

**WELSPUN PIPES COMPANY
(SINGLE SHAREHOLDER)
(A LIMITED LIABILITY COMPANY)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026
WITH
INDEPENDENT AUDITOR'S REPORT**

WELSPUN PIPES COMPANY
(SINGLE SHAREHOLDER)
(A LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2026

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WELSPUN PIPES COMPANY
(SINGLE SHAREHOLDER)
(A LIMITED LIABILITY COMPANY)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

(Expressed in Saudi Riyals, unless otherwise stated)

	Note	31 March 2026	31 March 2025
ASSETS			
Non-current assets			
Plant and equipment	5	339,333,790	5,099,212
Capital advances	6	17,174,401	80,138,243
Right-of-use assets	8	54,167,467	60,938,401
Long term prepayment	7.1	11,655,526	-
Total non-current assets		422,331,184	146,175,856
Current assets			
Prepayments and other current assets	9	14,831,327	1,229,909
Cash and cash equivalents	10	17,775,321	3,904,212
Total current assets		32,606,648	5,134,121
Total assets		454,937,832	151,309,977
EQUITY AND LIABILITIES			
Equity			
Share capital	11	30,000,000	10,000
Accumulated losses		(29,632,658)	(12,013,946)
Total equity		367,342	(12,003,946)
Liabilities			
Non-current liabilities			
Long term loans	12	252,901,346	101,486,386
Lease liabilities	8	49,884,553	55,236,416
Long term financial liability	7.2	6,260,789	-
Employees' benefits	13	292,064	40,012
Total non-current liabilities		309,338,752	156,762,814
Current liabilities			
Trade and other payables	14	124,677,187	134,962
Due to a related party	19	3,070,502	434,435
Current maturity of lease liabilities	8	5,351,863	5,010,728
Accrued expenses and other current liabilities	15	12,132,186	970,984
Total current liabilities		145,231,738	6,551,109
Total liabilities		454,570,490	163,313,923
Total equity and liabilities		454,937,832	151,309,977

These financial statements appearing on pages 1 to 26 were approved by the Board of Directors and have been signed on their behalf by:

Abdulelah Hasan Abdulrahman Edres
 Director



Mohammed Jaffar A. Saleem
 Director

The accompanying notes 1 through 23 on pages 5 to 26 form an integral part of these financial statements.

WELSPUN PIPES COMPANY
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2026

(Expressed in Saudi Riyals, unless otherwise stated)

	Share capital	Accumulated losses	Total
Balance as at 08 February 2024	-	-	-
Loss for the period	-	(12,013,946)	(12,013,946)
Other comprehensive loss for the period	-	-	-
Total comprehensive loss for the period	-	(12,013,946)	(12,013,946)
<i>Transaction with owners</i>			
Issue of share capital	10,000	-	10,000
Balance as at 31 March 2025	10,000	(12,013,946)	(12,003,946)
Loss for the year	-	(17,587,481)	(17,587,481)
Other comprehensive loss for the year	-	(31,231)	(31,231)
Total comprehensive loss for the year	-	(17,618,712)	(17,618,712)
<i>Transaction with owners</i>			
Issue of share capital (Note 11)	29,990,000	-	29,990,000
Balance as at 31 March 2026	30,000,000	(29,632,658)	367,342

The accompanying notes 1 through 23 on pages 5 to 26 form an integral part of these financial statements.

WELSPUN PIPES COMPANY
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

(Expressed in Saudi Riyals, unless otherwise stated)

	Note	31 March 2026	From the period from 08 February 2024 to 31 March 2025
Cash flows from operating activities			
Loss before income tax		(17,587,481)	(12,013,946)
<i>Adjustment for:</i>			
Depreciation on plant and equipment	16	14,167	9,922
Amortization on long term prepayment	16	583,887	-
Depreciation on right-of-use assets	16	6,770,934	5,078,200
Provision for employees' benefits	13	220,821	40,012
Finance cost on long term financial liability	17	221,062	2,903,753
Finance cost on long term loans	17	866,398	-
Finance cost on lease liabilities	17	3,662,482	-
		<u>(5,247,730)</u>	<u>(3,982,059)</u>
<i>Changes in:</i>			
Prepayments and other current assets	9	(13,601,418)	(1,229,909)
Trade and other payables	14	121,677,584	134,962
Due to a related party	19	2,636,067	434,435
Accrued expenses and other current liabilities	15	2,067,348	970,984
Cash flow generated from / (used in) operating activities		<u>107,531,851</u>	<u>(3,671,587)</u>
Finance cost paid		<u>(1,644,609)</u>	-
Net cash generated from / (used in) operating activities		<u>105,887,242</u>	<u>(3,671,587)</u>
Cash flows from investing activities			
Purchase of plant and equipment	5	(324,376,680)	(5,109,134)
Advance against purchase of plant and equipment	6	62,963,842	(80,138,243)
Net cash used in investing activities		<u>(261,412,838)</u>	<u>(85,247,377)</u>
Cash flows from financing activities			
Issuance of shares	11	-	10,000
Proceeds from long term loan	12	211,404,960	138,986,386
Repayment of long term loan	12	(30,000,000)	(37,500,000)
Repayment of long term financial liability	7	(3,335,045)	-
Repayment of lease liability – principal portion	8	(8,673,210)	(8,673,210)
Net cash generated from financing activities		<u>169,396,705</u>	<u>92,823,176</u>
Net change in cash and cash equivalents		<u>13,871,109</u>	<u>3,904,212</u>
Cash and cash equivalents at the beginning of the period		<u>3,904,212</u>	-
Cash and cash equivalents at the end of the period		<u>17,775,321</u>	<u>3,904,212</u>
Significant non-cash transactions			
Increase in shareholder contribution	11	<u>29,990,000</u>	-
Long term prepayment	7	<u>12,239,413</u>	-
Addition in lease	8	<u>-</u>	<u>66,016,601</u>

The accompanying notes 1 through 23 on pages 5 to 26 form an integral part of these financial statements.

WELSPUN PIPES COMPANY
(SINGLE SHAREHOLDER)
(A LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026
(Expressed in Saudi Riyals, unless otherwise stated)

1. ORGANIZATION AND ACTIVITIES

Welspun Pipes Company (the "Company") is a limited liability company registered in Saudi Arabia under Commercial Registration number 2055141361 dated 27/7/1445H corresponding to 08/02/2024G having unified number 7038272212.

The principal activity of the Company is manufacturing pipe, tubes and hollow shapes from iron and steel. The Company is setting up its manufacturing facilities in Saudi Arabia and is under construction phase and upon the completion of the construction and installation of manufacturing facilities the company will be engaged in manufacturing of pipes, tubes, hollow shapes from iron and steel.

The Company is wholly owned by Welspun Mauritius Holdings Limited and Welspun Corp Limited is the ultimate parent of the Company.

The registered address of the Company is Building No 6565, King Fahad Ibn Abdulaziz Road, Secondary no 3823, Al Khalidiyah district, Ash Shamaliyah, Dammam 32232, Kingdom of Saudi Arabia. The Company's fiscal year begins on 1 April and ends on 31 March of each year.

Geopolitical developments

The Company continues to monitor the regional geopolitical developments and their potential impact on Kingdom of Saudi Arabia and the broader GCC environment given that the majority of the Company's operations are conducted within GCC region. While the situation remains evolving, the Company maintains an operational framework to manage associated risks. These developments have not had a material impact on Company's financial statements for the year ended 31 March 2026; however, given the evolving nature of the conflict, the potential long-term impact on the Company's business will continue to be assessed on future reporting dates.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

b) Basis of measurement

The financial statements have been prepared on a going concern basis, applying a historical cost convention, except as otherwise disclosed elsewhere in the financial statements.

c) Functional and presentation currency

The financial statements are presented in Saudi Riyals ("SR") which is the Company's functional currency. All financial information presented have been rounded to nearest Saudi Riyal, unless otherwise stated.

d) Going concern basis of accounting

The Company incurred a net loss of SR 17.59 million during the period ended 31 March 2026 (31 March 2025: SR 12.01 million) and as of that date, the Company's current liabilities exceed its current assets by SR 112.63 million (31 March 2025: SR 1.42 million) and the accumulated losses of the Company being SR 29.63 million (31 March 2025: SR 12.01 million) exceeded 50% of the Company's share capital. The Company is in the process of constructing its manufacturing facilities, with completion anticipated by end of 2026, following which operations will commence.

As the Company's accumulated losses has exceeded 50% of its share capital due to which the applicable requirements of the Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023) became applicable. The shareholder has passed the resolution via resolution dated 31 March 2026 confirming the continuation of the Company's business. Furthermore, the shareholder has confirmed to provide sufficient financial support to the Company to enable it to meet its financial obligations as and when they fall due.

Based on these factors management has a reasonable expectation that the Company has and will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, management has prepared these financial statements on a going concern basis.

WELSPUN PIPES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

(Expressed in Saudi Riyals, unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

e) Use of judgements and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

i. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a discounted cashflow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

ii. Defined benefit plans (post-employment benefits)

Post-employment defined benefits represent obligations that will be settled in the future and require assumptions to project obligations, if any. The accounting requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates and employment turnover. Periodically, management of the Company consults with external actuary regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

iii. Useful lives and residual value of plant and equipment and right-of-use assets

The Company's management determines the estimated useful lives of its plant and equipment and right-of-use assets for calculating depreciation and amortization. This estimate is determined after considering the expected usage of the asset or physical wear and tear including lease term. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

iv. Lease term and the incremental borrowing rate

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgements in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026
(Expressed in Saudi Riyals, unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

a. Financial Instruments (Continued)

A. Financial asset (Continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets measured at cost or amortized cost.

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Presentation of allowance for ECL in the statement of financial position

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

Write off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is sufficient evaluation that collection will not be possible, for example when counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in statement of profit or loss.

B. Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

C. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026
(Expressed in Saudi Riyals, unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

b. Fair value measurement

A number of the Company accounting policies and disclosures require the measurement of fair value, both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the assets or liabilities and the level of the fair value hierarchy as explained above.

c. Employees' benefits

Employees' defined benefit obligations

The Company operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plan is not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Both current and past service costs related to post-employment benefits are recognized immediately in profit or loss. Additionally, the unwinding of the liability, based on the applied discount rate, is also recorded in profit or loss.

Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to retained earnings in the statement of changes in equity in the period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

(Expressed in Saudi Riyals, unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

c. Employees' end of service benefits (Continued)

Employees' defined benefit obligations (Continued)

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

Short-term employees' benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

d. Taxes

Income Tax

In accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"), the Company is subject to income tax attributable to the foreign shareholding in the Company. Provisions for income tax are charged to profit or loss for the year

Value Added Tax (VAT)

Assets and expenses are recognized net of amount of VAT, except that when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

e. Cash and cash equivalents

Cash and cash equivalents comprise balances with bank that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

f. Plant and equipment

Recognition and measurement

The cost of plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Overhaul expenditure is capitalised where the activities undertaken improves the economic benefits expected to arise from the asset.

Cost of Capital Work in Progress ('CWIP') comprises amount paid towards acquisition of plant and equipment outstanding as of each balance sheet date and construction expenditures, other expenditures necessary for the purpose of preparing the CWIP for its intended use and borrowing cost incurred before the qualifying asset is ready for intended use. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

(Expressed in Saudi Riyals, unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

g. Plant and equipment (Continued)

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each item of plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Item	Years
Furniture and Fixtures	10
Office Equipment and Computers	3

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

h. Foreign currency translation

Transactions in foreign currencies are initially recorded by the Company at their respective spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss and statement of comprehensive income.

i. Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortised cost.

j. Provisions and Contingencies

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

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. Liabilities which are probable, are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026
(Expressed in Saudi Riyals, unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k. Expenses

Expenses are recognised when incurred based on the accrual basis of accounting.

l. Finance costs

The finance costs include interest expense on financial borrowings, letter of Credit charges, lease liabilities and other borrowing costs. Interest expense is recognized using the effective interest method.

m. Share Capital

Ordinary shares are classified as equity. Additional contribution from shareholder is recognized in equity when there is no obligation to transfer cash or other assets. Transaction costs, if any, directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

n. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The fair value less costs of disposal is determined by taking into account recent market transactions. If no such transactions can be identified, an appropriate valuation model is used. The value in use is assessed by discounting the estimated future cash flows 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. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

o. Leases

At inception of a contract, the Company 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 Company uses the definition of a lease in IFRS 16.

As a Lessee

The Company recognizes 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 Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company 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 plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements 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 Company's incremental borrowing rate.

Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized 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 Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company 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 Company presents the right-of-use asset and lease liabilities separately in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

p. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

q. Accruals and liabilities

Accruals are made for goods and services received before the reporting date for which payment has not yet been made, based on the best estimate of the expenditure required to settle the present obligation at the reporting date.

4. NEW AND AMENDED STANDARDS AND INTERPRETATION

Standards, interpretations and amendments issued

The following amendments to IFRSs standards are effective for annual periods beginning on or after 1 January 2025, which the Company has adopted but it has not resulted in any material change to its accounting policies or disclosure in these separate financial statements.

<i>Standards, amendments, interpretations</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

Standards, interpretations and amendments issued but not yet effective

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Company does not foresee any material impact on financial statements upon the adoption of these amendments to standards except for "IFRS 18 Presentation and Disclosure in Financial Statements for which management is in process to assess the impact on the financial statements.

<i>Standards, amendments, interpretations</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of Financial Instruments – disclosures	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
Annual Improvements to IFRS	Amendments to: <ul style="list-style-type: none"> • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments; • IAS 7 Statement of Cash flows 	1 January 2026

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5. PLANT AND EQUIPMENT

	Furniture and fixtures	Office equipment and computers	Capital work- in-progress (note 5.2 & 5.3)	Total
Cost				
Additions	33,400	30,251	5,045,483	5,109,134
Balance at 31 March 2025	33,400	30,251	5,045,483	5,109,134
Additions	700	10,817	334,237,228	334,248,745
Balance at 31 March 2026	34,100	41,068	339,282,711	339,357,879
Accumulated depreciation				
Depreciation charge	7,068	2,854	-	9,922
Balance at 31 March 2025	7,068	2,854	-	9,922
Depreciation charge	3,235	10,932	-	14,167
Balance at 31 March 2026	10,303	13,786	-	24,089
Net book value:				
At 31 March 2026	23,797	27,282	339,282,711	339,333,790
At 31 March 2025	26,332	27,397	5,045,483	5,099,212

5.1 Allocation of depreciation

Depreciation charge for the period has been allocated as follows:

	31 March 2026	31 March 2025
General and administrative expenses (Note 16)	14,167	9,922
	14,167	9,922

5.2 The Company is currently in the process of establishing manufacturing facilities for Ductile iron and LSAW steel pipes. The capital work-in-progress (CWIP) balance as at the reporting date primarily represents expenditures incurred on machinery and equipment, materials, civil works, and other construction-related activities. The CWIP mainly represents cost incurred for building infrastructure, machinery and equipment cost and installation of equipment necessary for the commencement of production operations.

The Company manufacturing facilities is located on the land leased from Saudi Authority for Industrial Cities and Technology Zones (MODON) for a period of 10 years starting from 24 Dhul Hijjah 1445 corresponding to 30 June 2024 with an option of renewal by mutual written consent of the both parties.

5.3 Capital work-in-progress also includes borrowing costs capitalized during the period amounting to SR 8.12 million (31 March 2025: 0.38 million) at the rate of 4.75% per annum on loan from a related party (31 March 2025: 4.75% per annum) and three months SOFR plus margin on loan from commercial bank.

5.4 Capital work-in-progress also includes finance costs capitalized on letter of credit acceptance (financing facility obtained from a local bank) amounting to SR 1.77 million (31 March 2025: nil) at prevailing market rate.

6. CAPITAL ADVANCES

	31 March 2026	31 March 2025
Advances to supplier (Note 6.1)	17,174,401	-
Advances to related party (Note 6.2)	-	80,138,243
	17,174,401	80,138,243

6.1 This represents advances to supplier for procurement of items for capital work in progress for establishing manufacturing facilities for Ductile iron and LSAW steel pipes.

6.2 This represents advance to Welspun Corp Limited, the ultimate parent company, for the purchase of the LSAW steel pipe manufacturing plant.

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7. LONG TERM PREPAYMENT AND RELATED FINANCIAL LIABILITY

During the year ended 31 March 2026, the Company entered into an Electricity Capacity Allocation Agreement with the Saudi Authority for Industrial Cities and Technology Zones ("MODON") for the provision of a specified electrical capacity to the Company's facility in the Third Industrial City, Dammam, Kingdom of Saudi Arabia.

Under the terms of the agreement (Contract No. 112617, signed on 07 October 2025), MODON undertook to allocate 24.06 MVA of electrical capacity to the Company for a total consideration of SR 13.34 million payable in four equal annual instalments commencing from 8 October 2025. The agreement also requires the Company to bear all costs related to connection works, Value Added Tax and any additional service costs as per MODON regulations. The payments under the agreement represent a right to receive electrical capacity over the contractual term.

During the year, the Company paid first installment amounting to SR 3.33 million. The Company has recognized the total consideration as upfront payment under long-term prepayment after taking the present value impact and is amortized over ten years in line with the Company's lease agreement with MODON. The unpaid portion is recognized as long term financial liability reflecting the contractual obligation to MODON.

7.1 Long term prepayment

	<u>31 March 2026</u>	<u>31 March 2025</u>
Balance as at 1 April	-	-
Addition	12,239,413	-
Amortization	(583,887)	-
Balance as at 31 March	11,655,526	-

Amortization of the long-term prepayment is charged to the statement of profit or loss on a straight-line basis over the period of benefit from the allocated electrical capacity.

7.2 Long term financial liability

Set out below are the carrying amounts of long term financial liability and the movements during the year / period:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Balance as on 1 April	-	-
Additions	12,239,413	-
Accretion of interest	221,062	-
Payments	(3,335,045)	-
Balance as on 31 March	9,125,430	-

Maturities of the financial liability:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Current (Note 14)	2,864,641	-
Non-current	6,260,789	-
Total financial liability	9,125,430	-

The following are the amounts recognized in separate statement of profit or loss and statement of comprehensive income:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Amortization on long term prepayment	583,887	-
Interest expense on financial liability	221,062	-
	804,949	-
Amounts recognized in statement of cash flows:		
Repayment of long term financial liability	3,335,045	-

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8. LEASES

The Company has land leased from Saudi Authority for Industrial Cities and Technology Zones (MODON) located in Dammam 3rd Industrial Zone for establishing its manufacturing plant. Rental contracts are made for a fixed period of ten years subject to renewal upon mutual consent of Company and lessor.

i) Right-of-use assets

Set out below is the carrying amount of right-of-use asset recognized and the movement during the year / period:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Balance as on 1 April	60,938,401	-
Additions	-	66,016,601
Depreciation in charge	<u>(6,770,934)</u>	<u>(5,078,200)</u>
Balance as on 31 March	<u>54,167,467</u>	<u>60,938,401</u>

Allocation of depreciation on right-of-use-assets are as follows:

	<u>31 March 2026</u>	<u>31 March 2025</u>
General and administrative expenses – (Note 16)	<u>6,770,934</u>	<u>5,078,200</u>

ii) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year / period:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Balance as on 1 April	60,247,144	-
Additions	-	66,016,601
Accretion of interest (Note 17)	3,662,482	2,903,753
Payments made	<u>(8,673,210)</u>	<u>(8,673,210)</u>
Balance as at 31 March	<u>55,236,416</u>	<u>60,247,144</u>

Maturities of lease liabilities is as follows:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Current	5,351,863	5,010,728
Non-current	49,884,553	55,236,416
Total lease liabilities	<u>55,236,416</u>	<u>60,247,144</u>

The following are the amounts recognized in statement of profit or loss:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Depreciation expense on right-of-use assets (Note 16)	6,770,934	5,078,200
Interest expense on lease (Note 17)	3,662,482	2,903,753
	<u>10,433,416</u>	<u>7,981,953</u>

Amounts recognized in statement of cash flows

	<u>31 March 2026</u>	<u>31 March 2025</u>
Repayment of lease liabilities	<u>8,673,210</u>	<u>8,673,210</u>

9. PREPAYMENTS AND OTHER CURRENT ASSETS

	<u>31 March 2026</u>	<u>31 March 2025</u>
Value added tax, net	14,359,380	763,217
Prepaid expenses	301,290	150,776
Others	170,657	315,916
	<u>14,831,327</u>	<u>1,229,909</u>

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10. CASH AND CASH EQUIVALENTS

	<u>31 March 2026</u>	<u>31 March 2025</u>
Cash at banks	17,750,321	3,904,212
Cash in hand	25,000	-
	<u>17,775,321</u>	<u>3,904,212</u>

11. SHARE CAPITAL

Share capital of the Company is divided into 300,000 shares (31 March 2025: 100 shares) of SR 100 each. All issued shares are fully paid. The share capital of the Company as at 31 March 2026 and 2025 is as follows:

	<u>31 March 2026</u>		<u>31 March 2025</u>	
	<u>Percentage</u>	<u>Saudi Riyal</u>	<u>Percentage</u>	<u>Saudi Riyal</u>
Shareholder:				
Welspun Mauritius Holdings Limited	100%	30,000,000	100%	10,000

11.1 On 29 December 2025, the shareholder of the Company resolved to increase the issued share capital through the conversion of shareholder loan into equity by SR 29.99 million.

12. LONG TERM LOAN

Term loans are as follows:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Long term loan from a related party (Note 12.1)	136,651,346	101,486,386
Long term loan from a foreign bank (Note 12.2)	116,250,000	-
	<u>252,901,346</u>	<u>101,486,386</u>

Movement of long-term borrowings are as followings:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Balance as at 1 April	101,486,386	-
Proceeds during the year / period	211,404,960	101,486,386
Interest expense	(29,990,000)	-
Repayments during the year / period	(30,000,000)	-
Balance as at 31 March	<u>252,901,346</u>	<u>101,486,386</u>

12.1 During the period ended 31 March 2025, the Company obtained a long-term loan facility amounting to USD 60 million, from its shareholder. The loans carry interest at a fixed rate and the facility is repayable within five years from the date of the first draw down. During the year 31 March 2026, the Company has withdrawn loan amounting to USD 25.40 million (31 March 2025: USD 37.10 million) and repaid USD 8.00 million (31 March 2025: 10.00 million) and settled its loan amounting to SR 29.90 million (31 March 2025: nil) against increase in shares capital (Note 11). There are no financial covenants required to be complied with by the Company. The Company has obtained this loan facility to fund the construction and development of its manufacturing facilities and to meet its working capital requirements.

12.2 During the year ended 31 March 2026, the Company entered into a term loan facility agreement with a foreign bank having a facility limit of USD 90 million (revised down from original facility limit of USD 140 million) for the purpose of setting up a facility for manufacturing of Ductile iron pipes and Longitudinal Submerged Arc Welding and the Company can avail the facility up to 6 months from Commercial Operations Date (COD). During the year 31 March 2026, the Company has withdrawn loan amounting to USD 31 million. The loan is payable in thirty one quarterly installments commencing from twenty first month from the date of COD. The loan carries interest at three months SOFR plus margin per annum and is payable on quarterly basis. The loan includes covenants to maintain financial ratio throughout the facility term starting from financial year 2028. The loan is secured against guarantee from the Ultimate Parent Company, first pari passu charge on the project fixed assets and second pari passu charge on the current assets of the Company located in Kingdom of Saudi Arabia.

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12. LONG TERM LOAN (CONTINUED)

Aggregate maturities of the long term borrowings are as follows:

	<u>31 March 2026</u>	<u>31 March 2025</u>
One to two years	-	-
Three to five years	162,807,596	101,486,386
More than five years	90,093,750	-
	<u>252,901,346</u>	<u>101,486,386</u>

13. EMPLOYEES' BENEFITS

Defined benefit plan

The Company operates a defined benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Law of the Kingdom of Saudi Arabia. Employees' benefit plans are unfunded plans.

The valuation of employee benefit obligations under the projected unit credit method was carried out by an independent actuary as of 31 March 2026 and 2025.

The main actuarial assumptions used to calculate the defined unfunded benefit obligations are as follows:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Discount rate	5.65%	5.10%
Short term salary increase rate	5.00%	5.00%
Long term salary increase rate	6.65%	6.00%
Mortality rate	WHO SA19	WHO SA19
Employee turnover / withdrawal rate	Moderate	Moderate

The net benefit costs charged to statement of profit or loss is as follows:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Current service cost	218,485	40,012
Interest cost on end of service benefit obligations	2,336	-
	<u>220,821</u>	<u>40,012</u>

Movement in the present value of defined benefit obligations is as follows:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Opening defined benefit obligations	40,012	-
Current service cost	218,485	40,012
Interest cost on end of service benefit obligations	2,336	-
Remeasurement actuarial loss on obligation	31,231	-
Closing defined benefit obligations	<u>292,064</u>	<u>40,012</u>

Re-measurements recognized in statement of comprehensive income

	<u>31 March 2026</u>	<u>31 March 2025</u>
Gain due to change in financial assumptions	(3,015)	-
Loss due to change in experience adjustments	34,246	-
Re-measurement actuarial loss on obligation	31,231	-

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13. EMPLOYEES' BENEFITS (CONTINUED)

Sensitivity analysis

The quantitative sensitivity analysis for significant assumptions as at the reporting date is as follows:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Defined benefit obligations on current assumptions		
Discount rate		
Effect of defined benefit obligations due to 0.5% increase in discount rate	<u>(13,622)</u>	<u>(1,300)</u>
Effect of defined benefit obligations due to 0.5% decrease in discount rate	<u>14,683</u>	<u>1,417</u>
Long term salary increment rate		
Effect of defined benefit obligations due to 0.5% increase in increment rate	<u>12,047</u>	<u>1,195</u>
Effect of defined benefit obligations due to 0.5% decrease in increment rate	<u>(11,347)</u>	<u>(1,110)</u>

The sensitivity analysis has been determined based on a method that extrapolates the impact on the defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefits obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Expected charge for the year ended 31 March 2027 is SR 446,344.

The following is maturity profile of the defined benefit obligations for future years:

	<u>31 March 2026</u>	<u>31 March 2025</u>
Within the next 12 months	<u>18,842</u>	<u>32,699</u>
Between 2 and 5 years	<u>284,223</u>	<u>22,178</u>
Beyond 5 years	<u>1,501,657</u>	<u>86,471</u>
Total expected payments	<u>1,804,722</u>	<u>141,348</u>

The average duration of the defined benefit plan obligations at the end of the reporting period is 9.68 years (31 March 2025: 6.69 years).

14. TRADE AND OTHER PAYABLE

	<u>31 March 2026</u>	<u>31 March 2025</u>
Short term financing through letter of credit (LC) – (Note 14.1)	<u>102,633,266</u>	-
Trade payables	<u>13,179,080</u>	<u>134,962</u>
Retention money payable	<u>6,000,200</u>	-
Current portion of long term financial liability (Note 7)	<u>2,864,641</u>	-
	<u>124,677,187</u>	<u>134,962</u>

14.1 This represents a financing facility obtained from a commercial bank against Letters of Credit (LCs) issued for the import of equipment and other items related to the construction of manufacturing facilities for ductile iron and LSAW steel pipes. The facility carries interest at prevailing market rate. The Company expects to settle the outstanding balance within 12 months.

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15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>31 March 2026</u>	<u>31 March 2025</u>
Accrued expenses	9,192,813	98,959
Accrued interest	2,939,373	872,025
	<u>12,132,186</u>	<u>970,984</u>

16. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>31 March 2026</u>	<u>31 March 2025</u>
Depreciation on right-of-use assets (Note 8)	6,770,934	5,078,200
Employee cost	3,520,513	1,120,209
Legal and professional fee	1,598,500	2,189,773
Amortization of long term prepayment (Note 7.1)	583,887	-
Rent expense	115,128	97,251
Travel expenses	28,017	27,810
Utilities expenses	5,954	4,745
Depreciation on property and equipment (Note 5)	14,167	9,922
Others	200,308	85,766
	<u>12,837,408</u>	<u>8,613,676</u>

17. FINANCE COST

	<u>31 March 2026</u>	<u>31 March 2025</u>
Interest on lease liabilities (Note 8)	3,662,482	2,903,753
Finance cost on long term loan (Note 12)	866,398	496,517
Interest on long term financial liability (Note 7)	221,062	-
Others	131	-
	<u>4,750,073</u>	<u>3,400,270</u>

18. INCOME TAX

a. Income tax charged to profit or loss statement

	<u>31 March 2026</u>	<u>31 March 2025</u>
<i>Income tax</i>		
Charge during the period	-	-

b. Income tax

Income tax is estimated as follows;

	<u>31 March 2026</u>	<u>31 March 2025</u>
Tax adjusted net loss	(17,587,481)	(12,164,205)
Tax base	<u>(17,587,481)</u>	<u>(12,164,205)</u>
Tax at 20%	-	-

c. Status of assessment

The Company has filed its Income Tax Return for the first fiscal period ended 31 March 2025 with the Zakat, Tax and Customs Authority ("ZATCA") and has obtained the required certificates. The Income Tax return for the year ended 31 March 2025 is currently under review by ZATCA.

d. Deferred tax

Deferred tax is recognized for the tax losses / taxable temporary differences incurred by the Company expected to be utilized against future foreseeable tax profits.

The movement is as follows;

	<u>31 March 2026</u>	<u>31 March 2025</u>
Charge for the period	-	-

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18. INCOME TAX (CONTINUED)

d. Deferred tax (continued)

Deferred tax asset arise in respect of following taxable / (deductible) temporary differences

	31 March 2026		31 March 2025	
	Gross Amount	Tax Amount	Gross Amount	Tax Amount
<i>Taxable temporary differences</i>				
Plant and equipment	-	-	27,356	5,471
<i>Deductible temporary differences</i>				
Plant and equipment	(51,079)	(1,492)	-	-
Employee of service benefits	(292,064)	(58,413)	(40,012)	(8,002)
Taxable losses	(28,717,415)	(5,743,483)	(12,164,205)	(2,432,841)
Unrecognized deferred tax asset*	29,060,558	5,803,388	12,176,861	2,435,372
	-	-	-	-

*Deferred tax assets has not been recognized due to uncertainty relating to the availability of future taxable profits.

19. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the Immediate and Ultimate Parent Company, individual shareholders of the Parent Company, directors, subsidiaries, associated companies (representing entities which are directly or indirectly controlled by or under the significant influence of the Company or Company's shareholders) and key management personnel. The following are the details of the significant related party transactions occurred during the period:

Name of related party	Nature of transaction	31 March 2026	31 March 2025
Welspun Corp Limited (Ultimate Parent Company)	Advance for purchase of plant and machinery	-	80,138,243
	Commission charged on corporate guarantee	634,282	145,577
	Purchase of property plant and equipment	93,476,052	-
	Expense paid on behalf of Company	41,340	-
Welspun Mauritius Holding Company (Parent Company)	Loan obtained during the period	95,154,960	138,986,386
	Loan repaid during the period	30,000,000	37,500,000
	Interest charged	7,406,558	872,025
	Expenses paid on behalf of Company	288,908	288,858
	Settlement of loan against increase in share capital	29,990,000	-
Sintex BAPL Limited	Purchase of plant and machinery	631,181	-
Welspun Transformation Services Limited	Business Process Outsourcing Fee	232,750	-

Prices and terms of the above transactions have been approved by the Company's management. Due to a related party balance is unsecured, interest free and expected to be settled within 12 months from the reporting date under the normal course of business.

The outstanding balances with related parties are as follows:

a) Advance paid to related parties

	31 March 2026	31 March 2025
Welspun Corp Limited	-	80,138,243
	-	80,138,243

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19. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

b) Due to related parties

	<u>31 March 2026</u>	<u>31 March 2025</u>
Welspun Mauritius Holding Company	3,070,502	288,858
Welspun Corp Limited	-	145,577
	<u>3,070,502</u>	<u>434,435</u>

c) Loan from shareholder

	<u>31 March 2026</u>	<u>31 March 2025</u>
Principal payable (Note 12)	136,651,346	101,486,386
Accrued interest (Note 15)	7,406,561	872,025
	<u>144,057,907</u>	<u>102,358,411</u>

d) Trade and other payables

	<u>31 March 2026</u>	<u>31 March 2025</u>
Sintex BAPL Limited	631,181	-
Welspun Transformation Services Limited	16,250	-
	<u>647,431</u>	<u>-</u>

e) Compensation to key management personnel

Compensation to key management personnel are provided as per their terms of the employment with the Company. The compensation for key management personnel during the period amounts to SR 4.25 million (31 March 2025: SR 0.68 million).

f) Transfer pricing

On 25 Jumada Al Awwal 1440H corresponding to 31 January 2019G, the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia (KSA) issued Transfer Pricing Bylaws (By-laws). These by-laws were enacted on 15 February 2019 as part of the tax law and became binding on taxpayers for periods ending on or after 31 December 2018. This requires additional disclosure forms along with annual tax returns to be submitted to ZATCA, summarizing the related party transactions, counter parties including country, amount and Transfer Pricing method. These By-laws also require taxpayers to adjust their tax expense for any transactions that are not carried out on an arms' length basis. The Company has filed the disclosure forms along with affidavit in accordance with Article 14 C of the KSA Transfer Pricing Bylaws for the year ended 31 March 2025 and the return for the year 31 March 2026 will be submitted by the Company along with its income tax return.

20. INANCIAL RISK MANAGEMENT

Accounting classifications and fair value

The classification of each category of financial instruments and their carrying amounts are as below:

Particulars	<u>31 March 2026</u>	<u>31 March 2025</u>
Financial assets measured at amortized cost		
Cash and cash equivalents (Note 10)	17,775,321	3,904,212
Other receivables (Note 9)	170,657	-
	<u>17,945,978</u>	<u>3,904,212</u>
Particulars	<u>31 March 2026</u>	<u>31 March 2025</u>
Financial liabilities measured at amortized cost		
Long term loan (Note 12)	252,901,346	101,486,386
Trade and other payables (Note 14)	121,812,546	134,962
Lease liabilities (Note 8)	55,236,416	60,247,144
Long term of financial liability (Note 7)	9,125,430	-
Due to a related party (Note 19)	3,070,502	434,435
Accrued expenses and other current liabilities (Note 15)	12,132,186	970,984
	<u>454,278,426</u>	<u>163,273,911</u>

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20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial assets and financial liabilities measured at fair value in the statement of financial position are categorized into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments. Company does not have any instrument of this category on reporting date.

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all inputs required to fair value an instrument are observable, the instrument is included in level 2. Fair value of derivative financial instrument is currently determined using observable market data. Company does not have any instrument of this category on reporting date.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Currently none of the instrument is falling under level 3.

As at reporting date all financial assets and financial liabilities are measured at amortized cost. The carrying value of the financial assets and financial liabilities of the Company approximate the fair value largely due to their short-term maturity.

Risk management

The Company's activities expose it to a variety of financial risks including the effects of changes in market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors of the Company.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in these financial statements.

a) Credit risk

Credit risk represents the inability of a party to meet its liability for a financial instrument or customer contract, resulting in the other party having a financial loss. The Company is exposed to credit risk with respect to balances with banks.

The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets.

The carrying amounts of financial assets for credit risk purpose are as follows;

Particulars	31 March 2026	31 March 2025
Bank balances (Note 10)	17,750,321	3,904,212
Other receivables (Note 9)	170,657	315,916
Total	17,920,978	4,220,128

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20. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Credit risk (Continued)

Bank balances

Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposure. The Company considers that its cash and cash equivalents have low credit risk as wherever required the Company secure support from its partners to satisfy short-term funding requirements. Funds are placed with banks having good credit ratings and therefore are not subject to significant credit risk. Other receivables are neither significant nor exposed to significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Parent Company also provides financial supports, if needed, to ensure that Company is able to meet its operational cash needs without facing liquidity challenges in the normal course of business.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity companying based on their contractual maturities for all non-derivative financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2026	Contractual maturities				Total
	Carrying amount	Within 1 year	Within 2 to 5 years	More than 5 years	
Liabilities					
Long term loan	252,901,346	20,888,372	197,929,419	109,080,739	327,898,530
Financial liability	9,125,430	3,335,045	6,670,090	-	10,005,135
Lease liabilities	55,236,416	8,673,210	34,692,840	26,019,630	69,385,680
Trade payables	121,812,546	121,812,546	-	-	121,812,546
Due to a related party	3,070,502	3,070,502	-	-	3,070,502
Accrued expenses and other current liabilities	12,132,186	12,132,186	-	-	12,132,186
	<u>454,278,426</u>	<u>169,911,861</u>	<u>239,292,349</u>	<u>135,100,369</u>	<u>544,304,579</u>
31 March 2025					
Liabilities					
Loan from a shareholder	101,486,386	-	120,451,828	-	120,451,828
Lease liabilities	60,247,144	8,673,210	34,692,840	34,692,840	78,058,890
Trade payables	134,962	134,962	-	-	134,962
Due to a related party	434,435	434,435	-	-	434,435
Accrued expenses and other current liabilities	970,984	970,984	-	-	970,984
	<u>163,273,911</u>	<u>10,213,591</u>	<u>155,144,668</u>	<u>34,692,840</u>	<u>200,051,099</u>

The maturity analyses show the contractual undiscounted cash flows of the Company's financial liabilities on the basis of their earliest possible contractual maturity. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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20. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks – foreign currency risk, interest rate risk and price risk.

Foreign currency risk

Currency risk is the risk that a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has not made significant transactions in foreign currencies other than the US Dollar during the period. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in currency that is not the Company's functional currency (SR). The Company's foreign exchange risk is limited as most of the foreign exchange exposure is in USD, against which the SR is pegged. Since SR is pegged against USD, Company believes that the currency risk for the financial instruments is not significant.

Interest rate risk and sensitivity

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Company is exposed to interest rate risk on its term loans. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and interest-bearing liabilities are denominated.

	<u>Increase / (decrease)</u> <u>in basis points</u>	<u>Effect on profit</u> <u>for the year</u>
31 March 2026	100 (100)	1,366,513 (1,366,513)
31 March 2025	100 (100)	- -

Price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have any financial instruments which are subject to other price risk.

d) Capital Management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments in light of changes in economic conditions.

e) Reconciliation of movements of liabilities to cash flows arising from financing activities

The only change in financing cash flows is payment of lease liabilities, long term financial liability and proceeds and repayment of borrowings from a related party and a foreign bank. There is no non-cash movement in financing activities other than mentioned above. The accretion of interest on above is included in relevant items and changes in equity is presented in statement of changes in equity. Hence no separate reconciliation of movements of liabilities arising from financing activities is separately presented.

21. CONTINGENCIES AND COMMITMENTS

a) Contingencies

There are no contingencies as of 31 March 2026 (31 March 2025: Nil).

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21. CONTINGENCIES AND COMMITMENTS (CONTINUED)

b) Commitments

	<u>31 March 2026</u>	<u>31 March 2025</u>
Letter of credit*	57,245,529	37,500,000
Capital expenditure contracted	238,452,012	81,062,485
	<u>295,697,541</u>	<u>118,562,485</u>

*The Company's bankers have issued letter of credit against purchases from suppliers.

22. SUBSEQUENT EVENTS

There have been no significant subsequent events since the period ended 31 March 2026 till the date of authorization of these financial statements that require either an adjustment or disclosure in these financial statements.

23. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 3 Dhul Hijjah 1447H corresponding to 20 May 2026G.