

# JINDAL SAW GULF L.L.C

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

The directors submit their report and financial statements for the year ended 31 March 2024. We approve the financial statements and confirm that we are responsible for these, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

### Results and dividends

The profit for the year amounted to AED 36,252,563. The shareholders' attention is drawn to Article 308 of the UAE Federal Law No. (32) of 2021.

### Review of the business

The Company's principal activities during the year were manufacturing and supplies ductile iron pipes and fittings.

### Legal and regulatory requirements

The company has complied with the applicable provisions of the UAE Federal Law No. (32) of 2021. The losses of the company exceeded 50% of the share capital. As required by Article 308 of the UAE Federal Law No. (2) of 2021, the directors called a general meeting in which the shareholders resolved to continue with the operations of the Company.

### Events since the end of the year

There are no significant events since the end of the year.

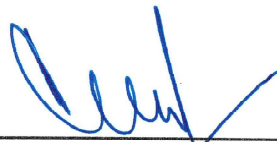
### Shareholders and their interests

The shareholders at 31 March 2024 and their interests as at that date in the share capital of the company were as follows:

Name	No. of shares	AED
M/s Jindal Saw Holding FZE	153	153,000
M/s Jindal Saw Middle East FZE	147	147,000
	<b>300</b>	<b>300,000</b>

### Independent auditor

PKF were appointed as independent auditor for the year ended 31 March 2024. The general assembly will appoint the auditor for the year ending 31 March 2025.



MR. ANIL KUMAR KEJRIWAL  
DIRECTOR  
29 April 2024



**INDEPENDENT AUDITOR'S REPORT****To the Shareholders of JINDAL SAW GULF L.L.C****Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of **JINDAL SAW GULF L.L.C** (the "Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates (UAE), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Other Matter***

The financial statements of the Company for the year ended 31 March 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 April 2023.

***Other Information***

Management is responsible for the other information. Other information comprises the Directors' report as required by the UAE Federal Law No. (32) of 2021, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

## INDEPENDENT AUDITOR'S REPORT

(continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged With Governance for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of the UAE Federal Law No. (32) of 2021, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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## INDEPENDENT AUDITOR'S REPORT

(continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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## INDEPENDENT AUDITOR'S REPORT

(continued)

### Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (32) of 2021, we report that:

- i) We have obtained all the information we considered necessary for the purpose of our audit;
- ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021,
- iii) The Company has maintained proper books of account;
- iv) The financial information included in the Directors' report is consistent with the books of account of the Company;
- v) The Company has not purchased or invested in any shares during the financial year ended 31 March 2024;
- vi) Note 11 to the financial statements reflects material related party transactions, and the terms under which these were conducted;
- vii) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2024 any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 March 2024 and there are no significant penalties imposed on the Company. Further, as referred to in note 2 (c) to the financial statements, since the losses of the Company exceeded 50% of its share capital, as required by Article 308 of the UAE Federal Law No. (32) of 2021, the directors of the Company called a general meeting in which the shareholders resolved to continue with the operations of the Company.



PKF

Abu Dhabi

United Arab Emirates

29 April 2024

# JINDAL SAW GULF L.L.C

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Notes	31.3.2024 AED	31.3.2023 AED (Note 35)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	202,215,706	215,259,654
Intangible assets	7	13,308	22,771
		<u>202,229,014</u>	<u>215,282,425</u>
<b>Current assets</b>			
Inventories	8	323,120,209	238,876,295
Trade and other receivables	9	149,096,773	126,808,989
Other current assets	10	20,611,494	12,112,967
Other financial assets	12	244,093	--
Cash and cash equivalents	13	1,491,720	874,721
		<u>494,564,289</u>	<u>378,672,972</u>
<b>Total assets</b>		<u><u>696,793,303</u></u>	<u><u>593,955,397</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	300,000	300,000
Statutory reserve		150,000	150,000
Accumulated losses		(29,492,596)	(65,745,159)
<b>Deficit</b>		<u>(29,042,596)</u>	<u>(65,295,159)</u>
<b>Non-current liabilities</b>			
Lease liabilities	15	54,712,353	80,613,396
Due to a related a party	11	--	8,892,844
Provision for staff end-of-service benefits	16	7,656,674	5,490,883
		<u>62,369,027</u>	<u>94,997,123</u>
<b>Current liabilities</b>			
Trade and other payables	17	68,608,803	80,341,951
Lease liabilities	15	25,901,043	25,947,349
Other current liabilities	18	1,819,216	1,601,302
Shareholder's current account	19	562,936,967	453,051,766
Contract liabilities	20	4,200,843	3,311,065
		<u>663,466,872</u>	<u>564,253,433</u>
<b>Total liabilities</b>		<u>725,835,899</u>	<u>659,250,556</u>
<b>Total equity and liabilities</b>		<u>696,793,303</u>	<u>593,955,397</u>



# JINDAL SAW GULF L.L.C

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

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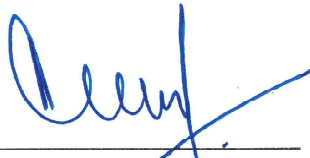
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The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2 to 5.

Approved and authorised for issue by the Board of Directors and signed on their behalf by  
Mr. Anil Kumar Kejriwal on 29 April 2024.

For JINDAL SAW GULF L.L.C



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MR. ANIL KUMAR KEJRIWAL  
DIRECTOR



# JINDAL SAW GULF L.L.C

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Notes	31.3.2024 AED	31.3.2023 AED (Note 35)
<b>Revenue</b>	22	<b>896,370,231</b>	794,299,563
Direct costs	23	<b>(643,299,794)</b>	(614,987,307)
Gross profit		<b>253,070,437</b>	179,312,256
Other income	24	<b>120,000</b>	2,784,499
Allowance for expected credit losses	9	<b>(178,565)</b>	--
Selling and distribution expenses	25	<b>(163,381,018)</b>	(126,170,123)
Administrative expenses	26	<b>(26,281,895)</b>	(25,735,808)
Finance costs	27	<b>(27,096,396)</b>	(19,603,879)
<b>PROFIT FOR THE YEAR</b>		<b>36,252,563</b>	10,586,945
<b>Other comprehensive income</b>		<b>--</b>	--
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>36,252,563</b>	10,586,945

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

The report of the independent auditor is set forth on pages 2 to 5.



# JINDAL SAW GULF L.L.C

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

		Share capital	Statutory reserve	Accumulated losses	Total
		AED	AED	AED	AED
As at 1 April 2022		300,000	--	(76,182,104)	(75,882,104)
Comprehensive income					
- Profit for the year	(a)	--	--	10,586,945	10,586,945
- Other comprehensive income	(b)	--	--	--	--
Total comprehensive income for the year	(a + b)	--	--	10,586,945	10,586,945
Transferred to statutory reserve		--	150,000	(150,000)	--
Balance at 31 March 2023		300,000	150,000	(65,745,159)	(65,295,159)
Comprehensive income					
- Profit for the year	(c)	--	--	36,252,563	36,252,563
- Other comprehensive income	(d)	--	--	--	--
Total comprehensive income for the year	(c + d)	--	--	36,252,563	36,252,563
Balance at 31 March 2024		<b>300,000</b>	<b>150,000</b>	<b>(29,492,596)</b>	<b>(29,042,596)</b>

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

The report of the independent auditor is set forth on pages 2 to 5.



# JINDAL SAW GULF L.L.C

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	31.3.2024 AED	31.3.2023 AED (Note 35)
<b>Cash flows from operating activities</b>		
Profit for the year	36,252,563	10,586,945
Adjustments for:		
Depreciation of property, plant and equipment	37,885,813	36,588,156
Amortisation of intangible assets	9,463	199,465
Finance costs	29,773,328	23,509,794
Allowance for expected credit losses	178,565	--
Loss on disposal of property, plant and equipment	255,250	214,460
Provision for staff end-of-service benefits	2,750,458	1,383,955
	<u>107,105,440</u>	<u>72,482,775</u>
Changes in:		
• Inventories	(84,243,914)	(9,515,594)
• Trade and other receivables	(22,466,349)	39,155,525
• Other current assets	(8,498,527)	46,335,719
• Trade and other payables	(11,733,148)	(16,334,699)
• Other current liabilities	217,914	(284,374)
• Contract liabilities	889,778	--
Staff end-of-service benefits paid	(584,667)	(480,649)
Cash (used in) / from operations	<u>(19,313,473)</u>	<u>131,358,703</u>
Interest paid	(23,827,538)	(16,169,412)
Net cash (used in) / from operating activities	<u>(43,141,011)</u>	<u>115,189,291</u>
<b>Cash flows from investing activities</b>		
Proceeds on disposal of property, plant and equipment	321,465	7,000
Payments for property, plant and equipment	(25,418,580)	(41,250,967)
Payments for intangible assets	--	(14,648)
Increase in other financial assets	(244,093)	--
Payments to related parties	--	(5,824,528)
Net cash used in investing activities	<u>(25,341,208)</u>	<u>(47,083,143)</u>
<b>Cash flows from financing activities</b>		
Payments of lease liabilities (net)	(31,893,139)	(31,893,139)
Payments to related parties	(8,892,844)	(29,964,588)
Funds introduced / (withdrawal) by a shareholder	109,885,201	(5,889,359)
Net cash from / (used in) financing activities	<u>69,099,218</u>	<u>(67,747,086)</u>



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**JINDAL SAW GULF L.L.C**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2024**

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(continued)

	<b>31.3.2024</b>	31.3.2023
	<b>AED</b>	AED
<b>Net increase in cash and cash equivalents</b>	<b>616,999</b>	(Note 35) 359,062
<b>Cash and cash equivalents at beginning of year</b>	<b>874,721</b>	515,659
<b>Cash and cash equivalents at end of year (note 13)</b>	<b>1,491,720</b>	874,721

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

The report of the independent auditor is set forth on pages 2 to 5.



# JINDAL SAW GULF L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### 1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **JINDAL SAW GULF L.L.C** (the "Company") is a limited liability company registered in the Emirate of Abu Dhabi, United Arab Emirates, under industrial license number IN-1002018, in accordance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (repealed by UAE Federal Law No. (32) of 2021). The registered office of the Company is PO Box 92135, Abu Dhabi ICAD III, UAE. The Company was registered and commenced operations on 18 August 2010.
- b) The Company's principal activities during the year were manufacturing and supplies of cast iron tubes, pipes, hollow profiles and fittings, metal coating and supplies, and non-metallic coating and supplies of metals.
- c) The shareholders of the Company are M/s Jindal Saw Holdings FZE, incorporated in the Fujairah Free Zone, Fujairah – United Arab Emirates, holding 51% of the share capital and M/s Jindal Saw Middle East FZE, incorporated in the Fujairah Free Zone, Fujairah – United Arab Emirates, holding 49% of the share capital. The parent company is M/s Jindal Saw Limited, a company registered in India and listed on National Stock Exchange of India ("NSE") and Bombay Stock Exchange ("BSE") in India, which is also the ultimate controlling party.

### 2. BASIS OF PREPARATION

#### a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 April 2023, and the requirements of the UAE Federal Law No. (32) of 2021.

#### b) Basis of measurement

The financial statements are prepared using historical cost except for certain financial assets carried at fair value.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### c) Going Concern

The financial statements are prepared on a going concern basis.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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When preparing financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Company's accumulated losses aggregated to AED 29,492,596 (at 31 March 2023 – AED 65,745,159) and at that date, its current liabilities exceeded its current assets by AED 168,902,583 (at 31 March 2023 – AED 185,580,461) and it had a net deficit of AED 29,042,596 (at 31 March 2023 – AED 65,295,159) in equity funds.

Since the losses of the Company exceeded 50% of the share capital, as required by Article 308 of the UAE Federal Law No. (32) of 2021, the directors referred the matter in the General Meeting on 5 April 2024 in which the shareholders resolved that the Company shall continue its operations. In addition, the shareholders have agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

d) **Adoption of new International Financial Reporting Standards**

***Standards, amendments, improvements and interpretations effective for the current period***

The following amendments, improvements and interpretations which became effective for current period, did not have any significant impact on the Company's financial statements:

- IFRS 17 – Insurance Contracts
- Amendments to IFRS 17 – Insurance Contracts
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 - International Tax Reform – Pillar Two Model Rules

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

The following amendments, improvements and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 1 – Non-current Liabilities with Covenants (1 April 2024)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangement (1 April 2024)
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (1 April 2024)
- Amendments to IAS 21 – Lack of Exchangeability (1 April 2025)
- IFRS S1 General Requirements for Disclosure of Sustainability Related Financial Information and IFRS S2 Climate Related Disclosures (Effective upon adoption by applicable regulatory)

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams (“AED”) which is also the Company’s functional currency.

3. **SIGNIFICANT ACCOUNTING POLICIES**

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

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses or valuation. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Right-of-use assets	3 - 21.5 years
Building improvements	20 years
Plant and machinery	5 - 20 years
Furniture, fixture and office equipment	2 - 4 years
Motor vehicles	5 years

Moulds are depreciated based on the quantity of pipes manufactured which ranges from 1,000 units to 6,000 units depending on the diameter of the pipes.

The Company has presented right-of-use assets representing the right to use the underlying assets under property, plant and equipment [notes 3 (k) and 6].

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 expenditure will flow to the Company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other income / administrative expenses' in profit or loss.

**b) Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of computer software is amortised over 3 years.

An assessment of amortisation method and useful lives is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the amortisation charge.

**c) Impairment of tangible and intangible assets**

At each reporting date, the management 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 acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

d) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person.

The Company charges and recovers Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the applicable commercial VAT laws. Irrecoverable VAT for which Company cannot avail the credit is charged to the relevant expenditure category or included in costs of non-current assets. The Company files its VAT returns and computes the payable tax (which is output tax less input tax) for the allotted tax periods and deposits the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT Payable are offset, and the net amount is reported in the statement of financial position as the Company has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

e) **Inventories**

Inventories of raw materials are valued at the lower of cost and net realisable value. Cost is arrived at using the Weighted Average Cost (WAC) method and includes invoice value plus applicable landing charges less discounts. Net realisable value is based on estimated selling price less any estimated cost of completion and disposal.

Semi-finished goods are valued at cost of input valued at Weighted Average Cost (WAC) basis plus overheads up till the stage of completion.

Finished goods are stated at lower of cost and net realizable value. Cost comprises of direct materials valued at Weighted Average Cost (WAC), labour and other attributable overheads.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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f) **Staff benefits**

The Company provides staff end-of-service benefits to its non-UAE national employees as per the applicable local laws, the entitlement to these benefits is based on upon the employees' final salary and length of services which is accrued over the period of employment. Provision for staff end of services benefits are disclosed as non-current liability.

Accruals are also made for employees' entitlement to annual leave salaries for eligible employees as per the policy of the Company. Accruals relating to annual leave is disclosed as current liability as employees are entitled to redeem these benefits at any point of time after the reporting period.

*Defined contribution plan*

U.A.E. national employees of the Company are members of the Government-managed retirement pension and social security benefit scheme pursuant to U.A.E. Labour Law No. 7 of 1999. The Company is required to contribute 15% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 6% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to profit or loss.

g) **Statutory reserve**

In accordance with the U.A.E. Federal Law No. 32 of 2021 on Commercial Companies, the Company is required to establish a statutory reserve by appropriation of 5% of net profit until the reserve equals 50% of the share capital. The shareholders may resolve to discontinue such deduction when the reserve totals 50% of the paid-up share capital. The reserve is not available for distribution except as provided in the Federal Law. During the year, no transfer of statutory reserve has been made as the statutory reserve has reached the mandatory threshold prescribed by the UAE Federal Law No. (32) of 2021.

h) **Revenue recognition**

The Company's principal activities during the year were manufacturing and supplies ductile iron pipes and fittings.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Company satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

### ***Sale of goods***

The Company has concluded that revenue from sale of goods should be recognised at the point in time when the control of the asset is transferred to the customer, generally on delivery of the goods.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration, significant financing components, non-cash consideration and consideration payable to the customer.

i) **Variable consideration**

If the consideration in the contract includes a variable amount, the Company estimates the amount of consideration it is entitled to in exchange for transferring the goods. The amount of variable consideration is estimated at contract inception using either the expected value method or the most likely amount method and is constrained until the associated uncertainty is subsequently resolved.

ii) **Significant financing component**

The Company receives short-term advance from its customers. As the period between the transfer of promised goods or services to the customer and when the customer pays for those goods or services is expected to be less than one year, the Company has used the practical expedient in IFRS 15 and not adjusted the consideration for significant financing component.

***Shared support services***

The Company entered into an agreement with the related party for the recharge of shared support services for an amount equal to costs. The shared support services include but are not limited to personnel cost, depreciation on property, plant and equipment, rental costs and administrative costs.

i) **Direct costs**

Direct costs comprise costs relating to the manufacturing activity and goods supplied in general and which can be allocated to the products manufactured and sold. In addition, direct costs include other costs which are specifically chargeable to the customer under the terms of the contracts.

Costs that cannot be related to manufacturing activity and goods supplied in general or cannot be allocated to the products manufactured and sold are excluded from the direct costs and are included in administrative / selling and distribution expenses.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### j) **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### k) **Leases**

#### *As a lessee*

The Company leases various properties and vehicles. Rental contracts are typically made for fixed periods up to 30 years but may have extension options except in case of vehicles and some office spaces due to the fact that the Company could replace them without significant cost or business disruption. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, however leased factory land are used as security for borrowing purposes (note 6).

#### *Right-of-use assets*

The Company recognises right-of-use assets at the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any reimbursement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial costs; and
- restoration costs.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-assets are subject to impairment.

#### *Lease liabilities*

The Company recognises lease liabilities at the commencement date of the lease. The lease liabilities are measured at the net present value of lease payments to be made over the lease term. The lease payments include:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Company;
- and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The Company uses its incremental borrowing rate as the discount rate in calculating the present value of lease payments and uses the incremental borrowing rate at the commencement date of the lease if the profit rate implicit in the lease is not readily determinable. Further, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance lease payments or a change in the assessment to purchase the underlying asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### l) **Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank current accounts, free of encumbrance and which are subject to an insignificant risk of changes in value net of temporary bank overdrafts.

### m) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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n) **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

o) **Provisions**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow 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, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of receivable can be measured reliably.

p) **Contingencies and commitments**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

q) **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period. or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period. or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

### r) **Financial instruments**

#### ***Classification***

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

#### ***Recognition***

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### ***Derecognition***

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

### ***Measurement***

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

### ***Financial assets***

#### ***Financial assets at amortised cost***

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any using the effective interest method.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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The financial assets at amortised cost comprise of trade and other receivables, other financial assets, and cash and cash equivalents.

### ***Financial liabilities***

#### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost comprise of lease liabilities, trade and other payables, due to a related party and shareholder's current account.

### ***Impairment of financial assets***

Expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on either of the following basis:

- 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowance at an amount equal to lifetime ECLs, except for the following which are measured as 12-month ECLs:

- Bank balances, security deposits, advances to staff, other receivables and other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. The Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

### ***Offsetting***

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.

### ***Equity***

Share capital is recorded at the value of proceeds received towards interest in share capital of the Company.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### s) **Fair value measurement**

The Company discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participant's would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### 4. **SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

#### **Classification of financial assets**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

#### **Impairment**

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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The Company applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

### **Leases**

#### *Determining the lease term*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew considering the factors that are normally the most relevant, such as (i) significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate) (ii) If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate) (iii) Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. The Company considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

#### *Discounting of lease payments*

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"), which ranges from 5% to 6%, due to the absence of implicit rates in the lease contracts.

Management has applied judgments and estimates to determine the IBR at the transition date, using borrowing rates that certain financial institutions would charge the Company against financing the different types of assets it leases over different terms and different ranges of values. IBR is further adjusted for Company's specific risk, term risk and underlying asset risk. Majority of the leases are present in the UAE and accordingly no adjustment for the economic environment was deemed required.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### **Recognition of revenue and allocation of transaction price**

#### *Determine timing of satisfaction of performance obligation*

The Company concluded that the revenue from sales of goods is to be recognised at a point in time when control of the goods has transferred to the customers. Payment of the transaction price is due in 60 to 180 days from the date the customer purchases the goods.

For sale of goods to the customer, revenue is recognised when control of the goods has transferred, being when the goods have been transported to the customer's specific location as per the contracted terms. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

### **5. KEY SOURCES OF ESTIMATION UNCERTAINTY**

Key assumptions made 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 as follows:

#### **Carrying values of property, plant and equipment**

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

#### **Inventory provisions**

Management regularly undertakes a review of the Company's inventory, stated at AED 323,120,209 (at 31 March 2023 - AED 238,876,295) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

#### **Fair value of financial assets**

The fair values of financial instruments that are not traded on an active market are determined using valuation techniques. The Company uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The key assumptions used and the impact of changes in these assumptions is provided in note 3 (s).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### **Impairment**

Assessment of net recoverable amounts of property, plant, and equipment and intangible assets is based on assumptions regarding future cash flows expected to be received from the related assets.

### **Impairment of financial assets**

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3 (r).

### **Staff end-of-service benefits**

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 7,656,674 (at 31 March 2023 - AED 5,490,883), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties			Plant and machinery				Furniture, fixtures and office equipment	Motor vehicles	Total
	Right-of-use assets (refer notes b and c)	Capital work- in-progress	Leasehold buildings	Right-of-use assets (refer note a)	Capital work- in-progress	Moulds	Other equipment in use			
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
<b>Costs</b>										
At 1 April 2022	75,218,308	792,120	11,165,681	123,607,361	20,699,062	82,871,096	19,761,665	3,564,610	2,459,767	340,139,670
Additions	--	6,012	52,967	--	26,267,025	11,228,857	3,299,514	267,592	129,000	41,250,967
Disposals	--	--	p--	--	--	(6,866,430)	--	--	--	(6,866,430)
Transferred from work in progress	--	(798,132)	798,132	--	(35,877,354)	--	35,877,354	--	--	--
At 31 March 2023	75,218,308	--	12,016,780	123,607,361	11,088,733	87,233,523	58,938,533	3,832,202	2,588,767	374,524,207
Additions	--	59,801	353	--	11,743,775	7,036,142	6,273,612	303,397	1,500	25,418,580
Disposals	--	--	--	--	--	(1,163,822)	(337,340)	(4,520)	--	(1,505,682)
Transferred from work in progress	--	(1,250)	1,250	--	(15,680,999)	--	15,680,999	--	--	--
At 31 March 2024	<b>75,218,308</b>	<b>58,551</b>	<b>12,018,383</b>	<b>123,607,361</b>	<b>7,151,509</b>	<b>93,105,843</b>	<b>80,555,804</b>	<b>4,131,079</b>	<b>2,590,267</b>	<b>398,437,105</b>



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(continued)

	Leasehold properties			Plant and machinery				Furniture, fixtures and office equipment		Motor vehicles	Total
	Right-of-use assets (refer notes b and c)	Capital work-in-progress	Leasehold buildings	Right-of-use assets (refer note a)	Capital work-in-progress	Moulds	Other equipment in use				
	AED	AED	AED	AED	AED	AED	AED	AED	AED		
<b>Accumulated depreciation</b>											
At 1 April 2022	14,211,479	--	3,935,969	61,803,682	--	34,902,021	9,611,686	3,179,928	1,676,602	129,321,367	
Depreciation	4,642,421	--	607,408	20,601,227	--	7,324,967	3,043,843	149,218	219,072	36,588,156	
Adjustment relating to disposal	--	--	--	--	--	(6,644,970)	--	--	--	(6,644,970)	
At 31 March 2023	18,853,900	--	4,543,377	82,404,909	--	35,582,018	12,655,529	3,329,146	1,895,674	159,264,553	
Depreciation	4,642,421	--	620,838	20,601,227	--	6,705,341	4,984,610	179,127	152,249	37,885,813	
Adjustment relating to disposals	--	--	--	--	--	(614,223)	(310,735)	(4,009)	--	(928,967)	
At 31 March 2024	<b>23,496,321</b>	--	<b>5,164,215</b>	<b>103,006,136</b>	--	<b>41,673,136</b>	<b>17,329,404</b>	<b>3,504,264</b>	<b>2,047,923</b>	<b>196,221,399</b>	
<b>Carrying amount</b>											
At 1 April 2022	61,006,829	792,120	7,229,712	61,803,679	20,699,062	47,969,075	10,149,979	384,682	783,165	210,818,303	
At 31 March 2023	56,364,408	--	7,473,403	41,202,452	11,088,733	51,651,505	46,283,004	503,056	693,093	215,259,654	
At 31 March 2024	<b>51,721,987</b>	<b>58,551</b>	<b>6,854,168</b>	<b>20,601,225</b>	<b>7,151,509</b>	<b>51,432,707</b>	<b>63,226,400</b>	<b>626,815</b>	<b>542,344</b>	<b>202,215,706</b>	



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Notes:

Right-of-use assets pertain to the rental contracts of the following leasehold properties:

- a) Plant and machinery obtained on a long-term lease from a related party having a lease term of 6 years starting from 1 April 2019 till 31 March 2025. There have been no changes in the terms of the lease contract. The lease term is considered from 1 April 2019 till 31 March 2025, for calculation of right-of-use asset and the corresponding lease liabilities (note 15).
- b) Staff accommodation - located in Musaffah, Abu Dhabi, taken on lease for a term of 3 years starting from 01 August 2021 till 31 July 2024. There have been no changes in the terms of the lease contract. The lease term is considered from 01 August 2021 till 31 July 2024, for calculation of right-of-use asset and the corresponding lease liability (note 15).
- c) Factory land - located in ICAD - III, Musaffah, Abu Dhabi, taken on lease for a term of 30 years starting from 18 August 2010 till 17 August 2040. There have been no changes in the terms of the lease contract. The lease term is considered from 01 April 2019 till 17 August 2040, for calculation of right-of-use asset and the corresponding lease liability (note 15). This leased asset is used as security for borrowing purposes [note 3(k)].

### 7. INTANGIBLE ASSETS

#### Computer software

<b>Cost</b>	<b>AED</b>
At 1 April 2022	1,200,726
Additions	14,648
At 31 March 2023	1,215,374
At 31 March 2024	<b>1,215,374</b>
<b>Accumulated amortisation</b>	
At 1 April 2022	993,138
Amortisation	199,465
At 31 March 2023	1,192,603
Amortisation	9,463
At 31 March 2024	<b>1,202,066</b>
<b>Carrying amount</b>	
At 1 April 2022	207,588
At 31 March 2023	22,771
At 31 March 2024	<b>13,308</b>



# JINDAL SAW GULF L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	31.3.2024	31.3.2023
	AED	AED
<b>8. INVENTORIES</b>		
Raw materials	195,899,886	156,114,916
Spares and consumables	41,160,757	36,527,336
Work-in-progress	31,102,437	16,393,571
Finished goods	54,957,129	29,840,472
	<u>323,120,209</u>	<u>238,876,295</u>

An age analysis of inventories as at the reporting date is as follows:

1 - 180 days	269,514,565	193,323,994
181 - 365 days	13,383,739	16,151,784
Ove 365 days	40,221,905	29,400,517
	<u>323,120,209</u>	<u>238,876,295</u>

<b>9. TRADE AND OTHER RECEIVABLES</b>		(Note 35)
Trade receivables	152,286,288	127,585,960
Less: allowances for expected credit losses	(3,679,088)	(3,500,523)
	<u>148,607,200</u>	124,085,437
Security deposits	198,443	189,396
Advances to staff	291,130	222,796
Other receivables	--	2,311,360
	<u>149,096,773</u>	<u>126,808,989</u>

A reconciliation of the movements in the allowance for expected credit losses for trade receivables is as follows:

	31.3.2024	31.3.2023
	AED	AED
Opening balance	3,500,523	3,500,523
Provision made during the year	178,565	--
Closing balance	<u>3,679,088</u>	<u>3,500,523</u>

The information about credit exposure is disclosed in note 35.



# JINDAL SAW GULF L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

An age analysis of trade receivables as at the reporting date is as follows:

	Not impaired		Impaired	
	31.3.2024 AED	31.3.2023 AED	31.3.2024 AED	31.3.2023 AED
Not past due	99,120,987	86,806,892	--	--
1-90 days past due	11,080,440	11,920,528	--	--
91-180 days past due	4,728,615	9,071,151	--	--
181-365 days past due	--	10,122,960	--	--
Over 365 days past due	33,677,158	6,163,906	3,679,088	3,500,523
	<u>148,607,200</u>	<u>124,085,437</u>	<u>3,679,088</u>	<u>3,500,523</u>

Trade receivables are secured as follows:

	31.3.2024 AED	31.3.2023 AED
Against post-dated cheques	2,188,432	1,753,947
Against bankers' letters of credit	71,044,692	79,743,567
	<u>73,233,124</u>	<u>81,497,514</u>

### 10. OTHER CURRENT ASSETS

	31.3.2024 AED	31.3.2023 AED
Prepayments	1,684,409	1,534,645
Advance for goods and services	13,361,500	9,341,225
VAT receivables (net)	5,565,585	1,237,097
	<u>20,611,494</u>	<u>12,112,967</u>

### 11. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and at prices determined by the management.

Related parties comprise shareholders, parent company, entities under common ownership and/or common management control, directors, key management personnel and relatives thereof.



# JINDAL SAW GULF L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

At the reporting date, significant related party balances were as follows:

	Parent company AED	Entities under common control AED	Shareholders AED	Total 31.3.2024 AED	(Note 35) Total 31.3.2023 AED
Trade receivables	586,946	54,780,158	--	55,367,104	
	2,824,760	30,445,496	--		33,270,256
Due to a related party	--	--	--	--	
	--	8,892,844	--		8,892,844
Trade and other payables	11,713,889	797	14,969,673	26,684,359	
	10,376,060	6,793	14,431,763		24,814,616
Shareholder's current account	--	--	562,936,967	562,936,967	
	--	--	453,051,766		453,051,766

All balances are unsecured and are expected to be settled in cash.

The balances of due to a related party and shareholder's current account are expected to be settled on demand.

All balances, except the balances of due to a related party, are interest-free.

The balances due to a related party is interest bearing at fixed rate of 6.25%.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Significant related party transactions during the year were as follows:

	Parent company	Entities under common control		Shareholders	Directors	Total 31.3.2024	Total 31.3.2023
		AED	AED				
Revenue	364,635	62,566,704	--	--	62,931,339		
	362,124	28,003,498	--	--			28,365,622
Materials procured	26,412,077	--	--	--	26,412,077		
	38,071,484	62,222	--	--			38,133,706
Expenses recovered from a related party	--	--	120,000	--	120,000		
	--	--	120,000	--			120,000
Director's remuneration	--	--	--	300,000	300,000		
	--	--	--	--			--
Payment of lease liabilities	--	--	25,000,000	--	25,000,000		
	--	--	25,000,000	--			25,000,000
Bank charges recharged by a related party	--	--	3,440,274	--	3,440,274		
	--	--	3,475,434	--			3,475,434
Finance costs	--	119,787	18,478,226	--	18,598,013		
	--	577,553	12,596,566	--			13,174,119
Staff salaries and benefits	--	--	709,217	--	709,217		
	--	--	4,999,982	--			4,999,982

The Company also provides funds to/receives funds from related parties as working capital facilities free of interest.

Administrative and staff related services are availed from a related party as per agreed rates.

### 12. OTHER FINANCIAL ASSETS

Comprise margin deposits for tender bonds of AED 244,093 (at 31 March 2023 AED - nil).



# JINDAL SAW GULF L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	31.3.2024	31.3.2023
	AED	AED
<b>13. CASH AND CASH EQUIVALENTS</b>		
Cash-on-hand	55,716	69,017
Bank balances in current accounts	1,436,004	805,704
	<u>1,491,720</u>	<u>874,721</u>
<b>14. SHARE CAPITAL</b>		
<b>Issued and paid up</b>		
300 shares of AED 1000 each	<u>300,000</u>	<u>300,000</u>

The shareholders at 31 March 2024 and their interests as at that date in the share capital of the Company were as follows:

Name	No. of shares	AED
M/s Jindal Saw Holding FZE	153	153,000
M/s Jindal Saw Middle East FZE	147	147,000
	<u>300</u>	<u>300,000</u>

	31.3.2024	31.3.2023
	AED	AED
<b>15. LEASE LIABILITIES</b>		
Lease liabilities for long-term leases (note 6)	<u>80,613,396</u>	<u>106,560,745</u>

Disclosed in the statement of financial position as follows:

Non-current liabilities	54,712,353	80,613,396
Current liabilities	25,901,043	25,947,349
	<u>80,613,396</u>	<u>106,560,745</u>

A reconciliation of the movements in the lease liabilities is as follows:

Opening balance	106,560,745	131,113,502
Finance cost for the year	5,945,790	7,340,382
Payments made during the year	(31,893,139)	(31,893,139)
Closing balance	<u>80,613,396</u>	<u>106,560,745</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Reconciliation of undiscounted lease liabilities to the lease liabilities as stated in the statement of financial position is as follows:

	<b>31.3.2024</b>	31.3.2023
	<b>AED</b>	AED
Lease payments due	<b>111,290,230</b>	144,981,082
Less: finance costs	<b>(30,676,834)</b>	(38,420,337)
Disclosed in the statement of financial position	<b>80,613,396</b>	106,560,745

A maturity analysis of undiscounted lease liabilities is as follows:

0 – 1 year	<b>30,393,139</b>	31,893,139
1 – 5 years	<b>26,965,697</b>	51,965,697
More than 5 years	<b>53,931,394</b>	61,122,246
<b>Total</b>	<b>111,290,230</b>	144,981,082

### 16. PROVISION FOR END-OF-SERVICE BENEFITS

Opening balance	<b>5,490,883</b>	4,587,577
Provision for the year	<b>2,750,458</b>	1,383,955
Paid during the year	<b>(584,667)</b>	(480,649)
Closing balance	<b>7,656,674</b>	5,490,883

### 17. TRADE AND OTHER PAYABLES

Trade payables	<b>58,873,284</b>	63,602,216
Accruals	<b>9,735,519</b>	16,647,770
Other payables	<b>--</b>	91,965
	<b>68,608,803</b>	80,341,951

The entire trade and other payables are due for payment within one year from reporting date.

### 18. OTHER CURRENT LIABILITIES

Comprise accruals of staff leave salaries of AED 1,819,216 (at 31 March 2023 – AED 1,601,302) (Note 35).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	<b>31.3.2024</b>	31.3.2023
	<b>AED</b>	AED
<b>19. SHAREHOLDER'S CURRENT ACCOUNT</b>		(Note 35)
Opening balance	<b>453,051,766</b>	458,941,125
Funds introduced / (withdrawn) during the year (net)	<b>109,885,201</b>	(5,889,359)
Closing balance	<b>562,936,967</b>	453,051,766

The balance in shareholder's current account is owed to one of the shareholders, M/s Jindal Saw Middle East FZE. The above-mentioned balance is interest-free, unsecured and is expected to be settled in cash.

### 20. CONTRACT LIABILITIES

Contract liabilities of AED 4,200,843 (at 31 March 2023 - AED 3,311,065) disclosed as other current liabilities comprise advances received from customers to fulfil the contracts.

### 21. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the partners with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Company is subject to externally imposed capital requirements as per provisions of the Article 308 of the UAE Federal Law No. (32) of 2021. As referred in note 2 (c) to the financial statements, since the losses of the Company exceeded 50% of its share capital, the directors referred the matter in the General meeting in which the shareholders have resolved to continue with the operations of the Company.

Funds generated from internal accruals together with funds received from related parties net of funds provided to related parties if any and net of dividend declared are retained in the business, according to the business requirements and maintain capital at desired levels.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 22. REVENUE

The Company generates revenue from the transfer of goods at a point in time. The disaggregated revenue from contracts with customers by geographical segments, major service lines and timing of revenue recognition is presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

	<b>31.3.2024</b>	31.3.2023
	<b>AED</b>	AED
<b>Primary Geographical segments</b>		
- Within UAE	<b>49,116,900</b>	109,810,293
- Outside UAE	<b>847,253,331</b>	684,489,270
	<b>896,370,231</b>	794,299,563
<b>Major service lines</b>		
- Supply of ductile iron pipes and fittings	<b>896,370,231</b>	794,299,563
<b>Timing of revenue recognition</b>		
- At a point in time	<b>896,370,231</b>	794,299,563
<b>23. DIRECT COSTS</b>		(Note 35)
Materials costs	<b>498,481,961</b>	482,536,976
Utilities (note 30)	<b>43,478,015</b>	42,699,501
Staff salaries and benefits (note 28)	<b>45,163,414</b>	42,196,844
Depreciation of property, plant and equipment (note 29)	<b>32,291,178</b>	30,970,037
Manufacturing overheads	<b>21,208,294</b>	12,678,034
Finance cost relating to lease liabilities (note 31)	<b>2,676,932</b>	3,905,915
	<b>643,299,794</b>	614,987,307
<b>24. OTHER INCOME</b>		(Note 35)
Expenses recovered from a related party	<b>120,000</b>	120,000
Exchange gain (net)	--	353,139
Insurance claim	--	2,311,360
	<b>120,000</b>	2,784,499



# JINDAL SAW GULF L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	31.3.2024	31.3.2023
	AED	AED
<b>25. SELLING AND DISTRIBUTION EXPENSES</b>		
Distribution expenses	130,117,243	93,744,532
Commission expenses	23,648,058	21,924,641
Advertisement and marketing expenses	9,615,717	10,500,950
	<u>163,381,018</u>	<u>126,170,123</u>
<b>26. ADMINISTRATIVE EXPENSES</b>		(Note 35)
Staff salaries and benefits (note 28)	10,077,990	9,012,707
Depreciation of property, plant and equipment (note 29)	5,594,635	5,618,119
Bank charges recharged by a related party	3,440,274	3,475,434
Insurance expenses	1,087,151	961,532
Utilities (note 30)	1,059,847	916,831
Director's remuneration	300,000	--
Loss on disposal of property, plant and equipment	255,250	214,460
Foreign exchange loss (net)	126,761	--
Amortisation of intangible assets	9,463	199,465
Other expenses	4,330,524	5,337,260
	<u>26,281,895</u>	<u>25,735,808</u>
<b>27. FINANCE COSTS</b>		(Note 35)
Relating to due to a related party	18,478,226	12,596,566
Relating to bill discounting	5,229,525	2,995,293
Relating to loans from a related party	119,787	577,553
Relating to lease liabilities (note 31)	3,268,858	3,434,467
	<u>27,096,396</u>	<u>19,603,879</u>
<b>28. STAFF SALARIES AND BENEFITS</b>		
Allocated to direct costs (note 23)	45,163,414	42,196,844
Allocated to administrative expenses (note 26)	10,077,990	9,012,707
	<u>55,241,404</u>	<u>51,209,551</u>
<b>29. DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT</b>		
Allocated to direct costs (note 23)	32,291,178	30,970,037
Allocated to administrative expenses (note 26)	5,594,635	5,618,119
	<u>37,885,813</u>	<u>36,588,156</u>



# JINDAL SAW GULF L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	31.3.2024 AED	31.3.2023 AED
<b>30. UTILITIES</b>		
Allocated to direct costs (note 23)	43,478,015	42,699,501
Allocated to administrative expenses (note 26)	1,059,847	916,831
	<u>44,537,862</u>	<u>43,616,332</u>

<b>31. FINANCE COSTS RELATING TO LEASE LIABILITIES</b>		
Allocated to direct costs (note 23)	2,676,932	3,905,915
Allocated to finance costs (note 27)	3,268,858	3,434,467
	<u>5,945,790</u>	<u>7,340,382</u>

### 32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Financial instruments

#### *Classification and fair values*

At the reporting date, all the financial assets and financial liabilities are carried at amortised cost and the net carrying amounts are as follows:

	31.3.2024 AED	31.3.2023 AED
<b>Financial assets</b>		
Trade and other receivables	149,096,773	126,808,989
Other financial assets	244,093	--
Cash and cash equivalents	1,491,720	874,721
	<u>150,832,586</u>	<u>127,683,710</u>
<b>Financial liabilities</b>		
Trade and other payables	68,608,803	80,341,951
Lease liabilities	80,613,396	106,560,745
Due to a related a party	--	8,892,844
Shareholder's current account	562,936,967	453,051,766
	<u>712,159,166</u>	<u>648,847,306</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### ***Fair value measurement and disclosures***

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of cash and cash equivalents, trade and other receivables, other financial assets, due to a related party, trade and other payables, lease liabilities and shareholders' current accounts approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair values of non-current lease liabilities credit balance of due to a related party (non-current portion) are estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities. As at the reporting date, the carrying amounts of such liabilities, are not materially different from their fair values.

### **Financial risk management**

#### ***Risk management objectives***

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company's risk management focusses on actively securing short to medium term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in trading of financial assets for speculative purpose.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

#### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally sundry financial assets, trade and other receivables and cash and cash equivalents.

The Company's bank accounts are placed with high credit quality financial institutions.

The management assesses the credit risk arising from trade and other receivables taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, the Company's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

	<b>31.3.2024</b>	31.3.2023
	<b>AED</b>	AED
Italy	<b>54,780,158</b>	30,445,496
Iraq	<b>48,664,416</b>	33,870,457
Saudi Arabia	<b>13,139,338</b>	17,872,139
Bahrain	<b>10,121,605</b>	8,922,852
Kuwait	<b>9,864,778</b>	12,180,912
Oman	<b>4,961,903</b>	4,927,302
Jordan	<b>5,284,407</b>	5,446,933
Australia	<b>1,608,295</b>	--
India	<b>586,946</b>	2,824,760
Morocco	<b>340,700</b>	522,582
Brazil	<b>20,589</b>	248,753
Lebanon	--	22,198
Norway	--	797,050
Senegal	--	185,114

At the reporting date 61% of trade receivables were due from 2 customers (at 31 March 2023 - 56% due from 3 customers) including a related party.

Significant concentrations of credit risk by industry are as follows:

	<b>31.3.2024</b>	31.3.2023
Trading in pipes	<b>73%</b>	61%
Construction	<b>27%</b>	39%



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The Company uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a number of balances. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables from individual customers as at the reporting date.

At 31 March	Loss rate		Gross carrying amount		Loss allowance	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	%	%	AED	AED	AED	AED
Not past due	0%	0%	99,120,987	86,806,892	--	--
1-90 days past due	0%	0%	11,080,440	11,920,528	--	--
91-180 days past due	0%	0%	4,728,615	9,071,151	--	--
181-365 days past due	0%	0%	--	10,122,960	--	--
<b>Customers with good credit standing</b>						
Over 365 days past due	0%	0%	18,047,457	1,278,369	--	--
<b>Other customers</b>						
Over 365 days past due	100%	100%	3,679,088	3,500,523	3,679,088	3,500,523
			<b>136,656,587</b>	<b>122,700,423</b>	<b>3,679,088</b>	<b>3,500,523</b>

Further, trade receivables aggregating to AED 15,629,701 (at 31 March 2023 AED 4,885,537) do not have exposure to credit risk since these are receivables from related party customers, and therefore, are not considered for computing expected credit losses.

### Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company limits its liquidity risk by ensuring adequate bank facilities are available.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The table below summarises the maturities of the Company's undiscounted at the reporting date, based on contractual payment dates and current market interest rates.

	Less than one year		One to five years		Over five years		Total	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	AED	AED	AED	AED	AED	AED	AED	AED
Trade and other payables	68,608,803	80,341,951	--	--	--	--	68,608,803	80,341,951
Lease liabilities	30,393,139	31,893,139	26,965,697	51,965,697	53,931,394	61,122,246	111,290,230	144,981,082
Due to a related party	--	8,892,844	--	--	--	--	--	8,892,844
Shareholder's current account	562,936,967	453,051,766	--	--	--	--	562,936,967	453,051,766

### Market risk

Market risk is the risk that the changes in market prices, such as foreign currency exchange rates, interest rates and prices, will affect the Company's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns.

### Currency risk

Currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the UAE Dirhams is pegged.

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed except for the following:

	31.3.2024	31.3.2023
	AED	AED
<b>Trade receivables</b>		
- Bahraini dinar	10,103,941	8,922,852
- Saudi Riyal	12,708,543	17,746,275



# JINDAL SAW GULF L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	31.3.2024	31.3.2023
	AED	AED
<b>Trade payables</b>		
- Euro	1,707,949	934,171
- British pound sterling	155,268	13,143
- Saudi Riyal	136,701	237,230
- Japanese yen	20,617	28,229
- Australian dollar	--	7,136
- Bahraini dinar	--	64,809
- Indian currency	--	29,707
- Kuwaiti Dinar	--	61,707
	<hr/> <hr/>	<hr/> <hr/>
<b>Cash and bank balances</b>		
- Bahraini dinar	815	1,854
- Euro	185,928	34,981
- Saudi Riyal	81,527	60,298
	<hr/> <hr/>	<hr/> <hr/>

At the reporting date, if the above-mentioned currencies had been weaker or stronger against the Dirhams by 1%, profit for the year and equity would have been higher or lower by AED 2,510,129 (at 31 March 2023 AED 2,814,239).

### **Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

Amount due to a related party is subject to fixed interest rates at 6.25% and are therefore exposed to fair value interest rate risk.

Reasonably possible changes to interest rates at the reporting date are unlikely to have had a significant impact on profit or equity.

	31.3.2024	31.3.2023
	AED	AED
<b>33. CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>Contingent liabilities</b>		
Letters of guarantee	8,677,075	7,553,733
<b>Capital commitments</b>		
For acquisition, construction or enhancement of property, plant and equipment	5,725,627	6,062,711
	<hr/> <hr/>	<hr/> <hr/>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 34. CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the 'CT Law') to enact a Federal corporate tax regime in the UAE. The CT Law is effective for the financial years beginning on or after 1 June 2023. Decisions No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9% would apply and accordingly, the CT Law is now considered to be substantively enacted.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the accounting period beginning on or after 1 April 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial year ended 31 March 2024.

Based on the information available to date, the Company has assessed the deferred tax implications for the year ended 31 March 2024 and after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that deferred tax implications are not expected to be material.

The Company shall continue to monitor critical Cabinet Decisions to determine the impact on the Company from deferred tax perspective.

### 35. COMPARATIVE INFORMATION

Previous year's amounts have been reclassified as follows as it is considered that the revised classification, which has been adopted in the current accounting year, more fairly presents the results of operations and state of affairs:

Particulars	Reclassified from	Reclassified to	AED
Trade receivables	Due from related parties	Trade and other receivables	33,270,256
Prepayments	Trade and other receivables	Other current assets	1,534,645
Advances to suppliers	Trade and other receivables	Other current assets	7,426,007
VAT receivables (net)	Trade and other receivables	Other current assets	769,036
Trade payables	Due to related parties	Trade and other payables	24,814,616
Accruals of staff leave salaries	Trade and other payables	Other current liabilities	1,601,302

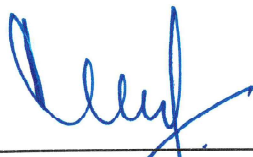


# JINDAL SAW GULF L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Particulars	Reclassified from	Reclassified to	AED
Shareholder's current account	Equity	Current liabilities	453,051,766
Due from Federal Tax Authority related to VAT receivable	Trade and other payables	Other current assets	468,061
Advances for goods and services	Trade and other payables	Other current assets	1,915,218
Bank charges	Finance costs	Administrative expenses	420,860
Scrap sales	Other income	Direct cost	1,142,849
Reversal of provisions	Other income	Direct cost	432,372
Miscellaneous income	Other income	Direct cost	1,481,519

For JINDAL SAW GULF L.L.C



MR. ANIL KUMAR KEJRIWAL  
DIRECTOR

