

Jindal Saw Holdings FZE
Fujairah Free Zone
Fujairah - United Arab Emirates

Auditors' report and financial statements
For the year ended March 31, 2013

Jindal Saw Holdings FZE
Fujairah Free Zone
Fujairah - United Arab Emirates

Auditors' report and financial statements for the year ended March 31, 2013

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Jindal Saw Holdings FZE
Fujairah Free Zone
Fujairah - United Arab Emirates

General information

Principal office address : P.O. Box: 5232
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Website : www.jindalsaw.com

The Manager	: Name	Nationality
	Mr. Hitesh Agarwal	Indian

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

The Main Bank : Bank of Baroda

Ref: JM/AR/13/6212

Independent auditors' report

To,

The Shareholder
M/s. Jindal Saw Holdings FZE
P.O. Box: 5232
Fujairah Free Zone
Fujairah - United Arab Emirates

Report on the financial statements

We have audited the accompanying financial statements of **M/s. Jindal Saw Holdings FZE**, Fujairah Free Zone, Fujairah - United Arab Emirates, (the "Entity") which comprise the statement of financial position as at March 31, 2013, and the statement of profit or loss and other comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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) 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.

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 the auditor's 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, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 Holdings FZE**, Fujairah Free Zone, Fujairah - United Arab Emirates as at March 31, 2013 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 the Rules and Regulations framed pursuant to Emiri Decree no. 6 of 1987 issued in Fujairah in respect of creation of Free Zone amended by Emiri Decree no. 1 for the year 1992, we further confirm that,

1. We have obtained all the information and explanations which we consider necessary for our audit.
2. Proper books of accounts have been maintained by the Entity.
3. According to the information made available to us, we are not aware of any contraventions during the year of the above mentioned law 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



May 12, 2013

Jindal Saw Holdings FZE
 Fujairah Free Zone
 Fujairah - United Arab Emirates

Statement of financial position as at March 31, 2013
 (In Arab Emirates Dirhams)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Assets			
<i>Non-current assets</i>			
Investments in a subsidiaries	4	118,471,663	61,431,294
Investment in an associate	5	-	1,035,496
<i>Total non-current assets</i>		<u>118,471,663</u>	<u>62,466,790</u>
<i>Current assets</i>			
Due from related parties	6	1,823,887	540,826
Advances, deposits and other receivables	7	4,604,499	35,250
Cash and bank balance	8	574,031	24,652
<i>Total current assets</i>		<u>7,002,417</u>	<u>600,728</u>
Total assets		<u><u>125,474,080</u></u>	<u><u>63,067,518</u></u>
Equity and liabilities			
<i>Shareholder's equity</i>			
Share capital	9	90,500,000	68,000,000
Accumulated (losses)	10	(7,874,717)	(5,603,813)
Shareholder's current account	11	149,000	445,500
<i>Total shareholder's equity</i>		<u>82,774,283</u>	<u>62,841,687</u>
<i>Current liabilities</i>			
Short term loan from related parties	6	42,657,466	-
Accounts and other payable	12	7,956	191,456
Due to a related party	6	34,375	34,375
<i>Current liabilities</i>		<u>42,699,797</u>	<u>225,831</u>
Total shareholder's equity and liabilities		<u><u>125,474,080</u></u>	<u><u>63,067,518</u></u>

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 22 were approved on May 11, 2013 and signed on behalf of the Entity by:



 Manager

Jindal Saw Holdings FZE
Fujairah Free Zone
Fujairah - United Arab Emirates

Statement of profit or loss and other comprehensive income for the year ended March 31, 2013
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>2013</u>	<u>2012</u>
Expenses			
Administrative expenses	13	(2,322,047)	(3,482,841)
Other income		<u>51,143</u>	<u>-</u>
(Loss) for the year		(2,270,904)	(3,482,841)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive (loss) for the year		<u>(2,270,904)</u>	<u>(3,482,841)</u>

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 22 were approved on May 11, 2013 and signed on behalf of the Entity by:



Manager

Jindal Saw Holdings FZE
 Fujairah Free Zone
 Fujairah - United Arab Emirates

Statement of changes in shareholder's equity for the year ended March 31, 2013
 (In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Accumulated (losses)</u>	<u>Shareholder's current account</u>	<u>Total shareholder's equity</u>
Balance as at April 01, 2011	150,000	(2,120,972)	44,440,500	42,469,528
Additional share capital introduced	67,850,000	-	-	67,850,000
Comprehensive (loss) for the year	-	(3,482,841)	-	(3,482,841)
Net movements during the year	-	-	(43,995,000)	(43,995,000)
Balance as at March 31, 2012	68,000,000	(5,603,813)	445,500	62,841,687
Additional share capital introduced	22,500,000	-	-	22,500,000
Comprehensive (loss) for the year	-	(2,270,904)	-	(2,270,904)
Net movements during the year	-	-	(296,500)	(296,500)
Balance as at March 31, 2013	90,500,000	(7,874,717)	149,000	82,774,283

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

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

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Statement of cash flows for the year ended March 31, 2013
 (In Arab Emirates Dirhams)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
(Loss) for the year	<u>(2,270,904)</u>	<u>(3,482,841)</u>
Operating (loss) before changes in operating assets and liabilities	<u>(2,270,904)</u>	<u>(3,482,841)</u>
<i>(Increase)/decrease in current assets</i>		
Advances, deposits and other receivables	<u>(4,569,249)</u>	<u>(11,750)</u>
Due from related parties	<u>(1,283,061)</u>	<u>1,459,174</u>
<i>Increase/(decrease) in current liabilities</i>		
Accounts and other payable	<u>(183,500)</u>	<u>(362,000)</u>
Due to a related party	<u>-</u>	<u>13,375</u>
Net cash (used in) operating activities	<u>(8,306,714)</u>	<u>(2,384,042)</u>
Cash flows from investing activities		
Investments in subsidiaries	<u>(56,004,873)</u>	<u>(29,872,349)</u>
Acquisition of an associate	<u>-</u>	<u>(1,035,496)</u>
Net cash (used in) investing activities	<u>(56,004,873)</u>	<u>(30,907,845)</u>
Cash flows from financing activities		
Share capital introduced	<u>22,500,000</u>	<u>67,850,000</u>
Loan from related parties	<u>42,657,466</u>	<u>-</u>
Shareholder's current account	<u>(296,500)</u>	<u>(43,995,000)</u>
Net cash from financing activities	<u>64,860,966</u>	<u>23,855,000</u>
Net increase/(decrease) in cash and cash equivalents	<u>549,379</u>	<u>(9,436,887)</u>
Cash and cash equivalents, beginning of the year	<u>24,652</u>	<u>9,461,539</u>
Cash and cash equivalents, end of the year	<u><u>574,031</u></u>	<u><u>24,652</u></u>
Represented by:		
Cash in hand	<u>100</u>	<u>100</u>
Cash at bank	<u>573,931</u>	<u>24,552</u>
	<u><u>574,031</u></u>	<u><u>24,652</u></u>

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

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Notes to the financial statements for the year ended March 31, 2013

1 Legal status and business activities

- 1.1 M/s. **Jindal Saw Holdings FZE**, Fujairah Free Zone, Fujairah - United Arab Emirates ("the Entity") was registered on October 19, 2009 as a Free Zone Establishment and operates in the United Arab Emirates under a trading license issued by the Fujairah Free Zone Authority of the Government of Fujairah.
- 1.2 The principal activities of the Entity were changed during the year vide an addendum to articles of association and consist of investment in business such as: company, establishment, entity, joint venture, organization or engaging with other entities carrying on similar business inside or outside U.A.E.
- 1.3 The registered address of the Entity is P.O. Box: 5232, Fujairah Free Zone, Fujairah - United Arab Emirates.
- 1.4 The management and control are vested with the Manager, Mr. Hitesh Agarwal (Indian national).
- 1.5 These financial statements incorporate the operating results of the Trading license no. 2640.
- 1.6 During the year, the share capital of the Entity was increased from AED 68,000,000 to AED 90,500,000 vide addendum to Articles of Incorporation dated March 28, 2013 (note 9).

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

Amendment to IFRS 1 '*First time adoption*', on *hyperinflation and fixed dates*

Amendment to IFRS 7, '*Financial instruments: Disclosures*', on *transfer of financial assets*

Amendment to IAS 12, '*Income Taxes*', on *deferred tax*

Summary of requirements

The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs.

The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

These amendments are the part of IASBs comprehensive review of, off-balance sheet activities. The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial asset.

Currently IAS 12, '*Income Taxes*', requires an entity to measure the deferred tax relating to an asset depending on whether the Entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 *Investment Property*.

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Notes to the financial statements for the year ended March 31, 2013

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)

This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.

As a result of the amendments, SIC 21, 'Income taxes- recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

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 IAS 32 <i>Financial Instruments</i> : Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014
Amendments to IFRS 7 <i>Financial Instruments</i> : Disclosures includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.	1 January 2013
Amendments to IFRS 1 <i>First-Time Adoption of International Financial Reporting Standards</i> :, addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS.	1 January 2013
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 therefore require an entity to recognise changes in defined benefit plan obligations and plan assets when they occur.	1 January 2013
IAS 27 <i>Separate Financial Statements</i> (revised in 2011)	1 January 2013
IAS 28 <i>Investments in Associates and Joint Ventures</i> (as amended in 2011)	1 January 2013
IFRS 9 <i>Financial Instruments</i>	1 January 2013
IFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
IFRS 11, <i>Joint Arrangements</i>	1 January 2013

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Notes to the financial statements for the year ended March 31, 2013

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)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 12, <i>Disclosure of Interests in Other Entities</i>	1 January 2013
IFRS 13, <i>Fair Value Measurement</i>	1 January 2013
Annual Improvements to IFRSs issued in 2009-2011 reporting cycle. It includes changes to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.	1 January 2013

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 IFRIC interpretations. These financial statements are presented in United Arab Emirates Dirhams (AED) which is the Entity's functional and presentational currency.

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 on 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.

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; and

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Notes to the financial statements for the year ended March 31, 2013

3 Significant accounting policies (continued)

3.3 Foreign currency (continued)

- 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 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 profit or loss.

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 profit or loss.

3.5 Investments in subsidiary

The investments in subsidiary is accounted for using cost method as suggested by IAS 39 "Financial Instruments: Recognition and Measurement with an exemption of IAS 27 "Consolidated and Separate Financial Statements" where the Entity has not opted to consolidate its subsidiary.

3.6 Investments in associates

An associate is a Company over which the Entity has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

3 Significant accounting policies (continued)

3.6 Investments in associates (continued)

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Entity's share of the profit or loss and other comprehensive income of the associate. When the Entity's share of losses of an associate exceeds the Entity's interest in that associate (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate), the Entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Entity's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Entity's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Entity transacts with its associate, profits or losses resulting from the transactions with the associate are recognised in the Entity's financial statements only to the extent of interests in the associate that are not related to the Entity.

3.7 Financial instruments

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

3.8 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 "advances deposits and other receivables", "cash and cash equivalents", "shareholders' loan" and "loan from/to related parties" in the statement of financial position.

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Notes to the financial statements for the year ended March 31, 2013

3 Significant accounting policies (continued)

3.8 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 receivable

Accounts and other receivable 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

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.

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Notes to the financial statements for the year ended March 31, 2013

3 Significant accounting policies (continued)

3.8 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.

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 profit or loss.

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.

3.9 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).

Accounts and other payable

Accounts and other payable are measured at amortised cost.

3 Significant accounting policies (continued)

3.9 Financial liabilities and equity (continued)

Due to/loan from related parties

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

Share 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.

3.10 Offsetting financial instruments

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.

3.11 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.

3.12 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 on following page.

3 Significant accounting policies (continued)

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

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.

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 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.

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		<u>2013</u>	<u>2012</u>
4 Investments in subsidiaries			
	<u>Proportion of ownership interest</u>	<u>Proportion of voting power</u>	
a) M/s. Jindal Saw Middle East FZC, Fujairah Free Zone, Fujairah - U.A.E. (note 4 (a)).	75%	75%	
		116,555,367	61,431,294
b) M/s. Greenray Holding Limited, Leicestershire - United Kingdom (note 4(b)).	49%	100%	
		<u>1,916,296</u>	-
		<u>118,471,663</u>	<u>61,431,294</u>

Note 4 (a) represents 75% equity interest {750 shares of AED 66,000 each (P.Y 750 shares of AED 150 each)} in M/s. Jindal Saw Middle East FZC, Fujairah Free Zone, Fujairah - U.A.E. The principal activity of the subsidiary consists of trading in heavy machinery, steel and iron products.

Note 4 (b) represents 49% equity interest {132,300 shares (P.Y 65,826 shares)} in M/s. Greenray Holding Limited, Leicestershire - United Kingdom. On May 09, 2011, the Entity acquired 24.38% equity interest represented by 65,826 shares of investee entity. During the year under audit, on May 01, 2012 the entity acquired further 24.62% equity interest represented by 66,474 shares, resulting in to a total equity interest of 49% (132,300 shares). The remaining 51% equity interest (137,700 shares) is held by M/s Jindal Saw Limited - India (the ultimate parent). This constitutes control (100% effective control) and the investment has been disclosed as a subsidiary in accordance with IFRS 10. The principal activity of the investee is distribution of ductile iron pipes, fittings, waterworks valves, pipe joints and pipe repair products (note 5).

The investments in subsidiaries have been separately accounted in these financial statements have been incorporated as an exemption to consolidate the subsidiary as per IAS 27 "Consolidated and Separate Financial Statements".

5 Investment in an associate

	<u>Proportion of ownership interest</u>		
Opening cost	<u>24.38% (P.Y. 0%)</u>	1,035,496	-
Interest acquired during the year	<u>24.62% (P.Y 24.38%)</u>	<u>880,800</u>	1,035,496
	<u>49% (P.Y. 24.38%)</u>	1,916,296	1,035,496
Disclosed as investment in a subsidiary (note 4 (b))		<u>(1,916,296)</u>	-
		<u>-</u>	<u>1,035,496</u>

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5 Investment in an associate (continued)

On May 09, 2011, the Entity acquired 24.38% equity interest represented by 65,826 shares of M/s. Greenray Holding Limited, Leicestershire - United Kingdom. On May 01, 2012 the Entity acquired further 24.62% equity interest represented by 66,474 shares resulting in to a total equity interest of 49% (132,300 shares). The remaining 51% equity interest (137,700 shares) is held by M/s Jindal Saw Limited - India (the ultimate parent). This constitutes control and the investment has been disclosed as a subsidiary in accordance with IFRS 10.

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.

	<u>2013</u>	<u>2012</u>
a) Due from related parties		
M/s. Ralael Holdings Limited - Cyprus.	-	540,826
M/s. Jindal Saw Espana S.L - Spain	<u>1,823,887</u>	-
	<u>1,823,887</u>	<u>540,826</u>
b) Due to a related party		
M/s. Super Cement Manufacturing Company (L.L.C.), Abu Dhabi - U.A.E.	<u>34,375</u>	<u>34,375</u>
c) Short term loan from related parties		
Anbeeco investments - Cyprus	18,443,007	-
Sathi International FZE - Ras Al Khaima - U.A.E.	<u>24,214,459</u>	-
	<u>42,657,466</u>	-

The Entity provides/receives funds to/from related parties as and when required as working capital facilities.

7 Advances, deposits and other receivables

Other advances	4,481,999	-
Prepayments	55,500	20,250
Guarantee deposits	<u>67,000</u>	<u>15,000</u>
	<u>4,604,499</u>	<u>35,250</u>

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	<u>2013</u>	<u>2012</u>			
8 Cash and bank balance					
Cash in hand	100	100			
Cash at bank	<u>573,931</u>	<u>24,552</u>			
	<u>574,031</u>	<u>24,652</u>			
9 Share capital					
Authorised, issued and paid up capital of Entity is AED 90,500,000 (P.Y.: 68,000,000) divided into 1,000 fully paid up shares of AED 90,500 (P.Y.: 68,000) each.					
The details of the shareholding as at reporting date are as follows:					
<u>Name of Shareholder</u>	<u>Nationality</u>	<u>Percentage</u>	<u>No of shares</u>	<u>2013</u>	<u>2012</u>
M/s. Jindal Saw Ltd {Represented by Mr. Hitesh Agarwal (Indian national)}	Indian	100%	1,000	<u>90,500,000</u>	<u>68,000,000</u>
During the year, the share capital of the Entity was increased from AED 68,000,000 to AED 90,500,000 vide addendum to Articles of Incorporation dated March 28, 2013 [note 1 (1.6)].					
				<u>2013</u>	<u>2012</u>
10 Accumulated (losses)					
Balance at the beginning of the year				(5,603,813)	(2,120,972)
Comprehensive (loss) for the year				<u>(2,270,904)</u>	<u>(3,482,841)</u>
Balance at the end of the year				<u>(7,874,717)</u>	<u>(5,603,813)</u>
11 Shareholder's current account					
Balance at the beginning of the year				445,500	44,440,500
Net movements during the year				<u>(296,500)</u>	<u>(43,995,000)</u>
Balance at the end of the year				<u>149,000</u>	<u>445,500</u>
12 Accounts and other payable					
Sundry creditors				-	183,500
Provisions and accruals				<u>7,956</u>	<u>7,956</u>
				<u>7,956</u>	<u>191,456</u>
13 Administrative expenses					
Legal, visa, professional and related expenses				2,285,144	3,269,177
Travelling and conveyance				-	148,858
Rent				20,500	18,092
Miscellaneous				<u>16,403</u>	<u>46,714</u>
				<u>2,322,047</u>	<u>3,482,841</u>

14 Financial instruments

a) *Significant accounting policies*

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.

	<u>As at March 31,</u>	
	<u>2013</u>	<u>2012</u>
<i>b) Categories of financial instruments</i>		
<i>Financial assets</i>		
Other receivables	67,000	15,000
Due from related parties	1,823,887	540,826
Cash and bank balance	574,031	24,652
	<u>2,464,918</u>	<u>580,478</u>
<i>Financial liabilities at amortised cost</i>		
Short term loan from related parties	42,657,466	-
Accounts and other payable	7,956	191,456
Due to a related party	34,375	34,375
	<u>42,699,797</u>	<u>225,831</u>

c) *Fair values of financial instruments*

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of due from related parties, other receivables and cash and bank balances. Financial liabilities consist of loan from related parties, accounts and other payable, and due to a related party.

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

15 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.

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15 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 interest bearing 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.

Particulars	Interest bearing			Non-Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
As at March 31, 2013							
Financial assets							
Other receivables	-	-	-	-	-	67,000	67,000
Due from related parties	-	-	-	-	1,823,887	-	1,823,887
Cash and bank balances	-	-	-	574,031	-	-	574,031
	-	-	-	574,031	1,823,887	67,000	2,464,918
Financial liabilities							
Short term loan from related parties	-	42,657,466	-	-	-	-	42,657,466
Accounts and other payable	-	-	-	-	7,956	-	7,956
Due to a related party	-	-	-	-	34,375	-	34,375
	-	42,657,466	-	-	42,331	-	42,699,797
As at March 31, 2012							
Financial assets							
Other receivables	-	-	-	-	-	15,000	15,000
Due from related parties	-	-	-	-	-	540,826	540,826
Cash and bank balances	-	-	-	24,652	-	-	24,652
	-	-	-	24,652	-	555,826	580,478
Financial liabilities							
Accounts and other payable	-	-	-	-	191,456	-	191,456
Due to a related party	-	-	-	-	34,375	-	34,375
	-	-	-	-	225,831	-	225,831

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15 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.

16 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.

17 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.

18 Commitments

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 capital commitment on Entity's financial statements as of reporting date.

19 Comparative amounts

Certain amounts for the prior year were reclassified to conform to current year's presentation. However, such reclassifications do not have any impact on the previously reported financial result or equity.