

**ATLANTIS INTERNATIONAL SERVICES COMPANY LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
FINANCIAL STATEMENTS  
31 MARCH 2016**

**Private & Confidential**

**ATLANTIS INTERNATIONAL SERVICES COMPANY LIMITED**  
**TORTOLA, BRITISH VIRGIN ISLANDS**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2016**

<b>CONTENTS</b>	<b>PAGE</b>
AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 -9

**AUDITORS' REPORT**  
**TO THE SHAREHOLDER'S OF ATLANTIS INTERNATIONAL SERVICES COMPANY LIMITED**  
**TORTOLA, BRITISH VIRGIN ISLANDS**

We have audited the accompanying financial statements of **Atlantis International Services Company Limited**, which comprise the statement of financial position as at **31 March 2016**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended **31 March 2016** and summary of significant accounting policies.

**Managements' 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 relevant UAE law. The 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.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

**Opinion**

The management has compiled the financial statements on the basis of information, evidence and data that was available.

Independent confirmations from the bank in respect of the company's bank account balances, related parties accounts balances, short term borrowings balances and any related information is still awaited.

We are not aware of any related tax laws and other laws of British Virgin Islands due to limitations.

Subject to the preceding paragraphs, in our opinion, the financial statements presents fairly, in all material respects, the financial position of **Atlantis International Services Company Limited** as of **31 March 2016** and of the results of its operations for the period ended are in accordance with International Financial Reporting Standards.



**MIDDLE EAST AUDITING AWAD ALAMERI**

Reg. No. 39

Dubai, United Arab Emirates

11 May 2016

**ATLANTIS INTERNATIONAL SERVICES COMPANY LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2016**

	Note	2016	2015
United States Dollar			
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Trade receivables	4	2,899,339	2,899,339
Advances, deposits and prepayments	5	49,166	49,166
Cash and cash equivalents	6	27,297	28,350
		<b>2,975,802</b>	<b>2,976,855</b>
<b>TOTAL ASSETS</b>		<b>2,975,802</b>	<b>2,976,855</b>
<b>EQUITY FUNDS</b>			
Share capital	2	50,000	50,000
Retained earnings		(296,565)	(295,512)
		<b>(246,565)</b>	<b>(245,512)</b>
<b>CURRENT LIABILITIES</b>			
Short term borrowings	7	3,221,179	3,221,179
Accruals and other payables	8	1,188	1,188
		<b>3,222,367</b>	<b>3,222,367</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,975,802</b>	<b>2,976,855</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**ATLANTIS INTERNATIONAL SERVICES COMPANY LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
United States Dollar			
<b>SALES</b>		-	15,849,680
Cost of sales	9	-	(15,671,102)
<b>GROSS PROFIT</b>		-	<b>178,578</b>
Admin., selling and general expenses	10	(993)	(953)
<b>OPERATING (LOSS) / PROFIT</b>		<b>(993)</b>	<b>177,625</b>
Other income		-	80,988
Financial charges		(60)	(541,902)
<b>(LOSS) FOR THE YEAR</b>		<b>(1,053)</b>	<b>(283,289)</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
\_\_\_\_\_  
Authorized Signatory

**ATLANTIS INTERNATIONAL SERVICES COMPANY LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	Share capital	Retained earnings	Total
	United States Dollar		
<b>As at 31 March 2014</b>	<b>50,000</b>	<b>(12,224)</b>	<b>37,776</b>
Loss for the year	-	(283,289)	(283,289)
Transfer	-	-	-
Net movements during the year	-	-	-
<b>As at 31 March 2015</b>	<b>50,000</b>	<b>(295,512)</b>	<b>(245,512)</b>
Loss for the year	-	(1,053)	(1,053)
Transfer	-	-	-
Net movements during the year	-	-	-
<b>As at 31 March 2016</b>	<b>50,000</b>	<b>(296,565)</b>	<b>(246,565)</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**ATLANTIS INTERNATIONAL SERVICES COMPANY LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

Note	2016	2015
	United States Dollar	
<b>Cash flows from operating activities</b>		
Loss for the year	(1,053)	(283,289)
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	-	-
<b>Operating loss before changes in operating assets and liabilities</b>	<b>(1,053)</b>	<b>(283,289)</b>
(Increase) /Decrease in trade receivables	-	59
(Increase)/Decrease in due from related party	-	30,075,635
(Increase)/Decrease in deposits and prepayments	-	239,094
Increase/(Decrease) in other payables and provisions	-	(609)
<b>Cash flows from operating activities (A)</b>	<b>(1,053)</b>	<b>30,030,890</b>
<b>Cash flows from financing activities</b>		
Decrease in short term borrowings	-	(30,026,648)
Net changes in shareholder's current account	-	-
<b>Net cash flow used in financing activities (B)</b>	<b>-</b>	<b>(30,026,648)</b>
<b>Net decrease in cash and cash equivalents (A+B)</b>	<b>(1,053)</b>	<b>4,243</b>
Cash and cash equivalents at beginning of the year	28,350	24,107
<b>Cash and cash equivalents at end of the year</b>	<b>27,297</b>	<b>28,350</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**ATLANTIS INTERNATIONAL SERVICES COMPANY LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**1 LEGAL STATUS AND BUSINESS ACTIVITY**

- 1.1 Atlantis International Services Company Limited** was registered in Tortola, British Virgin Islands an Offshore Company with Limited Liability on 8th June, 2009, under registration no. 1534673 formed in accordance with British Virgin Islands Business Companies Act. The registered address of the company is P.O. Box 173, Tortola, British Virgin Islands.
- 1.2** The company is primarily engaged in the trading business of steel including mild, high carbon spring, high speed tools alloys, stainless steel metals.
- 1.3** The company is jointly controlled and managed by Mr. Ankit Miglani, an Indian national and Mr. Trevor Campbell Smith, a British national.

**2 SHARE CAPITAL**

The shareholding of the company is as follows.

Name	Origin	No . of shares	Value per share	Total USD
M/s. Uttam Galva Steels Limited	India	10	5,000	50,000
		<b>10</b>		<b>50,000</b>

- 2.1** The authorized and paid up share capital of the company is USD 50,000/- divided into 10 shares of USD 5,000/- each.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted and which have been consistently applied are as follows:

**3.1 Basis of preparation**

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB)

**3.2 Revenue recognition**

Revenue from sale of goods is recognized when all significant risks and rewardss of ownership are transfred to the buyers. In most cases, this coïnsides with the transfer of legal title or passing of possession of goods to the buyers. Revenue from rendering of services is recognized when the invoices are issued for the services provided.

**ATLANTIS INTERNATIONAL SERVICES COMPANY LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**3.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting standards requires the use of certain accounting estimates. It requires the management to exercise its judgments during applying the company's accounting policies. The areas where assumptions and estimates are significant to the financial statements, are residual and useful life of property, plant and equipment and provision for impairment of trade and other receivables.

**3.4 Fixed assets and depreciations**

There are no fixed assets as the entity registered as offshore company. Hence there is no depreciation charged in these financial statements.

**3.5 Foreign currency transactions**

Foreign currency transactions are recorded in United States dollar at the approximate rate of exchange rulling at the time of the transaction. Assets and liabilities expressed in foreign currencies at the end of the reporting period are translated in to United States dollar at the year end rate of exchange. All foreign currency gain or losses are booked in the statement of comprehensive income as and when they arise.

**3.6 Account receivables**

Accounts receivable are reported at net of allowance to reflect the estimated recoverable amount

**ATLANTIS INTERNATIONAL SERVICES COMPANY LIMITED**  
**TORTOLA, BRITISH VIRGIN ISLANDS**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
United States Dollar			
<b>4 TRADE RECEIVABLES</b>			
Trade receivables		2,899,339	2,899,339
<b>Age analysis</b>			
Less than 30 days		-	985,775
From 31 to 60 days		2,899,339	1,913,564
		<b>2,899,339</b>	<b>2,899,339</b>
<b>5 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Other receivables		49,166	49,166
		<b>49,166</b>	<b>49,166</b>
<b>6 CASH AND CASH EQUIVALENTS</b>			
Cash at bank		13,669	28,350
Cheque in Hand		13,628	-
		<b>27,297</b>	<b>28,350</b>
<b>7 SHORT TERM BORROWINGS</b>			
Loan from Uttam Galva Steels Ltd (Interest accrued but not due)		3,216,658	3,216,658
Loan from Feero Zinc International FZE		4,521	4,521
		<b>3,221,179</b>	<b>3,221,179</b>
<b>8 ACCRUALS AND OTHER PAYABLES</b>			
Accrued expenses		1,188	1,188
		<b>1,188</b>	<b>1,188</b>
<b>9 COST OF SALES</b>			
Purchases (including direct expenses)		-	15,671,102
		-	<b>15,671,102</b>
<b>10 ADMIN., SELLING AND GENERAL EXPENSES</b>			
Legal professional and visa charges		993	953
		<b>993</b>	<b>953</b>

**ATLANTIS INTERNATIONAL SERVICES COMPANY LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016****11 Fair Value of Financial Instruments**

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

**12 Interest rate risk**

Significant financial instruments, other assets and other liabilities of the company as at 31st March, 2016 are not interest based, except those mentioned in note 10 of these attached financials.

**13 Exchange rate risk**

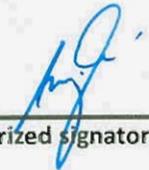
Since the main underlying currencies of the financial instruments, other assets, other liabilities and transactions including cost of sales and revenue are in United States Dollars, the Company is not exposed to a significant exchange rate risk.

**14 CONTINGENCIES AND COMMITMENTS**

As at 31st March, 2016, the Company had no contingencies and commitments.

**15 DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the shareholders' of the company on 11 May 2016.

  
\_\_\_\_\_  
Authorized signatory

**UTTAM GALVA HOLDINGS LIMITED  
JEBEL ALI FREE ZONE  
DUBAI - UNITED ARAB EMIRATES  
FINANCIAL STATEMENTS  
31 MARCH 2016**

Private & Confidential

UTTAM GALVA HOLDINGS LIMITED  
JEBEL ALI FREE ZONE  
DUBAI - UNITED ARAB EMIRATES  
FINANCIAL STATEMENTS  
31 MARCH 2016

CONTENTS	PAGE
AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 9

**AUDITOR'S REPORT**  
**TO THE SHAREHOLDER'S OF UTTAM GALVA HOLDINGS LIMITED**  
**JEBEL ALI FREE ZONE, DUBAI, UNITED ARAB EMIRATES**

We have audited the accompanying financial statements of **Uttam Galva Holdings Limited**, which comprise the statement of financial position as at **31 March 2016**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended **31 March 2016** and summary of significant accounting policies.

**Managements' 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 relevant UAE law. The 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.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

**Opinion**

The management has compiled the financial statements on the basis of information, evidence and data that was available.

An independent confirmation from the related parties' accounts balances and any related information is still awaited.

Subject to the preceding paragraph, in our opinion, the financial statements presents fairly, in all material respects, the financial position of **Uttam Galva Holdings Limited** as of **31 March 2016** and of the results of its operations for the year ended are in accordance with International Financial Reporting Standards.



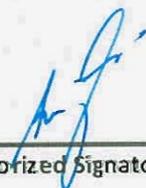
**MIDDLE EAST AUDITING AWAD ALAMERI**

Reg. No. 39  
Dubai, United Arab Emirates  
11 May 2016

**UTTAM GALVA HOLDINGS LIMITED**  
**JEBEL ALI FREE ZONE, DUBAI - U.A.E.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

	Note	2016	2015
United States Dollar			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Investment in Subsidiary Company	4	3,269,755	272,480
		<b>3,269,755</b>	<b>272,480</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	18,300	1,361
		<b>18,300</b>	<b>1,361</b>
<b>TOTAL ASSETS</b>		<b>3,288,055</b>	<b>273,841</b>
<b>EQUITY FUNDS</b>			
Share capital	2	3,272,480	272,480
Retained earnings		(57,871)	(53,124)
		<b>3,214,609</b>	<b>219,356</b>
<b>CURRENT LIABILITIES</b>			
Due to related party	6	37,633	37,633
Accruals and other payables	7	35,813	16,852
		<b>73,445</b>	<b>54,485</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,288,055</b>	<b>273,841</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**UTTAM GALVA HOLDINGS LIMITED  
JEBEL ALI FREE ZONE, DUBAI - U.A.E.  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
United States Dollar			
<b>SALES</b>		-	-
Cost of sales		-	-
<b>GROSS LOSS</b>		-	-
<b>Operating Expenses</b>			
Admin., selling and general expenses	8	(2,997)	(2,645)
<b>OPERATING (LOSS)</b>		<b>(2,997)</b>	<b>(2,645)</b>
Other Income (Loss on Cancellation of investments)	9	-	(568,369)
Financial charges		(1,750)	-
<b>(LOSS) FOR THE YEAR</b>		<b>(4,747)</b>	<b>(571,014)</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
\_\_\_\_\_  
Authorized Signatory

**UTTAM GALVA HOLDINGS LIMITED  
JEBEL ALI FREE ZONE, DUBAI - U.A.E.  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	Share capital	Retained earnings	Total
United States Dollar			
<b>As at 31 March 2014</b>	<b>272,480</b>	<b>517,890</b>	<b>790,370</b>
Loss for the year	-	(571,014)	(571,014)
Transfer	-	-	-
Net movements during the year	-	-	-
<b>As at 31 March 2015</b>	<b>272,480</b>	<b>(53,124)</b>	<b>219,356</b>
Loss for the year	-	(4,747)	(4,747)
Transfer	-	-	-
Capital Introduce	3,000,000		3,000,000
Net movements during the year	-	-	-
<b>As at 31 March 2016</b>	<b>3,272,480</b>	<b>(57,871)</b>	<b>3,214,609</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**UTTAM GALVA HOLDINGS LIMITED**  
**JEBEL ALI FREE ZONE, DUBAI - U.A.E.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

Note	2016	2015
United States Dollar		
<b>Cash flows from operating activities</b>		
Loss for the year	(4,747)	(571,014)
<b>Adjustments for:</b>		
Prior year adjustment	-	-
<b>Operating cash flow before change in operating activities</b>	<b>(4,747)</b>	<b>(571,014)</b>
<b>Increase/Decrease in current assets other receivables</b>	-	-
<b>Increase/Decrease in Current Liabilities</b>		
Due to related parties	-	-
Other payables and provisions	18,960	2,645
<b>Net cash flow(usedin) from operating activities .</b>	<b>14,214</b>	<b>(568,369)</b>
<b>Cash Flow from Investing activities</b>		
Share capital introduce	3,000,000	
investment made	(2,997,275)	272,480
<b>Net cash flow from Investing activities</b>	<b>2,725</b>	<b>272,480</b>
<b>Cash flows from financing activities</b>		
Net changes in shareholder's current account	-	-
<b>Net cash flow used in financing activities (B)</b>	<b>-</b>	<b>-</b>
<b>Net Increase in cash and cash equivalents (A+B)</b>	<b>16,939</b>	<b>-</b>
Cash and cash equivalents at beginning of the year	1,361	1,361
<b>Cash and cash equivalents at end of the year</b>	<b>18,300</b>	<b>1,361</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

Authorized Signatory

**UTTAM GALVA HOLDINGS LIMITED  
JEBEL ALI FREE ZONE, DUBAI - U.A.E.**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**1 LEGAL STATUS AND BUSINESS ACTIVITY**

- 1.1 **Uttam Galva Holdings Limited** (the Company) was registered on 21 February 2008 in Jebel Ali Free Zone as an offshore Company with Limited Liability, Jebel Ali, Dubai, United Arab Emirates. The registered address of the company is P.O.Box 17870, Jebel Ali Free Zone, Dubai, U.A.E.
- 1.2 The Company is primarily engaged in the business of General Trading, investment in limited liability companies, partnership, joint ventures, and any other company, investment in properties outside U.A.E., own real property of Palm Islands or any property owned by Nakheel Company LLC or EMMAR Properties or Dubai World of Dubai Holdings or any other real property approved by the authority and outside U.A.E..
- 1.3 The company is Jointly controlled and managed by Mr. Rajinder Uttamchand Miglani, Mr. Anuj Miglani and Mr. Ankit Miglani, all Indian nationals.

**2 SHARE CAPITAL**

The shareholding of the company is as follows.

Name	Origin	No . of shares	Value per share	Total USD
M/s. Uttam Galva Steels Limited	India	120,000	27.27	3,272,480
		<b>120,000</b>		<b>3,272,480</b>

- 2.1 The authorized and paid up share capital of the company is AED 12,000,000/- ( USD 3,272,480) divided into 120,000 shares of AED 100/- (USD 27.27) each.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted and which have been consistently applied are as follows:

**3.1 Basis of preparation**

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and the requirements of UAE Commercial Companies Law No. 8 of 1984, as amended.

**UTTAM GALVA HOLDINGS LIMITED  
JEBEL ALI FREE ZONE, DUBAI - U.A.E.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016****3.2 Revenue recognition**

Revenue from sale of goods is recognised when all significant risk and rewards of ownership are transferred to the buyers. In most cases, this coincides with the transfer of legal title or passing of goods to the buyers. Revenue from rendering of services is recognized when the invoices are issued for the services

**3.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting standards requires the use of certain accounting estimates. It requires the management to exercise its judgments during applying the company's accounting policies. The areas where assumptions and estimates are significant to the financial statements, are residual and useful life of property, plant and equipment and provision for impairment of trade and other receivables.

**3.4 Fixed assets and depreciation**

There are no fixed assets as the entity is registered as offshore company, there is no depreciation charged in these financial statements.

**3.5 Foreign currency transactions**

Foreign currency transactions are recorded in United States Dollar at the approximate rate of exchange ruling at the time of the transaction. Assets and liabilities expressed in foreign currencies at the end of the reporting period are translated in to United STATES Dollar at the year end rate of exchange. All foreign currency gain or losses are booked in the statement of comprehensive income

**UTTAM GALVA HOLDINGS LIMITED**  
**JEBEL ALI FREE ZONE, DUBAI - U.A.E.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	2016	2015
	USD	USD
<b>4 Non Current Assets</b>		
Investment in Subsidiary Company	3,269,755	272,480
	<b>3,269,755</b>	<b>272,480</b>
<b>5 Cash and bank balances</b>		
Standered Chartered Bank	-	1,361
Bank of Baroda-AED-A/c no-90010200025960	9,388	-
Bank of Baroda-Usd-A/c no-90010200025961	8,912	-
	<b>18,300</b>	<b>1,361</b>
<b>6 RELATED PARTY TRANSACTIONS</b>		
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.		
The related party transactions represent transfer of resources at book value to / from other companies to facilitate day to day business operations of the company.		
<b>6.1 Due from related parties</b>		
Due to related parties	37,633	37,633
<b>7 Other payables and provisions</b>		
Uttam Galva international FZE	18,007	-
Accrued expenses	17,805	16,852
	<b>35,813</b>	<b>16,852</b>
<b>8 ADMIN., SELLING AND GENERAL EXPENSES</b>		
Legal professional and visa charges	2,997	2,645
	<b>2,997</b>	<b>2,645</b>
<b>9 OTHER INCOME</b>		
Consideration on sale of Investments in Ferro Zinc International FZE	-	(840,849)
Less:- Cost of Investments	-	272,480
Gain on Sale of Investments	-	(568,369)

**UTTAM GALVA HOLDINGS LIMITED  
JEBEL ALI FREE ZONE, DUBAI - U.A.E.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**10 Fair value of Financial Instruments**

The Company's financial instruments are accounted for under the historical cost conversion. 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 value under the historical cost method and fair value estimates. The fair value of the company's financial instruments is not materially different from the carrying value as at 31 st March, 2016.

**11 Interest rate risk**

Significant Financial instruments, other assets and liabilities of the company as at 31 st March-2016 are not interest based.

**12 Exchange rate risk**

Since the main underlying currencies of the financial instruments, other assets, other liabilities and transactions including the cost of sales and revenue are in U.A.E. Dirham's, the company is not exposed to a significant exchanged rate

**13 CONTINGENCIES AND COMMITMENTS**

As at 31 st March, 2016, the company had no contingencies and commitments.

**14 These financial statements were authorized for issue by the shareholders' of the company on 11 May 2016.**

  
\_\_\_\_\_  
Authorized signatory

**UTTAM GALVA STEELS NETHERLANDS B.V**  
**NETHERLANDS B.V**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2016**

Private & Confidential

**UTTAM GALVA STEELS NETHERLANDS B.V**  
**NETHERLANDS B.V**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2016**

<b>CONTENTS</b>	<b>PAGE</b>
AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 9

**AUDITOR'S REPORT  
TO THE SHAREHOLDER'S OF UTTAM GALVA STEELS NETHERLANDS B.V  
NETHERLANDS B.V.**

We have audited the accompanying financial statements of **Uttam Galva Steels Netherlands B.V**, which comprise the statement of financial position as at **31 March 2016**, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended **31 March 2016** and summary of significant accounting policies.

**Managements' 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 relevant UAE law. The 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.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

**Opinion**

The management has compiled the financial statements on the basis of information, evidence and data that was available.

Independent confirmations from the bank in respect of the company's bank account balances, short term borrowings balances and any related information is still awaited.

We are not aware of any related tax laws and other laws of Netherlands B.V due to limitations.

Subject to the preceding paragraphs, in our opinion, the financial statements presents fairly, in all material respects, the financial position of **Uttam Galva Steels Netherlands B.V** as of **31 March 2016** and of the results of its operations for the year ended are in accordance with International Financial Reporting Standards.



**MIDDLE EAST AUDITING AWAD ALAMERI**

Reg. No. 39  
Dubai, United Arab Emirates  
11 May 2016

**UTTAM GALVA STEELS NETHERLANDS B.V**  
**NETHERLANDS B.V**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

	Note	2016	2015
United States Dollar			
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Trade receivables	4	-	6,402,429
Advances, deposits and prepayments	5	141,365	8,962,086
Cash and cash equivalents	6	321,465	704,851
		<b>462,830</b>	<b>16,069,367</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY FUNDS</b>			
Share capital	2	19,367	24,818
Retained earnings		(3,719,121)	(3,025,852)
Shareholder's current account	9	4,539	(912)
		<b>(3,695,215)</b>	<b>(3,001,946)</b>
<b>CURRENT LIABILITIES</b>			
Short term borrowings	7	4,083,356	19,039,076
Accruals and other payables	8	74,689	32,237
		<b>4,158,045</b>	<b>19,071,313</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<b>462,830</b>	<b>16,069,367</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**UTTAM GALVA STEELS NETHERLANDS B.V  
NETHERLANDS B.V  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
United States Dollar			
<b>SALES</b>		5,891,791	9,128,381
Cost of sales	10	(5,813,073)	(9,026,890)
<b>GROSS PROFIT</b>		<b>78,718</b>	<b>101,491</b>
Admin., selling and general expenses	11	(261,942)	(350,861)
<b>OPERATING (LOSS)</b>		<b>(183,224)</b>	<b>(249,370)</b>
Other income		40,771	350,479
Financial charges		(550,817)	(1,139,431)
<b>(LOSS) FOR THE YEAR</b>		<b>(693,269)</b>	<b>(1,038,322)</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**UTTAM GALVA STEELS NETHERLANDS B.V**  
**NETHERLANDS B.V**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Share capital	Retained earnings	Shareholder's current account	Total
United States Dollar				
<b>As at 31 March 2014</b>	<b>23,049</b>	<b>(1,987,530)</b>	<b>857</b>	<b>(1,963,624)</b>
Loss for the year	-	(1,038,322)	-	(1,038,322)
Share capital introduced	1,769			
Transfer	-	-	-	-
Net movements during the year	-	-	(1,769)	-
<b>As at 31 March 2015</b>	<b>24,818</b>	<b>(3,025,852)</b>	<b>(912)</b>	<b>(3,001,946)</b>
Loss for the year	-	(693,269)	-	(693,269)
Transfer	-	-	-	-
Net movements during the year	(5,451)	-	5,451	-
<b>As at 31 March 2016</b>	<b>19,367</b>	<b>(3,719,121)</b>	<b>4,539</b>	<b>(3,695,215)</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**UTTAM GALVA STEELS NETHERLANDS B.V**  
**NETHERLANDS B.V**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

Note	2016	2015
United States Dollar		
<b>Cash flows from operating activities</b>		
Loss for the year	(693,269)	(1,038,322)
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	-	-
<b>Operating loss before changes in operating assets and liabilities</b>	<b>(693,269)</b>	<b>(1,038,322)</b>
(Increase) in trade receivables	6,402,429	(113,473)
(Increase) in deposits and prepayments	8,820,722	17,477,711
Increase in other payables and provisions	42,453	(9,653)
<b>Cash flows from operating activities (A)</b>	<b>14,572,334</b>	<b>16,316,264</b>
<b>Cash flows from investing activities</b>		
Paid for investment	-	-
<b>Net cash flow used in investing activities (B)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Share capital introduce	(992)	(992)
Decrease in short term borrowings	(14,955,720)	(19,973,684)
Net changes in shareholder's current account	992	992
<b>Net cash flow used in financing activities (C)</b>	<b>(14,955,720)</b>	<b>(19,973,684)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(383,386)</b>	<b>(3,657,420)</b>
Cash and cash equivalents at beginning of the year	704,851	4,362,271
<b>Cash and cash equivalents at end of the year</b>	<b>321,465</b>	<b>704,851</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**UTTAM GALVA STEELS NETHERLANDS B.V**  
**NETHERLANDS B.V**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1 LEGAL STATUS AND BUSINESS ACTIVITY**

- 1.1** Uttam Galva Steels Netherlands B.V. was registered in Amsterdam as an Offshore Company on 11th January, 2011. The registered address of the company is 202 Oudegracht, 1811 CR, Alkmaar Netherland.
- 1.2** The company is primarily engaged in the trading business of steel and metal products including mild, high carbon spring, high speed tools alloys, stainless steel metals.
- 1.3** The company is jointly controlled and managed by Mr. Rajinder Miglani and Mr. Ankit Miglani, both Indian nationals.

**2 SHARE CAPITAL**

The shareholding of the company is as follows.

Name	Origin	No . of shares	Value per share	Total USD
M/s. Uttam Galva Steels Limited	India	18000	1.34	24,041
		<b>18000</b>		<b>24,041</b>

- 2.1** The authorized and paid up share capital of the company is EURO 18,000/- (Equivalent to USD = 24,041/-) divided into 18,000 shares of Euro 1 (Equivalent to USD = 1.34/-) each.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted and which have been consistently applied are as follows:

**3.1 Basis of preparation**

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB)

**3.2 Revenue recognition**

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. Revenue from rendering of services is recognized when the invoices are issued for the services provided.

**UTTAM GALVA STEELS NETHERLANDS B.V**  
**NETHERLANDS B.V**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016****3.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting standards requires the use of certain accounting estimates. It requires the management to exercise its judgments during applying the company's accounting policies. The areas where assumptions and estimates are significant to the financial statements, are residual and useful life of property, plant and equipment and provision for impairment of trade and other receivables.

**3.4 Fixed assets and depreciations**

There are no fixed assets as the entity is registered as offshore company. Hence, there is no depreciation charges in these financial statements.

**3.5 Foreign currency transactions.**

Foreign currency transactions are recorded in United States Dollar at the approximate rate of exchange ruling at the time of the transaction. Assets and liabilities expressed in foreign currencies at the end of the reporting period are translated into United States Dollar at the year end rate of exchange. All foreign currency gains or losses are booked in the statement of comprehensive income as and when they arise

**3.6 Accounts receivables**

Accounts receivables are reported at net of allowances to reflect the estimated recoverable amount

**UTTAM GALVA STEELS NETHERLANDS B.V**  
**NETHERLANDS B.V**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
United States Dollar			
<b>4</b>	<b>TRADE RECEIVABLES</b>		
	Trade receivables	-	6,402,429
	<b>Age analysis</b>		
	Less than 30 days	-	2,176,826
	From 31 to 60 days	-	4,225,603
		-	<b>6,402,429</b>
<b>5</b>	<b>ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
	Advances to supplier	78,680	8,252,680
	Other receivables	62,684	709,406
		<b>141,365</b>	<b>8,962,086</b>
<b>6</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash at bank	321,465	704,851
		<b>321,465</b>	<b>704,851</b>
<b>7</b>	<b>SHORT TERM BORROWINGS</b>		
	Term loan - Credit Agricole Corporate & Investment Bank	-	15,000,000
	Ferro Zinc International FZE	4,246	3,293
	Atlantis International Services Co. Ltd	1,562	1,562
	UTTAMGALVA STEEL LTD-ADV	4,077,548	4,034,221
		<b>4,083,356</b>	<b>19,039,076</b>
<b>8</b>	<b>ACCRUALS AND OTHER PAYABLES</b>		
	Accrued expenses	74,689	32,237
		<b>74,689</b>	<b>32,237</b>
<b>9</b>	<b>SHAREHOLDER'S CURRENT ACCOUNTS</b>		
	Opening balance	(912)	857
	Transfer	-	-
	Net movements	5,451	(1,769)
		<b>4,539</b>	<b>(912)</b>

**UTTAM GALVA STEELS NETHERLANDS B.V**  
**NETHERLANDS B.V**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
United States Dollar			
<b>10 COST OF SALES</b>			
Purchases (including direct expenses)		5,813,073	9,026,890
		<b>5,813,073</b>	<b>9,026,890</b>
<b>11 ADMIN., SELLING AND GENERAL EXPENSES</b>			
Corporate Tax		80,541	132,128
Dividend Distribution Tax		53,326	19,909
Legal professional and visa charges		121,634	166,562
Other administrative expenses		6,441	32,263
		<b>261,942</b>	<b>350,861</b>

**12 Fair Value of Financial Instruments**

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

**13 Interest rate risk**

Significant financial instruments, other assets and other liabilities of the company as at 31 st March 2016 are not interest based.

**14 Exchange rate risk**

Since the main underlying currencies of the financial instruments, other assets, other liabilities and transactions including cost of sales and revenue are in United Sates Dollar, the company is not exposed to a significant exchange.

**15 Contingencies and commitments.**

As at 31 st March-2016,the company had no contingencies and commitments.

**16 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 company have been rounded off to the nearest USD1/-

**17 DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the shareholders' of the company on 11 May 2016.

  
\_\_\_\_\_  
Authorized signatory

**NEELRAJ INTERNATIONAL TRADE LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
FINANCIAL STATEMENTS  
31 MARCH 2016**

Private & Confidential

**NEELRAJ INTERNATIONAL TRADE LIMITED**  
**TORTOLA, BRITISH VIRGIN ISLANDS**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2016**

<b>CONTENTS</b>	<b>PAGE</b>
AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 9

**AUDITOR'S REPORT  
TO THE SHAREHOLDER'S OF NEELRAJ INTERNATIONAL TRADE LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS**

We have audited the accompanying financial statements of **Neelraj International Trade Limited**, which comprise the statement of financial position as at **31 March 2016**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended **31 March 2016** and summary of significant accounting policies.

**Managements' 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 relevant UAE law. The 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.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

**Opinion**

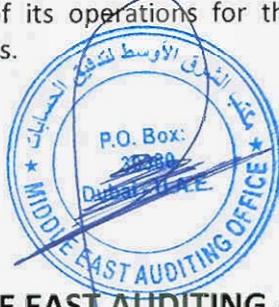
The management has compiled the financial statements on the basis of information, evidence and data that was available.

We remain unable to verify investment due to non availability of supporting documents.

Independent confirmations from the bank in respect of the company's bank account balances, related parties accounts balances, short term borrowings balances and any related information is still awaited.

We are not aware of any related tax laws and other laws of British Virgin Islands due to limitations.

Subject to the preceding paragraphs, in our opinion, the financial statements presents fairly, in all material respects, the financial position of **Neelraj International Trade Limited** as of **31 March 2016** and of the results of its operations for the year ended are in accordance with International Financial Reporting Standards.



**MIDDLE EAST AUDITING AWAD ALAMERI**

Reg. No. 39  
Dubai, United Arab Emirates  
11 May 2016

**NEELRAJ INTERNATIONAL TRADE LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2016**

	Note	2016	2015
United States Dollar			
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Advances, deposits and prepayments	5	239,575	239,575
Cash and cash equivalents	6	-	-
		<b>239,575</b>	<b>239,575</b>
<b>TOTAL ASSETS</b>		<b>239,575</b>	<b>239,575</b>
<b>EQUITY FUNDS</b>			
Share capital	2	50,000	50,000
Retained earnings		(1,417,175)	(1,416,222)
		<b>(1,367,175)</b>	<b>(1,366,222)</b>
<b>CURRENT LIABILITIES</b>			
Due to related party	4	1,603,999	1,603,046
Accruals and other payables	7	2,750	2,750
		<b>1,606,750</b>	<b>1,605,797</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>239,575</b>	<b>239,575</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

NEELRAJ INTERNATIONAL TRADE LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016	2015
United States Dollar			
<b>SALES</b>		-	-
Cost of sales	8	-	-
<b>GROSS PROFIT</b>		-	-
Admin., selling and general expenses	9	(953)	(953)
<b>OPERATING (LOSS)</b>		<b>(953)</b>	<b>(953)</b>
Other income		-	184,539
Financial charges		-	(195,824)
<b>(LOSS) FOR THE YEAR</b>		<b>(953)</b>	<b>(12,238)</b>

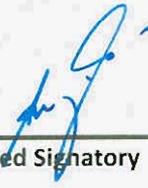
The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**NEELRAJ INTERNATIONAL TRADE LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	Share capital	Retained earnings	Total
	United States Dollar		
<b>As at 31 March 2014</b>	<b>50,000</b>	<b>(1,403,984)</b>	<b>(1,353,984)</b>
Loss for the year	-	(12,238)	(12,238)
Transfer	-	-	-
Net movements during the year	-	-	-
<b>As at 31 March 2015</b>	<b>50,000</b>	<b>(1,416,222)</b>	<b>(1,366,222)</b>
Loss for the year	-	(953)	(953)
Transfer	-	-	-
Net movements during the year	-	-	-
<b>As at 31 March 2016</b>	<b>50,000</b>	<b>(1,417,175)</b>	<b>(1,367,175)</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**NEELRAJ INTERNATIONAL TRADE LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

Note	2016	2015
United States Dollar		
<b>Cash flows from operating activities</b>		
Loss for the year	(953)	(12,238)
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	-	-
<b>Operating loss before changes in operating assets and liabilities</b>	<b>(953)</b>	<b>(12,238)</b>
(Increase) in due from related party	-	16,201,659
Increase in due to related party	953	111,266
Increase in other payables and provisions	-	(54,660)
<b>Cash flows from operating activities (A)</b>	<b>-</b>	<b>16,246,028</b>
<b>Cash flows from investing activities</b>		
Sale of Investment	-	420,629
<b>Net cash flow used in investing activities (B)</b>	<b>-</b>	<b>420,629</b>
<b>Cash flows from financing activities</b>		
Share capital introduce		
Decrease in short term borrowings	-	(16,666,667)
Net changes in shareholder's current account	-	-
<b>Net cash flow used in financing activities (C)</b>	<b>-</b>	<b>(16,666,667)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at beginning of the year	-	-
<b>Cash and cash equivalents at end of the year</b>	<b>6</b>	<b>-</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**NEELRAJ INTERNATIONAL TRADE LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**1 LEGAL STATUS AND BUSINESS ACTIVITY**

- 1.1 **Neelraj International Trade Limited** was registered in Tortola, British Virgin Islands an Offshore Company with Limited Liability on 9th January, 2012, under registration no. 1690196 formed in accordance with British Virgin Islands Business Companies Act. The registered address of the company is P.O. Box 173, Road Town, Tortola, British Virgin Islands.
- 1.2 The company is primarily engaged in the trading business of steel and metal products including mild, high carbon spring, high speed tools alloys, stainless steel metals.
- 1.3 The company is jointly controlled and managed by Mr. Rajinder Miglani and Mr. Ankit Miglani, both Indian nationals.

**2 SHARE CAPITAL**

The shareholding of the company is as follows.

Name	Origin	No . of shares	Value per share	Total USD
M/s. Uttam Galva Steels Limited	India	50000	1	50,000
		<b>50000</b>		<b>50,000</b>

- 2.1 The authorized and paid up share capital of the company is USD 50,000/- divided into 50,000 shares of USD 1 each.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted and which have been consistently applied are as follows:

**3.1 Basis of preparation**

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB)

**3.2 Revenue recognition**

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. Revenue from rendering of services is recognized when the invoices are issued for the services provided.

**NEELRAJ INTERNATIONAL TRADE LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**3.3 Fixed assets and depreciations**

There are no fixed assets as the entity is registered as offshore company. Hence, there is no depreciation charges in these financial statements.

**3.4 Foreign currency transactions.**

Foreign currency transactions are recorded in United States Dollar at the approximate rate of exchange ruling at the time of the transaction. Assets and liabilities expressed in foreign currencies at the end of the reporting period are translated into United States Dollar at the year end rate of exchange. All foreign currency gains or losses are booked in the statement of comprehensive income as and when they arise

**NEELRAJ INTERNATIONAL TRADE LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
<b>United States Dollar</b>			
<b>4 RELATED PARTY TRANSACTIONS</b>			
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.			
The related party transactions represent transfer of resources at book value to / from other companies to facilitate day to day business operations of the company.			
<b>4.1 Due from related parties</b>			
Due from related parties		-	-
<b>4.2 Due to related parties</b>			
Due to related parties		<b>1,603,999</b>	<b>1,603,046</b>
<b>5 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Other receivables		239,575	239,575
		<b>239,575</b>	<b>239,575</b>
<b>6 CASH AND CASH EQUIVALENTS</b>			
Cash at bank		-	-
		-	-
<b>7 ACCRUALS AND OTHER PAYABLES</b>			
Other payables		2,750	2,750
		<b>2,750</b>	<b>2,750</b>
<b>8 COST OF SALES</b>			
Purchases (including direct expenses)		-	-
		-	-
<b>9 ADMIN., SELLING AND GENERAL EXPENSES</b>			
Legal professional and visa charges		953	953
		<b>953</b>	<b>953</b>

**NEELRAJ INTERNATIONAL TRADE LIMITED  
TORTOLA, BRITISH VIRGIN ISLANDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**10 Fair Value of Financial Instruments**

The company'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 value under historical cost method and fair value estimates. The fair value of the company's financial instruments is not materially different from the carrying value as at 31st March, 2016.

**11 Interest rate risk**

Significant financial instruments, other assets and other liabilities of the company as at 31st March 2016 are not interest based.

**12 Exchange rate risk**

Since the main underlying currencies of the financial instruments, other assets, other liabilities and transactions including cost of sales and revenue are in United States Dollar, the company is not exposed to a significant exchange.

**13 Contingencies and commitments.**

As at 31st March-2016, the company had no contingencies and commitments.

**14 Comparative figures**

Previous year's figures have been reclassified/regroup wherever necessary to conform to the presentation adopted in these financial statements. Figures of the company have been rounded off to the nearest USD1/-

**15 DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the shareholders' of the company on 11 May 2016.

  
\_\_\_\_\_  
Authorized signatory

**UTTAM GALVA STEELS (BVI) LIMITED**  
**BVI**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2016**

**Private & Confidential**

**UTTAM GALVA STEELS (BVI) LIMITED**  
**BVI**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2016**

<b>CONTENTS</b>	<b>PAGE</b>
AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 9

**AUDITOR'S REPORT  
TO THE SHAREHOLDER'S OF UTTAM GALVA STEELS (BVI) LIMITED  
BRITISH VIRGIN ISLANDS**

We have audited the accompanying financial statements of **Uttam Galva Steels (BVI) Limited**, which comprise the statement of financial position as at **31 March 2016**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended **31 March 2016** and summary of significant accounting policies.

**Managements' 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 relevant UAE law. The 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.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

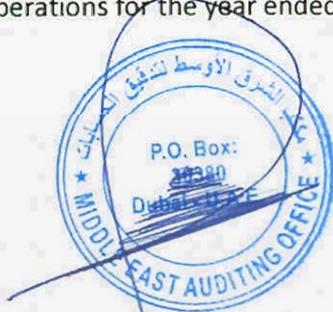
**Opinion**

The management has compiled the financial statements on the basis of information, evidence and data that was available.

Independent confirmations from the bank in respect of the company's bank account balances, related parties accounts balances, short term borrowings balances and any related information is still awaited.

We are not aware of any related tax laws and other laws of British Virgin Islands due to limitations.

Subject to the preceding paragraphs, in our opinion, the financial statements presents fairly, in all material respects, the financial position of **Uttam Galva Steels (BVI) Limited** as of **31 March 2016** and of the results of its operations for the year ended are in accordance with International Financial Reporting Standards.



**MIDDLE EAST AUDITING AWAD ALAMERI**

Reg. No. 39

Dubai, United Arab Emirates

11 May 2016

**UTTAM GALVA STEELS (BVI) LIMITED**  
**BVI**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

	Note	2016	2015
<b>USD</b>			
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Due from related party	4	18,563,712	20,467,807
Other receivables	5	475,225	950,448
Cash and cash equivalents	6	321,440	13,771,216
		<b>19,360,377</b>	<b>35,189,471</b>
<b>NET ASSETS</b>			
		<b>19,360,377</b>	<b>35,189,471</b>
<b>EQUITY FUNDS</b>			
Share capital	2	2,000,000	2,000,000
Retained earnings		(2,984,894)	(2,047,593)
		<b>(984,894)</b>	<b>(47,593)</b>
<b>CURRENT LIABILITIES</b>			
Due to related party	4	344,082	235,877
Long term borrowings	7	20,000,000	35,000,000
Accruals and other payables	8	1,188	1,188
		<b>20,345,270</b>	<b>35,237,065</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<b>19,360,377</b>	<b>35,189,471</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized signatory

**UTTAM GALVA STEELS (BVI) LIMITED**  
**BVI**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
		USD	
<b>SALES</b>		8,433,702	20,424,053
Cost of sales		(8,323,928)	(20,191,600)
<b>GROSS PROFIT</b>		<b>109,774</b>	<b>232,453</b>
Admin., selling and general expenses	9	(17,775)	(2,271)
<b>OPERATING PROFIT</b>		<b>92,000</b>	<b>230,182</b>
Other income		228,538	406,418
Financial charges		(1,257,838)	(1,893,818)
<b>LOSS FOR THE YEAR</b>		<b>(937,300)</b>	<b>(1,257,217)</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**UTTAM GALVA STEELS (BVI) LIMITED**  
**BVI**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Share capital	Retained earnings	Total
United States Dollar			
<b>As at 31 March 2014</b>	<b>2,000,000</b>	<b>(790,376)</b>	<b>1,209,624</b>
Loss for the year	-	(1,257,217)	(1,257,217)
Transfer	-	-	-
Net movements during the year	-	-	-
<b>As at 31 March 2015</b>	<b>2,000,000</b>	<b>(2,047,593)</b>	<b>(47,593)</b>
Loss for the year	-	(937,300)	(937,300)
Transfer	-	-	-
Net movements during the year	-	-	-
<b>As at 31 March 2016</b>	<b>2,000,000</b>	<b>(2,984,894)</b>	<b>(984,894)</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**UTTAM GALVA STEELS (BVI) LIMITED**  
**BVI**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

Note	2016	2015
USD		
<b>Cash flows from operating activities</b>		
Loss for the year	(937,300)	(1,257,217)
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	-	-
<b>Operating loss before changes in operating assets and liabilities</b>	<b>(937,300)</b>	<b>(1,257,217)</b>
(Increase) in trade receivables	-	2,016,794
Increase in due to related party	108,205	(51,873)
Increase in due from related party	1,904,095	4,264,705
Increase in other payables and provisions	-	(608)
Increase in other receivables	475,223	(137,276)
<b>Cash flows from operating activities (A)</b>	<b>1,550,224</b>	<b>4,834,525</b>
<b>Cash flows from financing activities</b>		
Capital Introduced	-	-
(Decrease) in short term borrowings	(15,000,000)	-
<b>Net cash flow used in financing activities (B)</b>	<b>(15,000,000)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents (A+B)</b>	<b>(13,449,776)</b>	<b>4,834,525</b>
Cash and cash equivalents at beginning of the year	13,771,216	8,936,691
<b>Cash and cash equivalents at end of the year</b>	<b>321,440</b>	<b>13,771,216</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

Authorized Signatory

**UTTAM GALVA STEELS (BVI) LIMITED**  
**BVI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1 LEGAL STATUS AND BUSINESS ACTIVITY**

- 1.1 **Uttam Galva Steels (BVI) Limited** (the Company) was registered on 26th November 2012 with BVI Company NUMBER : 1746229. The registered address of the company is Kingston Chamber, P.O. Box No.173, Road Town, Tortola, British Virgin Islands.
- 1.2 The company is primarily engaged in the trading business of steel including mild, high carbon spring, high speed tools alloys, stainless steel metals.
- 1.3 The company is Jointly controlled and managed by Mr. Rajinder Uttamchand Miglani, Mr. Anuj Miglani and Mr. Ankit Miglani, all Indian nationals.

**2 SHARE CAPITAL**

The shareholding of the company is as follows.

Name	Origin	No . of shares	Value per share	Total USD
M/s. Uttam Galva Steels Ltd.	India	50,000	40.00	2,000,000
		<b>50,000</b>		<b>2,000,000</b>

- 2.1 The authorized and paid up share capital of the company is USD 20,00,000/- divided into 50,000 shares.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted and which have been consistently applied are as follows:

**3.1 Basis of preparation**

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB).

**3.2 Revenue recognition**

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. Revenue from rendering of services is recognized when the invoices are issued for the services provided.

**UTTAM GALVA STEELS (BVI) LIMITED**  
**BVI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**3.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting standards requires the use of certain accounting estimates. It requires the management to exercise its judgments during applying the company's accounting policies. The areas where assumptions and estimates are significant to the financial statements, are residual and useful life of property, plant and equipment and provision for impairment of trade and other receivables.

**3.4 Fixed assets and depreciations**

There are no fixed assets as the entity is registered as offshore company. Hence, there is no depreciation charges in these financial statements.

**3.5 Foreign currency transactions.**

Foreign currency transactions are recorded in United States Dollar at the approximate rate of exchange ruling at the time of the transaction. Assets and liabilities expressed in foreign currencies at the end of the reporting period are translated into United States Dollar at the year end rate of exchange. All foreign currency gains or losses are booked in the statement of comprehensive income as and when they arise

**3.6 Accounts receivables**

Accounts receivables are reported at net of allowances to reflect the estimated recoverable amount

**UTTAM GALVA STEELS (BVI) LIMITED**  
**BVI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
USD			
<b>4 RELATED PARTY TRANSACTIONS</b>			
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.			
The related party transactions represent transfer of resources at book value to / from other companies to facilitate day to day business operations of the company.			
4.1 Due from related parties		18,563,712	20,467,807
4.1 Due to related parties		344,082	235,877
<b>5 OTHER RECEIVABLES</b>			
Other Receivables		475,225	950,448
		<b>475,225</b>	<b>950,448</b>
<b>6 CASH AND CASH EQUIVALENTS</b>			
Cash and Bank Balances		321,440	13,771,216
		<b>321,440</b>	<b>13,771,216</b>
<b>7 LONG TERM BORROWINGS</b>			
Deutsche Bank AG		20,000,000	35,000,000
		<b>20,000,000</b>	<b>35,000,000</b>
<b>8 Other payables and Provisions</b>			
Accrued expenses		1,188	1,188
		<b>1,188</b>	<b>1,188</b>
<b>9 ADMIN., SELLING AND GENERAL EXPENSES</b>			
Legal professional and visa charges		17,775	2,271
		<b>17,775</b>	<b>2,271</b>

**10 Fair Value of Financial Instruments**

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

**UTTAM GALVA STEELS (BVI) LIMITED**  
**BVI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**11 Interest rate risk**

Significant financial instruments, other assets and other liabilities of the company as at 31 st March 2016 are not interest based.

**12 Exchange rate risk**

Since the main underlying currencies of the financial instruments, other assets, other liabilities and transactions including cost of sales and revenue are in United Sates Dollar, the company is not exposed to a significant exchange.

**13 Contingencies and commitments.**

As at 31 st March-2016,the company had no contingencies and commitments.

**14 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 company have been rounded off to the

**15 DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the shareholders' of the company on 11 May 2016.

  
\_\_\_\_\_  
Authorized signatory

**UTTAM EXPORTS (BVI) LIMITED  
BVI  
BRITISH VIRGIN ISLANDS  
FINANCIAL STATEMENTS  
31 MARCH 2016**

Private & Confidential

**UTTAM EXPORTS (BVI) LIMITED**  
**BVI**  
**BRITISH VIRGIN ISLANDS**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2016**

<b>CONTENTS</b>	<b>PAGE</b>
AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 9

**AUDITOR'S REPORT  
TO THE SHAREHOLDER'S OF UTTAM EXPORTS (BVI) LIMITED  
BRITISH VIRGIN ISLANDS**

We have audited the accompanying financial statements of **Uttam Exports (BVI) Limited**, which comprise the statement of financial position as at **31 March 2016**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended **31 March 2016** and summary of significant accounting policies.

**Managements' 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 relevant UAE law. The 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.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

**Opinion**

The management has compiled the financial statements on the basis of information, evidence and data that was available.

Independent confirmations from the bank in respect of the company's bank account balances, related parties accounts balances and any related information is still awaited.

Subject to the preceding paragraphs, in our opinion, the financial statements presents fairly, in all material respects, the financial position of **Uttam Exports (BVI) Limited** as of **31 March 2016** and of the results of its operations for the year ended **31 March 2016** are in accordance with International Financial Reporting Standards.



**MIDDLE EAST AUDITING AWAD ALAMERI**

Reg. No. 39  
Dubai, United Arab Emirates  
11 May 2016

**UTTAM EXPORTS (BVI) LIMITED**  
**BVI**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

	Note	2016	2015
USD			
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Due from related party	4	-	50,000,000
Other receivables	5	1,020,303	1,760,847
Cash and cash equivalents	6	1,140,407	943,047
		<b>2,160,709</b>	<b>52,703,893</b>
<b>NET ASSETS</b>			
		<b>2,160,709</b>	<b>52,703,893</b>
<b>EQUITY FUNDS</b>			
Share capital	2	3,000,000	3,000,000
Retained earnings		(844,977)	(300,840)
		<b>2,155,023</b>	<b>2,699,160</b>
<b>CURRENT LIABILITIES</b>			
Due to related party	4	3,780	3,780
Long term borrowings	7	-	50,000,000
Accruals and other payables	8	1,906	953
		<b>5,686</b>	<b>50,004,733</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<b>2,160,709</b>	<b>52,703,893</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**UTTAM EXPORTS (BVI) LIMITED**  
**BVI**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
USD			
<b>SALES</b>		24,602,957	-
Cost of sales		(24,502,275)	-
<b>GROSS PROFIT</b>		<b>100,681</b>	-
Admin., selling and general expenses	9	(741,497)	(465,515)
<b>OPERATING (LOSS)</b>		<b>(640,816)</b>	<b>(465,515)</b>
Other income		174,989	374,772
Financial charges		(78,310)	(210,097)
<b>(LOSS) FOR THE YEAR</b>		<b>(544,137)</b>	<b>(300,840)</b>

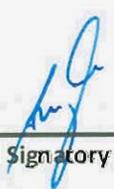
The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**UTTAM EXPORTS (BVI) LIMITED**  
**BVI**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Share capital	Retained earnings	Total
	United States Dollar		
Capital Introduced	3,000,000	-	3,000,000
Loss for the year		(300,840)	(300,840)
Transfer	-	-	-
Net movements during the year	-	-	-
<b>As at 31 March 2015</b>	<b>3,000,000</b>	<b>(300,840)</b>	<b>2,699,160</b>
Loss for the year		(544,137)	(544,137)
Transfer	-	-	-
Net movements during the year	-	-	-
<b>As at 31 March 2016</b>	<b>3,000,000</b>	<b>(844,977)</b>	<b>2,155,023</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**UTTAM EXPORTS (BVI) LIMITED**  
**BVI**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

Note	2016	2015
USD		
<b>Cash flows from operating activities</b>		
Loss for the year	(544,137)	(300,840)
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	-	-
<b>Operating loss before changes in operating assets and liabilities</b>	<b>(544,137)</b>	<b>(300,840)</b>
Increase in due to related party	-	3,780
Increase in due from related party	50,000,000	(50,000,000)
Increase in other payables and provisions	953	953
Increase in other receivables	740,544	(1,760,847)
<b>Cash flows from operating activities (A)</b>	<b>50,197,360</b>	<b>(52,056,953)</b>
<b>Cash flows from financing activities</b>		
Capital Introduced	-	3,000,000
Increase in short term borrowings	(50,000,000)	50,000,000
<b>Net cash flow used in financing activities (B)</b>	<b>(50,000,000)</b>	<b>53,000,000</b>
<b>Net decrease in cash and cash equivalents (A+B)</b>	<b>197,360</b>	<b>943,047</b>
Cash and cash equivalents at beginning of the year	943,047	-
<b>Cash and cash equivalents at end of the year</b>	<b>1,140,407</b>	<b>943,047</b>

The annexed notes 6 to 9 form an integral part of these financial statements.

  
Authorized Signatory

**UTTAM EXPORTS (BVI) LIMITED**  
**BVI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1 LEGAL STATUS AND BUSINESS ACTIVITY**

- 1.1 **Uttam Exports (BVI) Limited** (the Company) was registered on 18th February 2014 with BVI Company NUMBER : 1812392. The registered address of the company is C/o Maples Corporate Services (BVI) Limited, Kingston Chambers, po box 173, Road Town, Tortola, British Virgin Islands.
- 1.2 The company is primarily engaged in the trading business of steel including mild, high carbon spring, high speed tools alloys, stainless steel metals.
- 1.3 The company is Jointly controlled and managed by Mr. Rajinder Uttamchand Miglani, Mr. Anuj Miglani and Mr. Ankit Miglani, all Indian nationals.

**2 SHARE CAPITAL**

The shareholding of the company is as follows.

Name	Origin	No . of shares	Value per share	Total USD
M/s. Uttam Galva Steels Ltd.	India	50,000	60.00	3,000,000
		<u>50,000</u>		<u>3,000,000</u>

- 2.1 The authorized and paid up share capital of the company is USD 30,00,000/- divided into 50,000 shares.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted and which have been consistently applied are as follows:

**3.1 Basis of preparation**

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB)

**UTTAM EXPORTS (BVI) LIMITED**  
**BVI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**3.2 Revenue recognition**

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. Revenue from rendering of services is recognized when the invoices are issued for the services provided.

**3.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting standards requires the use of certain accounting estimates. It requires the management to exercise its judgments during applying the company's accounting policies. The areas where assumptions and estimates are significant to the financial statements, are residual and useful life of property, plant and equipment and provision for impairment of trade and other receivables.

**3.4 Fixed assets and depreciations**

There are no fixed assets as the entity is registered as offshore company. Hence, there is no depreciation charges in these financial statements.

**3.5 Foreign currency transactions.**

Foreign currency transactions are recorded in United States Dollar at the approximate rate of exchange ruling at the time of the transaction. Assets and liabilities expressed in foreign currencies at the end of the

Intangible assets is amortized from the month when such asset is available for use on straight line method over its useful economic life.

**3.6 Accounts receivables**

Accounts receivables are reported at net of allowances to reflect the estimated recoverable amount.

**UTTAM EXPORTS (BVI) LIMITED**  
**BVI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016	2015
		USD	
<b>4 RELATED PARTY TRANSACTIONS</b>			
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.			
The related party transactions represent transfer of resources at book value to / from other companies to facilitate day to day business operations of the company.			
<b>4.1</b>	Due from related parties	-	50,000,000
<b>4.2</b>	Due to related parties	3,780	3,780
<b>5 OTHER RECEIVABLES</b>			
	Other Receivables	1,020,303	1,760,847
		<b>1,020,303</b>	<b>1,760,847</b>
<b>6 Cash and Bank Balances</b>		1,140,407	943,047
		<b>1,140,407</b>	<b>943,047</b>
<b>7 LONG TERM BORROWINGS</b>			
	Deutsche Bank AG	-	50,000,000
		-	<b>50,000,000</b>
<b>8 Other payables and Provisions</b>		1,906	953
	Accrued expenses	1,906	953
<b>9 ADMIN., SELLING AND GENERAL EXPENSES</b>			
	Legal professional and visa charges	741,497	465,515
		<b>741,497</b>	<b>465,515</b>

**10 Fair Value of Financial Instruments**

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

**UTTAM EXPORTS (BVI) LIMITED**  
**BVI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**11 Interest rate risk**

Significant financial instruments, other assets and other liabilities of the company as at 31 st March 2016 are not interest based.

Credit risk relating to trade receivables is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

**12 Exchange rate risk**

Since the main underlying currencies of the financial instruments, other assets, other liabilities and transactions including cost of sales and revenue are in United Sates Dollar, the company is not exposed to a significant

**13 Contingencies and commitments.**

As at 31 st March-2016, the company had no contingencies and commitments.

**14 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 company have been rounded off to the nearest USD1/-

**15 DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the shareholders' of the company on 11 May 2016.

  
\_\_\_\_\_  
Authorized signatory

**UTTAM GALVA NORTH AMERICA, INC.**

**Financial Statements**

**March 31, 2016**

**With Independent Auditors' Report**

**Uttam Galva North America, Inc.**  
**Table of Contents**  
**March 31, 2016**

---

	<b>Page(s)</b>
<b>Independent Auditors' Report</b> .....	1
<b>Financial Statements</b>	
Balance Sheet .....	2
Statement of Income .....	3
Statement of Changes in Stockholder's Equity.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6-12

## Independent Auditors' Report

To the Management and Shareholder of  
Uttam Galva North America, Inc.:

We have audited the accompanying financial statements of Uttam Galva North America, Inc., which comprise the balance sheet as of March 31, 2016 and the related statements of income, changes in stockholder's equity, and cash flows for the year ended March 31, 2016, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 auditors' 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uttam Galva North America, Inc. as of March 31, 2016, and the results of its operations and its cash flows for the year ended March 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

*WithumSmith+Brown, PC*

May 24, 2016

**Uttam Galva North America, Inc.**  
**Balance Sheet**  
**March 31, 2016**

---

**Assets**

Current assets	
Cash	\$ 3,738,432
Marketable securities	146,414
Accounts receivable, net	10,616,671
Inventories, net	8,274,053
Prepaid expenses	152,767
Total current assets	<u>22,928,337</u>
Property and equipment, net of accumulated depreciation of \$3,760	23,385
Other assets	
Deferred tax assets, net	58,647
Security deposit	55,835
	<u>114,482</u>
	<u>\$ 23,066,204</u>

**Liabilities and Stockholder's Equity**

Current liabilities	
Lines of credit	\$ 12,343,344
Accounts payable and accrued expenses	1,742,331
Related party payable	683,557
Accrued income taxes payable	106,048
Accrued bonuses	119,250
Total current liabilities	<u>14,994,530</u>
Stockholder's equity	
Common stock, \$0.0001 par value, 300,000 shares authorized, 200,000 issued and outstanding	20
Paid-in capital	7,999,980
Retained earnings	71,674
Total stockholder's equity	<u>8,071,674</u>
	<u>\$ 23,066,204</u>

The Notes to Financial Statements are an integral part of this statement.

**Uttam Galva North America, Inc.**  
**Statement of Income**  
**Year Ended March 31, 2016**

---

Revenue, net	\$ 70,530,270
Cost of goods sold	<u>67,884,819</u>
Gross profit	2,645,451
Selling, general and administrative expenses	<u>2,269,078</u>
Income from operations	376,373
Other income	19,144
Interest expense	<u>(291,944)</u>
Income before provision for taxes	103,573
Income tax expense (benefit)	
Current	75,983
Deferred	<u>(27,647)</u>
Total income tax expense	<u>48,336</u>
Net income	<u>\$ 55,237</u>

The Notes to Financial Statements are an integral part of this statement.

**Uttam Galva North America, Inc.**  
**Statement of Changes in Stockholder's Equity**  
**Year Ended March 31, 2016**

---

	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
<b>Balance, March 31, 2015</b>	\$ 5	\$ 1,999,995	\$ 16,437	\$ 2,016,437
Stock issuance	15	5,999,985	-	6,000,000
Net loss	-	-	55,237	55,237
<b>Balance, March 31, 2016</b>	<u>\$ 20</u>	<u>\$ 7,999,980</u>	<u>\$ 71,674</u>	<u>\$ 8,071,674</u>

The Notes to Financial Statements are an integral part of this statement.

**Uttam Galva North America, Inc.**  
**Statement of Cash Flows**  
**Year Ended March 31, 2016**

---

**Cash flows from operating activities**

Net loss	\$	55,237
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation expense		6,785
Deferred tax benefit		(27,647)
Change in operating assets and liabilities:		
Marketable securities		(146,414)
Accounts receivable		1,463,115
Inventories		5,672,183
Prepaid expenses		(113,196)
Accounts payable and accrued expenses		1,144,231
Related party payable		(24,686,618)
Accrued income taxes payable		57,048
Accrued bonuses		119,250
Net cash used by operating activities		<u>(16,456,026)</u>

**Cash flows from financing activities**

Proceeds from/repayments to lines of credit, net	12,343,344
Proceeds from stock issuance	6,000,000
Net cash provided by financing activities	<u>18,343,344</u>

Net change in cash 1,887,318

**Cash**

Beginning of year	1,851,114
End of year	<u>\$ 3,738,432</u>

**Supplemental disclosure of cash flow information**

Cash paid for income taxes	<u>\$ 11,935</u>
Cash paid for interest	<u>\$ 261,139</u>

The Notes to Financial Statements are an integral part of this statement.

**Uttam Galva North America, Inc.**  
**Notes to Financial Statements**  
**March 31, 2016**

---

**1. Nature of Business**

Uttam Galva North America, Inc. (the "Company") was incorporated on May 13, 2014 in the state of Delaware. The Company is a New York City based metals trading house with a focus on ferrous products distribution across the Americas including Latin America. The Company is a 100% owned subsidiary of Uttam Galva Steels Ltd. (the "Parent"), a publicly listed company located in India.

**2. Significant Accounting Policies**

**Accounts Receivable**

Accounts receivable are uncollateralized, non-interest bearing customer obligations due under normal trade terms, usually within 30 days of services provided. In general customer account balances with invoices dated over 90 days are considered delinquent.

The Company applies collections of accounts receivable to specific invoices in accordance with customer specifications, or if unspecified, to the oldest outstanding invoices.

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on an ongoing analysis of potential write-offs and collections, and current credit conditions. The Company will turn an account over for collection or write balances off as uncollectible based on the facts and circumstances of each situation. The allowance for doubtful accounts totaled approximately \$37,000 at March 31, 2016.

**Marketable Securities**

Marketable securities consist of futures contracts to purchase or sell hot rolled steel, scrap and rebar. All marketable securities are reported on the balance sheet at fair value and changes in the fair values of the derivative contracts included within marketable securities are recognized currently in the results of operations. As the Company's inventory consists of various types of steel, the Company is exposed to fluctuations in the price of steel. The Company enters into futures contracts to help mitigate their exposure against adverse fluctuations in steel prices. As the futures contracts were not designated for hedge accounting treatment under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 815 "Derivatives and Hedging", realized and unrealized gains and losses are included in net income. Changes in the value of derivative futures contracts for the year ended March 31, 2016 of \$1,719 is recorded in other income on the statement of income.

**Offsetting of Amounts Related to Futures Contracts**

The Company has elected to offset fair value amounts recognized for cash collateral receivables and payables against fair value amounts recognized for derivative positions executed with the same counterparty under the same master netting arrangement. At March 31, 2016, the Company offset cash collateral receivables of \$434,364, against its derivative positions (see Note 4).

**Inventories**

Inventories, which consist primarily of cold rolled and galvanized steel products (all finished goods), are stated at the lower of cost or market using the weighted average cost method and are net of an estimated allowance for obsolescence. Management reviews inventories for obsolescence and to determine if cost exceeds net realizable value at least annually and the Company records a reserve against the inventory and additional cost of goods sold when the carrying value exceeds net realizable value.

**Property and Equipment**

Property and equipment is carried at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets as follows:

	<b>Estimated Life (Years)</b>
Office equipment and furniture	5

Expenditures for maintenance and repairs are charged to expense as incurred.

**Uttam Galva North America, Inc.**  
**Notes to Financial Statements**  
**March 31, 2016**

---

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant estimates are used in determining, among other items, accounts receivable allowance, inventory valuation (which includes allowance for obsolescence and handling costs capitalized in inventory), reserves for customer claims, accrued handling charges, and deferred income taxes. Actual results could differ from those estimates.

**Valuation of Long-Lived Assets**

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable.

Management has determined that no impairment assessment was required for the year ended March 31, 2016.

**Fair Value of Financial Instruments**

Fair Value Measurements and Disclosures Topic 820 of the FASB ASC defines fair value, and establishes a framework for measuring fair value and the required disclosures about fair value measurements. The Company's financial instruments are cash, marketable securities, accounts receivable, accounts payable, and lines of credit. The recorded values of cash, accounts receivable and accounts payable approximate their fair values based on their short-term nature. The recorded values of lines of credit approximate their fair values, as interest approximates market rates. The fair values of marketable securities are valued at their last reported sales price as of the valuation date.

ASC Topic 820 "Fair Value Measurements" provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described below:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

**Level 2:** Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of the marketable securities contracts, which include futures contract liabilities on hot rolled steel, scrap and rebar are based on observable market data for sales of contracts with identical provisions and terms and, therefore, are classified within Level 1 of the valuation hierarchy. These contracts are the only assets accounted for at fair value on a recurring basis. In valuing these contracts, the Company uses a market approach which utilizes quoted prices of similar contracts in the market.

**Uttam Galva North America, Inc.**  
**Notes to Financial Statements**  
**March 31, 2016**

---

**Revenue Recognition**

The Company recognizes revenue, net of sales discounts, at the time the price is fixed or determinable, title passes to the customer, and collectability is reasonably assured. The Company recognizes revenue when inventory is released to the customer as this is when title is transferred which closely resembles the free on board (FOB) shipping method.

**Warranties**

Provisions for warranty costs are recognized at the date of sale of the relevant products, at management's best estimate of the expenditure required to settle the Company's obligation, net of warranties provided by suppliers. A provision for customer claims of \$80,000 is accrued for and included in accounts payable and accrued expenses at March 31, 2016.

**Shipping and Handling Costs**

The Company classifies freight billed to customers as sales revenue, which is generally included in the list price to the customer, and shipping and handling costs for inventory purchased are included in cost of goods sold.

**Income Taxes**

The Company is treated as a C-corporation for income tax purposes. The Company accounts for its income taxes using the asset and liability method under which, deferred taxes are determined for differences between the carrying values of assets and liabilities for financial and tax reporting purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax expense or benefit is recognized as a result of the change in the deferred tax assets or liabilities during the year.

The Company files tax returns in the U.S. federal jurisdiction, various states, and New York City. There are no income tax related penalties or interest reflected in these financial statements.

The accounting pronouncement dealing with uncertain tax positions clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The pronouncement also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company has no uncertain tax positions at March 31, 2016.

**Effects of Recently Issued Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2016-02 *Leases* (Topic 842) ("ASU 2016-02") to provide guidance on recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments in ASU 2016-02 is permitted for all entities. The Company is currently evaluating the impact on the financial statements of the possible adoption of the alternative guidance in ASU 2016-02 and has not determined the potential impact of adoption at this time.

In November 2015, the FASB issued Accounting Standards Update 2015-17 *Balance Sheet Classification of Deferred Taxes* (Topic 740) ("ASU 2015-17") to provide guidance to simplify the presentation of deferred income taxes. The amendments in ASU 2015-17 require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. ASU 2015-17 applies to all entities that present a classified statement of financial position. The amendments in ASU 2015-17 are effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early application is permitted. ASU 2015-17 has been adopted by the Company and applied to these financial statements.

**Uttam Galva North America, Inc.**  
**Notes to Financial Statements**  
**March 31, 2016**

---

In July 2015, the FASB issued Accounting Standards Update 2015-11 Inventory – Simplifying the Measurement of Inventory (Topic 330) (“ASU 2015-11”) which provides accounting guidance relating to simplifying the subsequent measurement of inventory. ASU 2015-11 applies to all inventory other than that measured using last-in, first out (LIFO) or the retail inventory method. The guidance states that an entity should measure inventory at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.

ASU 2015-11 is effective for nonpublic entities with a fiscal year beginning after December 15, 2016 and should be applied prospectively with earlier application permitted as of the beginning of an annual reporting period. The Company is currently evaluating the impact of applying this new guidance on their prospective financial statements.

### **3. Risk Concentrations**

#### **Credit Risk**

The Company’s financial instruments that are exposed to concentration of credit risk consist primarily of cash, marketable securities and trade accounts receivable.

The Company deposits its cash with a financial institution. From time to time, the Company’s balances with the financial institution exceed the maximum amounts insured by the Federal Deposit Insurance Corporation.

The Company’s two largest customers accounted for approximately 43% of revenue for the year ended March 31, 2016. Two customers accounted for approximately 50% of net accounts receivable as of March 31, 2016. Generally, the Company does not obtain security from its customers in support of accounts receivable. The Company has obtained credit insurance for 95% of its total outstanding receivables to protect against potential losses.

#### **Derivative Risk**

The Company’s derivative activities and exposure to derivative contracts are classified by the following primary underlying risks: interest rate, credit, foreign currency exchange rate, commodity price and equity price. In addition to its primary underlying risks, the Company is also subject to additional counterparty risk due to inability of its counterparties to meet the terms of their contracts.

#### **Foreign Risk**

The Company purchases inventories from foreign producers, including its parent in India. Such sources of material may be subject to unpredictable changes and delays due to legal, political, and climate conditions. See Note – 10 Related Party Transactions for further information.

### **4. Marketable Securities**

Marketable securities represent the Company’s assets held in a brokerage account for its hedging activities. The Company has the right of setoff associated with the assets and liabilities recorded as marketable securities and has elected to offset fair value amounts recognized for cash collateral receivables and payables against fair value amounts recognized for derivative positions executed with the same counterparty under the same master netting arrangement. At March 31, 2016 the Company offset cash collateral receivable against derivative positions as follows:

Cash	\$	309,361
Cash - restricted/collateral		125,003
Futures contract assets		11,080
Futures contract liabilities		<u>(299,030)</u>
Marketable securities	\$	<u>146,414</u>

**Uttam Galva North America, Inc.**  
**Notes to Financial Statements**  
**March 31, 2016**

Restricted cash represents the maintenance margin requirement (collateral) required by the financial institution to be maintained in the Company's account to support its activities and open positions.

**Futures Contracts**

The Company may use futures to gain exposure to, or hedge against, changes in the value of steel commodities. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date. The purchase and sale of futures requires margin deposits with a Futures Commission Merchant equal to a certain percentage of the contract amount. Subsequent payments (variation margin) are made or received by the Company each day, depending on the daily fluctuations in the value of the contract. The Company recognizes a gain or loss equal to the daily variation margin (See Note 2). Futures may reduce the Company's exposure to counterparty risk since futures contracts are exchange-traded and the exchange's clearinghouse, as the counterparty to all exchange traded futures, guarantees the futures against default.

At March 31, 2016 the Company's derivative activities relating to their futures contracts to protect against commodity price risk are as follows:

	Long Exposure		Short Exposure	
	Notional Amounts	Number of Contracts	Notional Amounts	Number of Contracts
Futures contracts	\$ 50,539	7	\$ 2,908,245	354

**5. Inventories**

The composition of inventories as of March 31, 2016 is as follows:

Inventory in warehouses, net	\$ 3,091,260
Inventory in transit	5,182,793
	\$ 8,274,053

**6. Commitments**

The Company has a building lease which is scheduled to expire in 2020. Total lease expense approximated \$180,000 for the year ended March 31, 2016. Under the terms of the building lease, the Company is responsible for all repairs, maintenance, insurance, real estate taxes and utilities.

The following is a schedule by year of future minimum rental payments required under the building leases as of March 31:

2017	\$ 185,000
2018	190,000
2019	193,000
2020	107,000
	\$ 675,000

**7. Lines of Credit**

During 2015, the Company obtained two new lines of credit at two different financial institutions. The first line has a maximum limit of \$20,000,000 USD with an interest rate of 4.5% as of March 31, 2016. The balance outstanding as of March 31, 2016 was \$6,742,267. Interest expense relating to this line was approximately \$81,000.

**Uttam Galva North America, Inc.**  
**Notes to Financial Statements**  
**March 31, 2016**

---

The line is payable on demand, secured by the assets of the Company, and are guaranteed by the Company's stockholder. The agreement provides for certain restrictive covenants, which include a leverage ratio, minimum required working capital and tangible net worth requirements. As of and for the year ended March 31, 2016, the Company was in compliance with the covenants.

The other line of credit has a \$12,500,000 maximum limit with an interest rate of 4.0% as of March 31, 2016. The balance outstanding as of March 31, 2016 was \$5,601,077. Interest expense relating to this line was approximately \$211,000. The line is payable on demand, secured by the assets of the Company, and are guaranteed by the Company's stockholder. The agreement provides for certain restrictive covenants, which include a leverage ratio, minimum required working capital, senior leverage ratio and tangible net worth requirements. The Company also has letter of credit availability not to exceed the limits of the borrowing base and the maximum of line available less the letter of credit exposure. As of March 31, 2016, there is an irrevocable letter of credit outstanding in the amount of \$148,200 expiring May 22, 2016.

**8. Income Taxes**

Deferred taxes are provided on temporary differences arising from assets and liabilities whose basis are different for financial reporting and income tax purposes. The income tax provision differs from the expense that would result from applying federal and state statutory rates to income before income taxes due to temporary differences in allowances for bad debts, inventory valuation, depreciation deductions, and timing of deductions for accrued and deferred expenses.

Deferred tax assets and deferred tax liabilities consist of the following amounts as of March 31:

Deferred tax assets	
Inventory	\$ 13,265
Allowance and reserves	59,183
Accruals and other liabilities	<u>23,873</u>
	96,321
Deferred tax liabilities	
Prepaid insurance	(28,301)
Accumulated depreciation	<u>(9,373)</u>
	<u>(37,674)</u>
Net deferred tax asset	<u>\$ 58,647</u>

The components of the provision for income taxes consisted of the following at March 31, 2016:

Current tax expense	
Federal	\$ 48,390
State	<u>27,593</u>
	75,983
Deferred tax benefit	
Federal	(18,673)
State	<u>(8,974)</u>
	<u>(27,647)</u>
Total provision	<u>\$ 48,336</u>

The provision for income taxes differs from the expected income tax calculated by applying the federal statutory rate to pre-tax income primarily due to the effect of permanent differences and state income taxes.

**Uttam Galva North America, Inc.**  
**Notes to Financial Statements**  
**March 31, 2016**

---

**9. Shareholder's Equity**

The Company has one class of stock. The Company has 300,000 shares of common stock authorized, of which 200,000 are issued and outstanding to the Company's sole shareholder.

**10. Related Party Transactions**

The Company purchases inventory from its Parent company located in India. Total purchases from the Parent for the year ended March 31, 2016 were \$54,797,683. There is \$683,557 due to the Parent presented as a related party payable as of March 31, 2016.

**11. Subsequent Events**

The Company has evaluated subsequent events through May 24, 2016, which is the date these financial statements were available to be issued and has determined that no events have occurred requiring recognition or disclosure in these financial statements.

# Uttam Galva International FZE

## Financial Statements Year ended 31 March 2016

Contents	Page
Director's report	1
Independent auditor's report	2 - 3
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 - 18

# Uttam Galva International FZE

## Director's report Year ended 31 March 2016

We submit our report and the audited financial statements for the year ended 31 March 2016.

### Review of the Establishment's activities and performance

During the year, the Establishment traded in ferrous and non-ferrous metal products. On 29 April 2015, the name of the Company was changed from Berkeley International Metals FZE to Uttam Galva International FZE.

The Establishment has made a profit of USD 1,455,599 on a turnover of USD 232,627,323 in the current year as compared to USD 1,310,259 on a turnover of USD 253,911,559 in the previous year.

During the year, the Establishment has endeavoured to develop new markets in Africa and also enhance its customer-base which should help it grow on a more sustainable basis and operate on better gross profit margins.

No dividend is proposed for the year.

### Events since the end of the reporting period

There are no significant events since the end of the reporting period.

### Shareholder and its interest

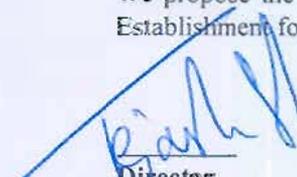
During the year, the share capital of the Establishment was enhanced from AED 1 million (USD 272,480) to AED 12 million (USD 3,269,755). The sole Shareholder, M/s. Uttam Galva Holdings Ltd., Jebel Ali Free Zone, Dubai, UAE holds 12 shares of AED 1,000,000 each in the Establishment as at the end of the reporting period.

### Management responsibilities

We confirm that we are responsible for these financial statements, which have been prepared in conformity with the statutory requirements and International Financial Reporting Standards, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for compilation of these financial statements.

### Auditors

We propose the reappointment of M/s. Behl, Lad & Al Sayegh - Chartered Accountants as auditors of the Establishment for the next year.

  
Director  
25 April 2016



**Independent Auditor's report  
To the Shareholder of Uttam Galva International FZE**

We have audited the accompanying financial statements of **Uttam Galva International FZE**, previously known as Berkeley International Metals FZE (the **Establishment**), Jebel Ali Free Zone, Dubai, UAE, which comprises the statement of financial position as at 31 March 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 4 to 18.

**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 its preparation in compliance with the Implementing Regulations of No. 1/99 pursuant to Law No. 2 of 1986 of Jebel Ali Free Zone Authority and the applicable provisions of the UAE Federal Law No. (2) of 2015, the Memorandum of Association of the Establishment 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.

**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 about whether the financial statements are free of 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 Establishment'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 Establishment'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 for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly in all material respects, the financial position of **Uttam Galva International FZE** as of 31 March 2016 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**

As required by Implementing Regulations of No. 1/99 pursuant to Law No. 2 of 1986 of Jebel Ali Free Zone Authority and the UAE Federal Law No. (2) of 2015 on Commercial Companies, we further report that:

- i) we have obtained all the information and explanations as we considered necessary for the purpose of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Jebel Ali Free Zone Authority and the UAE Federal Law No. (2) of 2015;
- iii) proper books of account have been kept by the Establishment;
- iv) the financial information contained in the Director's report, in so far as it relates to these financial statements is consistent with the books of account of the Establishment;
- v) there was no related party transaction entered into during the year; and
- vi) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Establishment has contravened during the financial year under audit any of the applicable provisions of the Jebel Ali Free Zone Authority and the UAE Federal Law No. (2) of 2015 have occurred during the year, which would have had a material effect on the business of the Establishment or on its financial position as at 31 March 2016.

*Behl, Lad & Al Sayegh*

Behl, Lad & Al Sayegh

Vasant Lad

Partner

Registration No. 299

Dubai, United Arab Emirates

25 April 2016



## Uttam Galva International FZE

### Statement of profit or loss and other comprehensive income Year ended 31 March 2016

	Note	31 March 2016 USD	31 March 2015 USD
Sales		232,627,323	253,911,559
Cost of sales	6	<u>(230,540,794)</u>	<u>(252,450,639)</u>
Gross profit		2,086,529	1,460,920
Selling and administrative costs	7	(576,444)	(105,617)
Finance costs	8	<u>(54,486)</u>	<u>(45,044)</u>
Profit for the year		<u>1,455,599</u>	<u>1,310,259</u>

The accompanying notes on pages 8 to 18 form an integral part of these financial statements.  
The Independent Auditor's report is set forth on page 2 & 3.

Approved by the Director of the Parent company on 25 April 2016.

For Uttam Galva International FZE

  
Director



# Uttam Galva International FZE

## Statement of financial position As at 31 March 2016

	Note	31 March 2016 USD	31 March 2015 USD
<b>Non-current assets</b>			
Property and equipment	9	845,536	-
Non-current financial assets	10	<u>5,754</u>	<u>5,754</u>
		<u>851,290</u>	<u>5,754</u>
<b>Current assets</b>			
Goods-in-transit		141,822	-
Trade and other receivables	11	46,754,907	105,274,343
Cash and cash equivalents	12	<u>3,531,311</u>	<u>3,179,320</u>
		<u>50,428,040</u>	<u>108,453,663</u>
<b>Total assets</b>		<u><u>51,279,330</u></u>	<u><u>108,459,417</u></u>
<b>Shareholder's funds</b>			
Share capital	13	3,269,755	272,480
Retained earnings		<u>4,357,698</u>	<u>2,902,099</u>
Equity funds		7,627,453	3,174,579
Shareholder's current account	14	<u>202,817</u>	<u>159,451</u>
		<u>7,830,270</u>	<u>3,334,030</u>
<b>Non-current liabilities</b>			
Provision for staff end-of-service gratuity	15	<u>9,931</u>	<u>7,576</u>
<b>Current liabilities</b>			
Trade and other payables	16	<u>43,439,129</u>	<u>105,117,811</u>
<b>Total liabilities</b>		<u>43,449,060</u>	<u>105,125,387</u>
<b>Total Shareholder's funds and liabilities</b>		<u><u>51,279,330</u></u>	<u><u>108,459,417</u></u>

The accompanying notes on pages 8 to 18 form an integral part of these financial statements.  
The Independent Auditor's report is set forth on page 2 & 3.

Approved by the Director of the Parent company on 25 April 2016.

For Uttam Galva International FZE

  
Director



## Uttam Galva International FZE

### Statement of changes in equity Year ended 31 March 2016

	Share capital USD	Retained earnings USD	Total USD
As at 31 March 2014	272,480	1,591,840	1,864,320
Profit for the year	-	1,310,259	1,310,259
As at 31 March 2015	272,480	2,902,099	3,174,579
Proceeds of issue of share capital (Note 13)	2,997,275	-	2,997,275
Profit for the year	-	1,455,599	1,455,599
<b>As at 31 March 2016</b>	<b>3,269,755</b>	<b>4,357,698</b>	<b>7,627,453</b>

The accompanying notes on pages 8 to 18 form an integral part of these financial statements.  
The Independent Auditor's report is set forth on page 2 & 3.



## Uttam Galva International FZE

### Statement of cash flows Year ended 31 March 2016

	Note	31 March 2016 USD	31 March 2015 USD
<b>Cash flows from operating activities</b>			
Profit for the year		1,455,599	1,310,259
<b>Adjustment for:</b>			
Depreciation on property and equipment	7	7,921	-
Finance costs	8	<u>54,486</u>	<u>45,044</u>
<b>Operating profit before changes in operating assets and liabilities</b>		<b>1,518,006</b>	<b>1,355,303</b>
Increase in inventories		(141,822)	-
Decrease/(increase) in trade and other receivables	11	58,519,436	(91,266,914)
(Decrease)/increase in trade and other payables	16	(61,678,682)	92,866,887
Increase in provision for staff end-of-service gratuity	15	<u>2,355</u>	<u>943</u>
<b>Cash (used in)/from operating activities</b>		<b>(1,780,707)</b>	<b>2,956,219</b>
Finance costs paid	8	<u>(54,486)</u>	<u>(45,044)</u>
<b>Net cash (used in)/from operating activities (A)</b>		<b>(1,835,193)</b>	<b>2,911,175</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	9	<u>(853,457)</u>	<u>-</u>
<b>Net cash used in investing activities (B)</b>		<b>(853,457)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds of issue of share capital	13	2,997,275	-
Funds introduced by the Shareholder (net)	14	<u>43,366</u>	<u>66,994</u>
<b>Net cash from financing activities (C)</b>		<b>3,040,641</b>	<b>66,994</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>351,991</b>	<b>2,978,169</b>
Cash and cash equivalents at beginning of the year		<u>3,179,320</u>	<u>201,151</u>
<b>Cash and cash equivalents at end of the year</b>	12	<b><u>3,531,311</u></b>	<b><u>3,179,320</u></b>

The accompanying notes on pages 8 to 18 form an integral part of these financial statements.  
The Independent Auditor's report is set forth on page 2 & 3.



# Uttam Galva International FZE

## Notes to the financial statements Year ended 31 March 2016

### 1 Legal status and business activities

- a) **Uttam Galva International FZE (the Establishment)**, previously known as Berkeley International Metals FZE is registered on 23 October 2008 as a free zone establishment with limited liability under a Trading License No. 112588 and Registration No. 116269 issued by Jebel Ali Free Zone Authority, United Arab Emirates in accordance with the Implementing Regulations No. 1/99 pursuant to Law No. 2 of 1986 issued by the Ruler of Dubai. The address of the registered office of the Establishment is Office No. LB03016, Jebel Ali Free Zone, P.O. Box 17870, Dubai, UAE.

On 29 April 2015, the name of the Establishment was changed to Uttam Galva International FZE.

- b) The principal activities of the Establishment are trading in building metal products, pre-fabricated houses, pipes & fittings, insulation & protection materials, workshop equipment, machinery & spare parts, metal alloys, basic steel products, basic non-ferrous metal products, metal drums & barrels, metal cans & containers, cargo containers and metal ores. During the year, it traded in steel and steel products.
- c) M/s. Uttam Galva Holdings Limited, UAE having its registered office at P.O.Box 261228, Jebel Ali Free Zone, Jebel Ali, Dubai, UAE is the sole Shareholder of the Establishment holding 12 shares of AED 1,000,000 each. Accordingly, the Establishment is a wholly-owned subsidiary of M/s. Uttam Galva Holdings Limited and Uttam Galva Steels Limited, India is the Ultimate Parent company of the Establishment.
- d) Mr. Raghvendra Kumar Agrawal has been appointed as the Manager of the Establishment while Mr. Tejash Shah, Mr. Pankaj Kumar Sureka and Mr. Amit Miglani have been appointed as Directors of the Establishment.

### 2 Basis of preparation

#### a) Statement of compliance

These financial statements are prepared under the historical cost convention and in conformity with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and the requirements of Implementing Regulations of Jebel Ali Free Zone Authority read with the UAE Federal Law No. (2) of 2015 concerning Commercial Companies which was issued on 1 April 2015 and has come into force on 1 July 2015.

#### b) Use of significant estimates, assumptions and judgments

The process of applying the Establishment's accounting policies for the preparation of financial statements in conformity with the International Financial Reporting Standards also requires the management to make certain assumptions for critical accounting estimates and exercise judgment that affect the reported amounts of assets and liabilities, income and expenses and disclosure of contingencies and commitments as at the date of the reporting period.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving high degree of judgment of complexity or areas where assumptions and estimates are significant in applying accounting policies that have a bearing on the amounts recognized in the financial statements are provision for doubtful trade receivables and inventories, staff gratuity benefits.



# Uttam Galva International FZE

## Notes to the financial statements Year ended 31 March 2016

### 2 Basis of preparation (Continued)

#### b) Use of significant estimates, assumptions and judgments (Continued)

At the end of each reporting period, management conducts an assessment of each of the assets and liabilities referred to above to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset and liability is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made and changes are reflected in the financial statements of the period of change and, if material their effects are disclosed in the financial statements. These are explained in the notes on the respective items of assets in the accounting policies.

#### c) New and amended standards

##### i) Applicable from the current year

- Annual improvements to IFRS 2010-2012 and 2011-2013 cycles (Effective date: 1 July 2014).
- Various clarifications were issued by IASB in December 2013 in respect of IFRS 1 which confirms that first-time adopters of IASs can adopt standards that are not yet mandatory and in respect of IFRS 2, 3, 8, 13, 16, 24, 38 & 40 - Not applicable.
- Defined Benefit Plans: Employee Contributions (Amendment to IAS 19) - (Effective date: 1 July 2014) - Not applicable.
- IFRS 9 (as revised in 2010) - 'Financial Instruments' - This new standard is ultimately intended to replace IAS 39 in its entirety in three phases: Phase 1 - Classification and measurement of financial assets and financial liabilities; Phase 2 - Impairment methodology and Phase 3 - Hedge accounting. The standard establishes two categories for financial assets i.e. amortized cost and fair value.

##### ii) Forthcoming requirements available for early adoption

###### Effective date: 1 July 2016

- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) - These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 - Property, Plant and Equipment, instead of IAS 41 - Agriculture. - Not applicable.
- IFRS 14 - Regulatory Deferral Accounts - No such items.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) - Not applicable.
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 & 41).
- Equity method in separate financial statements - Amendments to IAS 27.
- Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28.
- Annual improvements to IFRS 2012 - 2014 cycle.
- Disclosure Initiative Amendments to IAS 1.
- Investment entities: Applying the consolidation exception - Amendment to IAS 28.

###### Effective date: 1 January 2017

- IFRS 15 - Revenue from Contracts with Customers - This establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 - revenue, IAS 11 - Construction Contracts and IFRS 13 - Customer Loyalty Programmes.



## Uttam Galva International FZE

### Notes to the financial statements Year ended 31 March 2016

#### 2 Basis of preparation (Continued)

##### c) New and amended standards (Continued)

##### ii) Forthcoming requirements available for early adoption (Continued)

Effective date: 1 January 2018

- IFRS 9 Financial Instruments and associated amendments to various other standards - This standard published in July 2014 replaces the existing guidance in IAS 39 - Financial Instruments, Recognition and Measurements. This includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39 - Not relevant.

The Establishment has not early-adopted these standards in the current year.

##### d) Presentation currency

These financial statements have been presented in US Dollar which is the functional currency for the Establishment. However the UAE Dirham (which is pegged to the US Dollar) is the currency of the primary economic environment in which the Establishment operates.

The figures have been rounded off to the nearest US Dollar and have been converted at the rate of 1 USD = 3.675 AED, except for the share capital of the Establishment which has been converted at the historical rates (Note 13).

##### e) Going concern

The financial statements have been prepared on a going concern basis on the assumption that the Establishment will be able to meet its payment obligations as and when they fall due for payment. The Establishment's operations are profitable and it has sound financial position.

#### 3 Summary of significant accounting policies

The significant accounting policies adopted and which have been consistently applied are as follows:

##### a) Revenue recognition

Sales comprises the invoiced value for goods delivered as significant risks and rewards relating to the ownership of goods concerned are transferred to the customer, net of discounts and returns along with commission income earned on deals executed between potential buyers and sellers.

##### b) Cost of sales

Costs of sales include purchase and other costs which are directly identifiable with the costs of goods

##### c) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

##### d) Foreign currency transactions and balances

Transactions in foreign currencies, if any, are translated into US Dollars at the rate of exchange ruling on the date of the transactions, or valuation where items are remeasured.



# Uttam Galva International FZE

## Notes to the financial statements Year ended 31 March 2016

### 3 Summary of significant accounting policies (Continued)

#### d) Foreign currency transactions and balances (Continued)

Monetary assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the end of the reporting period.

Gains or losses resulting from settlement of foreign currency transactions and from the translation at the year/period-end exchange rates of monetary assets and liabilities are recognised in the statement of profit or loss on net basis as either 'Foreign exchange gains' or 'Foreign exchange losses' and included in 'Finance income' or 'Finance costs' respectively.

#### e) Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Gains/losses on disposal are determined by reference to their carrying amount and are included in operating profit.

An assessment of residual values is undertaken at each end of the reporting period and if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

##### *Depreciation*

The cost of office premises and furniture & equipments less estimated residual value, is depreciated using the straight-line method from the date of acquisition to their estimated useful lives of twenty and five years respectively.

##### *Impairment*

At each end of the reporting period, management conducts an assessment of property and equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

#### f) Inventories

Inventories are stated at the lower of cost using the Weighted average cost method and net realisable value. Cost comprises of invoice value plus applicable landing charges. Net realisable value is based on estimated selling price less any selling expenses and cost of completion and disposal.

Inventory write-downs or reversals of write-downs are included in cost of sales.

##### *Estimate for inventory write down and reversals*

Management undertakes on an annual basis a review of the Establishment's inventory in order to assess the likely realization proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage to estimate the write-down required.

#### g) Trade receivables

Trade receivables are amounts due from customers for goods delivered and services rendered in the ordinary course of business. If collection is expected in one year or less they are classified as current assets otherwise as non-current assets. Trade receivables are carried at the invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off when identified.



# Uttam Galva International FZE

## Notes to the financial statements Year ended 31 March 2016

### 3 Summary of significant accounting policies (Continued)

#### h) Cash and cash equivalents

Cash and cash equivalents comprise cash, balances in bank current accounts and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

#### i) Statement of cash flows

Cash flows are reported using the indirect method, whereby profit/(loss) is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future of cash receipts and payments and for items of income and expenses which are reflected in investing or financial activities. The cash flows from operating, investing and financing activities are segregated based on the nature of items.

#### j) Trade payables, provisions and accruals

Liabilities are recognized for amounts to be paid in future for goods and services rendered, whether or not billed to the Establishment.

Provisions are recognised when the Establishment has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

#### k) Staff end-of-service gratuity

Provision is made for end-of-service gratuity payable to the staff at the end of the reporting period in accordance with the local labour laws assuming that all employees were to leave as at the end of the reporting period (Note 15).

#### l) Statement of cash flows

Statement of cash flow is prepared segregating the cash flow from operating, investing and financing activities based on the nature of items. Cash flows under the operating activities are reported using the indirect method, whereby profit/(loss) is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future of cash receipts and payments and for items of income and expenses which are reflected in investing or financial activities.

#### m) Dividend distribution

Dividend distribution to the Establishment's Shareholder is recognized as a liability in the financial statements of the period in which the dividends are approved by the Establishment's Shareholder.

#### n) Fair value measurements

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Establishment.

When measuring the fair value of an asset or a liability, as far as possible the Establishment uses market observable data. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** 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).



# Uttam Galva International FZE

## Notes to the financial statements Year ended 31 March 2016

### 3 Summary of significant accounting policies (Continued)

#### n) Fair value measurements (Continued)

**Level 3:** Inputs for asset or liability that are not based on observable market data (unobservable inputs), thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability.

If inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input significant to entire measurement.

The Establishment measures its financial instruments on a fair value basis.

#### o) Financial instruments

The principal financial instruments used by the Establishment are trade and other receivables, cash and cash equivalents, deposits, trade and other payables, Shareholder's current account. Thus all the financial instruments of the Establishment are categorized under 'loans and receivables' since these have fixed or determinable payments and have no active market.

#### *Recognition and derecognition*

The Establishment initially recognises financial assets and financial liabilities when they are originated.

The Establishment derecognizes a financial asset when the contractual rights to cash flows from the assets expire or when substantially all the risks and rewards of ownership are transferred, or the Establishment neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Establishment is recognised as a separate asset.

The Establishment derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Establishment has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### *Fair value of financial instruments*

##### *Valuation process and technique:*

The Establishment's financial instruments are measured at cost under the assumption that due to their short-term nature, their carrying values approximate their fair values. If the impact between carrying values and fair values is material, the financial instruments are measured at amortized cost using the effective interest method i.e. using the discounted cash flow method with the significant unobservable inputs being the discount rate that reflects the credit risk of the counter parties.

The fair values of the Establishment's financial instruments are included in **Level 3 hierarchy** category.



# Uttam Galva International FZE

## Notes to the financial statements Year ended 31 March 2016

### 3 Summary of significant accounting policies (Continued)

#### p) Impairment of assets

##### *Non-derivative financial assets*

These comprise of deposits, trade and other receivables collectively referred to as receivables are assessed at each reporting date to determine whether there is any evidence of impairment which is judged by default or delinquency by a debtor, the age of the debts, management experience and assessed creditworthiness of the debtor, restructuring of any dues to the Establishment on terms that the Establishment would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, the disappearance of an active market for a security or observable data indicating that there is measurable decrease in the expected cash flows from a group of financial assets. Based on these factors an assessment of provisioning required in made.

##### *Non-financial assets*

At each reporting date, the Establishment reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognised in the profit or loss, if the carrying amount of the asset exceeds it recoverable amount. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 4 Risk management

The Establishment's management focuses on the unpredictability of financial markets and continually seeks to identify its risks and minimize their impact by conducting and operating the business in a prudent manner. The Establishment's current activities are exposed to financial risks such as credit, market and liquidity risks.

#### a) Credit risk

Credit risk is the risk of financial loss to the Establishment if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Establishment's customers, related parties and banks. The credit risk, where relevant is explained in the notes on the related account balances, namely trade and other receivables {Note 11 (a)} and cash and bank (Note 12).

#### b) 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 optimizing the return. The Establishment does not encounter any currency risk as at end of reporting period all its assets and liabilities are denominated in its functional currency, the US Dollar and the UAE Dirham. The Establishment did not have any borrowings during the year or at the end of the reporting period hence it does not face any interest rate risk per se however in cases where it discounts the export letters of credit it needs to pay discounting costs which are a factor of prevailing floating interest costs i.e. LIBOR hence the Establishment can be exposed to cash flow interest rate risks.



# Uttam Galva International FZE

## Notes to the financial statements Year ended 31 March 2016

### 4 Risk management (Continued)

#### c) Liquidity risk

Liquidity risk is the risk that the Establishment will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Establishment's approach to managing liquidity is to ensure, as far as possible, 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 reputation.

Management continuously monitors its cash flows to determine its cash requirements and arranges funds from its Shareholders, if required to ensure that adequate funds are available to meet its payment obligations on time.

### 5 Capital management

Capital consists of share capital, retained earnings and Shareholder's current account, which aggregated to USD 7,830,270 as at end of the reporting period. The Establishment manages its capital with an objective to ensure that healthy capital ratios are maintained and adequate funds are available to it on an on-going basis to operate as a going concern and provide the Shareholder with reasonable rate of return under the prevailing economic conditions and the risks encountered.

	31 March 2016 USD	31 March 2015 USD
<b>6 Cost of sales</b>		
Purchases (including direct expenses)	<u>230,540,794</u>	<u>252,450,639</u>
<b>7 Selling and administrative costs</b>		
Market development and outsourced expenses	337,237	-
Staff salaries, bonus and other benefits	88,809	66,253
Staff end-of-service gratuity (Note 15)	2,355	943
Legal, rent and registration expenses	44,474	29,320
Depreciation (Note 9)	7,921	-
Miscellaneous expenses	95,648	9,101
	<u>576,444</u>	<u>105,617</u>
<b>8 Finance costs</b>		
Interest expenses	26,731	37,629
Bank charges	27,755	7,415
	<u>54,486</u>	<u>45,044</u>

The finance costs pertain to exports bills discounted.

### 9 Property, plant and equipment

	Office premises USD	Furniture & equipments USD	Total USD
<b>As at 31 March 2016</b>			
Cost	821,050	32,407	853,457
Accumulated depreciation	(6,842)	(1,079)	(7,921)
<b>Net book value</b>	<u>814,208</u>	<u>31,328</u>	<u>845,536</u>



## Uttam Galva International FZE

### Notes to the financial statements Year ended 31 March 2016

9 **Property, plant and equipment (Continued)**

	Office premises USD	Furniture & equipments USD	Total USD
<b>Reconciliation of net book value</b>			
Purchased during the year	821,050	32,407	853,457
Depreciation for the year (Note 7)	(6,842)	(1,079)	(7,921)
<b>As at 31 March 2016</b>	<b>814,208</b>	<b>31,328</b>	<b>845,536</b>

Office premises represent the office Nos. 1909 and 1910 in Platinum Tower, Al Thanyah Fifth, Jumeriah Lakes Tower, Dubai, UAE and acquired during the year for AED 3,005,045 and held in the personal name of a Director, Mr. Ankit Miglani on behalf of and for the beneficial interest of the Establishment.

	31 March 2016 USD	31 March 2015 USD
10 <b>Non-current financial assets</b>		
Deposits with the Jebel Ali Free Zone Authority	5,754	5,754

These are held as security against letters of guarantee issued to the Jebel Ali Free Zone Authority and are intended to be held for a period longer than one year from the end of the reporting period.

11 **Trade and other receivables**

Trade receivables	46,723,564	105,264,581
Deposits	2,679	-
Other receivables	28,664	9,762
	46,754,907	105,274,343

a) The customers are extended credit period upto 180 days based on the management's judgement of their creditworthiness judged by a combination of various parameters such as their conduct in the past, management's trade experience and available market information of the reputation of the customers and the settlements for the same, if not on open credit basis are usually covered by bankers' letters of credit, payment against documents (either packing list or bill of lading), advance payments and credit insurance. The management continuously monitors the outstanding amounts and follows up for recovery of the outstanding amounts.

b) At the end of reporting period, the entire trade receivables were outstanding within the credit period of 180 days and were due from 20 customers (previous year: 4 customers). The geographical analysis of the trade receivables was as below:

**Middle East & Indian sub-continent**

UAE	31,128,332	33,260,939
Kingdom of Saudi Arabia	628,078	-
India	25,781	-

**Far East**

Singapore	9,951,549	46,276,946
Hong Kong	-	25,726,696

(Continued on Page 17)



**Uttam Galva International EZE**  
Year ended 31 March 2016

<b>11 Trade and other receivables (Continued)</b>		
b) Geographical analysis (Continued)		
	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>USD</b>	<b>USD</b>
<b>Africa</b>		
Ethiopia	3,833,509	-
Uganda	458,672	-
Egypt	183,222	-
Algeria	133,546	-
Reunion Island	117,433	-
Kenya	106,093	-
<b>Europe</b>		
Italy	157,349	-
	<u>46,723,564</u>	<u>105,264,581</u>
c) The Establishment invoices its customers in US Dollar which is its functional currency, hence there is no currency risk with respect to trade receivables.		
<b>12 Cash and cash equivalents</b>		
Balances in current accounts with banks	<u>3,531,311</u>	<u>3,179,320</u>
The Establishment places its bank accounts with reputed banks and the balances are denominated in the UAE Dirham or the US Dollar to which the UAE Dirham is linked.		
<b>13 Share capital</b>		
12 shares (previous year: 1 share) of AED 1,000,000 each	<u>3,269,755</u>	<u>272,480</u>
During the year, 11 shares of AED 1,000,000 each were issued to the existing Shareholder. The issue during the year has been converted at the rate of 1 USD = AED 3.6699997 and the earlier issue at 1 USD = 3.6699994.		
<b>14 Shareholder's current account</b>		
Opening balance - Credit	159,451	92,457
Funds introduced during the year (net)	43,366	66,994
Closing balance - Credit	<u>202,817</u>	<u>159,451</u>
<b>15 Provision for staff end-of-service gratuity</b>		
Opening balance	7,576	6,633
Provision for the year (Note 7)	2,355	943
Closing balance	<u>9,931</u>	<u>7,576</u>
<b>16 Trade and other payables</b>		
Trade payables	43,173,859	105,117,811
Advances received from customers	259,828	-
Accruals	5,442	-
	<u>43,439,129</u>	<u>105,117,811</u>

The trade payables are denominated in US Dollar or UAE Dirham which is pegged to the US Dollar, hence there is no currency risk with respect to trade payables.



# Uttam Galva International FZE

## Notes to the financial statements Year ended 31 March 2016

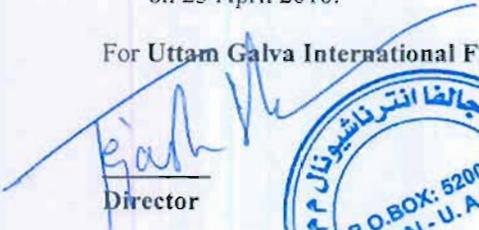
### 17 Related parties

Related parties comprise the Parent company and the Ultimate Parent company. At the end of the reporting period, the balance with the Parent company in its current account was USD 202,817 in credit (previous year: USD 159,451 in credit) - (Note 14). This balance is unsecured and expected to be settled in cash.

### 18 Approval of financial statements

These financial statements were approved by the Director of the Parent company and authorised for issue on 25 April 2016.

For Uttam Galva International FZE

  
Director

