

**ELECTROSTEEL BAHRAIN HOLDING W.L.L**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2024**

Shareholder	:	Electrosteel Castings Limited
Office	:	Building 966 Road 5217, Block 952 Ras Zuwayed, Kingdom of Bahrain Telephone: 77322288
Banker	:	Standard Chartered Bank
Auditors	:	KPMG Fakhro

**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 March 2024**

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**REPORT OF THE BOARD OF DIRECTORS****For the year ended 31 March 2024**

Bahraini Dinars

We have pleasure in presenting the audited consolidated financial statements of Electrosteel Bahrain Holding W.L.L (the "Company") and its subsidiary (together the "Group") for the year ended 31 March 2024 as set out on pages 4 to 28.

<b>Financial highlights</b>	<b>2024</b>	<b>2023</b>
<b>Revenue</b>	<b>6,643,138</b>	4,228,229
<b>Gross profit</b>	<b>1,406,759</b>	798,811
<b>Profit / (loss) for the year</b>	<b>298,336</b>	(68,142)
<b>Total assets</b>	<b>4,618,685</b>	4,256,734
<b>Total equity</b>	<b>1,753,116</b>	1,454,780

**Representations and audit**

The Group's activities for the year ended 31 March 2024 have been conducted in accordance with the Commercial Companies Law 2001 (as amended) and other relevant statutes of the Kingdom of Bahrain.

There have been no events subsequent to 31 March 2024, which would in invalidate the consolidated financial statements as set out on pages 4 to 28.

The Group has maintained proper and complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors, KPMG Fakhro.

On behalf of the board of directors:



Awadh Prakash Shukla  
Director



Shivendra Nath Agarwal  
Director

4 May 2024



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# Independent auditors' report

## To the Shareholder of

*Electrosteel Bahrain Holding W.L.L*  
*Ras Zuwayed, Kingdom of Bahrain*

### Opinion

We have audited the consolidated financial statements of Electrosteel Bahrain Holding W.L.L (the "Company") and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at 31 March 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

### 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 *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain and we have fulfilled our other ethical responsibilities in accordance with 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 board of directors is responsible for the other information. The other information obtained at the date of this auditors' report is the report of the *board of directors* set out on page 1.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Board of Directors for the Financial Statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group'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 the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## *Independent auditors' report (continued)*

*Electrosteel Bahrain Holding W.L.L*  
*Ras Zuwayed, Kingdom of Bahrain*

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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.
- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors 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 Regulatory Requirements**

As required by the Commercial Companies Law 2001 (as amended), we report that:

- a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
- b) the financial information contained in the report of the board of directors is consistent with the consolidated financial statements;
- c) we are not aware of any violations during the year of the Commercial Companies Law 2001 (as amended) or the terms of the Company's Deed of Association that would have had a material adverse effect on the business of the Company or on its consolidated financial position; and
- d) satisfactory explanations and information have been provided to us by management in response to all our requests.





**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2024**

Bahraini Dinars

	Note	2024	2023
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment	5	1,006,807	1,066,871
<b>Total non-current asset</b>		<b>1,006,807</b>	1,066,871
<b>Current assets</b>			
Inventories	6	2,086,711	2,166,768
Due from related parties	7 b)	526	32,444
Trade and other receivables	8	1,385,903	892,863
Cash and cash equivalents	9	138,738	97,788
<b>Total current assets</b>		<b>3,611,878</b>	3,189,863
<b>Total assets</b>		<b>4,618,685</b>	4,256,734
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	250,000	250,000
Statutory reserve		125,000	125,000
Retained earnings		1,378,116	1,079,780
<b>Total equity (page 6)</b>		<b>1,753,116</b>	1,454,780
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision for employees' leaving indemnities	10	9,222	6,927
Lease liabilities – non-current portion	11	431,977	506,499
<b>Total non-current liabilities</b>		<b>441,199</b>	513,426
<b>Current liabilities</b>			
Lease liabilities – current portion	11	74,522	69,389
Vehicle loan	12	-	1,506
Due to related party	7 c)	1,751,763	1,973,547
Loan from a related party	7 d)	191,723	-
Trade and other payables	13	406,362	244,086
<b>Total current liabilities</b>		<b>2,424,370</b>	2,288,528
<b>Total liabilities</b>		<b>2,865,569</b>	2,801,954
<b>Total equity and liabilities</b>		<b>4,618,685</b>	4,256,734

The consolidated financial statements were approved by the board of directors on 4 May 2024 and signed on its behalf by:

  
 Awadh Prakash Shukla  
 Director

  
 Shivendra Nath Agarwal  
 Director

The accompanying notes 1 to 22 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****For the year ended 31 March 2024**

Bahraini Dinars

	Note	2024	2023
<b>REVENUE</b>	14	6,643,138	4,228,229
Cost of sales	15	(5,236,379)	(3,429,418)
<b>Gross profit</b>		<b>1,406,759</b>	798,811
General and administrative expenses	16	(70,170)	(71,301)
Staff costs	17	(152,279)	(122,018)
Depreciation	5	(127,672)	(117,056)
Selling and distribution expenses	18	(751,854)	(502,366)
Finance cost	19	(58,827)	(41,804)
Impairment allowance on trade receivables	8	-	(22,589)
Other income		52,379	10,181
<b>Profit / (loss) for the year</b>		<b>298,336</b>	(68,142)
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>298,336</b>	(68,142)



Awadh Prakash Shukla  
Director



Shivendra Nath Agarwal  
Director

The accompanying notes 1 to 22 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 March 2024**

Bahraini Dinars

**2024**

	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Retained earnings</b>	<b>Total</b>
At 1 April 2023	250,000	125,000	1,079,780	1,454,780
Total comprehensive income for the year (page 5)	-	-	298,336	298,336
<b>At 31 March 2024</b>	<b>250,000</b>	<b>125,000</b>	<b>1,378,116</b>	<b>1,753,116</b>

## 2023

	Share capital	Statutory reserve	Retained earnings	Total
At 1 April 2022	250,000	125,000	1,147,922	1,522,922
Total comprehensive income for the year (page 5)	-	-	(68,142)	(68,142)
At 31 March 2023	250,000	125,000	1,079,780	1,454,780

The accompanying notes 1 to 22 are an integral part of these consolidated financial statements.



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2024**

Bahraini Dinars

	Note	2024	2023
<b>OPERATING ACTIVITIES</b>			
Receipts from customers		6,255,120	3,930,596
Payments to suppliers		(5,307,351)	(3,160,949)
Payments for operating expenses		(969,580)	(702,130)
Other receipts		40,483	10,181
<b>Net cash from operating activities</b>		<b>18,672</b>	<b>77,698</b>
<b>INVESTING ACTIVITY</b>			
Payment for acquisition of property, plant and equipment	5	(67,608)	(159,268)
<b>Net cash used in investing activity</b>		<b>(67,608)</b>	<b>(159,268)</b>
<b>FINANCING ACTIVITIES</b>			
Principal payments of lease liabilities	11	(69,389)	55,686
Finance cost on lease liabilities paid	19	(27,219)	(26,674)
Finance cost on vehicle loan paid	19	(41)	(3,173)
Repayment of vehicle loan	12	(1,465)	(2,778)
Finance cost on loan from a related party	19	(3,723)	-
Loan availed from a related party	7 d)	191,723	-
<b>Net cash from financing activities</b>		<b>89,886</b>	<b>23,061</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		<b>40,950</b>	<b>(58,509)</b>
Cash and cash equivalents at the beginning of the year		97,788	156,297
<b>Cash and cash equivalents at the end of the year</b>	9	<b>138,738</b>	<b>97,788</b>

The accompanying notes 1 to 22 are an integral part of these consolidated financial statements.

## 1 REPORTING ENTITY

Electrosteel Bahrain Holding W.L.L (the “Company”) is a with limited liability company (“W.L.L”) registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain under commercial registration number 92991-1 on 17 March 2015.

The consolidated financial statements comprise the Company and its subsidiary (together referred to as the “Group” and individually as the “Company”).

The Company’s authorised, issued and fully paid up share capital of BD 250,000 comprising of 2,500 shares of BD 100 each and is held by Electrosteel Casting Limited, India (the “Parent company”).

The Company is engaged in activities of holding companies.

### Subsidiary

#### *Electrosteel Bahrain Trading W.L.L*

Electrosteel Bahrain Trading W.L.L is a limited liability company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain under commercial registration number 95221-1 on 12 October 2015. Electrosteel Bahrain Trading W.L.L is engaged in import, export and sales of ductile iron pipes, fittings and accessories for water transmission.

The financial statements of Electrosteel Bahrain Holding W.L.L and Electrosteel Bahrain Trading W.L.L as at the reporting date are consolidated as per IFRS 10. Under IFRS 10, an entity must consolidate an entity, where in substance it controls the entity. Electrosteel Bahrain Trading W.L.L became the subsidiary of the Company by way of an agreement dated 1 May 2015.

## 2 BASIS OF PREPARATION

### a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in conformity with the Commercial Companies Law 2001 (as amended).

### b) Basis of measurement

The consolidated financial statements have been drawn up from the accounting records of the Group maintained under the historical cost convention.

### c) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Bahraini Dinars (“BD”), which is the Group’s functional and presentation currency. All financial information presented in the consolidated financial statements has been rounded-off to the nearest Bahraini Dinars.

### d) Principles of consolidation

#### *(i) Subsidiary*

The consolidated financial statements include subsidiaries that are controlled by the Group. Control is presumed to exist where more than one half of the subsidiary’s voting power is controlled by the Group, or the Group is able to govern the financial and operating policies of subsidiary, or control the removal or appointment of a majority of a subsidiary’s board of directors. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS**

Bahraini Dinars

**2 BASIS OF PREPARATION (continued)***(ii) Transactions eliminated on consolidation*

Intra-Group balances and transactions, and any recognised gains and losses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with subsidiary are eliminated against the investment in subsidiary. Unrealised losses are eliminated in the same way as recognised gains, but only to the extent that there is no evidence of impairment.

**e) Use of estimates and judgements**

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 4.

**f) Change in material accounting policies**

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

**g) New standards and amendments not yet effective**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following new standards, amendments and interpretations to standards that are relevant to the Company are not expected to have a significant impact on the Company's financial statements:

- Classification of liabilities as current or non-current (Amendments to IAS 1)

**3 MATERIAL ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently by the Group and consistent with those used in the previous year.

**a) Property, plant and equipment***(i) Recognition and measurement*

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of the assets includes the cost of bringing the asset to its present location and condition and the consideration paid for acquiring the assets.

**NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS**

Bahraini Dinars

**3 MATERIAL ACCOUNTING POLICIES (continued)**

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

When an asset is sold or otherwise retired, the cost and related accumulated depreciation are removed from the accounts and any resultant gain or loss of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the consolidated statement of profit or loss and other comprehensive income.

*(ii) Subsequent measurement*

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is expensed in the consolidated statement of profit or loss and other comprehensive income as incurred.

*(iii) Depreciation*

Depreciation is provided on cost or revalued amounts by the straight-line method at annual rates which are intended to write off the cost or revalued amounts of the assets over their estimated useful lives:

<b>Asset categories</b>	<b>Estimated useful life in years</b>
Right-of-use assets	10
Building	15
Leasehold improvements	15
Plant and machineries	10 - 15
Computer	5
Motor vehicles	5
Electrical equipments	4
Furniture, fittings and tools	3 - 10

The residual values and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

*(iv) Work in progress*

Capital work in progress represents expenditure incurred in construction which includes payments to contractors incurred in connection with the construction of new buildings. These assets will be capitalised and depreciated when they are put into intended use.

**b) Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

*As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS**

Bahraini Dinars

**3 MATERIAL ACCOUNTING POLICIES (continued)**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities as a separate line item in the statement of financial position.

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

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS**

Bahraini Dinars

**3 MATERIAL ACCOUNTING POLICIES (continued)***Extension option*

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

**c) Inventories**

Inventories are carried at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. The cost of inventories is determined on weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Damaged, unusable items are excluded from inventories. Provision is made, where necessary, for non-moving items.

**d) Financial instruments****Non-derivative financial instruments**

The Group's non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, lease liabilities, vehicle loans, due to related parties and trade and other payables.

*(i) Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

*(ii) Classification and subsequent measurement***Financial assets**

On initial recognition, a financial asset is classified as measured at amortised cost; FVOCI or FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the profit or loss.

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**3 MATERIAL ACCOUNTING POLICIES (continued)****Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**Financial liabilities**

Liabilities are recognised on an accrual basis for the amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

*(iii) Derecognition***Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

*(iv) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*(v) Impairment*

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, mainly trade receivables and bank balances.

The Group measures loss allowances on trade receivables at an amount equal to lifetime ECLs ("Simplified approach")

Loss allowances on bank balances 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 are measured at 12-month ECLs ("General approach")

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

**NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS**

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**3 MATERIAL ACCOUNTING POLICIES (continued)**

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the trade receivables is more than 180 days past due from the invoice date.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of the financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

**Measurement of ECLs****Trade receivables - (Simplified approach)**

The Group uses the expected future cash flows based on historical loss rates to measure the ECLs of trade receivables from individual customers. Loss rates are calculated using the discounted cash flow method based on the probability of a receivable being collected over a period of two years or written off.

Discounted cash flows are calculated separately using expected cash flows after adjustment for historical performance. The expected cash flows includes forward looking adjustments. The Group uses the Group's average borrowing rate to discount the expected future cash flows. The model uses probability weighted scenarios when calculating expected credit losses.

**Bank balances- (General approach)**

Impairment on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties.

The Group assumes that the credit risk on bank balances has been increased significantly if it is more than 30 days past due.

**Credit-impaired financial assets**

At each reporting date, the Group 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 asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due from the invoicing date;
- the restructuring of a trade receivables by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

**Presentation of allowance for ECL in the statement of financial position**

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

**Write-off**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

**e) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and balances with banks.



**NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS**

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**3 MATERIAL ACCOUNTING POLICIES (continued)****f) Statutory reserve**

The Commercial Companies Law 2001 (as amended) requires 10% of the profit for the year to be transferred to a statutory reserve, which is not normally distributable except in the circumstances stipulated in the Commercial Companies Law 2001 (as amended). Such transfers may cease once the reserve reaches 50% of share capital.

**g) Employee benefits**

Short-term employee benefits are recognised in the consolidated statement of profit or loss and other comprehensive income on an accrual basis.

Pensions and other social benefits for *Bahraini employees* are covered by the Social Insurance Organisation's scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's contribution to this scheme, which represents a defined contribution scheme under International Accounting Standard 19 – Employee Benefits, is expensed as incurred.

*Expatriate employees* are entitled to leaving indemnities payable under the Bahrain Labour Law for the Private Sector - Law no. (36) of 2012, based on length of service and final remuneration. Provision for this unfunded commitment which represents a defined benefit plan under International Accounting Standard 19 – Employee Benefits, has been made by calculating the notional liability had all employees left at the reporting date.

**h) Provisions**

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**i) Revenue**

Revenue from sale of products is recognised at a point in time when customer obtains control over goods. Customer obtains control when the goods are delivered and have been accepted by customers at their premises.

**j) Foreign currency transactions and balances**

Transactions in foreign currencies are translated to Bahraini Dinars at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the financial statement date are translated into Bahraini Dinars at the foreign exchange rate ruling at that date. All foreign exchange differences arising on conversion and translation are recognized in the consolidated statement of profit or loss and other comprehensive income.

**k) Finance cost**

Finance cost is recognised as expenses in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred on effective interest method.

**l) Government grant**

Government grant related to operating expense is recognised as other income in the consolidated statement of profit or loss and other comprehensive income in the year in which grant is received.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES**

The areas involving higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements includes:

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**a) Useful life and residual value of property, plant and equipment**

The Group reviews the useful life and residual value of the property, plant and equipment at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on the similar assets of the industry, and future economic benefit expectations of the management.

**b) Inputs and assumptions used in the measurement of right-of-use assets and lease liabilities**

Refer note 3 (b).

**c) Write down of inventories to net realisable value**

The Group reviews the carrying amounts of inventories at each reporting date to determine whether the inventories need to be written down to net realisable value. The Group identifies the inventories which have to be written down based on the evaluation of age of the inventory and their estimate of their future consumption. If inventories are assessed for write down, they are charged to the consolidated profit or loss and other comprehensive income.

**d) Provision for expected credit losses on financial instruments**

Please refer to note 3 (d (v)).

## NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS

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## 5 PROPERTY, PLANT AND EQUIPMENT

	Right-use-of assets	Building	Leasehold improvements	Plant and machineries	Computer	Motor vehicle	Electrical equipment	Furniture, fittings and tools	2024 Total
<b>Cost</b>									
At 1 April 2023	757,882	281,462	196,004	169,379	19,485	12,838	3,656	16,066	1,456,772
Addition	-	-	47,857	2,653	-	-	225	16,873	67,608
<b>At 31 March 2024</b>	<b>757,882</b>	<b>281,462</b>	<b>243,861</b>	<b>172,032</b>	<b>19,485</b>	<b>12,838</b>	<b>3,881</b>	<b>32,939</b>	<b>1,524,380</b>
<b>Depreciation</b>									
At 1 April 2023	237,906	23,377	55,624	40,722	14,257	6,357	2,094	9,564	389,901
Charge for the year	77,936	18,805	14,126	10,654	1,158	1,548	433	3,012	127,672
<b>At 31 March 2024</b>	<b>315,842</b>	<b>42,182</b>	<b>69,750</b>	<b>51,376</b>	<b>15,415</b>	<b>7,905</b>	<b>2,527</b>	<b>12,576</b>	<b>517,573</b>
<b>Net book value at the end of the year</b>	<b>442,040</b>	<b>239,280</b>	<b>174,111</b>	<b>120,656</b>	<b>4,070</b>	<b>4,933</b>	<b>1,354</b>	<b>20,363</b>	<b>1,006,807</b>

## NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS

Bahraini Dinars

## 5 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Right-use-of assets	Building	Leasehold improvements	Plant and machineries	Computer	Motor vehicle	Electrical equipment	Furniture, fittings and tools	Work-in-progress	2023 Total
Cost										
At 1 April 2022	630,346	281,462	165,984	160,374	14,067	12,838	1,946	13,003	1,320	1,281,340
Addition	127,536	-	-	9,005	5,418	-	1,710	3,063	28,700	175,432
Transfer	-	-	30,020	-	-	-	-	-	(30,020)	-
At 31 March 2023	757,882	281,462	196,004	169,379	19,485	12,838	3,656	16,066	-	1,456,772
Depreciation										
At 1 April 2022	168,973	4,624	44,477	27,448	13,721	4,316	1,937	7,349	-	272,845
Charge for the year	68,933	18,753	11,147	13,274	536	2,041	157	2,215	-	117,056
At 31 March 2023	237,906	23,377	55,624	40,722	14,257	6,357	2,094	9,564	-	389,901
Net book value at the end of the year	519,976	258,085	140,380	128,657	5,228	6,481	1,562	6,502	-	1,066,871

**NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS**

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**6 INVENTORIES**

	<b>2024</b>	2023
Pipes	1,084,598	1,111,286
Fittings and accessories	299,816	279,379
Consumable materials	19,631	22,591
	<b>1,404,045</b>	1,413,256
Goods in transit	682,666	753,512
	<b>2,086,711</b>	2,166,768

**7 RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These comprise transactions with the shareholders of the Company, directors and such other entities in which they have significant influence or control. The Group enters into transactions with related parties at agreed terms. Related parties comprise the Ultimate Parent Company and companies under common control.

**a) Significant transactions with related parties**

	<b>2024</b>	2023
Purchases from related parties	<b>4,739,768</b>	3,368,060
Sales to related parties	<b>6,301</b>	84,842
Professional fee	<b>11,400</b>	11,400
Expenses incurred by the related party on behalf of the Company	-	(2,822)
Loan availed from a related party	<b>188,000</b>	-
Interest on loan from a related party	<b>3,723</b>	-

**b) Due from related parties**

	<b>2024</b>	2023
Electrosteel Castings Limited, UK	-	16,374
Electrosteel Castings Gulf, FZE	-	16,070
Electrosteel Doha Trading LLC	526	
	<b>526</b>	32,444

**c) Due to related party**

	<b>2024</b>	2023
Electrosteel Castings Limited, India	1,751,763	1,973,547
	<b>1,751,763</b>	1,973,547

The above related party balances are interest free and payable on demand.

**d) Loans from a related party**

	<b>2024</b>	2023
Electrosteel Castings Gulf, FZE	191,723	-
	<b>191,723</b>	-

On 23 August 2023, the Company has obtained loan from a related party under common control, Electrosteel Castings Gulf FZE amounting to BD 188,000 and bearing interest of 3.5% per annum for working capital requirements.

**NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS**

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**7 RELATED PARTIES (continued)****e) Transactions with key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel are the directors of the Company and the compensation paid to them during the year was BD 27,290 (2023: 21,360).

**8 TRADE AND OTHER RECEIVABLES**

	<b>2024</b>	2023
Trade receivables	1,271,755	760,693
Less: Impairment allowance on trade receivables	(10,693)	(22,589)
	<b>1,261,062</b>	738,104
Deposit	87,240	87,240
Value added tax asset - net	30,549	30,051
Prepayments	1,478	950
Advances paid to suppliers	1,174	36,131
Others	4,400	387
	<b>1,385,903</b>	892,863

The movement in impairment allowance on trade receivables during the year was as follows:

	<b>2024</b>	2023
At 1 April	22,589	-
(Reversal) / charge during the year	(11,896)	22,589
<b>At 31 March</b>	<b>10,693</b>	22,589

**9 CASH AND CASH EQUIVALENTS**

	<b>2024</b>	2023
Cash on hand	408	933
Bank balances	138,330	96,855
	<b>138,738</b>	97,788

**10 PROVISION FOR EMPLOYEES' LEAVING INDEMNITIES**

	<b>2024</b>	2023
At 1 April	6,927	4,872
Charge for the year (note 17)	2,690	2,055
Less: paid during the year	(395)	-
<b>At 31 March</b>	<b>9,222</b>	6,927

**11 LEASES**

a) Amounts recognised in the statement of financial position.

(i) Right of use asset of lease for leases amounted to BD 442,040 (2023: BD 519,976) (note 5).

(ii) Lease liabilities

	<b>2024</b>	2023
At 1 April	575,888	504,038
Additions during the year	-	127,536
Finance costs	27,219	26,674
Principal payments during the year	(96,608)	(82,360)
<b>At 31 March</b>	<b>506,499</b>	<b>575,888</b>

	<b>2024</b>	2023
Non-current portion of lease liabilities	431,977	506,499
Current portion of lease liabilities	74,522	69,389
<b>At 31 March</b>	<b>506,499</b>	<b>575,888</b>

b) Amounts recognised in the profit or loss

	<b>2024</b>	2023
Depreciation charge on right-of-use assets	<b>77,936</b>	68,933
Interest expense	<b>27,219</b>	26,674
Rent expense (note 16)	<b>8,400</b>	11,445

The total cash outflow for leases in 2024 was BD 105,013 (2023: BD 93,805).

**General Information**

The Company engages in leasing activities primarily for office use and storage of inventory items. The significant judgments made in determining lease arrangements include the assessment of lease term, purchase options, and residual value guarantees.

The weighted average discount rate applied to lease liabilities is 5%.

**12 VEHICLE LOAN**

	<b>2024</b>	2023
At 1 April	1,506	4,284
Less: payment during the year	(1,506)	(2,778)
<b>At 31 March</b>	<b>-</b>	<b>1,506</b>

**13 TRADE AND OTHER PAYABLES**

	<b>2024</b>	2023
Trade payables	107,167	66,029
Advances received from customers	283,387	160,343
Accrued expenses and other payables	15,808	17,714
	<b>406,362</b>	<b>244,086</b>

## NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS

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**14 REVENUE**

	<b>2024</b>	2023
Pipes	5,319,709	3,699,914
Fittings and accessories	1,323,429	528,315
	<b>6,643,138</b>	4,228,229

**15 COST OF SALES**

	<b>2024</b>	2023
Pipes	4,567,527	3,147,056
Fittings and accessories	668,852	282,362
	<b>5,236,379</b>	3,429,418

**16 GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2024</b>	2023
Legal and professional fees	15,880	17,755
Utilities charges	10,583	7,722
Rent	8,400	11,445
Repairs and maintenance	7,787	9,307
Travelling expenses	7,073	9,103
Communication charges	1,615	1,741
Others	18,832	14,228
	<b>70,170</b>	71,301

**17 STAFF COSTS**

	<b>2024</b>	2023
Salaries and related costs	78,657	67,966
Outsource hiring	34,746	22,256
Accommodation	13,421	12,101
Leave salary	6,573	4,163
Social insurance	5,542	4,632
Transportation	4,235	3,821
End of service benefits (note 9)	2,690	2,055
Others	6,415	5,024
	<b>152,279</b>	122,018

**18 SELLING AND DISTRIBUTION EXPENSES**

	<b>2024</b>	2023
Transportation and customs charges	648,511	422,481
Packing materials	45,129	28,767
Retainers fee	42,500	40,000
Others	15,714	11,118
	<b>751,854</b>	502,366

**19 FINANCE COST**

	<b>2024</b>	2023
Finance cost on lease liabilities	27,219	26,674
Bank charges	27,844	11,957
Finance cost on loans	3,764	3,173
	<b>58,827</b>	41,804



## 20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial assets and financial liabilities are classified under amortised cost.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk, and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, practices and processes for measuring and managing risk. The note also presents certain quantitative disclosures in addition to the disclosures throughout the consolidated financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management practices are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The accounting policies for financial assets and liabilities are described in note 3.

The accounting policies for financial assets and liabilities are described in note 3.

### a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's bank balances, trade and other receivables and due from related parties.

- (i) The Group limits its exposure to credit risk on bank balances by maintaining balances with banks where the external credit ratings are high. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties. The Group has assessed impairment on cash and cash equivalents based on the 12-month expected loss and has concluded that there is no significant impact due to impairment of cash and bank balances.
- (ii) The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However the management also considers the factors that may influence the credit risk of its customers base, including the default risk associated with the industry and country in which customers operate.

The creditworthiness of each customer is evaluated prior to sanctioning of credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk.

The maximum exposure to credit risk at the reporting date was:

	2024	2023
Trade and other receivables (excluding prepayments and advances paid to the suppliers)	1,383,251	855,782
Bank balances	138,330	96,855
Due from related parties	526	32,444
	<b>1,522,107</b>	<b>985,081</b>

**NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS**

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*20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)***Trade receivables****Expected credit loss assessment for individual customers**

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers.

**2024**

	<b>Gross carrying amount</b>	<b>Impairment loss allowance</b>	<b>Credit-impaired</b>
0 to 60 days	732,697	-	No
61 to 90 days	227,343	-	No
91 to 180 days	108,416	-	No
More than 365 days	203,300	10,693	No
	<b>1,271,756</b>	<b>10,693</b>	

**2023**

	<b>Gross carrying amount</b>	<b>Impairment loss allowance</b>	<b>Credit-impaired</b>
0 to 60 days	548,670	-	No
61 to 90 days	6,636	-	No
91 to 180 days	11,964	-	No
181 to 365 days	27,294	4,130	No
More than 365 days	166,129	18,459	No
	<b>760,693</b>	<b>22,589</b>	

**b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it 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 Group's reputation.

The following are the contractual maturities of financial liabilities:

**2024**

	<b>Carrying amount</b>	<b>Contractual undiscounted cash flows</b>	<b>6 months or less</b>	<b>6 - 12 months</b>	<b>More than 12 months</b>
Lease liabilities	506,499	583,797	48,304	49,880	485,613
Due to related party	1,751,763	1,751,763	1,751,763	-	-
Loan from a related party	191,723	194,580	194,580	-	-
Trade and other payables (excluding advances received from customers)	122,580	122,580	122,580	-	-
	<b>2,572,565</b>	<b>2,652,720</b>	<b>2,117,227</b>	<b>49,880</b>	<b>485,613</b>

**NOTES TO THE 2024 CONSOLIDATED FINANCIAL STATEMENTS**

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**20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

2023	Carrying amount	Contractual undiscounted cash flows	6 months or less	6 - 12 months	More than 12 months
Lease liabilities	575,888	605,169	48,304	49,880	506,985
Vehicle loan	1,506	1,547	1,547	-	-
Due to related party	1,973,547	1,973,547	1,973,547	-	-
Trade and other payables (excluding advances received from customers)	83,743	83,743	83,743	-	-
	2,634,684	2,664,006	2,107,141	49,880	506,985

**c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

*(i) Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Group does not have any significant currency risk with respect to transactions in GCC currency and US Dollar as the Bahraini Dinar is effectively pegged to GCC currency and US Dollar.

*(ii) Interest rate risk*

Interest rate risk is the risk that the Group's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates.

The Group's exposure to interest rate risk is limited to the loans from a related party and lease liabilities.

Effective interest rates are as follows:

Lease liabilities  
Vehicle loan

2024	2023
5%	5%
5%	5%

At the reporting date, the interest rate profiles of the Group's interest bearing financial instruments are as follows:

Lease liabilities  
Vehicle loan

2024	2023
506,499	575,888
-	1,506

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial liabilities at fair value through the statement of profit or loss and other comprehensive income. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss and other comprehensive income. Increase or decrease in equity resulting from variation in interest rates is not expected to be significant.

*(iii) Other market price risk*

Other market rate risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factor specific to the individual financial instruments or its issuers, or factors affecting all similar financial instrument traded in the market.

The Group is not exposed to any significant other market risk as at reporting date.

**d) Capital Management**

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholder and benefits to the other stakeholders. The directors monitor the return on capital.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

**e) Fair values of financial instruments**

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Differences can therefore arise between book values under the historical cost method and fair value estimates.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The fair values of the Group's financial assets and financial liabilities are not materially different from their carrying values, due to their short-term nature.

**21 COMPARATIVES**

The previous year's figures have been regrouped wherever necessary in order to confirm to the current year is presentation. Such regrouping did not affect the previously reported consolidated statement of profit or loss and other comprehensive income or consolidated equity.

## NOTES TO THE 2024 FINANCIAL STATEMENTS

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## 22 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

2024	Liability			Equity		
	Lease liabilities	Vehicle loan	Due to a related party	Loan from a related party	Retained earnings	Total
<b>Balance as of 1 April</b>	<b>575,888</b>	<b>1,506</b>	<b>1,973,547</b>	<b>-</b>	<b>1,079,780</b>	<b>3,630,721</b>
Movement in lease liability	(69,389)	-	-	-	-	(69,389)
Movement in vehicle loan	-	(1,506)	-	-	-	(1,506)
Movement in related parties	-	-	(221,784)	188,000	-	(33,784)
<b>Total changes from financing cash flows</b>	<b>(69,389)</b>	<b>(1,506)</b>	<b>(221,784)</b>	<b>188,000</b>	<b>-</b>	<b>(104,679)</b>
<b>Liability related changes</b>						
Interest expense	27,219	41	-	3,723	-	30,983
Interest paid	(27,219)	(41)	-	-	-	(27,260)
<b>Total liability related changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,723</b>	<b>-</b>	<b>3,723</b>
<b>Total equity- related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>298,336</b>	<b>298,336</b>
<b>Balance as of 31 March</b>	<b>506,499</b>	<b>-</b>	<b>1,751,763</b>	<b>191,723</b>	<b>1,378,116</b>	<b>3,828,101</b>

**NOTES TO THE 2024 FINANCIAL STATEMENTS**

Bahraini Dinars

**22 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES (Continued)**

2023	Liability			Equity	
	Lease liabilities	Vehicle loan	Due to a related party	Retained earnings	Total
Balance as of 1 April	504,038	4,284	967,075	1,147,922	2,623,319
Movement in lease liability	71,850	-	-	-	71,850
Movement in vehicle loan	-	(2,778)	-	-	(2,778)
Movement in related parties	-	-	1,006,472	-	1,006,472
Total changes from financing cash flows	71,850	(2,778)	1,006,472	-	1,075,544
Liability related changes					
Interest expense	26,674	-	-	-	26,674
Interest paid	(26,674)	-	-	-	(26,674)
Total liability related changes	-	-	-	-	-
Total equity- related other changes	-	-	-	(68,142)	(68,142)
Balance as of 31 March	575,888	1,506	1,973,547	1,079,780	3,630,721