif Harmoul Alshamsi  
Reg. No. 407

Date: June 21, 2016



#### Main Branch

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Barsha Mall Opposite  
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**Alok International (Middle East) FZE**  
**Dubai Airport Free Zone**  
**Dubai- United Arab Emirates**

**Statement of Financial Position as at March 31, 2016**  
**(In Arab Emirates Dirham )**

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<b>Assets Employed</b>			
<i><b>Current Assets:</b></i>			
Trade and other receivables	4	87,454,561	97,477,587
Cash and balance with banks	5	1,407,575	1,149,784
Advance, deposits, prepaid expenses and other receivables	6	3,320,555	15,484,637
	<b>A</b>	<b>92,182,691</b>	<b>114,112,008</b>
<i><b>Non Current Assets:</b></i>			
Tangible fixed assets	7	133,820	154,935
	<b>B</b>	<b>133,820</b>	<b>154,935</b>
	<b>A + B = C</b>	<b>92,316,511</b>	<b>114,266,943</b>
<i><b>Total Assets</b></i>			
<i><b>Liabilities:</b></i>			
Trade payables	8	1,264,713	1,550,313
Provisions, Accruals and Other Payables	9	68,142,825	20,232,982
Current portion of term loan	10	20,100,921	90,000,000
	<b>D</b>	<b>89,508,459</b>	<b>111,783,295</b>
<i><b>Non Current Liabilities:</b></i>			
Employees' end of service benefits	11	105,876	87,257
	<b>E</b>	<b>105,876</b>	<b>87,257</b>
<i><b>Equity</b></i>			
Share capital	12	1,000,000	1,000,000
Retained earnings	13	1,702,176	1,396,391
	<b>F</b>	<b>2,702,176</b>	<b>2,396,391</b>
	<b>D+E + F =G</b>	<b>92,316,511</b>	<b>114,266,943</b>
<i><b>Total Liabilities</b></i>			

The accompanying notes on pages 7 to 16 form an integral part of these financial statements.

The report of the auditors is set out on page 1 and 2.

The financial statements were approved on June 21, 2016 and signed on behalf of the Entity, by:



Director

**Alok International (Middle East) FZE**  
**Dubai Airport Free Zone**  
**Dubai- United Arab Emirates**

**Statement of Comprehensive Income for the year ended March 31, 2016**  
**(In Arab Emirates Dirham )**

	Notes	2016	2015
Sales / Revenue	14	56,931,975	209,158,551
Cost of Sales / Revenue	15	(49,830,964)	(175,013,723)
<b>Gross Profit</b>	<b>H</b>	<b>7,101,011</b>	<b>34,144,828</b>
<b>Operating Expenses</b>			
Depreciation	16	21,115	21,057
Administration and selling expenses	17	4,697,840	22,645,039
	<b>I</b>	<b>4,718,955</b>	<b>22,666,096</b>
<b>Operating Profit</b>	<b>H-I=J</b>	<b>2,382,056</b>	<b>11,478,732</b>
Finance cost	18	(2,076,271)	(11,100,848)
Other income		-	(9,027)
Prior period adjustments		-	(2,169,637)
	<b>k</b>	<b>(2,076,271)</b>	<b>(13,279,512)</b>
<b>Net Profit / (Loss )for the Year</b>	<b>J +K =L</b>	<b>305,785</b>	<b>(1,800,780)</b>

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Director





**Alok International (Middle East) FZE**  
**Dubai Airport Free Zone**  
**Dubai- United Arab Emirates**

**Statement of Cash Flows for the year ended March 31, 2016**  
**(In Arab Emirates Dirham )**

		2016	2015
<b><i>Cash flows from operating activities</i></b>			
Net profit		305,785	(1,800,780)
Adjustment for :			
Depreciation		21,115	21,057
Staff terminal benefits		18,619	23,115
Operating cash flow before changes in net operating assets	<b>M</b>	<b>345,519</b>	<b>(1,756,608)</b>
<u><i>(Increase) / Decrease in Current Assets</i></u>			
Trade receivables		10,023,026	(24,119,106)
Advance, deposits, prepaid expenses and other receivables		12,164,082	453,184,601
<u><i>Increase / (Decrease) in Current Liabilities</i></u>			
Trade payables		(285,600)	(135,167,558)
Provisions, Accruals and Other Payables		47,909,843	20,149,950
	<b>N</b>	<b>69,811,351</b>	<b>314,047,887</b>
Net cash flow from operating activities	<b>M+N =O</b>	<b>70,156,870</b>	<b>312,291,279</b>
<b><i>Cash flows from financing activities</i></b>			
Net movement in term loan		(69,899,079)	(350,760,000)
Net cash flow (used in) financing activities	<b>P</b>	<b>(69,899,079)</b>	<b>(350,760,000)</b>
<b><i>Net increase / (Decrease) in cash and cash equivalents</i></b>	<b>O+P = Q</b>	<b>257,791</b>	<b>(38,468,721)</b>
<i>Cash and cash equivalents at beginning of the year</i>	<b>R</b>	<b>1,149,784</b>	<b>39,618,505</b>
<b><i>Cash and cash equivalents at end of the year</i></b>	<b>Q+R=S</b>	<b>1,407,575</b>	<b>1,149,784</b>
		=====	=====

The accompanying notes on pages 7 to 16 form an integral part of these financial statements.  
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The financial statements were approved on June 21, 2016 and signed on behalf of the Entity, by:

\_\_\_\_\_  
Director

**IAC**

**Alok International (Middle East) FZE**  
**Dubai Airport Free Zone**  
**Dubai- United Arab Emirates**

**Statement of Changes in Equity for the year ended March 31, 2016**  
**(In Arab Emirates Dirham )**

	Share capital	Retained earnings	Total
At April 1, 2014	1,000,000	3,197,171	4,197,171
Profit for the year	-	(1,800,780)	(1,800,780)
At March 31, 2015	1,000,000	1,396,391	2,396,391
Profit for the year	-	305,785	305,785
At March 31, 2016	1,000,000	1,702,176	2,702,176

The accompanying notes on pages 7 to 16 form an integral part of these financial statements.

The report of the auditors is set out on page 1 and 2.

The financial statements were approved on June 21, 2016 and signed on behalf of the Entity, by:

\_\_\_\_\_  
 Director



**Alok International (Middle East) FZE**  
**Dubai Airport Free Zone**  
**Dubai- United Arab Emirates**

**Notes to the Financial Statements for the year ended March 31, 2016**  
**(In Arab Emirates Dirham )**

**1 Legal status and business activities**

- 1.1 Alok International (Middle East) FZE** ("the Establishment") is registered in the Department of Economic Development, Dubai-United Arab Emirates (License no. 2094), as a Free Zone Establishment under the U.A.E. Federal Commercial Establishment Law on August 1, 2011 and license is valid upto July 31, 2016.
- 1.2** The company is primarily engaged in the business of trading in all types textiles, including home textiles, apparel fabrics, garments & polyester yarns.
- 1.3** The management and control of the establishment are vested with the Director Mr. Anil krishnamurthy, Indian National.
- 1.4** The registered office address of the establishment is 6WA 232, Dubai Airport Free Zone, Dubai - United Arab Emirates.

**2 Shareholding**

- 2.1** The shareholding of the Establishment is as follows:

Name		No. of shares	Value per share AED	Total value AED	% age
1. M/s. Alok industries Limited		1	1,000,000	1,000,000	100
		1		1,000,000	100

- 2.2** The authorized and paid up share capital of the Establishment is AED 1,000,000/- divided into 1 shares of AED 1,000,000/- each.

**3 Significant Accounting Policies**

- a)** The financial statements are prepared under the historical cost convention, and in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of the U.A.E. Law issued by the International Accounting Standards Board (IASB). A summary of the significant accounting policies, which have been applied consistently, are set out below.

**b) Basis of preparation**

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The financials have been presented in the currency of the United Arab Emirates (AED-Arab Emirates Dirham) which is the functional currency of the Establishment.

**c) Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of the U.A.E. Law issued by International Accounting Standards Board (IASB).

**d) Accounting convention**

These financial statements have been prepared under the historical cost convention. The fair / net realizable value concept of measurement of assets and liabilities has also been applied wherever applicable under International Financial Reporting standards (IFRS) and applicable requirements of the U.A.E. Law issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with approved accounting standards requires the use of judgments. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

The areas where various assumptions were exercised in application of accounting policies that are significant to the financial statements are as:



## **Alok International (Middle East) FZE**

### **Dubai Airport Free Zone**

### **Dubai- United Arab Emirates**

**Notes to the Financial Statements for the year ended March 31, 2016**

**(In Arab Emirates Dirham )**

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- i Useful life of property, plant and equipment.
- ii Allowance for doubtful debts, specific provisions for individual accounts are recorded based on customer's inability to meet its financial obligations.

#### **e) Changes in accounting policy and disclosures**

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of January 1, 2013:

**New and revised standards and Interpretations effective from the current year:**

**IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition**

#### **Disclosure Requirements**

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Entity's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognized assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual years beginning on or after July 1, 2011. The Entity does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

#### **IASB Standards and Interpretations**

Standards issued but not yet effective up to the date of issuance of the Entity's financial statements are listed below. This listing of standards and interpretations issued are those that the Entity reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Entity intends to adopt these standards when they become effective.

#### **IAS I Presentation of Items of Other Comprehensive Income - Amendments to IAS I**

The amendments to IAS I change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the Entity's financial position or performance. The amendment becomes effective for annual years beginning on or after 1 July 2012,

#### **IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7**

#### **IAS 19 Employee Benefits (Revised)**

The IASB has issued numerous amendments to IAS 19. This amendment becomes effective in the current financial year. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation.

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Entity's financial position or performance.



**Alok International (Middle East) FZE**  
**Dubai Airport Free Zone**  
**Dubai- United Arab Emirates**

**Notes to the Financial Statements for the year ended March 31, 2016**  
**(In Arab Emirates Dirham )**

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**IFRS II Joint arrangements**

IFRS II replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities* - Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. IFRS 11 will not impact the Entity's financial position or performance.

**IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard has no impact on the Entity's financial position or performance.

**IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Entity is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected.

**IAS 34 Interim Financial Reporting**

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1st January 2013:

IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets IFRS I First-Time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters.

IFRS 7 Financial Instruments: Disclosures (Amendments)

IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements

**IAS 32 Offsetting Financial Assets and Financial Liabilities -Amendments to IAS 32**

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Entity's financial position or performance and become effective for annual years beginning on or after Jan 2014.

**IFRS 9 Financial Instruments: Classification and Measurement**

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual years beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1st January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Entity's financial assets, but will not have an impact on the classification and measurements of financial liabilities. The Entity will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.



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**Notes to the Financial Statements for the year ended March 31, 2016**  
**(In Arab Emirates Dirham )**

**IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements**

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 *Consolidation - Special Purpose*. IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. IFRS 10 will not impact the Entity's financial position or performance.

**Annual Improvements 2012 to IFRSs**

**These improvements will not have any impact on the Entity, but include:**

**IFRS I First-time Adoption of international Financial Reporting Standards**

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS I. If IFRS I is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

**IAS I Presentation / Financial Statements**

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous year.

**IAS 16 Property Plant and Equipment**

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

**IAS 32 Financial Instruments. Presentation**

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

**f) Foreign currency transactions**

Foreign currency transactions are recorded in U.A.E. Dirhams at the approximate rate of exchange ruling at the time of the transaction. Assets and liabilities expressed in foreign currencies at the balance sheet date are translated into U.A.E. Dirhams at the year end rate of exchange. All foreign currency gains and losses are booked in the statement of income as and when they arise.

**g) Impairment of assets**

The carrying amount of the entity's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in Statement of Comprehensive Income.

	2016	2,015
<b>4 Trade and other receivables</b>		
Other receivables	87,454,561	97,477,587
	<b>87,454,561</b>	<b>97,477,587</b>
<b>5 Cash and balance with banks</b>		
Cash in hand and bank balance	1,407,575	1,149,784
	<b>1,407,575</b>	<b>1,149,784</b>

(In Arab Emirates Dirham )



**Alok International (Middle East) FZE**  
**Dubai Airport Free Zone**  
**Dubai- United Arab Emirates**

**Notes to the Financial Statements for the year ended March 31, 2016**  
**(In Arab Emirates Dirham )**

**9.1 Provisions, Accruals and Other Payables**

Provisions are made for some expenses that may arise in future. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Establishment.

		2016	2,015
<b>10 Term loan</b>			
Term loan	(Note 10.1)	20,100,921	90,000,000
		<b>20,100,921</b>	<b>90,000,000</b>

**10.1** These above loans are secured by the personal guarantee of the directors.

**11 Employees' end of service benefits**

Movements in the provision recognised in the statement of financial position were as follows:

Provision as at April 1, 2015	87,257	64,142
Provided during the year	18,619	23,115
Provision as at March 31, 2016	<b>105,876</b>	<b>87,257</b>

**12 Share Capital**

The authorized and paid up share capital of the Establishment is AED 1,000,000/- divided into 1 shares of AED 1,000,000/- each.

The Shareholding of the Establishment as at reporting date are as follows:

**Name of the shareholder**

M/s. Alok industries Limited	1,000,000	1,000,000
	<b>1,000,000</b>	<b>1,000,000</b>

**13 Retained earnings**

Balance at the beginning of the year	1,396,391	3,197,171
Total comprehensive income for the year	305,785	(1,800,780)
Balance at the end of the year	<b>1,702,176</b>	<b>1,396,391</b>

**14 Sales / Revenue**

**56,931,975      209,158,551**

**14a** Revenue from sale of goods is recognized when all significant risks and rewards of ownership are transferred to the buyers. In most cases this coincides with the transfer of legal title or passing of possession of goods to the buyers.

**15 Cost of Sales / Revenue**

Purchase and direct cost	49,830,964	175,013,723
	<b>49,830,964</b>	<b>175,013,723</b>



**Alok International (Middle East) FZE****Dubai Airport Free Zone****Dubai- United Arab Emirates****Notes to the Financial Statements for the year ended March 31, 2016****(In Arab Emirates Dirham )**

	2016	2,015
<b>16 Depreciation</b>		
Furniture & fixtures	1,530	1,526
Office equipments	2,570	2,563
Motor vehicles	17,015	16,968
	<b>21,115</b>	<b>21,057</b>
<b>17 Administration and selling expenses</b>		
Salaries and benefits	508,379	542,504
Rent	242,498	193,879
Communication and utilities	20,534	284,252
insurance	12,033	5,344
Fee Rate and Taxes	28,794	26,602
Legal, professional and visa charges	2,624,086	10,755,444
Travelling and conveyance	18,282	13,716
Exchange rate Diffrence loss	7,336	7,497,868
Other expenses	1,235,898	3,325,430
	<b>4,697,840</b>	<b>22,645,039</b>
<b>18 Finance Cost</b>		
Interest and bank charges	2,076,271	11,100,848
	<b>2,076,271</b>	<b>11,100,848</b>
<b>19 Financial instruments</b>		
<i>a) Significant accounting policies</i>		
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised.		
<i>b) Categories of financial instruments</i>		
<i>Financial assets</i>		
Trade and other receivables	87,454,561	97,477,587
Cash and bank balances	1,407,575	1,149,784
	<b>88,862,136</b>	<b>98,627,371</b>
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	69,407,538	21,783,295
	<b>69,407,538</b>	<b>21,783,295</b>

*c) Fair values of financial instruments*

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trade receivables and certain other assets.

Financial liabilities consist of trade payables and accruals, bank borrowings and certain other liabilities.

The fair values of financial assets and liabilities are not materially different from their carrying values as at the reporting date.

**Alok International (Middle East) FZE**  
**Dubai Airport Free Zone**  
**Dubai- United Arab Emirates**

**Notes to the Financial Statements for the year ended March 31, 2016**  
**(In Arab Emirates Dirham )**

**20. RELATED PARTIES DISCLOSURES**

As per Accounting Standard AS (AS) 18 "Related Party Disclosures", Company's related parties disclosed as below:

**I Names of related party and nature of relationship**

Alok Industries Limited Holding Company  
Alok International Inc. Fellow Subsidiary

**Transactions with Related parties**

Particulars of transaction / balance	With holding Company		With fellow subsidiary	
		In AED		In AED
<b>Equity Share Capital</b>				
<b><u>Alok Industries Limited</u></b>		-		-
Balance as at 1-Apr-2015		1,000,000		(-)
		(1,000,000)		-
Received during the year		-		(-)
		(-)		-
Balance as at 31-Mar-2016		1,000,000		(-)
		(1,000,000)		-
<b>Sundry Creditors</b>				
<b><u>Alok Industries Limited</u></b>				-
Balance as at 31-Mar-2016		41,359,498		(-)
		(-)		-
<b>Short Term Borrowings</b>				
<b><u>Alok Industries International Limited</u></b>				(-)
Balance as at 1-Apr-2015				7,880,869
Received during the year				(-)
				7,880,869
Balance as at 31-Mar-2016				(-)
<b><u>Alok Singapore Pte Limited</u></b>				-
Balance as at 1-Apr-2015				(-)
Received during the year				2,250,000
				(-)
Balance as at 31-Mar-2016				2,250,000
<b>Trade Receivable</b>				
<b><u>Alok Industries Limited</u></b>				
Balance as at 31-Mar-2016		74,850,583		
		(72,183,118)		

# Alok International (Middle East) FZE

## Dubai Airport Free Zone

## Dubai- United Arab Emirates

Notes to the Financial Statements for the year ended March 31, 2016

(In Arab Emirates Dirham )

Particulars of transaction / balance	With holding Company		With fellow subsidiary	
		In AED		In AED
<b>Short Term Loans &amp; Advances</b>				
<b><u>Alok International Inc.</u></b>				
Balance as at 1-Apr-2015	-		1,016,113	
	(-)		(-)	
Given during the year	-		208,092	
	(-)		(1,016,113)	
Exchange Rate Difference (FCTR)	-		-	
	(-)		(-)	
Balance as at 31-Mar-2016	-		1,224,205	
	(-)		(1,016,113)	
<b><u>Alok Industries Limited</u></b>				
Balance as at 1-Apr-2015	12,076,949		-	
	(426,068,000)		(-)	
Paid during the year	12,076,949		-	
	(413,991,051)		(-)	
Exchange Rate Difference (FCTR)	-		-	
	(-)		(-)	
Balance as at 31-Mar-2016	-		-	
	(12,076,949)		(-)	
Purchase of Traded goods	49,830,964		-	
	(175,013,723)		(-)	
Marketing Service Charges income	7,101,011		-	
	(34,142,319)		(-)	

### 21 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

The Entity monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by shareholder's funds. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital is equivalent to shareholder funds as shown in the statement of financial position.

#### Gearing ratio

The debt equity ratio at the year end was as follows:

Debt (i)  
Cash and cash equivalents

Net debt

	2016	2,015
Debt (i)	20,100,921	90,000,000
Cash and cash equivalents	(1,407,575)	(1,149,784)
Net debt	<u>18,693,346</u>	<u>88,850,216</u>

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**Alok International (Middle East) FZE**  
**Dubai Airport Free Zone**  
**Dubai- United Arab Emirates**

**Notes to the Financial Statements for the year ended March 31, 2016**  
**(In Arab Emirates Dirham )**

	2016	2015
Shareholders' funds (ii)	2,702,176	2,396,391
Total debt to shareholders' funds ratio	6.92	37.08
<b>22 Ratio analysis</b>		
<b><u>Profitability Indicators</u></b>		
Gross profit margin (%)	12.47%	16.32%
Operating profit margin (%)	4.18%	5.49%
Net profit margin (%)	0.54%	-0.86%
<b><u>Liquidity Measurement</u></b>		
Working capital	2,674,232	2,328,713
Liquidity ratio	1.03	1.02
Current ratio	1.03	1.02
<b><u>Financial Leverage</u></b>		
Debt equity ratio	33.16	46.68
Debt ratio	0.97	0.98

**23 Fair value of financial instruments**

The Establishment's financial instruments are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, therefore, differences can arise between values under the historical cost method and fair value estimates. The fair value of the Establishment's financial instruments is not materially different from the carrying value at March 31, 2016.

**24 Exchange rate risk**

Since the main underlying currencies of the financial instruments, other assets, other liabilities and transactions including cost of sales and sales are in U.A.E. Dirhams and U.S. Dollars, the Establishment is not exposed to a significant exchange rate risk.

**25 Contingencies and commitments**

As at March 31, 2016 as per management the Establishment had no contingencies and commitments.

**26 Comparative figures**

Previous year's figures have been reclassified / regrouped wherever necessary to conform to the presentation adopted in these financial statements. Figures of the Establishment have been rounded off to nearest AED 1/-.

**The accompanying notes on pages 7 to 16 form an integral part of these financial statements.**  
**The report of the auditors is set out on page 1 and 2.**

The financial statements were approved on June 21, 2016 and signed on behalf of the Entity, by:

Director

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