



## INDEPENDENT AUDITOR'S REPORT

To the shareholder of **JINDAL SAW MIDDLE EAST FZE**

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of **JINDAL SAW MIDDLE EAST FZE** (the "Entity"), 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 Entity 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 Entity 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 Information**

The financial statements of the Entity for the year ended 31 March 2023 were audited by other auditors who expressed an unmodified opinion on the statements on 24 April 2023.

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## INDEPENDENT AUDITOR'S REPORT

(continued)

### ***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 Rules and Regulations framed pursuant to Emri Decree No.6 of 1987 issued in Fujairah in respect of Free zone, amended by Emiri Decree No.1 for the year 1992, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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.

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 audit 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.

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## INDEPENDENT AUDITOR'S REPORT

(continued)

- 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 Entity'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 Entity'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 Entity 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.

### Report on Other Legal and Regulatory Requirements

Further, as required by the Rules and Regulations framed pursuant to Emri Decree No.6 of 1987 issued in Fujairah in respect of Free zone, amended by Emiri Decree No.1 for the year 1992, We confirm 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 Rules and Regulations framed pursuant to Emri Decree No.6 of 1987 issued in Fujairah in respect of Free zone, amended by Emiri Decree No.1 for the year 1992 and Memorandum and Articles of Association of the Entity.
- iii) The Entity has maintained proper books of account.
- iv) Note 11 to the financial statements reflects material related party transactions, and the terms under which these were conducted.

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## INDEPENDENT AUDITOR'S REPORT

(continued)

- v) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Entity has contravened provisions of the Rules and Regulations framed pursuant to Emri Decree No.6 of 1987 issued in Fujairah in respect of Free zone, amended by Emiri Decree No.1 for the year 1992 ,during the financial year ended 31 March 2024 any of the 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 Entity.



**PKF**

Abu Dhabi

United Arab Emirates

29 April 2024

# JINDAL SAW MIDDLE EAST FZE

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Notes	31.3.2024 AED	31.3.2023 AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property plant and equipment	6	162,156,278	179,736,111
Investment in a subsidiary	7	147,000	147,000
Sundry financial assets	8	14,908,250	14,910,350
		<u>177,211,528</u>	<u>194,793,461</u>
<b>Current assets</b>			
Sundry receivables	9	5,000	5,000
Other current assets	10	57,006	47,800
Due from a related party	11	562,936,967	453,051,766
Sundry financial assets	8	259,226	1,931,746
Cash and cash equivalents	12	326,330	209,073
		<u>563,584,529</u>	<u>455,245,385</u>
<b>Total assets</b>		<u><u>740,796,057</u></u>	<u><u>650,038,846</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S FUND</b>			
Share capital	13	66,000,000	66,000,000
Accumulated losses		(43,922,122)	(41,445,232)
<b>Equity funds</b>		<u>22,077,878</u>	<u>24,554,768</u>
<b>Non-current liabilities</b>			
Long-term borrowings	14	86,830,152	115,340,012
Due to related parties	11	269,151,992	269,151,992
		<u>355,982,144</u>	<u>384,492,004</u>
<b>Current liabilities</b>			
Short-term borrowings	14	320,617,639	201,232,284
Sundry payables	15	9,682,519	7,323,913
Shareholder's current account	16	32,435,877	32,435,877
		<u>362,736,035</u>	<u>240,992,074</u>
<b>Total liabilities</b>		<u>718,718,179</u>	<u>625,484,078</u>
<b>Total equity and liabilities</b>		<u><u>740,796,057</u></u>	<u><u>650,038,846</u></u>



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# JINDAL SAW MIDDLE EAST FZE

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

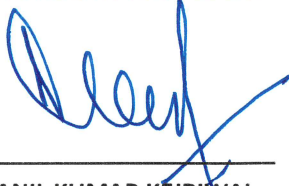
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The accompanying notes form an integral part of these financial statements.  
The report of the independent auditor is set forth on pages 1 to 4.

Approved and authorised for issue by the shareholder on 29 April 2024.

For JINDAL SAW MIDDLE EAST FZE



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MR. ANIL KUMAR KEJRIWAL  
DIRECTOR



# JINDAL SAW MIDDLE EAST FZE

## 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
Revenue	18	25,000,000	25,000,000
Other income	19	21,921,324	25,183,708
Depreciation of plant property and equipment	6	(17,579,833)	(17,587,570)
Other expenses	20	(2,174,898)	(2,557,619)
Finance costs	21	(29,643,483)	(20,542,370)
<b>(LOSS) / PROFIT FOR THE YEAR</b>		<b>(2,476,890)</b>	<b>9,496,149</b>
<b>Other comprehensive income for the year</b>		<b>--</b>	<b>--</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(2,476,890)</b>	<b>9,496,149</b>

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

The report of the independent auditor is set forth on pages 1 to 4.



# JINDAL SAW MIDDLE EAST FZE

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

		Share capital AED	Accumulated losses AED	Total AED
Balance at 1 April 2022		66,000,000	(50,941,381)	15,058,619
Comprehensive income				
- Profit during the year	(a)	--	9,496,149	9,496,149
- Other comprehensive income	(b)	--	--	--
Total comprehensive income for the year	(a+b)	--	9,496,149	9,496,149
Balance at 31 March 2023		66,000,000	(41,445,232)	24,554,768
Comprehensive income				
- Loss during the year	(c)	--	(2,476,890)	(2,476,890)
- Other comprehensive income	(d)	--	--	--
Total comprehensive income for the year	(c+d)	--	(2,476,890)	(2,476,890)
Balance at 31 March 2024		<b>66,000,000</b>	<b>(43,922,122)</b>	<b>22,077,878</b>

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

The report of the independent auditor is set forth on pages 1 to 4.



# JINDAL SAW MIDDLE EAST FZE

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

	31.3.2024	31.3.2023
	AED	AED
<b>Cash flows from operating activities</b>		
(Loss) / profit for the year	(2,476,890)	9,496,149
Adjustments for:		
Depreciation of property, plant and equipment	17,579,833	17,587,570
Loss on disposal of property, plant and equipment	--	375,509
Credit balances written back	--	(9,111,708)
Expenses recharged to a related party	21,918,500	16,072,000
Expenses recharged by a related party	120,000	120,000
Finance costs	29,643,483	20,542,370
	<u>66,784,926</u>	<u>55,081,890</u>
Changes in:		
• Inventories	--	27,164
• Other current assets	(9,206)	205,147
• Sundry payables	1,578,403	(1,065,299)
Cash generated from operations	<u>68,354,123</u>	<u>54,248,902</u>
Interest paid	(28,863,280)	(15,082,093)
Net cash from operating activities	<u>39,490,843</u>	<u>39,166,809</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	--	454,262
Payments to a related party	(131,923,701)	(10,302,641)
Decrease / (increase) in financial assets	1,674,620	(16,188,805)
Net cash used in investing activities	<u>(130,249,081)</u>	<u>(26,037,184)</u>
<b>Cash flows from financing activities</b>		
(Repayments of) / proceeds from term loans (net)	(27,248,079)	71,943,531
Repayments of short-term borrowings (net)	(7,345,000)	(3,672,500)
Proceeds from bank overdraft (net)	2,902,675	2,029,423
Proceeds from / (repayments of) trust receipts (net)	122,565,899	(83,520,260)
Net cash from / (used) in financing activities	<u>90,875,495</u>	<u>(13,219,806)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>117,257</u>	<u>(90,181)</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>209,073</u>	<u>299,254</u>
<b>Cash and cash equivalents at end of year (note 12)</b>	<u>326,330</u>	<u>209,073</u>

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

The report of the independent auditor is set forth on pages 1 to 4.



# JINDAL SAW MIDDLE EAST FZE

## 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 MIDDLE EAST FZE** (the "Entity") was incorporated on 19 October 2009 in the Fujairah Free Zone, Fujairah, as a Free Zone Establishment with Limited Liability under commercial license no. 2641, issued by Government of Fujairah, Fujairah – United Arab Emirates under provisions of the Rules and Regulations framed pursuant to Emri Decree No.6 of 1987 issued in Fujairah in respect of Free zone, amended by Emiri Decree No.1 for the year 1992. The registered office is PO Box 50534, Fujairah Free Zone, Fujairah, UAE.
- b) The Entity's business activity as per the commercial license is general trading, however the Entity acts as a holding company.
- c) The shareholder and the parent company of the Entity is Jindal Saw Holdings FZE, incorporated in the Fujairah Free Zone, Fujairah – United Arab Emirates, holding 100% of the share capital. The ultimate parent company is 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

- i) 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 Rules and Regulations framed pursuant to Emri Decree No.6 of 1987 issued in Fujairah in respect of Free zone, amended by Emiri Decree No.1 for the year 1992.
- ii) These financial statements are the separate financial statements of the Entity presented only for the purpose of reporting to the shareholder. The consolidated financial statements of the Entity and its subsidiary which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements, are presented separately.

#### 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.



# JINDAL SAW MIDDLE EAST FZE

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

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c) **Going Concern**

The financial statements have been prepared on a going concern basis.

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

The Entity incurred a loss of AED 2,476,890 during the year ended 31 March 2014 and at that date its accumulated losses aggregated to AED 43,922,122 as at 31 March 2024 (at 31 March 2023 – AED 41,445,232).

However, the shareholder has agreed to continue with the operations of the Entity and has agreed to provide continuing financial support to enable the Entity to discharge its liabilities as and when they fall due. Accordingly, this interim financial information has 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 Entity'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)



# JINDAL SAW MIDDLE EAST FZE

## 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 Entity’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:

Moulds	Based on the quantity of pipes manufactured which ranges from 1,000 units to 6,000 units depending on the diameter of the pipes.
Other equipment	20 years

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 Entity and such cost can be measured reliably. Such a 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 Entity recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

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.



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

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

b) **Impairment of tangible assets**

At each reporting date, the management reviews the carrying amounts of its tangible 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.

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 recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized 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.

c) **Investments in subsidiaries**

Subsidiaries are entities over which the Entity exercises control. Control is achieved when the Entity is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investment in subsidiaries is accounted for at cost less impairment losses, if any. Consolidated financial statements of the parent and its subsidiary are prepared separately.



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

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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 Entity 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 Entity cannot avail the credit is charged to the relevant expenditure category or included in costs of non-current assets. The Entity 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 Entity has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

e) **Revenue recognition**

The Entity's business activity as per the commercial license is general trading, however the Entity acts as a holding entity.

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 Entity expects to be entitled in exchange for those goods or services.

The Entity 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 Entity 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 Entity will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Entity expects to be entitled in exchange for satisfying each performance obligation.



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

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5. Recognise revenue when (or as) the Entity satisfies a performance obligation at a point in time or over time.

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

The Entity 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.

### ***Rental income***

Rental income from operating leases is recognised, net of discounts, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except when an alternative basis is more representative of the pattern of benefits to be derived from the leased assets.

### f) **Leases**

#### ***As a lessee***

The Entity leases one office premises. Rental contracts are typically made for fixed periods upto 1 year. Lease agreement contains a wide range of different terms and conditions. The lease arrangements do not impose any covenants.

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

The Entity 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.



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

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### ***As a lessor***

Leases in which the Entity does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### **g) Cash and cash equivalents**

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

### **h) 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.

### **i) Borrowing costs**

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

### **j) Provisions**

A provision is recognized when the Entity 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.



# JINDAL SAW MIDDLE EAST FZE

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

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k) **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.

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

The Entity 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.

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 Entity classifies all other liabilities as non-current.

m) **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 Entity's business model for managing them.



# JINDAL SAW MIDDLE EAST FZE

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

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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 Entity'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 Entity determines the classification of its financial liabilities at initial recognition.

### **Recognition**

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

### **Derecognition**

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

- The contractual rights to receive cash flows expire or
- The Entity 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 Entity has transferred substantially all the risks and rewards of the asset, or
  - (b) the Entity 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 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.

On initial recognition of an equity investment that is not held-for-trading, the Entity may irrevocably elect to subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.



# JINDAL SAW MIDDLE EAST FZE

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

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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.

The financial assets at amortised cost comprise of sundry receivables, due from a related party, other financial assets, and cash and cash equivalents.

### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

#### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost comprise of borrowings, sundry payables, due to related parties, 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 Entity 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.



# JINDAL SAW MIDDLE EAST FZE

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

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

- Bank balances, sundry receivables, due from a related party, and other current 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.

### ***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 Entity.

### n) **Fair value measurement**

The Entity also 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.



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

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The fair value of an asset or a liability is measured using assumptions that the market participants 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.

#### 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 Entity's business model for managing them.

##### **Impairment**

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

The Entity 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.

##### **Investments in subsidiaries**

Management considers that it has de-facto control over Jindal Saw Gulf LLC even though it holds less than 50% of the voting rights. The Entity is a controlling shareholder with a 49% equity interest and has a de-facto control and power to govern the operating and financial policies of the investee remains with the entity.



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

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### 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.

#### **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 Entity 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 (n).

#### **Impairment**

Assessment of net recoverable amounts of property, plant, and equipment 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 (m).

#### **Going concern assessment**

As at the reporting date, the Entity has accumulated losses of AED 43,922,122 (at 31 March 2023 – AED 41,445,232), which is more than 50% of its share capital. Notwithstanding these facts, the financial statements of the Entity have been prepared on a going concern basis as the management of the Entity believes that the future operations of the Entity will generate sufficient profits and cashflows.



# JINDAL SAW MIDDLE EAST FZE

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

### 6. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery		Total AED
	Moulds AED	Other equipment AED	
<b>Cost</b>			
At 1 April 2022	11,337,227	351,749,280	363,086,507
Disposals	(735,752)	(1,577,591)	(2,313,343)
At 31 March 2023	10,601,475	350,171,689	360,773,164
At 31 March 2024	<b>10,601,475</b>	<b>350,171,689</b>	<b>360,773,164</b>
<b>Accumulated depreciation</b>			
At 1 April 2022	6,838,868	158,094,187	164,933,055
Depreciation	191,089	17,396,481	17,587,570
Adjustment relating to disposals	(735,752)	(747,820)	(1,483,572)
At 31 March 2023	6,294,205	174,742,848	181,037,053
Depreciation	214,471	17,365,362	17,579,833
At 31 March 2024	<b>6,508,676</b>	<b>192,108,210</b>	<b>198,616,886</b>
<b>Carrying amount</b>			
At 1 April 2022	4,498,359	193,655,093	198,153,452
At 31 March 2023	4,307,270	175,428,841	179,736,111
At 31 March 2024	<b>4,092,799</b>	<b>158,063,479</b>	<b>162,156,278</b>

#### Note:

Property, plant and equipment are leased out to a related party, M/s. Jindal Saw Gulf L.L.C., Abu Dhabi – U.A. E (note 18)

	31.3.2024 AED	31.3.2023 AED
7. INVESTMENT IN A SUBSIDIARY		
Interest in share capital at cost	<b>147,000</b>	147,000



# JINDAL SAW MIDDLE EAST FZE

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

The nature of investment in a subsidiary held by the Entity is as follow:

Name of subsidiary	Principal activities	Country of incorporation	Proportion (%) of ownership interest		Proportion (%) of voting interest	
			2024	2023	2024	2023
Jindal Saw Gulf L.L.C.	Cast iron tubes, Pipes, Hollow profiles and fittings manufacturing, metal coating and non-metallic coating of metals.	United Arab Emirates	49%	49%	49%	49%

**Note:**

Although the Entity holds 49% equity interest, it has power to govern the investee since remaining 51% shares are held by a shareholder for and on behalf of the Entity and thus it is considered as having 100% de-facto control with the management who control both shareholder and Entity.

	31.3.2024 AED	31.3.2023 AED
<b>8. SUNDRY FINANCIAL ASSETS</b>		
Margin deposits	<u>15,167,476</u>	<u>16,842,096</u>
<b>Disclosed under:</b>		
Non-current financial assets [note (i)]	14,908,250	14,910,350
Other financial assets [note (ii)]	259,226	1,931,746
	<u>15,167,476</u>	<u>16,842,096</u>

(i) Include AED 14,908,250 (at 31 March 2023 – AED 14,910,350) kept as debt service reserve against long-term borrowing from Abu Dhabi Commercial Bank (ADCB). The maturity of these margin deposit is linked to term loans (note 14)

(ii) Comprise margin deposits relating to tenders bond of AED 259,226 (at 31 March 2023 - AED 1,931,746).



# JINDAL SAW MIDDLE EAST FZE

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

### 9. SUNDRY RECEIVABLES

Comprise deposit of AED 5,000 (at 31 March 2023 – AED 5,000) kept with Fujairah Free Zone Authority for license issuance purposes.

	31.3.2024	31.3.2023
	AED	AED
<b>10. OTHER CURRENT ASSETS</b>		
Prepayments	22,541	22,602
Advances for goods and services	2,445	--
VAT receivables (net)	32,020	25,198
	<u>57,006</u>	<u>47,800</u>

### 11. RELATED PARTIES

The Entity 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 entities under common ownership and/or common management control, subsidiaries, ultimate parent company, parent company / shareholder, directors and relatives thereof.

At the reporting date significant balances with related parties were as follows:

	Ultimate parent company		Entities under common ownership/ control		Total 31.3.2024 AED	Total 31.3.2023 AED
	Shareholder	Subsidiary	Shareholder	Subsidiary		
	AED	AED	AED	AED		
Investment	--	--	--	147,000	147,000	
	--	--	--	147,000		147,000
Due from a related party	--	--	562,936,967	--	562,936,967	
	--	--	453,051,766	--		453,051,766
Accruals	2,323,580	--	--	--	2,323,580	
	744,827	--	--	--		744,827
Due to related parties	--	94,701,099	--	174,450,893	269,151,992	
	--	94,701,099	--	174,450,893		269,151,992
Shareholder's current account	--	32,435,877	--	--	32,435,877	
	--	32,435,877	--	--		32,435,877



# JINDAL SAW MIDDLE EAST FZE

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

All balances are unsecured and interest-free.

All the balances are expected to be settled on demand in cash, except for investment in subsidiary (below).

The balance of due to related parties are subordinated against credit facilities (note 14).

Significant transactions with related parties carried out at agreed rate during the year were as follows:

	Ultimate parent company	Subsidiary	Total 31.3.2024	Total 31.3.2023
	AED	AED	AED	AED
Revenue	--	25,000,000	<b>25,000,000</b>	
	--	25,000,000		25,000,000
Expenses recharged to a related party	--	21,918,500	<b>21,918,500</b>	
	--	16,072,000		16,072,000
Expenses recharged by a related party	--	120,000	<b>120,000</b>	
	--	120,000		120,000
Corporate guarantee charges	2,323,580	--	<b>2,323,580</b>	
	2,192,902	--		2,192,902

The Entity 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.

	31.3.2024	31.3.2023
	AED	AED
<b>12. CASH AND CASH EQUIVALENTS</b>		
Cash-on-hand	--	760
Bank balances in current account	<b>326,330</b>	208,313
	<b>326,330</b>	209,073



# JINDAL SAW MIDDLE EAST FZE

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

	31.3.2024	31.3.2023
	AED	AED
13. <b>SHARE CAPITAL</b>		
<b>Issued and paid up</b>		
1000 shares of AED 66000 each	<b>66,000,000</b>	66,000,000

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

Name	No. of shares	AED
M/s Jindal Saw Holding FZE	1,000	66,000,000

Note: These shares have been pledged against the bank credit facilities (note 14).

	31.3.2024	31.3.2023
	AED	AED
14. <b>BORROWINGS</b>		
i) <b>LONG-TERM BORROWINGS</b>		
Term loans	113,371,202	140,619,281
Less: current portion note (ii)	(26,541,050)	(25,279,269)
	<b>86,830,152</b>	115,340,012
ii) <b>SHORT-TERM BORROWINGS</b>		
Bank overdrafts	6,119,178	3,216,503
Trust receipts	262,249,911	139,684,012
Short-term borrowings	25,707,500	33,052,500
Current portion of term loans [note (i)]	26,541,050	25,279,269
	<b>320,617,639</b>	201,232,284

An analysis by bank of amounts outstanding including long-term borrowings is as follows:

Abu Dhabi Commercial Bank PJSC	172,082,947	174,874,125
Emirates NBD Bank PJSC	84,665,980	54,211,905
First Abu Dhabi Bank PJSC	74,235,475	--
National Bank of Fujairah P.S.C.	30,326,817	23,529,679
Deutsche Bank AG Singapore	25,707,500	33,052,500
Arab Banking Corporation	20,429,072	30,904,088
	<b>407,447,791</b>	316,572,296



# JINDAL SAW MIDDLE EAST FZE

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

A maturity analysis of short-term and long-term bank borrowings is as follows:

	<b>31.3.2024</b>	31.3.2023
	<b>AED</b>	AED
Overdrafts	<b>6,119,179</b>	3,216,503
0 – 1 month	<b>13,785,406</b>	--
1 – 3 months	<b>182,001,459</b>	83,685,195
3 months – 1 year	<b>118,711,595</b>	114,330,586
Presented as current liabilities	<b>320,617,639</b>	201,232,284
1 year – 5 years	<b>86,830,152</b>	115,340,012
<b>Total</b>	<b>407,447,791</b>	316,572,296

### Notes:

Bank facilities and loans are secured by:

- i) Corporate guarantees from M/s. Jindal Saw Limited - India, M/s. Jindal Saw Gulf L.L.C., Abu Dhabi - U.A.E. and related parties.
- ii) Commercial mortgage over assets of the Entity and M/s. Jindal Saw Gulf L.L.C., Abu Dhabi - U.A.E.
- iii) Negative pledge over 49% equity interest in M/s. Jindal Saw Gulf L.L.C., Abu Dhabi – U.A.E
- iv) Pledge over 100% equity shares of the Entity held by M/s. Jindal Saw Holdings FZE, Fujairah - United Arab Emirates (note 13).
- v) Assignment of leasehold rights of M/s. Jindal Saw Gulf L.L.C., Abu Dhabi - U.A.E. (note 6).
- vi) Assignment of all insurance policies of the Entity and M/s. Jindal Saw Gulf (L.L.C.), Abu Dhabi U.A.E.
- vii) Assignment of receivables and charge over inventories of the Entity.
- viii) Subordination of shareholder's current account (notes 16).
- ix) Subordination of due from a related party, M/s. International Investments (BVI) limited. (note 11).

The bank borrowings are subject to certain financial covenants including minimum tangible net worth, cashflow cover for debt repayments and maintenance of current ratios. All facilities are negotiated based on the consolidated financial position of the Entity and M/s Jindal Saw Gulf L.L.C and not based on the Entity's separate financial statements.



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

	31.3.2024	31.3.2023
	AED	AED
<b>15. SUNDRY PAYABLES</b>		
Accruals	9,682,519	7,323,563
other payables	--	350
	9,682,519	7,323,913

The entire sundry payables are due for payment within one year from reporting date.

### 16. SHAREHOLDER'S CURRENT ACCOUNT

Shareholder's current account balance aggregating to AED 32,435,877 (at 31 March 2023 - 32,435,877) is unsecured, interest-free and repayable on demand (note 11).

### 17. MANAGEMENT OF CAPITAL

The Entity's objectives when managing capital are to ensure that the Entity continues as a going concern and to provide the shareholder 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 position together with statutory reserve, special reserve, general reserve, retained earnings and Shareholder's current account. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Entity is subject to externally imposed capital requirements as per provisions of the bank facilities availed (note 14). The Entity has complied with all the capital requirements to which it is subject.

Funds generated from internal accruals are retained in the business, to limit bank borrowings within covenants and according to the business requirements and maintain capital at desired levels. The nature of such covenants is set out in note 14.

### 18. REVENUE

The Entity generates revenue from the transfer of services over 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 Entity's revenue and cash flows.



# JINDAL SAW MIDDLE EAST FZE

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

	31.3.2024 AED	31.3.2023 AED
<b>Primary Geographical segments</b>		
- Within UAE	25,000,000	25,000,000
<b>Major service lines</b>		
- Rental income	25,000,000	25,000,000
<b>Timing of revenue recognition</b>		
- Over time	25,000,000	25,000,000
<b>19. OTHER INCOME</b>		
Expenses recharged to a related party	21,918,500	16,072,000
Foreign exchange gain (net)	2,824	--
Credit balances written back (note)	--	9,111,708
	<u>21,921,324</u>	<u>25,183,708</u>
Note:		
Amounts payable are no longer payable and hence written back.		
<b>20. OTHER EXPENSES</b>		
Bank charges	1,907,688	1,905,582
Legal and professional expenses	124,592	93,734
Expenses recharged by a related party	120,000	120,000
Short-term lease charges	20,041	19,182
Exchange loss (net)	--	16,448
Loss on disposal of property plant and equipment	--	375,509
Other expenses	2,577	27,164
	<u>2,174,898</u>	<u>2,557,619</u>
<b>21. FINANCE COSTS</b>		
Relating to borrowings	27,319,903	18,349,468
Relating to corporate guarantee charges to a related party	2,323,580	2,192,902
	<u>29,643,483</u>	<u>20,542,370</u>



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

### 22. 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:

	<b>31.3.2024</b>	31.3.2023
	<b>AED</b>	AED
<b>Financial assets</b>		
Sundry financial assets	<b>15,167,476</b>	16,842,096
Sundry receivables	<b>5,000</b>	5,000
Due from a related party	<b>562,936,967</b>	453,051,766
Cash and cash equivalents	<b>326,330</b>	209,073
	<b><u>578,435,773</u></b>	<u>470,107,935</u>
<b>Financial liabilities</b>		
Bank borrowings	<b>407,447,791</b>	316,572,296
Sundry payables	<b>9,682,519</b>	7,323,913
Due to related parties	<b>269,151,992</b>	269,151,992
Shareholder's current account	<b>32,435,877</b>	32,435,877
	<b><u>718,718,179</u></b>	<u>625,484,078</u>

#### *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, sundry receivables, sundry financial assets, short-term borrowings, sundry payables, due to related parties and shareholder's current account approximate their carrying amounts largely due to the short-term maturities of these instruments.



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

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The following methods and assumptions were used to determine the fair values of other financial assets/liabilities:

- Fair values of non-current assets other financial assets are evaluated by the Entity using valuation techniques including the discounted cash flow (DCF) model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, inputs are based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customers and credit risks characteristics. Based on such evaluation, provisions are made for the expected credit losses of these receivables. As at the reporting date, the carrying amounts of such receivables, net of provisions, are not materially different from their fair values.
- Fair values of non-current borrowings 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 Entity'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 Entity's continuing profitability. The Entity's risk management focusses on actively securing short to medium term cash flows by minimizing the exposure to financial markets.

The Entity 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 and fair value interest rate risks).

The management of the Entity 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.



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

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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.

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

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

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

Amounts Due from a related party relate to transactions arising in the normal course of business with minimal credit risk. For the year ended 31 March 2024, the Entity has not recorded any allowance for expected credit losses of the amounts owned by the related parties.

Based on the assessment, the management believes that no impairment provision is required under IFRS 9.

### ***Liquidity risk***

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

The Entity'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 Entity's reputation. The Entity manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Entity limits its liquidity risk by ensuring adequate bank facilities are available.

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



# JINDAL SAW MIDDLE EAST FZE

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

	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
Borrowings	320,617,639	201,232,284	86,830,152	115,340,012	--	--	407,447,791	316,572,296
Sundry payables	9,682,519	7,323,913	--	--	--	--	9,682,519	7,323,913
Due to related parties	269,151,992	269,151,992	--	--	--	--	269,151,992	269,151,992
Shareholder's current account	32,435,877	32,435,877	--	--	--	--	32,435,877	32,435,877

### 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 Entity'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.

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.

### Interest rate risk

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

The bank overdrafts and borrowings are subject to floating interest rates at levels generally obtained in the UAE and are therefore exposed to cash flow interest rate risk.

At the reporting date, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been AED 4,074,478 higher or lower (previous year AED 3,165,723) resulting in equity being higher or lower by AED 4,074,478 (previous year AED 3,165,723).

	31.3.2024	31.3.2023
	AED	AED
23. CONTINGENT LIABILITIES AND COMMITMENTS		
Bankers' letters of guarantee (note 14)	54,342,867	15,644,577
Unutilised letters of credit (note 14)	3,437,952	6,457,131



# JINDAL SAW MIDDLE EAST FZE

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

### 24. CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2023 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. Decision No. 116 of 2023 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 Entity, 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 Entity 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 Entity shall continue to monitor critical Cabinet Decisions to determine the impact on the Entity from deferred tax perspective.

### 25. 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 state of affairs:

Particulars	Reclassified from	Reclassified to	AED
Financial deposits	Sundry receivables	Current financial assets	183,625
Payable to Fujairah free zone authority	Trade payable	Other payable	350
Shareholder's current account	Equity	Current liabilities	32,435,877
Financial deposits	Sundry receivables	Current financial assets	183,625

For JINDAL SAW MIDDLE EAST FZE



MR. ANIL KUMAR KEJRIWAL  
DIRECTOR

