

Jindal Saw Gulf (L.L.C.)

Abu Dhabi - United Arab Emirates

Auditors' report and financial statements

For the year ended March 31, 2013

**Jindal Saw Gulf (L.L.C.)**

Abu Dhabi - United Arab Emirates

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

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**Jindal Saw Gulf (L.L.C.)**

Abu Dhabi - United Arab Emirates

General information

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Principal office address : Plot no. 11 NR28 & 12 NR24 ICAD III,  
P.O. Box: 132595  
Abu Dhabi - United Arab Emirates  
T: +971 2 5506883  
F: +971 2 5506885

Website : [www.jindalsaw.com](http://www.jindalsaw.com)

The Directors	Name	Nationality
	Mr. Prithavi 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 Bank Middle East Limited  
Bank of Baroda  
Abu Dhabi Islamic Bank  
Citi Bank N.A.

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

**Managing Director's report**

The **Managing Director** has pleasure in presenting his report and the audited financial statements for the year ended March 31, 2013.

**Principal activities of the Entity:**

The principal activities of the Entity are unchanged since the previous period and consist of manufacturing all types of steel pipes and related accessories.

**Financial review:**

The table below, summarizes results of 2013 and 2012.

	<u>For the year ended March 31,</u>	
	<u>2013</u>	<u>2012</u>
	AED	AED
Revenue	37,749,163	-
Cost of revenue	(31,768,824)	-
Gross profit	5,980,339	-
Gross profit margin	16%	-
(Loss) for the year	(359,312)	(1,245,834)

**Role of the Managing Director:**

The Managing Director is the Entity's principal decision-making authority. He has the overall responsibility for leading and supervising the Entity and is accountable to shareholders for delivering sustainable shareholder value through his guidance and supervision of the Entity's business. The Managing Director sets the strategies and policies of the Entity and monitors performance of the Entity's business, guides and supervises its management.

**Risk management and internal control systems:**

The Entity is committed to the ongoing process of identifying risk factors, analysing the risks, and deciding upon measures of risk handling and risk control, with a view to achieving sustainability of business operations, employment and surpluses. The Entity's risk management framework identifies, assesses, manages and reports risks on a consistent and reliable basis. The Management considers primary risk areas to be: credit risk, interest rate risk, foreign exchange and liquidity risk.

The Managing Director recognises his responsibility to ensure the existence of the system of internal control and for reviewing its continued effectiveness. In view of the above, the management has in place a management information system that facilitates financial and other information being periodically reported on a transparent basis to the management and that in turn helps in initiating action to mitigate risks to the extent feasible.

**Going concern:**

The attached financial statements have been prepared on a going concern basis. While preparing the financial statements the management has made an assessment of the Entity's ability to continue as a going concern. The management has not come across any evidence that causes the management to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the Entity's ability to continue as a going concern.

**Events after year end:**

In the opinion of the Managing Director, no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Entity.

**Auditors:**

M/s. Horwath Mak, United Arab Emirates is willing to continue in office and a resolution to re-appoint it will be proposed in the Annual General Meeting.

**Statement of Managing Director's responsibilities:**

The applicable requirements, require the Managing Director to prepare the financial statements for each year which present fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended.

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Managing Director confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables him to ensure that the financial statements comply with the requirements of applicable statute. The Managing Director also confirms that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

These financial statement were approved by the Board and signed on its behalf by the undersigned.

**Acknowledgements**

The Managing Director wishes to place on record his sincere gratitude for the continuous support extended by various government departments, banks, customers, suppliers, employees and all well wishers.

  

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Managing Director

Date: May 12, 2013



Crowe Horwath

هوروث مالك

Horwath <sup>1981</sup> MAK

Auditors & Business Advisors

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Ref: JM/AR/13/6224

### Independent auditors' report

To,

The Shareholders

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

Plot no. 11 NR28 & 12 NR24 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, 2013 and the statement of profit or loss and other 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) and for such internal controls as management 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, 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 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 which we consider 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. The contents of the Managing Director's report which relates to the financial statements are in agreement with the Entity's books of accounts.
5. According to the information made available to us, 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

May 12, 2013



**Jindal Saw Gulf (L.L.C.)**

Abu Dhabi - United Arab Emirates

Statement of financial position as at March 31, 2013

(In Arab Emirates Dirhams)

	Notes	2013	2012
<b>Assets</b>			
<i>Non-current assets</i>			
Property, plant and equipment	4	8,416,398	95,157,106
<i>Total non-current assets</i>		8,416,398	95,157,106
<i>Current assets</i>			
Inventories	5	65,984,891	588,117
Due from related parties	6	433,715	3,288
Trade receivables	7	25,585,609	-
Advances, deposits and other receivables	8	9,122,253	3,449,750
Cash and bank balances	9	265,449	1,420,565
<i>Total current assets</i>		101,391,917	5,461,720
<b>Total assets</b>		<b>109,808,315</b>	<b>100,618,826</b>
<b>Equity and liabilities</b>			
<i>Shareholders' equity</i>			
Share capital	10	300,000	300,000
Accumulated (loss)	11	(1,605,146)	(1,245,834)
Shareholder's current account	12	91,614,975	85,101,104
<i>Total shareholders' equity</i>		90,309,829	84,155,270
<i>Non-current liabilities</i>			
Employees' end of service benefits	13	680,022	245,832
<i>Total non-current liabilities</i>		680,022	245,832
<i>Current liabilities</i>			
Trade and other payables	14	15,000,935	15,960,261
Due to related parties	6	3,817,529	257,463
<i>Total current liabilities</i>		18,818,464	16,217,724
Total liabilities		19,498,486	16,463,556
<b>Total shareholders' equity and liabilities</b>		<b>109,808,315</b>	<b>100,618,826</b>

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

The report of the auditors is set out on pages 4 and 5.

The financial statements on pages 6 to 26 were approved on May 11, 2013 and signed on behalf of the Entity by:



**Managing Director**

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

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

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Revenue	15	37,749,163	-
Cost of revenue	16	<u>(31,768,824)</u>	<u>-</u>
<b>Gross profit</b>		<b>5,980,339</b>	<b>-</b>
Other income	17	3,651	-
Selling and distribution expenses	18	<u>(3,441,144)</u>	<u>(365,156)</u>
Administrative expenses	19	<u>(2,902,158)</u>	<u>(880,678)</u>
<b>(Loss) for the year</b>		<b>(359,312)</b>	<b>(1,245,834)</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive (loss) for the year</b>		<b><u>(359,312)</u></b>	<b><u>(1,245,834)</u></b>

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

The report of the auditors is set out on pages 4 and 5.

The financial statements on pages 6 to 26 were approved on May 11, 2013 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, 2013  
 (In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Accumulated (loss)</u>	<u>Shareholder's current account</u>	<u>Total shareholders' equity</u>
Balance as at April 01, 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
Comprehensive (loss) for the year	-	(359,312)	-	(359,312)
Net movements during the year	-	-	6,513,871	6,513,871
<b>Balance as at March 31, 2013</b>	<b>300,000</b>	<b>(1,605,146)</b>	<b>91,614,975</b>	<b>90,309,829</b>

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

The report of the auditors is set out on pages 4 and 5.

**Jindal Saw Gulf (L.L.C.)**

Abu Dhabi - United Arab Emirates

Statement of cash flows for the year ended March 31, 2013

(In Arab Emirates Dirhams)

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities</b>		
(Loss) for the year	(359,312)	(1,245,834)
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	500,204	246,126
Provision for employees' end of service benefits	434,190	245,832
<b>Operating profit/(loss) before changes in operating assets and liabilities</b>	<b>575,082</b>	<b>(753,876)</b>
<i>(Increase)/decrease in current assets</i>		
Inventories	(65,396,774)	(588,117)
Trade receivables	(25,585,609)	-
Advances, deposits and other receivables	(5,672,503)	2,378,161
Due from related parties	(430,427)	(3,288)
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	(959,326)	13,356,018
Due to related parties	3,560,066	(1,742,537)
<b>Net cash (used in)/from operating activities</b>	<b>(93,909,491)</b>	<b>12,646,361</b>
<b>Cash flows from investing activities</b>		
Property, plant and equipment transferred to a related party	146,814,541	-
Acquisition of property, plant and equipment	(60,574,037)	(81,330,414)
<b>Net cash from/(used in) investing activities</b>	<b>86,240,504</b>	<b>(81,330,414)</b>
<b>Cash flows from financing activities</b>		
Shareholder's current account	6,513,871	68,344,023
<b>Net cash from financing activities</b>	<b>6,513,871</b>	<b>68,344,023</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(1,155,116)</b>	<b>(340,030)</b>
Cash and cash equivalents, beginning of the year	1,420,565	1,760,595
<b>Cash and cash equivalents, end of the year</b>	<b>265,449</b>	<b>1,420,565</b>
<b>Represented by:</b>		
Cash in hand	46,530	99,015
Cash at banks	218,919	1,321,550
	<b>265,449</b>	<b>1,420,565</b>

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

The report of the auditors is set out on pages 4 and 5.

**Jindal Saw Gulf (L.L.C.)**

Abu Dhabi - United Arab Emirates

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

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**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 year 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 & 12 NR 24, 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.
- 1.6 The plant and machinery are leased from a related party. The plant was (M/s. Jindal Saw Middle East FZC) commissioned as at February 27, 2013 and the commercial operations started on the same date.

**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 periods but may affect the accounting for future transactions or arrangements.

**New and revised IFRSs**

**Summary of requirements**

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

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.

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

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.

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

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.

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)

New and revised IFRSs

Summary of requirements

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

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 not yet effective:

New and revised IFRSs

Effective for annual periods  
beginning on or after

Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities. 1 January 2014

Amendments to IFRS 7 *Financial Instruments: 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 *First-Time Adoption of International Financial Reporting Standards*:, 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 *Presentation of Financial Statements*: for other comprehensive income 'OCI' whether they are reclassifiable to profit or loss subsequently as reclassification adjustments. 1 July 2012

Amendments to IAS 19 *Employee Benefits*: 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 *Separate Financial Statements* (revised in 2011) 1 January 2013

IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011) 1 January 2013

IAS 32 *Financial Instruments: Presentation* (as amended in 2011) 1 January 2014

IFRS 9 *Financial Instruments* 1 January 2015

IFRS 10 *Consolidated Financial Statements* 1 January 2013

IFRS 11 *Joint arrangements* 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, 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 <i>Improvements to IFRSs</i> 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 presentation 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 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;

### 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 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 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.

#### 3.5 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.

### 3 Significant accounting policies (continued)

#### 3.5 Impairment of tangible asset (continued)

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.

##### 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.

##### Trade and other receivables

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

**3 Significant accounting policies (continued)**

**3.7 Financial assets (continued)**

Due from/Loan to related parties

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

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.

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.

**Jindal Saw Gulf (L.L.C.)**

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

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**3 Significant accounting policies (continued)**

**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).

Trade and other payables

Trade 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.

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.

**3.9 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.

**3.10 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.

**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.

**Jindal Saw Gulf (L.L.C.)**

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

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**3 Significant accounting policies (continued)**

**3.12 Provisions**

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 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

*Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

**3.14 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.

**3.15 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.

**3 Significant accounting policies (continued)**

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

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.

*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.

*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.)**

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Notes to the financial statements for the year ended March 31, 2013  
(In Arab Emirates Dirhams)**4 Property, plant and equipment**

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

<b>Cost</b>	<b>Furniture, fixtures and equipment</b>	<b>Motor vehicles</b>	<b>Capital work in progress</b>	<b>Total</b>
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
Addition during the year	324,998	318,600	59,930,439	60,574,037
Transferred to a related party (note 6)	-	-	(146,814,541)	(146,814,541)
<b>As at March 31, 2013</b>	<b>1,011,656</b>	<b>1,470,150</b>	<b>6,690,501</b>	<b>9,172,307</b>
<b>Accumulated depreciation</b>				
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
Charge for the year	251,419	248,785	-	500,204
<b>As at March 31, 2013</b>	<b>398,155</b>	<b>357,754</b>	<b>-</b>	<b>755,909</b>
<b>Carrying value as at March 31, 2013</b>	<b>613,501</b>	<b>1,112,396</b>	<b>6,690,501</b>	<b>8,416,398</b>
Carrying value as at March 31, 2012	539,922	1,042,581	93,574,603	95,157,106

**Note:**

- Capital work-in-progress of AED 6,690,501 represents office building under construction on plot no. 11 NR 28 & 12 NR 24 leased from Higher Corporation for Specialised Economic Zones (Zone Corp), located in ICAD III, Abu Dhabi - United Arab Emirates pending capitalisation (note 24).

**Jindal Saw Gulf (L.L.C.)**

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

(In Arab Emirates Dirhams)

	<u>2013</u>	<u>2012</u>
<b>5 Inventories</b>		
Raw materials and consumables	49,971,757	588,117
Work in progress	6,953,680	-
Finished goods	9,059,454	-
	<u>65,984,891</u>	<u>588,117</u>

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 Italia SPA - Italy	233,212	-
M/s. Mc Wane Jindal Gulf (L.L.C.), Dubai - U.A.E.	200,503	-
M/s. Jindal Saw Ltd. - India	-	3,288
	<u>433,715</u>	<u>3,288</u>

**b) Due to related parties**

M/s. Super Cement Manufacturing Company (L.L.C.), Abu Dhabi - U.A.E.	416,257	257,463
M/s. Jindal Saw Ltd. - India	3,401,272	-
	<u>3,817,529</u>	<u>257,463</u>

**c) Transactions with related parties**

The nature of significant related party transactions and the amounts involved were as follows:

Plant and machinery lease rent* (note 16)	3,897,094	-
Property, plant & equipment transferred to a related party (note 4)	146,814,541	-

\* The above represents lease rent charged by a related party (M/s. Jindal Saw Middle East FZC) on factory building, machineries and equipment (note 1.6).

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

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

(In Arab Emirates Dirhams)

	<u>2013</u>	<u>2012</u>
<b>7 Trade receivables</b>		
Trade receivables: Outside U.A.E.	<u>25,585,609</u>	<u>-</u>
Allowance for doubtful debt is provided based on the estimated irrecoverable amounts determined by reference to past default experience.		
Of the trade receivables as at March 31, 2013, there is 1 customers (2012: nil) representing 100% (2012: nil) of the total receivables.		
<u>Ageing of trade receivables:</u>		
Neither past due nor impaired	<u>25,585,609</u>	<u>-</u>
<b>8 Advances, deposits and other receivables</b>		
Prepayments	1,655,621	305,465
Advance paid for land lease	1,956,024	2,106,734
Guarantee deposits	2,440,988	26,000
Advances to suppliers	2,958,542	924,980
Staff loans and advances	88,270	50,553
Other receivables	<u>22,808</u>	<u>36,018</u>
	<u>9,122,253</u>	<u>3,449,750</u>
<b>9 Cash and bank balances</b>		
Cash in hand	46,530	99,015
Cash at banks	<u>218,919</u>	<u>1,321,550</u>
	<u>265,449</u>	<u>1,420,565</u>

**10 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>2013</u>	<u>2012</u>
Mr. Ali Ahmed Saleh Amer Shujaa Al Afifi	U.A.E.	51	153	<u>153,000</u>	<u>153,000</u>
M/s. Jindal Saw Middle East FZC (represented by Mr. Sanjay Kumar Aggarwal)	U.A.E.	49	147	<u>147,000</u>	<u>147,000</u>
		100	300	<u>300,000</u>	<u>300,000</u>

**Jindal Saw Gulf (L.L.C.)**

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

(In Arab Emirates Dirhams)

	<u>2013</u>	<u>2012</u>
<b>11 Accumulated (loss)</b>		
Balance at the beginning of the year	(1,245,834)	-
Comprehensive (loss) for the year	<u>(359,312)</u>	<u>(1,245,834)</u>
Balance at the end of the year	<u><u>(1,605,146)</u></u>	<u><u>(1,245,834)</u></u>
<b>12 Shareholder's current account</b>		
Balance at the beginning of the year	85,101,104	16,757,081
Net movements during the year	<u>6,513,871</u>	<u>68,344,023</u>
Balance at the end of the year	<u><u>91,614,975</u></u>	<u><u>85,101,104</u></u>
The balance in the above current account is owed to the shareholder, M/s. Jindal Saw Middle East FZC (represented by Mr. Sanjay Kumar Aggarwal).		
<b>13 Employees' end of service benefits</b>		
Balance at the beginning of the year	245,832	-
Add: Charge for the year	<u>434,190</u>	<u>245,832</u>
Balance at the end of the year	<u><u>680,022</u></u>	<u><u>245,832</u></u>
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.		
<b>14 Trade and other payables</b>		
Trade payables	8,611,673	-
Trade payable for capital goods	4,263,551	15,136,495
Provisions and accruals	1,361,281	729,523
Advances received from customers	47,960	-
Other payables	<u>716,470</u>	<u>94,243</u>
	<u><u>15,000,935</u></u>	<u><u>15,960,261</u></u>
<b>For the year ended March 31,</b>		
	<u>2013</u>	<u>2012</u>
<b>15 Revenue</b>		
Sales: Outside U.A.E.	<u><u>37,749,163</u></u>	<u><u>-</u></u>

**Jindal Saw Gulf (L.L.C.)**

Abu Dhabi - United Arab Emirates

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

(In Arab Emirates Dirhams)

	For the year ended March 31,	
	2013	2012
<b>16 Cost of revenue</b>		
<b>Cost of goods manufactured:</b>		
Opening inventories - raw materials	588,117	-
Purchases (including direct cost)	85,224,791	588,117
Less: Closing inventories - raw materials	<u>(49,971,757)</u>	<u>(588,117)</u>
<b>Raw material consumed</b>	35,841,151	-
Utilities	3,203,496	-
Direct labour	2,803,615	-
Manufacturing overhead	2,036,602	-
Plant and machinery lease rent (note 6)	3,897,094	-
<b>Manufacturing cost</b>	47,781,958	-
Less: Closing work-in-progress	<u>(6,953,680)</u>	<u>-</u>
<b>Cost of goods manufactured</b>	40,828,278	-
Less: Closing inventories - finished goods	<u>(9,059,454)</u>	<u>-</u>
	<u>31,768,824</u>	<u>-</u>
<b>17 Other income</b>		
Miscellaneous income	<u>3,651</u>	<u>-</u>
<b>18 Selling and distribution expenses</b>		
Distribution cost	2,155,791	-
Advertisement and marketing	184,353	365,156
Commission on sales	<u>1,101,000</u>	<u>-</u>
	<u>3,441,144</u>	<u>365,156</u>
<b>19 Administrative expenses</b>		
Salaries and related benefits	1,210,930	233,294
Rent	466,527	-
Travelling and conveyance	142,163	117,345
Legal, visa, professional and related expenses	152,564	31,979
Repairs and maintenance	90,779	84,830
Utilities	90,456	1,600
Telephone and communications	84,244	77,219
Depreciation on property, plant and equipment (note 4)	500,204	246,126
Insurance	79,687	-
Others	84,604	88,285
	<u>2,902,158</u>	<u>880,678</u>

**Jindal Saw Gulf (L.L.C.)**

Abu Dhabi - United Arab Emirates

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

(In Arab Emirates Dirhams)

**20 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.

	As at March 31,	
	2013	2012
<i>b) Categories of financial instruments</i>		
<i>Financial assets</i>		
Trade receivables	25,585,609	-
Other receivables	2,552,066	112,571
Due from related parties	433,715	3,288
Cash and bank balances	265,449	1,420,565
	<u>28,836,859</u>	<u>1,536,424</u>
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	14,952,975	15,960,261
Due to related parties	3,817,529	257,463
	<u>18,770,504</u>	<u>16,217,724</u>

*c) Fair values of financial instruments*

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trade receivables, due from related parties and certain other assets. Financial liabilities consist of trade 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.

**21 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.)**

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(In Arab Emirates Dirhams)

**21 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.

Particulars	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	
<b>As at March 31, 2013</b>							
<b>Financial assets</b>							
Trade receivables	-	-	-	-	25,585,609	-	25,585,609
Due from related parties	-	-	-	-	433,715	-	433,715
Other receivables	-	-	-	-	2,552,066	-	2,552,066
Cash and bank balances	-	-	-	265,449	-	-	265,449
	-	-	-	265,449	28,571,390	-	28,836,839
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	14,952,975	-	14,952,975
Due to related parties	-	-	-	-	3,817,529	-	3,817,529
	-	-	-	-	18,770,504	-	18,770,504
<b>As at March 31, 2012</b>							
<b>Financial assets</b>							
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
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	15,960,261	-	15,960,261
Due to related parties	-	-	-	-	257,463	-	257,463
	-	-	-	-	16,217,724	-	16,217,724

*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.

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

(In Arab Emirates Dirhams)

**21 Financial risk management objectives (continued)**

d) *Credit risk management (continued)*

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on trade and other receivables are discussed in Notes 7 & 8 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.

**22 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.

**23 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.

**24 Commitments**

<u>As at March 31,</u>	
<u>2013</u>	<u>2012</u>
<u>1,023,150</u>	<u>1,582,814</u>

i) Commitments for capital work in progress

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.

	<u>As at March 31,</u>	
	<u>2013</u>	<u>2012</u>
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>22,188,916</u>
Longer than 5 years	<u>122,039,039</u>	<u>127,586,268</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.

**25 Comparative amounts**

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