

M/S TEX CARE MIDDLE EAST L.L.C.

P. O. BOX 3695

SHARJAH, U.A.E.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON

31st March 2016

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**REPORT OF THE AUDITORS TO THE SHARE HOLDERS OF
M/S TEX CARE MIDDLE EAST L.L.C., SHARJAH, U.A.E.**

We have audited the accompanying financial statements of **M/s Tex Care Middle East L.L.C., Sharjah, United Arab Emirates**, which comprise the Statement of Financial Position as at 31st March 2016, Statement of Comprehensive Income, Statement of Change in Shareholder's 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 misstatement, 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

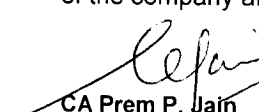
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In the 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 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 of our audit opinion.

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of **M/s Tex Care Middle East L.L.C., Sharjah, United Arab Emirates**, as of 31st March 2016 and the result of its operations and its Cash Flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply, where appropriate, with the Articles of Association of the company and the UAE federal law No. 8 of 1984 (as amended).


CA Prem P. Jain
LLB ACS FCA
Reg. No. 227
Managing Partner
ACTIVE AUDITORS

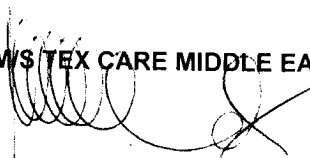
Sharjah, U.A.E.
28th April 2016

M/S TEX CARE MIDDLE EAST L.L.C., SHARJAH, U.A.E.
STATEMENT OF FINANCIAL POSITION
As on 31st March 2016

	NOTES	<u>Mar.2016</u> <u>AMOUNT</u> <u>DHS.</u>	<u>Mar.2015</u> <u>AMOUNT</u> <u>DHS.</u>
NON CURRENT ASSETS			
Property, plant and equipment	A	222,757	268,616
Investments	B	-	87,210
CURRENT ASSETS			
Inventory	C	606,791	613,995
Accounts Receivable	D	5,430,863	5,451,679
Cash & Cash Equivalents	E	808,676	562,463
Total Current Assets		<u>6,846,330</u>	<u>6,628,137</u>
CURRENT LIABILITIES			
Bank Borrowings	F	250,516	209,040
Accounts Payable	G	1,213,400	1,463,574
Total Current Liabilities		<u>1,463,916</u>	<u>1,672,614</u>
Net Current Assets		5,382,414	4,955,523
Non Current Liability	H	713,252	1,022,381
TOTAL NET ASSETS		<u>4,891,919</u>	<u>4,288,968</u>
SHAREHOLDER'S FUNDS			
Share Capital		300,000	300,000
Statutory Reserve		150,000	150,000
Shareholder's Loan A/c	I	655,885	655,885
Retained Earnings		3,786,034	3,183,083
TOTAL		<u>4,891,919</u>	<u>4,288,968</u>

These Financial Statements were approved by the Board of Directors on 28th April 2016 and signed on their behalf by Authorised Signatory.

FOR M/S TEX CARE MIDDLE EAST L.L.C., SHARJAH, U.A.E.


(AUTHORISED SIGNATORIES)

Annexed Accounting Notes form an integral part of these statements.

M/S TEX CARE MIDDLE EAST L.L.C., SHARJAH, U.A.E.
STATEMENT OF COMPREHENSIVE INCOME
For the year ended on 31st March 2016

	NOTES	<u>Mar.2016</u> <u>AMOUNT</u> <u>DHS.</u>	<u>Mar.2015</u> <u>AMOUNT</u> <u>DHS.</u>
Income		8,890,182	9,190,951
Less : Cost of Sales	J	(4,903,656)	(5,359,572)
Gross Profit		3,986,526	3,831,379
OTHER INCOME	K	196,868	2,075
EXPENSES			
Less : Gen. & Admn. Exp.	L	1,674,889	1,460,447
Selling & Distribution Exp.	M	1,492,884	1,332,785
Financial Charges		266,789	298,603
Depreciation	A	61,881	109,993
Bad & Doubtful Debts written off		84,000	84,000
Total Expenses		3,580,443	3,285,828
Net Profit before Statutory Reserve		602,951	547,626
Less : 10% Statutory Reserve		-	12,160
Total Comprehensive Income for the year		602,951	535,466

These Financial Statements were approved by the Board of Directors on 28th April 2016 and signed on their behalf by Authorised Signatory.

FOR M/S TEX CARE MIDDLE EAST L.L.C., SHARJAH, U.A.E.



(AUTHORISED SIGNATORIES)

Annexed Accounting Notes form an integral part of these statements.



M/S TEX CARE MIDDLE EAST L.L.C., SHARJAH, U.A.E.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
For the year ended on 31st March 2016

	<u>Share Capital</u> <u>DHS.</u>	<u>Statutory Reserve</u> <u>DHS.</u>	<u>Shareholder's Loan A/c</u> <u>DHS.</u>	<u>Retained Earnings</u> <u>DHS.</u>	<u>Total</u> <u>DHS.</u>
Opening Balance as on 01.04.2014	300,000	137,840	655,885	2,647,617	3,741,342
Reserve for the year	-	12,160	-	-	12,160
Comprehensive Income for the year	-	-	-	535,466	535,466
Balance as at 31.03.2015	300,000	150,000	655,885	3,183,083	4,288,968
Opening Balance as on 01.04.2015	300,000	150,000	655,885	3,183,083	4,288,968
Comprehensive Income for the year	-	-	-	602,951	602,951
Balance as at 31.03.2016	300,000	150,000	655,885	3,786,034	4,891,919

M/S TEX CARE MIDDLE EAST L.L.C., SHARJAH, U.A.E.
STATEMENT OF CASH FLOWS
For the year ended on 31st March 2016

	<u>Mar.2016</u>	<u>Mar.2015</u>
	<u>AMOUNT</u>	<u>AMOUNT</u>
	<u>DHS.</u>	<u>DHS.</u>
<u>CASH FLOWS FROM COMMERCIAL ACTIVITIES :</u>		
Comprehensive Income for the year	602,951	547,626
Financial Charges	266,789	298,603
Depreciation	134,324	164,983
Operating Profit before working changes	1,004,064	1,011,212
<u>(Increase)/Decrease in operating assets :</u>		
Closing Stock	7,204	(66,417)
Accounts Receivable	20,816	(130,809)
<u>Increase/(Decrease) in operating Liabilities :</u>		
Accounts Payable	(250,174)	(331,540)
Non Current Liability	(67,118)	42,835
Net Cash Flows from operating activities	A 714,792	525,281
<u>CASH FLOWS FROM INVESTING ACTIVITIES :</u>		
Increase in Fixed Assets	(88,465)	(127,332)
Decrease in Investment	87,210	-
Net Cash Flows from investing activities	B (1,255)	(127,332)
<u>CASH FLOWS FROM FINANCING ACTIVITIES :</u>		
Bank Borrowing	(200,535)	(213,185)
Financial Charges	(266,789)	(298,603)
Net cash flows from financing activities	C (467,324)	(511,788)
Net Increase in cash and cash equivalents (A+B+C)	246,213	(113,839)
Cash & Cash equivalents at the beginning of the year	562,463	676,302
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	808,676	562,463

ACCOUNTING NOTES FOR THE FINANCIAL STATEMENTS

(I) LEGAL STATUS AND ACTIVITIES

M/s **Tex Care Middle East L.L.C.**, is a limited liability company, licensed by Economic Development Department, Government of Sharjah, in accordance to the Federal Company Law of 1984. The shareholders and their Capital and Profit Sharing ratio are as under:

<u>Name of the Partners</u>	<u>Nationality</u>	<u>Capital</u>	<u>Profit</u>
1. Mr. Shaikh Faisal Bin Khalid Bin Sultan Al Qasemi	(U.A.E. National)	51%	51%
2. M/s. Refnol Overseas Ltd., Mauritius. (Rep. by Mr. Mahendra Kishore Khatau., Indian National)		49%	49%

The main activities of the company is processing and trading in cleaning detergents.

(II) ACCOUNTING POLICIES

i ADOPTION OF NEW AND REVISED STANDARDS

The company has adopted the new and revised International Financial Reporting Standards (IFRSs) including the International Accounting Standards (IASs) and their interpretations that are relevant to its operations and effective on the current financial statements.

The Directors anticipate that all of the new and revised International Financial Reporting Standards (IFRSs) and Interpretations as applicable will be adopted in the company's financial statements for the year commencing 1 April 2016 or as and when it is applicable.

ii BASIS OF PREPARATIONS

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards adopted by the International accounting Standards Board (IASB). The significant accounting policies adopted, and that has been consistently applied, are as follows -

1. **Income & Expenditure :-** All income represent the invoiced goods and services delivered during the year on accrual basis. The expenses are also recognized on accrual basis.
2. **Stock of Material :-** Stock is based on physical count and is stated at the lower of cost and net realizable value, whichever is less using FIFO method. Obsolete and damaged stock are excluded and written off from the closing stock.
3. **Property, Plant and Equipment :-** Property, plant and equipment are recorded at cost. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the recoverable amount, assets are written down to their recoverable amount.
4. **Depreciation of Property, Plant and Equipment :-** Depreciation is calculated to write-off the cost on a straight line basis over the estimated useful lives of the assets concerned. The rates used are :

Leasehold Improvements	20%
Machineries, Office Equipments & Furniture Fixtures	20%
Vehicles	33.33%
5. **Foreign Exchange :** The functional currency of the establishment is AED. Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at that date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
6. **Provision for staff benefits :-** Provision for staff benefits has been made as per U.A.E labour law and policies of the company.

7. Financial Instruments :-

(a) Derivatives & exchange rate risk:- The company does not use under derivative financial instruments for speculative purposes.

There is no exchange rate fluctuation risk since the transactions of the company is in AED and in USD to which AED is fixed.

(b) Credit Risk:- Financial Assets consist principally of cash and bank balances, trade debtors, prepayments and advances. Bank balances are with regulated financial institutions. Credit risk with respect to trade debtors is limited due to large number of customers comprising the company's base. The trade debtors are presented net of allowance from doubtful debts. Five largest customers accounts for % of outstanding accounts receivable at 31st March 2016 (2015:33%). At the balance sheet date, geographical distribution of trade debtors balance was as follows :

	<u>Mar.2016</u>	<u>Mar.2015</u>
UAE	76%	36%
GCC	19%	22%
AFRICA	-	11%
ASIA	5%	31%
Total	----- 100% -----	----- 100% -----

(c) Suppliers Concentration risk:- As at 31st March 2016 top five trade creditors balance represents 46% (2015:52%) of the value of the trade creditors outstanding. All the trade creditors are concentrated in U.A.E.

(d) Fair Values:- At the Balance Sheet date the carrying amount of cash and bank balances, debtors, creditors and other liabilities approximated their fair values.

(e) Interest Rate Risk :- Interest is paid on borrowings from Bank as per prefix rates on existing borrowing.

8. Statutory Reserve :- In accordance to the Federal Company Law of 1984, 10% of profit is transferred to a statutory reserve until reserve equals 50% of the share capital. The statutory reserve is not available for distribution.

9. **Related Parties :-** Related Parties include Partners and their subsidiaries. The balances arising out of commercial transactions (including all Sales & Purchases) carried out. The management believes that the terms of such transactions are not significantly different from those that could be obtained from third parties. Purchases include Dhs. 466,122/- to related parties.
10. **Number of Employees :-** Number of employees as on 31/03/2016 was 17 (2015:15).
11. **Comparative Figures & Rounding off :-** We have rounded off the figures to nearest UAE Dirhams. Previous year figures have been reclassified wherever needed to facilitate current year presentation.
12. **Contingent Liability :-** Contingent liabilities as on 31/03/2016 are as under -

Ministry of Labour and Social Affairs :-

Labour Guarantee	AED 18,200/-
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M/S TEX CARE MIDDLE EAST L.L.C., SHARJAH, U.A.E.
(31st March 2016)

A PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Machinery & Equipments	Office Equipments	Furniture & Fixtures	Vehicles	Total
Cost as on 01/04/2015	68,170	696,325	175,623	64,523	656,377	1,661,018
Additions	-	85,281	3,184	-	-	88,465
Cost as on 31/03/2016	68,170	781,606	178,807	64,523	656,377	1,749,483
Accumulated Depreciation	66,978	523,127	166,528	62,517	573,252	1,392,402
Depreciation for the year	1,192	72,443	2,782	2,006	55,901	134,324
Total Depreciation as on 31/03/2016	68,170	595,570	169,310	64,523	629,153	1,526,726
W.D.V. as on 31/03/2016	-	186,036	9,497	-	27,224	222,757
W.D.V. as on 31/03/2015	1,192	173,198	9,095	2,006	83,125	268,616

Note : The vehicles are hypothicated with Bank against vehicle loan.

M/S TEX CARE MIDDLE EAST L.L.C., SHARJAH, U.A.E.
(31st March 2016)

	<u>Mar.2016</u> <u>AMOUNT</u> <u>DHS.</u>	<u>Mar.2015</u> <u>AMOUNT</u> <u>DHS.</u>
B INVESTMENTS		
Investment in Subsidiary (M/s. Tex Care Bahrain W.L.L)	-	87,210
Total	<u>-</u>	<u>87,210</u>

Note : The company is holding 49% of the shares in M/s. Tex Care Bahrain W.L.L. However as per record produced before us M/s. Tex Care Bahrain W.L.L is owned, controlled & managed by the M/s. Tex Care Middle East L.L.C., Sharjah, U.A.E. Company is dissolved & all assets & liabilities settled.

C INVENTORY		
Raw Materials	420,817	396,150
Finished Goods	257,974	289,845
Less : Allowance for slow moving inventories	(72,000)	(72,000)
Total	<u>606,791</u>	<u>613,995</u>

Age-wise analysis of Inventory are shown as below :-

<u>YEARS</u>		
Within 1 Year	550,003	636,471
Between 1 to 2 years	128,788	49,524
Total	<u>678,791</u>	<u>685,995</u>

D ACCOUNTS RECEIVABLE		
Trade Debtors	2,648,480	2,562,938
Less : Provision for Bad Debts	(168,000)	(84,000)
Total Debtors	<u>2,480,480</u>	<u>2,478,938</u>

Deposits, Advances & Prepayments :-

Deposits	101,200	101,200
Advances to Suppliers	2,721,292	2,595,334
Staff Advances & Prepayments	127,891	276,207
Total	<u>5,430,863</u>	<u>5,451,679</u>

Note :- 1) Included in Deposits, Advances to suppliers & Prepayments AED 2,721,292/- (AED 2,726,220/- in 2015) due from M/s. Refnol Resins & Chemicals Ltd., Ahmedabad.
2) Included in deposits Dhs. 18,200/- held by Ministry of Labour against guarantee issued.

M/S TEX CARE MIDDLE EAST L.L.C., SHARJAH, U.A.E.
(31st March 2016)

	<u>Mar.2016</u> <u>AMOUNT</u> <u>DHS.</u>	<u>Mar.2015</u> <u>AMOUNT</u> <u>DHS.</u>
<u>Age-wise analysis of Debtors are shown as below :-</u>		
<u>DAYS</u>		
0 to 180 Days	2,517,067	2,396,924
181 & Above	131,413	166,014
Total	<u>2,648,480</u>	<u>2,562,938</u>
E CASH AND CASH EQUIVALENTS		
Cash in hand	18,459	14,612
Cash at Bank	790,217	547,851
Total	<u>808,676</u>	<u>562,463</u>
F BANK BORROWING		
RAK Bank Long term loan payable	761,171	961,706
Less : Payable above one year	(510,655)	(752,666)
Net payable within one year	<u>250,516</u>	<u>209,040</u>
<u>Notes</u> : Above bank borrowings are against following securities :-		
1) Personal Guarantee of Mr. Arup Kumar Basu covering the full facilities.		
2) Post dated cheques for the full facilities.		
G ACCOUNTS PAYABLE		
Trade Creditors	472,117	746,493
Accrued Expenses	255,326	223,697
Vehicle Loan payable within one year	23,868	59,788
<u>Due to Related Party</u>		
M/s. Refnol Overseas Ltd., Mauritius	462,089	433,596
Total	<u>1,213,400</u>	<u>1,463,574</u>

M/S TEX CARE MIDDLE EAST L.L.C., SHARJAH, U.A.E.
(31st March 2016)

Mar.2016
AMOUNT
DHS.

Mar.2015
AMOUNT
DHS.

Age-wise analysis of Creditors are shown as below :-

DAYS

0 to 180 Days	472,117	-
181 & Above		746,493
Total	<u>472,117</u>	<u>746,493</u>

H NON CURRENT LIABILITY

Provision for Gratuity	197,541	241,869
Vehicle Loan payable above one year	5,056	27,846
RAK Loan payable above one year	510,655	752,666
Total	<u>713,252</u>	<u>1,022,381</u>

I SHAREHOLDER'S LOAN A/C

M/s. Refnol Overseas Ltd., Mauritius	655,885	655,885
Total	<u>655,885</u>	<u>655,885</u>

Note : This amount represents an unsecured, 9% interest long term loan. The loan has no fixed repayment schedule.

J COST OF SALES

Opening Stock of Raw Material & Consumables	324,150	294,469
Purchases - Raw Material & Consumables	4,447,746	4,972,711
Less : Closing Stock of Raw Material & consumables	(420,817)	(324,150)

Raw Material Consumed

Opening Stock of Finished Goods	289,845	253,109
Direct expenses	376,263	398,288
Depreciation (Plant & Machinery)	72,443	54,990
Closing Stock of Finished Goods	(185,974)	(289,845)

Total	<u>4,903,656</u>	<u>5,359,572</u>
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M/S TEX CARE MIDDLE EAST L.L.C., SHARJAH, U.A.E.
(31st March 2016)

	<u>Mar.2016</u> <u>AMOUNT</u> <u>DHS.</u>	<u>Mar.2015</u> <u>AMOUNT</u> <u>DHS.</u>
K OTHER INCOME		
Interest & Commission	196,868	2,075
Total	<u>196,868</u>	<u>2,075</u>
L GEN. & ADMN. EXPENSES		
Salaries & staff benefits	1,000,491	850,252
Sponsorship Fees	45,000	45,000
Rent	180,000	150,000
Tel., Fax, Postage & Utility	93,258	80,116
Govt., Legal & Professional Charges	145,236	102,198
Conveyance, Travelling & Vehicle Maintenance	130,065	146,967
Repairs & maintenance	7,458	20,749
Miscellaneous Exp.	73,381	65,165
Total	<u>1,674,889</u>	<u>1,460,447</u>
M SELLING & DISTRIBUTION EXPENSES		
Business Promotion	529,681	413,316
Commission	963,203	919,469
Total	<u>1,492,884</u>	<u>1,332,785</u>