

Jindal Saw Gulf (L.L.C.)
Abu Dhabi - United Arab Emirates

Auditors' report and financial statements
For the year ended March 31, 2012

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Auditors' report and financial statements for the year ended March 31, 2012

Table of contents

	<u>Pages</u>
The Entity	1
Independent auditors' report	2 & 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in shareholders' equity	6
Statement of cash flows	7
Notes to the financial statements	8 - 25

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

The Entity

Principal office address : Plot no. 11 NR28, ICAD III, P.O. Box: 132595
Abu Dhabi - United Arab Emirates
T: +971 2 5506883
F: +971 2 5506885

Website : www.jindalsaw.com

The directors	: Name	Nationality
	Mr. Prithari Raj Jindal	Indian
	Mr. Sanjay Kumar Aggarwal	Indian
	Mr. Ankit Shah Shailesh Ramanlal Shah	Indian

The auditors : Horwath Mak
P.O. Box: 262794
Dubai - United Arab Emirates

The main banks : HSBC Middle East
Bank of Baroda



Crowe Horwath

هوروث مالك

Horwath ¹⁹⁸¹ MAK

Auditors & Business Advisors

Suite 16309, LOB 16,
Jebel Ali Free Zone,
P. O. Box: 262794, Dubai, UAE.
T + 971 4 881 0902
F + 971 4 881 0906
M + 971 50 657 2575
E admin.jafza@crowehorwath.ae
www.crowehorwath.ae

Ref: JM/AR/12/5193

Independent auditors' report

To,

The Shareholders

M/s. Jindal Saw Gulf (L.L.C.)

Plot no. 11 NR28, ICAD III, P.O. Box: 132595

Abu Dhabi - United Arab Emirates

Report on the financial statements

We have audited the accompanying financial statements of **M/s. Jindal Saw Gulf (L.L.C.)**, Abu Dhabi - United Arab Emirates, ("Entity") which comprise the statement of financial position as at March 31, 2012 and the statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). The management is also responsible for such internal controls as it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting 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 **M/s. Jindal Saw Gulf (L.L.C.)**, Abu Dhabi - United Arab Emirates as at March 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters


The financial statements of **M/s. Jindal Saw Gulf (L.L.C.)**, Abu Dhabi - United Arab Emirates for the period 2011, were audited by other auditors who expressed an unqualified opinion on those financial statements on July 27, 2011. Previous period's financial statements were prepared under Indian GAAP wherein "Capital work in progress" included pre-operative expenses amounting to AED 330,304. Since the amount involved was not material, such treatment does not have material impact on the comparative figures, hence comparative figures have not been restated as per IAS 8.

Report on other legal and regulatory requirements

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

1. We have obtained all the information and explanations necessary for our audit.
2. Proper books of accounts have been maintained by the Entity.
3. A physical count of inventories was carried out in accordance with established principles.
4. We are not aware of any contraventions during the year of the above mentioned law or the Entity's Articles of Association; which may have material effect on the financial position of the Entity or the result of its operations for the year.

For Horwath Mak



James Mathew FCA, CPA (USA)
Managing Partner
Reg. no. 548



June 07, 2012

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Statement of financial position as at March 31, 2012

(In Arab Emirates Dirhams)

	Notes	2012	2011
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	4	95,157,106	14,072,818
<i>Total non current assets</i>		95,157,106	14,072,818
<i>Current assets</i>			
Inventories	5	588,117	-
Due from related parties	6	3,288	-
Advances, deposits and other receivables	7	3,449,750	5,827,911
Cash and bank balances	8	1,420,565	1,760,595
<i>Total current assets</i>		5,461,720	7,588,506
Total assets		100,618,826	21,661,324
Equity and liabilities			
<i>Shareholders' equity</i>			
Share capital	9	300,000	300,000
Accumulated (loss)	10	(1,245,834)	-
Shareholders' current account	11	85,101,104	16,757,081
<i>Total shareholders' equity</i>		84,155,270	17,057,081
<i>Non-current liabilities</i>			
Employees' end of service benefits	12	245,832	-
<i>Total non-current liabilities</i>		245,832	-
<i>Current liabilities</i>			
Accounts and other payable	13	15,960,261	2,604,243
Due to related parties	6	257,463	2,000,000
<i>Total current liabilities</i>		16,217,724	4,604,243
Total liabilities		16,463,556	4,604,243
Total shareholders' equity and liabilities		100,618,826	21,661,324

The accompanying notes form an integral part of these financial statements.

The report of the auditors is set out on pages 2 and 3.

The financial statements on pages 4 to 25 were approved on June 06, 2012 and signed on behalf of the Entity by:


Managing Director

Auditor's Copy - To be signed, stamped & returned to us.

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Statement of comprehensive income for the year ended March 31, 2012

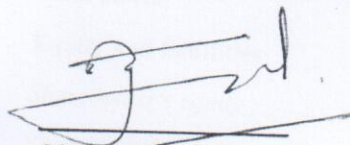
(In Arab Emirates Dirhams)

	Notes	<u>Apr 01, 2011 to</u> <u>Mar 31, 2012</u>	<u>Aug 18, 2010 to</u> <u>Mar 31, 2011</u>
Expenses			
Selling and marketing expenses	14	(365,156)	-
Administrative expenses	15	(880,678)	-
(Loss) for the year		(1,245,834)	-
Other comprehensive income		-	-
Total comprehensive (loss) for the year		(1,245,834)	-

The accompanying notes form an integral part of these financial statements.

The report of the auditors is set out on pages 2 and 3.

The financial statements on pages 4 to 25 were approved on June 06, 2012 and signed on behalf of the Entity by:


Managing Director

Jindal Saw Gulf (L.L.C.)
 Abu Dhabi - United Arab Emirates

Statement of changes in shareholders' equity for the year ended March 31, 2012
 (In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Accumulated (loss)</u>	<u>Shareholders' current account</u>	<u>Total shareholders' equity</u>
Capital introduced	300,000	-	-	300,000
Net movements during the period	-	-	16,757,081	16,757,081
Balance as at March 31, 2011	300,000	-	16,757,081	17,057,081
Comprehensive (loss) for the year	-	(1,245,834)	-	(1,245,834)
Net movements during the year	-	-	68,344,023	68,344,023
Balance as at March 31, 2012	300,000	(1,245,834)	85,101,104	84,155,270

The accompanying notes form an integral part of these financial statements.

The report of the auditors is set out on pages 2 and 3.

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Statement of cash flows for the year ended March 31, 2012

(In Arab Emirates Dirhams)

	<u>Apr 01, 2011 to</u> <u>Mar 31, 2012</u>	<u>Aug 18, 2010 to</u> <u>Mar 31, 2011</u>
Cash flows from operating activities		
(Loss) for the year	(1,245,834)	-
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	246,126	-
Provision for employees' end of service benefits	245,832	-
Operating (loss)/profit before changes in operating assets and liabilities	(753,876)	-
<i>(Increase)/decrease in current assets</i>		
Inventories	(588,117)	-
Advances, deposits and other receivables	2,378,161	(5,827,911)
Due from related parties	(3,288)	-
<i>Increase/(decrease) in current liabilities</i>		
Accounts and other payable	13,356,018	2,604,243
Due to related parties	(1,742,537)	2,000,000
Net cash from/(used in) operating activities	12,646,361	(1,223,668)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(81,330,414)	(14,072,818)
Net cash (used in) investing activities	(81,330,414)	(14,072,818)
Cash flows from financing activities		
Share capital introduced	-	300,000
Shareholders' current account	68,344,023	16,757,081
Net cash from financing activities	68,344,023	17,057,081
Net (decrease)/increase in cash and cash equivalents	(340,030)	1,760,595
Cash and cash equivalents, beginning of the year	1,760,595	-
Cash and cash equivalents, end of the year/period	1,420,565	1,760,595
Represented by:		
Cash in hand	99,015	6,496
Cash at banks	1,321,550	1,754,099
	1,420,565	1,760,595

The accompanying notes form an integral part of these financial statements.

The report of the auditors is set out on pages 2 and 3.

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

1 Legal status and business activities

- 1.1 **M/s. Jindal Saw Gulf (L.L.C.)**, Abu Dhabi - United Arab Emirates ("the Entity") was registered on August 18, 2010 as a Limited Liability Company and operates in the United Arab Emirates under an industrial license issued by the Higher Corporation for Specialised Economic Zones of the Government of Abu Dhabi.
- 1.2 The principal activities of the Entity are unchanged since the previous period and consist of manufacturing all types of steel pipes and related accessories.
- 1.3 The registered address of the Entity is plot no. 11 NR28, ICAD III, P.O. Box: 132595, Abu Dhabi - United Arab Emirates.
- 1.4 The management and control are vested with the Managing Director, Mr. Sanjay Kumar Aggarwal (Indian national).
- 1.5 These financial statements incorporate the operating results of the Industrial license no. 2018.

2 Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs

Summary of requirements

IFRS 9 *Financial Instruments* (as part of IAS 39 replacement project)

New requirements on accounting for financial liabilities measured at fair value through profit or loss (FVTPL) and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities. The new requirements address the problem of volatility in profit or loss arising from an issuer choosing to measure its own debt at fair value.

The application of these new requirements has no effect on the financial statements of the Entity for the year then ended as all financial liabilities are measured at amortised cost by using the effective interest rate method.

Amendments to IAS 1 *Presentation of Financial Statements* (as part of Improvements to IFRSs issued in 2009)

The amendments to IAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

This amendment had no effect on the amounts reported in current year and prior years because the Entity has not previously issued instruments of this nature.

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRSs applied with no material effect on the financial statements (continued)

Amendments to IAS 7 <i>Statement of Cash Flows (as part of Improvements to IFRSs issued in 2009)</i>	The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.
IFRIC 17 <i>Distributions of Non-Cash Assets to Owners</i>	The Interpretation provides guidance on the appropriate accounting treatment when the Entity distributes assets other than cash as dividends to its shareholders.
IFRIC 18 <i>Transfers of Assets from Customers</i>	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with IAS 18 <i>Revenue</i> .
Improvements to IFRSs issued in 2009	The application of Improvements to IFRSs issued in 2009 which amended IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16 has not had any material effect on amounts reported in the financial statements.

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Entity has not adopted the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> , relating to Disclosures on Transfers of Financial Assets	1 July 2011
Amendments to IFRS 1 <i>First-Time Adoption of International Financial Reporting Standards</i> : , replaces references to a fixed date of transition and for entities which are subject to severe hyper inflation.	1 July 2011
Amendments to IAS 1 <i>Presentation of Financial Statements</i> : for other comprehensive income 'OCI' whether they are reclassifiable to profit or loss subsequently as reclassification adjustments.	1 July 2012
Amendments to IAS 19 <i>Employee Benefits</i> : which eliminates the corridor approach and calculate finance costs on a net funding basis.	1 January 2013
IFRS 9 <i>Financial Instruments</i> (as amended in 2010)	1 January 2013

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

IFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
IFRS 11 <i>Joint arrangements</i>	1 January 2013
IFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
IFRS 13 <i>Fair value measurement</i>	1 January 2013
<i>Improvements to IFRSs</i> issued in 2010 covering amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13	1 January 2011, except IFRS 3 and IAS 27 which are effective 1 July 2010

Management anticipates that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Entity in the period of initial application.

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the applicable requirements of the U.A.E. laws. These financial statements are presented in United Arab Emirates Dirhams (AED) since that is the currency of the country in which the Entity is domiciled.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed after significant accounting policies.

The principal accounting policies applied in these financial statements are set out below.

3.3 Foreign currency

In preparing the financial statements of Entity, transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

3 Significant accounting policies (continued)

3.3 Foreign currency (continued)

Exchange differences on monetary items are recognised in profit or loss in the year in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3.4 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is spread over its useful lives so as to write off the cost of property, plant and equipment, using the straight-line method over its useful lives as follows:

	<u>Years</u>
Furniture, fixtures and office equipment	2 - 4
Motor vehicles	5

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

Capital work in progress

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Entity's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3 Significant accounting policies (continued)

3.5 Impairment of tangible asset

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

3.6 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

3.7 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through income statement' (FVTIS), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Dividend income from financial assets at fair value through income statement is recognised in the income statement when the Entity's right to receive payments is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Entity's loans and receivables comprise "trade and other receivables", "cash and cash equivalents", "due from/to related parties", "shareholders' loan" and "loan from/to related parties" in the statement of financial position.

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

3 Significant accounting policies (continued)

3.7 Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Accounts and other receivables

Accounts and other receivables are measured at amortised cost reduced by appropriate allowance for estimated doubtful debts.

Due from/Loan to related parties

Due from/Loans /to related parties are measured at amortised cost.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories are stated at fair value or cost at the end of each reporting period.

Available-for-sale investments are initially measured at fair value plus transactions costs, if any. After initial recognition, available-for-sale investments are measured at fair value unless fair value is undeterminable.

Available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably are measured at cost less any identified impairment losses at the end of each reporting period.

Gains and losses arising from the changes in the fair value are recognised directly in the equity in the investments revaluation reserve with the exception of impairment losses.

Where the investment is disposed off or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in the statement of comprehensive income.

Dividends on AFS equity instruments are recognised in the income statement when the Entity's right to receive the dividends is established.

Impairment of financial assets

Assets carried at amortised cost

The Entity assesses at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

3 Significant accounting policies (continued)

3.7 Financial assets (continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default, the probability that they will enter bankruptcy, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Assets classified as available for sale:

The Entity assesses at the end of each reporting period, whether there is objective evidence that a financial asset or a group of financial assets is impaired. (For debt securities, the group uses the criteria referred to in above).

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised profit or loss.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

Derecognition of financial assets

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset.

3.8 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability (and an equity instrument).

An equity instrument is any contract that evidences a residual interest in the assets of the Entity after deducting all of its liabilities. (Equity instruments issued by the Entity are recorded at the proceeds received, net of direct issue costs).

3 Significant accounting policies (continued)

3.8 Financial liabilities and equity (continued)

Accounts and other payables

Accounts and other payables are measured at amortised cost.

Due to/loan from related parties

Amounts due to/loan from related parties are stated at amortised cost.

Bank borrowings(long term loans)

Borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

3.9 Offsetting financial instruments

Capital

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that has been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

3 Significant accounting policies (continued)

3.12 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.13 Leasing

Leases for which the Entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.14 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Critical judgements in applying accounting policies

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the financial statements.

Equity instruments

The Management have reviewed the equity instruments disclosed in the financial statements, in light of its capital requirements to maintain the current level of business. The Management confirms the Entity's positive intention and ability to continue the equity instruments on a long term basis.

3 Significant accounting policies (continued)

3.14 Critical accounting judgements and key sources of estimation uncertainty (continued)

Related parties

The Management have disclosed the related parties and the related due to and from related parties as per the requirements of IAS 24 "Related Parties Disclosures". In view of due to and from related parties being receivable and payable on demand and the Management intention to realise or pay the related parties as and when necessarily required, the disclosed balances are classified as current assets and current liabilities.

Key assumptions

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

Inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Property and equipment

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Key sources of estimation uncertainty

Valuation of unquoted equity investments is normally based on one of the following:

- Current fair value of another instrument that is substantially the same;
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimations. The Entity calibrates the valuation techniques periodically and tests them for validity using either prices from observable current market transactions in the same instrument or from other available observable market data.

Operating lease expenses

Lease payments under operating lease have been recognised as an expense on a straight-line basis over the lease rental period after considering the rent escalation as per the rent agreements. The rent charge could significantly change in subsequent accounting periods should the lease contract not be renewed or change in lease terms of the contract.

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012
(In Arab Emirates Dirhams)

4 Property, plant and equipment

The gross carrying amounts and accumulated depreciations and impairment is shown below:

Cost	Furniture, fixtures and office equipment	Motor vehicles	Capital work in progress	Total
Addition during the period	115,716	181,000	13,785,681	14,082,397
As at March 31, 2011	115,716	181,000	13,785,681	14,082,397
Addition during the year	570,942	970,550	79,788,922	81,330,414
As at March 31, 2012	686,658	1,151,550	93,574,603	95,412,811
Accumulated depreciation				
Charge for the period	3,518	6,061	-	9,579
As at March 31, 2011	3,518	6,061	-	9,579
Charge for the year	143,218	102,908	-	246,126
As at March 31, 2012	146,736	108,969	-	255,705
Carrying value as at March 31, 2012	539,922	1,042,581	93,574,603	95,157,106
Carrying value as at March 31, 2011	112,198	174,939	13,785,681	14,072,818

Note:

- Capital work-in-progress represents factory building under construction on plot no. 11 NR 28 leased from Higher Corporation for Specialised Economic Zones (Zone Corp) (note 20), located in ICAD III, Abu Dhabi - United Arab Emirates pending capitalisation.

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

(In Arab Emirates Dirhams)

	2012	2011
5 Inventories		
Raw materials and consumables	588,117	-
Inventories were physically verified and were kept in the factory premises at Industrial City of Abu Dhabi III, Abu Dhabi - United Arab Emirates.		
6 Related party transactions		
The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.		
The Entity believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.		
a) Due from related parties		
M/s. Jindal Saw Ltd. - India	3,288	-
	3,288	-
b) Due to related parties		
M/s. Super Cement Manufacturing Company (L.L.C.), Abu Dhabi - U.A.E.	257,463	-
M/s. Jindal Saw Holdings FZE, Fujairah Free Zone, Fujairah - U.A.E.	-	2,000,000
	257,463	2,000,000
The Entity provides/receives funds to/from related parties as and when required as working capital facilities.		
7 Advances, deposits and other receivables		
Prepayments	305,465	-
Advance paid for land lease	2,106,734	1,702,163
Guarantee deposits	26,000	-
Margin deposit with bank	-	4,000,000
Advances to suppliers	924,980	100,000
Staff loans and advances	50,553	25,748
Other receivables	36,018	-
	3,449,750	5,827,911
8 Cash and bank balances		
Cash in hand	99,015	6,496
Cash at banks	1,321,550	1,754,099
	1,420,565	1,760,595

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

(In Arab Emirates Dirhams)

9 Share capital

Authorised, issued and paid up capital of Entity is AED 300,000 divided into 300 fully paid up shares of AED 1,000 each.

The details of the shareholding as at reporting date are as follows:

<u>Name of Shareholders</u>	<u>Nationality</u>	<u>Percentage</u>	<u>No of shares</u>	<u>2012</u>	<u>2011</u>
Mr. Ali Ahmed Saleh Amer Shujaa Al Afifi	U.A.E.	51%	153	153,000	153,000
M/s. Jindal Saw Middle East FZC (represented by Mr. Sanjay Kumar Aggarwal)	U.A.E.	49%	147	147,000	147,000
		100%	300	300,000	300,000

10 Accumulated (loss)

Comprehensive (loss) for the year

(1,245,834)

-

Balance at the end of the year

(1,245,834)

-

11 Shareholders' current account

Balance at the beginning of the year

16,757,081

-

Net movements during the year/period

68,344,023

16,757,081

Balance at the end of the year/period

85,101,104

16,757,081

Breakup of Shareholders' current account:

<u>Name of Shareholders</u>	<u>As at March 31, 2011</u>	<u>Net movements</u>	<u>As at Mar 31, 2012</u>
Mr. Ali Ahmed Saleh Amer Shujaa Al Afifi	(153,000)	153,000	-
M/s. Jindal Saw Middle East FZC (represented by Mr. Sanjay Kumar Aggarwal)	16,910,081	68,191,023	85,101,104
	<u>16,757,081</u>	<u>68,344,023</u>	<u>85,101,104</u>

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

(In Arab Emirates Dirhams)

	<u>2012</u>	<u>2011</u>
12 Employees' end of service benefits		
Add: Charge for the year	<u>245,832</u>	-
Balance at the end of the year	<u>245,832</u>	-
<p>Amounts required to cover end of service indemnity at the reporting date are computed pursuant to the United Arab Emirates Federal Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of the reporting period.</p>		
13 Accounts and other payable		
Accounts payable for capital goods	15,136,495	2,436,547
Provisions and accruals	729,523	167,696
Other payables	<u>94,243</u>	-
	<u>15,960,261</u>	<u>2,604,243</u>
	<u>Apr 01, 2011 to</u>	<u>Aug 18, 2010 to</u>
	<u>Mar 31, 2012</u>	<u>Mar 31, 2011</u>
14 Selling and marketing expenses		
Advertisement and marketing	<u>365,156</u>	-
15 Administrative expenses		
Salaries and related benefits	233,294	-
Printing and stationery	43,658	-
Travelling and conveyance	117,345	-
Legal, visa, professional and related expenses	31,979	-
Repairs and maintenance	84,830	-
Utilities	1,600	-
Telephone and communications	77,219	-
Depreciation on property, plant and equipment (note 4)	246,126	-
Bank charges	7,795	-
Others	<u>36,832</u>	-
	<u>880,678</u>	-
16 Financial instruments		
a) <i>Significant accounting policies</i>		

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Jindal Saw Gulf (L.L.C.)
Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012
(In Arab Emirates Dirhams)

16 Financial instruments (continued)

	As at March 31,	
	2012	2011
<i>b) Categories of financial instruments</i>		
<i>Financial assets</i>		
Other receivables	112,571	4,025,748
Due from related parties	3,288	-
Cash and bank balances	<u>1,420,565</u>	<u>1,760,595</u>
	<u>1,536,424</u>	<u>5,786,343</u>
<i>Financial liabilities at amortised cost</i>		
Accounts and other payable	15,960,261	2,604,243
Due to related parties	<u>257,463</u>	<u>2,000,000</u>
	<u>16,217,724</u>	<u>4,604,243</u>

c) Fair values of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, due from related parties and certain other assets. Financial liabilities consist of account payables, provisions and accruals, due to related parties and certain other liabilities.

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

17 Financial risk management objectives

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

(In Arab Emirates Dirhams)

17 Financial risk management objectives (continued)**a) Foreign currency risk management**

There are no significant exchange rate risks, as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams, other G.C.C. currencies or U.S. Dollars to which the Arab Emirates Dirhams is fixed.

b) Interest rate risk management

As at the reporting date, there is no significant interest rate risk as there are no borrowings at year end.

c) Liquidity risk management

The Entity has access to interest free loans from its shareholders at its disposal to further reduce liquidity risk.

Non Interest bearing

Particulars	Non Interest bearing			On demand or less than 3 months	Within 1 year	More than 1 year	Total
	On demand or less than 3 months	Within 1 year	More than 1 year				
As at March 31, 2012							
Financial assets							
Other receivables	-	-	-	-	86,571	26,000	112,571
Due from related parties	-	-	-	-	3,288	-	3,288
Cash and bank balances	-	-	-	1,420,565	-	-	1,420,565
	-	-	-	1,420,565	89,859	26,000	1,536,424
Financial liabilities							
Accounts and other payables	-	-	-	-	15,960,261	-	15,960,261
Due to related parties	-	-	-	-	257,463	-	257,463
	-	-	-	-	16,217,724	-	16,217,724
As at March 31, 2011							
Financial assets							
Other receivables	-	-	-	-	4,025,748	-	4,025,748
Cash and bank balances	-	-	-	1,760,595	-	-	1,760,595
	-	-	-	1,760,595	4,025,748	-	5,786,343
Financial liabilities							
Accounts and other payables	-	-	-	-	2,604,243	-	2,604,243
Due to related parties	-	-	-	-	2,000,000	-	2,000,000
	-	-	-	-	4,604,243	-	4,604,243

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

(In Arab Emirates Dirhams)

17 Financial risk management objectives (continued)

d) *Credit risk management*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity uses its own trading records to rate its existing customers and increase their credits limits. The Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management regularly.

Details of credit risks on other receivables are discussed in Note 7 to the financial statements.

The Entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Entity defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

18 Capital risk management

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

The capital structure of the Entity consists of cash and cash equivalents and equity comprising issued capital, reserves and retained earnings as disclosed in the financial statements.

19 Contingent liabilities

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability on Entity's financial statements as of reporting date.

20 Commitments

i) Commitments for capital work in progress

	<u>2012</u>	<u>2011</u>
	<u>1,582,814</u>	<u>25,757,796</u>

ii) Non-cancelable operating lease commitments

Operating lease relates to factory land consist of plot of land (plot no. 11 NR 28) leased from Higher Corporation for Specialized Economic Zones, Abu Dhabi - United Arab Emirates for a period of 30 years and can be renewed at the discretion of both parties. The lease rental is subject to review after every 3 years. The Entity does not have an option to purchase the leased asset at the expiry of lease period.

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2012

(In Arab Emirates Dirhams)

20 Commitments (continued)

	As at March 31,	
	2012	2011
Not longer than 1 year	<u>5,547,229</u>	<u>5,547,229</u>
Longer than 1 year and not longer than 5 years	<u>22,188,916</u>	<u>27,736,145</u>
Longer than 5 years	<u>127,586,268</u>	<u>133,133,497</u>

Except for the above and ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known capital commitment on Entity's financial statements as of reporting date.

21 Comparative amounts

Certain figures for the previous period were regrouped/reclassified, wherever necessary, to conform to current year's presentation. However, such reclassification do not have any impact on the previously reported profit or equity.

Previous period's figures comprise 8 months whereas, the current year's figures are for 12 months. Hence, these previous period's figures are not strictly comparable with current year's figures.