

J.K. Cement Works (Fujairah) FZC  
Fujairah Free Zone  
Fujairah - United Arab Emirates

Auditor's Report and Special Purpose Separate Financial Statements  
For the year ended March 31, 2026



**J.K. Cement Works (Fujairah) FZC**

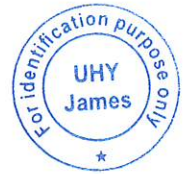
Fujairah Free Zone

Fujairah - United Arab Emirates

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Ref: JM/AR/2026/26448

**Independent Auditor's Report**

To,

The Shareholders  
**M/s. J.K. Cement Works (Fujairah) FZC**  
Fujairah Free Zone  
Fujairah - United Arab Emirates

**Report on the Audit of the Special Purpose Separate Financial Statements**

**Opinion**

We have audited the accompanying special purpose separate financial statements of **M/s. J.K. Cement Works (Fujairah) FZC** (the "Entity") which comprise the separate statement of financial position as at March 31, 2026 and the separate statements of profit or loss and other comprehensive income, changes in equity, cash flows for the year then ended and notes to the special purpose separate financial statements, including a summary of material accounting policies.

In our opinion, the accompanying special purpose separate financial statements present fairly, in all material respects, the separate financial position of the Entity as at March 31, 2026 and its separate financial performance and its separate cash flows for the year then ended with IFRS Accounting 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 *Auditor's Responsibilities for the Audit of the Special Purpose Separate Financial Statements* section of our report. We are independent of the Entity in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), issued by International Ethics Standards Board for Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the special purpose separate financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Special Purpose Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the special purpose separate financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the Rules and Regulations framed pursuant to Emiri Decree No. 6 of 1987 issued in Fujairah in respect of the creation of Free Zone, amended by Emiri Decree No. 1 for the year 1992 and Emiri Decree No. 1 for the year 2004 and for such internal control as management determines is necessary to enable the preparation of special purpose separate financial statements that are free from material misstatement, whether due to fraud or error.

**Independent Auditor's Report to the Shareholders of J.K. Cement Works (Fujairah) FZC (continued)**

**Responsibilities of Management and Those Charged with Governance for the Special Purpose Separate Financial Statements (continued)**

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

Those Charged with Governance are responsible for overseeing the Entity's financial reporting process.

**Auditor's Responsibilities for the Audit of the Special Purpose Separate Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the special purpose separate 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose separate financial statements, including the disclosures, and whether the special purpose separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Independent Auditor's Report to the Shareholders of J.K. Cement Works (Fujairah) FZC (continued)**

**Auditor's Responsibilities for the Audit of the Special Purpose Separate Financial Statements (continued)**

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

For UHY James Chartered Accountants LLC



James Mathew FCA, CPA  
Managing Partner  
Reg. No. 548  
May 16, 2026  
Dubai - United Arab Emirates



**J.K. Cement Works (Fujairah) FZC**

Fujairah Free Zone

Fujairah - United Arab Emirates

Separate Statement of Financial Position as at March 31, 2026

(In Arab Emirates Dirham)

	Notes	2026	2025
<b>Assets</b>			
<i>Non-current assets</i>			
Property, plant and equipment	6	283,424,627	303,518,415
Intangible asset	7	8,006,426	8,304,873
Right-of-use assets	8	-	56,317
Investment in subsidiaries	9	1,398,111	1,098,111
Loan to related parties	13	2,775,114	651,869
<i>Total non-current assets</i>		<u>295,604,278</u>	<u>313,629,585</u>
<i>Current assets</i>			
Inventories	11	47,162,203	51,399,880
Trade receivables	12	47,506,479	44,549,401
Due from related parties	13	11,764,117	14,361,086
Advances, deposits and other receivables	14	58,069,308	26,282,736
Cash and bank balances	15	1,757,546	537,762
<i>Total current assets</i>		<u>166,259,653</u>	<u>137,130,865</u>
<b>Total assets</b>		<u><u>461,863,931</u></u>	<u><u>450,760,450</u></u>
<b>Equity and liabilities</b>			
<i>Equity</i>			
Share capital	16	135,196,000	61,146,000
Capital contribution	19(b)	243,951,225	243,951,225
Equity component of redeemable preference shares	19(a)	36,582,463	47,515,869
Equity component of compulsory convertible preference shares	17(a)	-	34,077,933
Accumulated (losses)	18	(274,092,957)	(270,686,352)
Foreign exchange translation reserve		(290,079)	(260,221)
<i>Total equity</i>		<u>141,346,652</u>	<u>115,744,454</u>
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
Liability component of compulsory convertible preference shares	17(b)	-	2,592,257
Redeemable preference shares and application money	19	224,635,537	213,702,131
Employees' end of service indemnity benefits	20	6,020,534	5,216,387
Dividend payable on preference shares	21	-	18,691,681
Lease liabilities	23	25,916,828	29,860,337
<i>Total non-current liabilities</i>		<u>256,572,899</u>	<u>270,062,793</u>



J.K. Cement Works (Fujairah) FZC  
 Fujairah Free Zone  
 Fujairah - United Arab Emirates

Separate Statement of Financial Position as at March 31, 2026 (continued)  
 (In Arab Emirates Dirham)

	<u>Notes</u>	<u>2026</u>	<u>2025</u>
<b>Equity and liabilities (continued)</b>			
<i>Current liabilities</i>			
Bank borrowings	22	1,836,250	5,692,655
Lease liabilities	23	3,921,695	3,637,598
Trade and other payables	24	58,186,435	55,622,950
<i>Total current liabilities</i>		<u>63,944,380</u>	<u>64,953,203</u>
<b>Total liabilities</b>		<u>320,517,279</u>	<u>335,015,996</u>
<b>Total equity and liabilities</b>		<u>461,863,931</u>	<u>450,760,450</u>

The accompanying notes on pages 10 to 40 form an integral part of these special purpose separate financial statements.

The report of the auditor is set out on pages 1 to 3.

The special purpose separate financial statements on pages 4 to 40 were approved on May 16, 2026 and signed on behalf of the Entity, by:

\_\_\_\_\_  
 Managing Director  
 (Dr. Raghavpat Singhania)

\_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Chief Financial Officer



**J.K. Cement Works (Fujairah) FZC**  
Fujairah Free Zone  
Fujairah - United Arab Emirates

Separate Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2026  
(In Arab Emirates Dirham)

	<u>Notes</u>	<u>2026</u>	<u>2025</u>
Revenue - net	25	262,484,650	254,338,566
Cost of revenue	26	<u>(169,617,394)</u>	<u>(163,611,987)</u>
<b>Gross profit</b>		<b>92,867,256</b>	<b>90,726,579</b>
Other income	27	1,860,464	693,998
Reversal of financial liability and provision written-back	28	-	45,468,143
Selling and distribution expenses	29	(63,992,486)	(64,162,424)
General and administrative expenses	30	(11,742,652)	(11,059,705)
Directors' remuneration	14	(250,000)	(250,000)
Finance costs	31	<u>(14,298,506)</u>	<u>(13,724,407)</u>
<b>Profit for the year before tax</b>		<b>4,444,076</b>	<b>47,692,184</b>
Taxation	10	<u>(115,757)</u>	<u>(406,430)</u>
<b>Profit for the year after tax</b>		<b>4,328,319</b>	<b>47,285,754</b>
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss subsequently</i>			
Translation reserve		<u>(29,858)</u>	<u>(127,205)</u>
<b>Total comprehensive income for the year</b>		<b><u>4,298,461</u></b>	<b><u>47,158,549</u></b>

The accompanying notes on pages 10 to 40 form an integral part of these special purpose separate financial statements.

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The special purpose separate financial statements on pages 4 to 40 were approved on May 16, 2026 and signed on behalf of the Entity, by:

\_\_\_\_\_  
**Managing Director**  
**(Dr. Raghavpat Singhania)**

\_\_\_\_\_  
**Director**

  
\_\_\_\_\_  
**Chief Financial Officer**



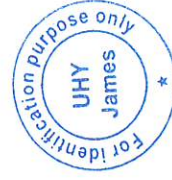
**J.K. Cement Works (Fujairah) FZC**  
Fujairah Free Zone  
Fujairah - United Arab Emirates

Separate Statement of Changes in Equity for the year ended March 31, 2026  
(In Arab Emirates Dirham)

	Share capital	Capital contribution	Equity component of redeemable preference shares	Equity component of compulsory convertible preference shares	Accumulated (losses)	Foreign exchange translation reserve	Total equity
Balance as at April 01, 2024	36,724,000	243,951,225	57,917,127	52,426,891	(328,373,364)	(133,016)	62,512,863
Profit for the year after tax	-	-	-	-	47,285,754	-	47,285,754
Transfer of finance cost on liability component of redeemable preference shares to capital contribution	-	-	(10,401,258)	-	10,401,258	-	-
Conversion of compulsory convertible preference shares upon maturity	24,422,000	-	-	(18,348,958)	-	-	6,073,042
Effect of foreign exchange translation	-	-	-	-	(127,205)	-	(127,205)
Balance as at March 31, 2025	61,146,000	243,951,225	47,515,869	34,077,933	(270,686,352)	(260,221)	115,744,454
Profit for the year after tax	-	-	-	-	4,328,319	-	4,328,319
Transfer of finance cost on liability component of redeemable preference shares to capital contribution	-	-	(10,933,406)	-	10,933,406	-	-
Conversion of compulsory convertible preference shares upon maturity	74,050,000	-	-	(34,077,933)	-	-	39,972,067
Effect of foreign exchange translation	-	-	-	-	-	(29,858)	(29,858)
(Loss) on conversion of preference shares	-	-	-	-	-	-	(18,668,330)
<b>Balance as at March 31, 2026</b>	<b>135,196,000</b>	<b>243,951,225</b>	<b>36,582,463</b>	<b>-</b>	<b>(274,092,957)</b>	<b>(290,079)</b>	<b>141,346,652</b>

The accompanying notes on pages 10 to 40 form an integral part of these special purpose separate financial statements.

The report of the auditor is set out on pages 1 to 3.



**J.K. Cement Works (Fujairah) FZC**

Fujairah Free Zone

Fujairah - United Arab Emirates

Separate Statement of Cash Flows for the year ended March 31, 2026

(In Arab Emirates Dirham)

	<u>2026</u>	<u>2025</u>
<b>Cash flows from operating activities</b>		
Profit for the year before tax	4,444,076	47,692,184
<i>Adjustments for:</i>		
(Gain) on disposal of property, plant and equipment	(206,003)	(191,343)
Depreciation on property, plant and equipment	24,366,751	24,119,731
Depreciation on right-of-use assets	56,317	1,707,533
Provision for employees' end of service indemnity benefits	804,147	1,182,570
Allowance for expected credit loss	192,664	475,000
(Reversal) for slow moving inventories	307,655	(245,254)
(Reversal) of financial liability on lease	-	(23,714,307)
Excess provision written back	-	(18,856,867)
Amortisation on intangible asset	298,447	299,529
Finance costs	14,298,506	13,724,407
<b>Operating profit before changes in operating assets and liabilities</b>	44,562,560	46,193,183
<i>(Increase)/decrease in current assets</i>		
Inventories	3,841,196	(12,208,464)
Trade receivables	(3,149,742)	(6,935,256)
Due from related parties	2,596,969	(6,717,160)
Advances, deposits and other receivables	(31,786,572)	551,660
<i>Increase/(decrease) in current liability</i>		
Trade and other payables	2,542,577	11,638,479
<b>Cash generated from operations</b>	18,606,987	32,522,442
Finance costs paid	(887,462)	(1,282,907)
Employees' end of services indemnity benefits paid	-	(251,878)
<b>Net cash from operating activities</b>	17,719,525	30,987,657
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,853,230)	(9,003,293)
Proceeds from disposal of property, plant and equipment	767,204	284,708
Investment in subsidiaries	(300,000)	-
<b>Net cash (used in) investing activities</b>	(4,386,026)	(8,718,585)



**J.K. Cement Works (Fujairah) FZC**  
 Fujairah Free Zone  
 Fujairah - United Arab Emirates

Separate Statement of Cash Flows for the year ended March 31, 2026 (continued)  
 (In Arab Emirates Dirham)

	<u>2026</u>	<u>2025</u>
<b>Cash flows from financing activities</b>		
(Repayment) of term loans	(3,856,405)	(16,342,345)
Loan to related parties	(2,123,245)	-
(Repayment) of lease liabilities	(6,104,208)	(7,057,809)
Finance costs paid	-	(151,482)
<b>Net cash (used in) financing activities</b>	<u>(12,083,858)</u>	<u>(23,551,636)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,249,641	(1,282,564)
Net foreign exchange translation difference	(29,858)	(127,205)
Cash and cash equivalents at the beginning of the year	<u>537,762</u>	<u>1,947,531</u>
<b>Cash and cash equivalents at the end of the year (note 15)</b>	<u><u>1,757,546</u></u>	<u><u>537,762</u></u>

The accompanying notes on pages 10 to 40 form an integral part of these special purpose separate financial statements.

The report of the auditor is set out on pages 1 to 3.

The special purpose separate financial statements on pages 4 to 40 were approved on May 16, 2026 and signed on behalf of the Entity, by:

\_\_\_\_\_  
 Managing Director  
 (Dr. Raghavpat Singhania)

\_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Chief Financial Officer



## J.K. Cement Works (Fujairah) FZC

Fujairah Free Zone

Fujairah - United Arab Emirates

Notes to the Special Purpose Separate Financial Statements for the year ended March 31, 2026

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### 1 Legal status and business activities

- 1.1 M/s. J.K. Cement Works (Fujairah) FZC, Fujairah Free Zone, Fujairah - United Arab Emirates (the "Entity") was registered on March 17, 2008 as a Free Zone Company and operates in the United Arab Emirates under Commercial license no. 2249 issued by the Government of Fujairah Free Zone Authority, Fujairah - United Arab Emirates.
- 1.2 The Entity is licensed to engage in manufacturing and trading (export & import) of all types of cement, limestone, pet coke, kaolin, feldspar, fluorspar, silica sand, gypsum and other allied products.
- 1.3 The registered address of the Entity is P.O. Box: 5325, Fujairah Free Zone, Fujairah - United Arab Emirates.
- 1.4 The Entity is a step down subsidiary of J.K. Cement Ltd. "Ultimate Parent", an Indian Company incorporated under the Companies Act 1956. The management and control of the Entity are vested with the Board of Directors and day to day affairs of the Entity are controlled and managed by Mr. Ajay Mathur, who is responsible to the Board and Managing Director, Mr. Raghavpat Singhania.
- 1.5 These special purpose separate financial statements also incorporate the operating results of M/s. Whitemaxx Kenya (Branch), Registration no. FC-KXTDB2.
- 1.6 During the year, vide amendment, the share capital of the Entity has increased (note 17).

### 2 New standards and amendments

#### 2.1 New standards and amendments applicable as on January 01, 2025

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after January 01, 2025.

- Amendments to IAS 21 - Lack of Exchangeability

The management believes that the adoption of the above amendments effective for the current accounting period has not had any material impact on the recognition, measurement, presentation and disclosure of items in the special purpose separate financial statements.

#### 2.2 New standards and amendments issued but not effective for the current annual period

The following standards and interpretations had been issued but not yet mandatory for annual reporting periods ending December 31, 2025.

- Amendments to IFRS 9 and IFRS 7 - Amendments to the classification and measurement of financial instruments
- Amendments to IFRS 9 and IFRS 7 - Contracts referencing nature-dependent electricity
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Annual improvements to IFRS Accounting Standards - Volume 11

Management anticipates that these new standards, interpretations and amendments will be adopted in the special purpose separate financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the special purpose separate financial statements in the period of initial application.

### 3 Statement of compliance

The special purpose separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). These special purpose separate financial statements are presented in Arab Emirates Dirham (AED) which is the Entity's functional and presentation currency.



**J.K. Cement Works (Fujairah) FZC**

Fujairah Free Zone

Fujairah - United Arab Emirates

Notes to the Special Purpose Separate Financial Statements for the year ended March 31, 2026

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**4 Basis of preparation**

These special purpose separate financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies as follows.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these special purpose separate financial statements are set out as follows.

**5 Material accounting policies**

**5.1 Current/non-current classification**

The Entity presents assets and liabilities in the separate statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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

The Entity classifies all other liabilities as non-current.

**5.2 Fair value measurement**

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 principal or the most advantageous market must be accessible to by the Entity.

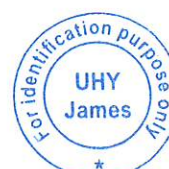
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

**5.3 Foreign currency**

In preparing the special purpose separate financial statements of the Entity, transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the separate statement of profit or loss and other comprehensive income in the period in which they arise.



**J.K. Cement Works (Fujairah) FZC**

Fujairah Free Zone

Fujairah - United Arab Emirates

Notes to the Special Purpose Separate Financial Statements for the year ended March 31, 2026

**5 Material accounting policies (continued)**

**5.4 Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the separate statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is spread over its useful lives so as to write off the cost of property, plant and equipment using the straight-line method over its useful lives as follows:

	<u>Years</u>
Building and improvements	5 - 25
Plant and machinery	4 - 25
Motor vehicles	5
Furniture, fixtures, office equipment and others	3 - 5

When part of an item of property, plant and equipment have different useful lives, they are accounted for separately.

The building and leasehold improvements are being depreciated over the period from when it became available for use up to shorter of lease period and useful life the end of the lease term.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the separate statement of profit or loss and other comprehensive income.

Capital work-in-progress

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Entity's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**5.5 Leases**

The Entity assesses at the inception of a contract, whether the 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 Entity assesses whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Entity.
- the Entity has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Entity has the right to direct the use of the identified asset throughout the period of use. The Entity assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.



**J.K. Cement Works (Fujairah) FZC**

Fujairah Free Zone

Fujairah - United Arab Emirates

Notes to the Special Purpose Separate Financial Statements for the year ended March 31, 2026

**5 Material accounting policies (continued)**

**5.5 Leases (continued)**

**5.5.1 Entity as lessee**

The Entity applies a single recognition and measurement approach for all leases whereby right-of-use assets and lease liabilities are recognized except for the short-term leases and leases of low-value assets.

Right-of-use assets

The Entity recognizes right-of-use assets at the lease commencement date i.e. the date on which the assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of assets comprise the amount of initial lease liabilities recognised adjusted with any prepayments or accruals, initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and lease payments made at or before the commencement date less any lease incentives received. In addition, the Entity also assesses the right-of-use asset for impairment when such indicators exist.

Depreciation is spread over the shorter of lease term and the estimated useful lives of the assets using straight-line method. The shorter of lease term and the estimated useful lives of the right-of-use assets have been listed as follows:

	<u>Years</u>
Land	16.5
Motor vehicles	3

Right-of-use assets

If ownership of the leased asset transfers to the Entity at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date, the Entity measures lease liabilities at present value of the lease payments that are not paid at that date. The lease payments include fixed payments less any lease incentives receivable, variable lease payments, amount expected to be paid as guaranteed residual value, the exercise price of a purchase option if the Entity is reasonably certain to exercise that option and payments of penalties for terminating the lease. The Entity uses its incremental borrowing rate if interest rate implicit in the lease is not readily determinable, to measure the present value of lease payments.

Subsequent to initial measurement, the Entity remeasures lease by increasing the carrying amount to reflect interest on the lease liabilities and reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount is remeasured if there are modification in lease contracts or if there are changes in substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

The Entity elects not to recognize right-of-use assets and lease liability for short term lease contracts (i.e. lease period less than or equal to 12 months from the date of commencement) and for low value assets. The Entity recognises payments associated with these leases as an expense on a straight-line basis over the lease term.



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**5 Material accounting policies (continued)**

**5.6 Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**5.7 Impairment of tangible and intangible assets**

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the separate statement of profit or loss and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. The reversal of impairment loss is limited so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the separate statement of profit or loss and other comprehensive income.

**5.8 Investment in subsidiaries**

The investment in subsidiaries are accounted for using cost model under IAS 27 "Separate Financial Statements".

**5.9 Financial instruments**

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

**Financial assets**

Classification

The Entity classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI "FVTOCI", or through profit or loss "FVTPL"), and
- those to be measured at amortised cost.



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**5 Material accounting policies (continued)**

**5.9 Financial instruments (continued)**

The classification depends on the Entity's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the separate statement of profit or loss and other comprehensive income.

Financial assets comprise of cash and bank balances, trade and other receivables, deposits and due from/loan to related parties.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and current account with banks.

Trade receivables

Trade receivables balances that are held to collect are subsequently measured at the lower of amortized cost or the present value of estimated future cash flows. The present value of estimated future cash flows is determined through the use of value adjustments for uncollectable amounts. The Entity assesses on a forward-looking basis the expected credit losses associated with its trade receivables and adjusts the value to the expected collectible amounts.

Trade receivables are written off when they are deemed uncollectible because of bankruptcy or other forms of receivership of the debtors. The assessment of expected credit losses on trade receivables takes into account credit-risk concentration, collective debt risk based on average historical losses, specific circumstances such as serious adverse economic conditions in a specific country or region and other forward-looking information.

Due from/loan to related parties

Amounts due from/loan to related parties are stated at amortised cost.

Impairment of financial assets

For trade receivables and due from/loan to related parties, the Entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset.

**Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include trade and other payables and bank borrowings.



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**5 Material accounting policies (continued)**

**5.9 Financial instruments (continued)**

**Financial liabilities (continued)**

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Bank borrowings

Loans and other borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. 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 separate statement of profit or loss and other comprehensive income.

**5.10 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the separate statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**5.11 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that has been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**5.12 Provisions**

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



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**5 Material accounting policies (continued)**

**5.13 Employees' end of service benefits**

The Entity provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service subject to the completion of a minimum service period as per the UAE laws. The expected costs of these benefits are accrued over the period of employment.

In accordance with the UAE Law No. 7 of 1999 for pension and social security, the employers are required to contribute 12.5% of the contribution calculation salary of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Entity's contribution is recognized as an expense in the statement of profit or loss and other comprehensive income as incurred.

**5.14 Taxation**

**Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax liabilities/assets for the current and prior periods are measured at the amount expected to be paid to/recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax assets and liabilities**

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes (tax base of the asset or liability). The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Additional income taxes that arise from the distribution of the dividends are recognized at the same time when the liability to pay the related dividend is recognized.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**Tax expenses**

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:



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**5 Material accounting policies (continued)**

**5.14 Taxation (continued)**

**Tax expenses (continued)**

- a transaction or event which is recognised in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

**5.15 Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Entity expects to be entitled in exchange for those goods or services. The Entity recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Entity allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Entity satisfies a performance obligation.

Sale of goods or services

Revenue from the sale of goods in normal course of business is recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods or services to the customer.

The consideration expected by the Entity may include fixed or variable amounts which can be impacted by sales returns, trade discounts and volume rebates. Revenue for the sale of goods is recognized when control of the asset is transferred to the buyer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods or services are accounted for separately based on their stand-alone selling prices. Revenue is recorded net of Value Added Tax (VAT). A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available, revenue recognition is postponed until the return period has lapsed.



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**5 Material accounting policies (continued)**

**5.15 Revenue recognition (continued)**

**5.15.1 Performance obligations**

The performance obligation is satisfied on delivery of clinker/cement/plaster in case of sales within U.A.E. and on shipping/delivery in case of sales outside U.A.E. depending upon the contractual terms agreed with the customers.

**5.16 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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 significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described as follows.

**Critical judgements in applying accounting policies**

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the special purpose separate financial statements.

*Determining the timing of satisfaction of performance obligations - revenue recognition*

In making their judgement, the Entity considers the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether the Entity has transferred control of the goods to the customer. The management is satisfied that control has been transferred and that recognition of revenue in the current year is appropriate as there are no warranties beyond satisfaction of delivery terms.

*Business model assessment - classification and measurement of special purpose separate financial statements*

Classification and measurement of financial assets depends on the results of business model test. The Entity determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

*Lease term - the Entity as lessee*

The Entity determines lease term as the non-cancellable period of a lease together with any periods covered with an option to extend or terminate. The Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease contract. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Entity reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate it.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed as follows.



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**5 Material accounting policies (continued)**

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

**Key sources of estimation uncertainty (continued)**

Net realisable value of inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Useful lives of property, plant and equipment

Property, plant and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Leasehold improvements

Management determines the estimated useful life and related depreciation charges for its leasehold improvements. This estimate is based on an assumption that the Entity will renew its annual lease over the estimated useful life of the asset. It could change significantly should the annual lease not be renewed. Management will increase the depreciation charge where the useful life is less than the previously estimated useful life.

Incremental borrowing rate for leases

The Entity uses incremental borrowing rate to measure lease liabilities if interest rate implicit in the lease is not readily determinable. Incremental borrowing rate represents the rate of interest that Entity would have to pay on funds necessary to obtain a similar asset, on similar term, with a similar security in a similar economic environment. The management estimates incremental borrowing rate using observable inputs and Entity specific estimates.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the relevant notes to the special purpose separate financial statements.

Impairment of non-financial assets

The Entity assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any such indication exists, or when annual impairment testing for an asset is required, the Entity estimates the asset's recoverable amount.

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Income and deferred taxation

The entities manages taxation based on management's interpretations of applicable laws and regulations. The quality of these estimates are highly dependent upon management's ability to properly apply at times a very complex set of rules, to recognise changes in applicable rules.



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**6 Property, plant and equipment**

Cost	Building and improvements	Plant and machinery	Motor vehicles	Furniture, fixtures, office equipment and others	Capital work- in-progress	Total
As at April 01, 2024	110,608,929	421,212,647	5,374,543	5,888,114	30,099	543,114,332
Addition during the year	18,665	3,706,762	384,150	761,391	4,132,325	9,003,293
Disposals during the year	-	(3,120)	(1,843,113)	(2,500)	-	(1,848,733)
Transferred during the year	-	3,932,367	-	-	(3,932,367)	-
As at March 31, 2025	110,627,594	428,848,656	3,915,580	6,647,005	230,057	550,268,892
Addition during the year	355,235	2,566,763	291,185	1,162,439	477,608	4,853,230
Disposals during the year	-	(721,342)	(224,000)	(235,334)	-	(1,180,676)
Transferred during the year	-	271,221	-	-	(271,221)	-
As at March 31, 2026	110,982,829	430,965,298	3,982,765	7,574,110	436,444	553,941,446
<b>Accumulated depreciation</b>						
As at April 01, 2024	49,484,168	167,917,979	3,507,255	3,476,712	-	224,386,114
Charge for the year	5,065,323	18,021,854	266,098	766,456	-	24,119,731
Elimination on disposal during the year	-	(2,964)	(1,750,822)	(1,582)	-	(1,755,368)
As at March 31, 2025	54,549,491	185,936,869	2,022,531	4,241,586	-	246,750,477
Charge for the year	5,043,486	17,938,493	540,707	844,065	-	24,366,751
Elimination on disposal during the year	-	(339,676)	(37,098)	(223,635)	-	(600,409)
As at March 31, 2026	59,592,977	203,535,686	2,526,140	4,862,016	-	270,516,819
<b>Carrying value as at March 31, 2026</b>	<b>51,389,852</b>	<b>227,429,612</b>	<b>1,456,625</b>	<b>2,712,094</b>	<b>436,444</b>	<b>283,424,627</b>
Carrying value as at March 31, 2025	56,078,103	242,911,787	1,893,049	2,405,419	230,057	303,518,415



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**6 Property, plant and equipment (continued)**

Notes:

- Building and leasehold improvements represent factory constructed on leasehold Plot no. 7, Block K, Habhab, Tawain, Fujairah - United Arab Emirates. The said plot is obtained on lease from Fujairah Municipality, Fujairah - United Arab Emirates. It also includes office improvements and fixtures in Citadel Tower, Marasi Drive, Business Bay, Dubai - United Arab Emirates.
- Capital work-in-progress represents costs incurred for setting up of quarry on leased land and machinery under installation, pending capitalisation (note 37).
- Breakup of depreciation charged:

	Notes	For the year ended March 31,	
		2026	2025
Cost of revenue	26	23,109,314	22,966,898
Selling and distribution expenses	29	903,886	835,498
General and administrative expenses	30	353,551	317,335
		<u>24,366,751</u>	<u>24,119,731</u>



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7 Intangible asset	2026	2025
<b>Cost</b>		
Balance at the beginning of the year	10,791,333	10,791,333
<b>Balance at the end of the year</b>	<b>10,791,333</b>	<b>10,791,333</b>
<b>Accumulated amortisation</b>		
Balance at the beginning of the year	2,486,460	2,186,931
Amortisation during the year (note 26)	298,447	299,529
<b>Balance at the end of the year</b>	<b>2,784,907</b>	<b>2,486,460</b>
<b>Carrying value as at end of the year</b>	<b>8,006,426</b>	<b>8,304,873</b>

This represents cost of securing the lease of mines, computers and software. The lease has an extended period of 50 years from the date it is initially secured. The Entity is amortising lease acquisition cost over the extended lease period from the commencement of its commercial operations in 2014. Additional costs incurred for land development costs are being amortised over estimated life of 25 years.

8 Right-of-use assets	2026	2025
<b>Cost</b>		
Balance at beginning of the year	258,458	95,751,971
(Disposal) during the year	-	(569,984)
Lease modification during the year	-	(94,923,529)
<b>Balance at the end of the year</b>	<b>258,458</b>	<b>258,458</b>
<b>Accumulated depreciation</b>		
Balance at beginning of the year	202,141	44,253,702
Charge for the year	56,317	1,707,533
Lease modification during the year	-	(45,189,110)
Eliminated on disposal during the year	-	(569,984)
<b>Balance at the end of the year</b>	<b>258,458</b>	<b>202,141</b>
<b>Carrying value as at the end of the year</b>	<b>-</b>	<b>56,317</b>

Right-of-use assets represents:

- Lease rights of land situated at Plot no. 7, Block K, Habhab, Tawain, Fujairah - United Arab Emirates on which factory building and plant and machinery are erected. The Entity has considered an effective lease period of 16.5 years ending on December 31, 2032 for the purpose of recognition of right-of-use asset. The said asset is amortised over the effective period of lease on straight-line basis. On May 24, 2024, the Entity has signed an addendum revising lease rent and superseding all previous lease agreements and addendum (note 23).
- Lease rights for motor vehicles which are amortised over the effective period of lease.
- Breakup of depreciation charged:

		For the year ended March 31,	
	Notes	2026	2025
Cost of revenue	26	-	1,455,724
Selling and distribution expenses	29	-	80,926
General and administrative expenses	30	56,317	170,883
		<b>56,317</b>	<b>1,707,533</b>



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	<u>Percentage of ownership interest</u>			
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
<b>9 Investment in subsidiaries</b>			<b>(Audited)</b>	<b>(Audited)</b>
i) M/s. JK White Cement (Africa) Limited - Tanzania	99.99%	99.9%	798,111	798,111
ii) M/s. J.K White Cement Fujairah LLC - Fujairah - U.A.E.	49%	49%	300,000	300,000
iii) M/s. JK Drychem industries LLC Ras Al Khaimah U.A.E.	99.99%	-	300,000	-
			<u>1,398,111</u>	<u>1,098,111</u>

a) The principal activity of the subsidiary (i) is to trade in (export & import) all types of cement and other allied products.

b) The principal activity of the subsidiary (ii) are white cement manufacturing, importing, exporting, wholesale of cement products trading, and cement products manufacturing. The Entity is considered to have controlling interest in the subsidiary as the power to appoint the board of directors have been vested with the Entity.

c) The principal activity of the subsidiary (iii) are to manufacturing of ready mix concrete and mortars, construction plaster products manufacturing Gypsum, paints and varnishes and activated carbon, Auxiliary agents and anti corrosions chemicals, glues and prepared adhesives and cements prepared additives.

The investment in subsidiaries have been separately accounted at cost in the special purpose separate financial statements in accordance with IAS 27 ("Separate Financial Statements"). The Entity also prepares consolidated financial statements in accordance with IFRS 10.

**10 Taxation****a) Tax on ordinary activities**

The major components of the income tax are as follows:

	<u>For the year ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
<b>Income tax recognised in separate statement of profit or loss and other comprehensive income:</b>		
<u>Current income tax:</u>		
Current tax expense	115,757	164,524
<u>Deferred tax:</u>		
Relating to the origination and reversal of temporary differences	-	241,906
Tax provision/(credit) for the year	<u>115,757</u>	<u>406,430</u>

There are no temporary differences in the current period. Hence, there is no impact of deferred tax.

There is no income tax recognised in the separate statement of profit or loss and other comprehensive income.

**b) Reconciliation of total tax charge**

The reconciliation of the effective tax rate to the domestic tax rate is as follows:

Accounting profit before income tax of the Entity	<u>4,444,076</u>	<u>47,692,184</u>
Tax rate for the domestic rate applicable to the Entity: 37.5% (2025: 30%)		
<u>Adjustments:</u>		
Profit before tax for the year	710,796	710,796
Impact of depreciation	<u>(272,066)</u>	<u>(272,066)</u>
Adjusted taxable profit	<u>438,730</u>	<u>438,730</u>
Net taxable profit		
Tax payable at @ 37.5% (2025: 37.5%)	164,524	164,524



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<b>10 Taxation (continued)</b>	<u>2026</u>	<u>2025</u>
<b>c) Deferred tax asset</b>		
Balance at the beginning of the year	-	241,906
Recognised in statement of profit or loss and other comprehensive income	-	(241,906)
Balance at the end of the year	<u>-</u>	<u>-</u>
<b>d) Current tax liability</b>		
Balance at the beginning of the year	375,640	792,669
Recognised in separate statement of profit or loss	115,757	164,524
Paid during the year	(577,451)	(577,451)
Foreign exchange difference	(4,102)	(4,102)
Balance at the end of the year	<u>(90,156)</u>	<u>375,640</u>

The average effective tax rate on profit from operations in taxable jurisdiction for the year ended March 31, 2026 is 37.5% (2025: 37.5%). The above tax information relates to M/s. Whitemaxx Kenya (Branch).

M/s. J.K. Cement Works (Fujairah) FZC (the "Entity") is eligible to claim a 0% tax benefit available to qualifying free zone entities, as it meets all conditions outlined in Article 18 of Federal Decree Law No. 47 of 2022 on the taxation of corporations and businesses, in conjunction with Cabinet Decision No. 100 of 2023 and Ministerial Decision No. 265 of 2023.

<b>11 Inventories</b>	<u>2026</u>	<u>2025</u>
Raw materials	10,493,511	13,451,815
Fuel	7,035,111	11,563,249
Packing materials	4,031,412	3,196,097
Finished goods (note 26)	3,697,951	6,798,745
Semi finished goods and work-in-progress	10,225,426	4,402,203
Spare parts and consumables	12,971,465	11,688,874
Less: Allowance for slow moving inventories	(1,292,673)	(896,192)
	<u>47,162,203</u>	<u>50,204,791</u>
Goods-in-transit	-	1,195,089
	<u>47,162,203</u>	<u>51,399,880</u>

Inventories are hypothecated against credit facilities (note 22).



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**11 Inventories (continued)***The movement in allowance for slow moving inventories as at reporting date is as follows:*

	<u>2026</u>	<u>2025</u>
Balance at the beginning of year	896,192	1,141,446
Add: Charge/(reversal) for the year	<u>396,481</u>	<u>(245,254)</u>
Balance at the end of the year	<u><u>1,292,673</u></u>	<u><u>896,192</u></u>

**12 Trade receivables**

	<u>2026</u>	<u>2025</u>
Trade receivables	49,343,097	46,193,355
Less: Allowance for expected credit loss	<u>(1,836,618)</u>	<u>(1,643,954)</u>
	<u><u>47,506,479</u></u>	<u><u>44,549,401</u></u>

*Coverage:*

Secured against bank guarantee	6,631,634	6,464,851
Secured against letter of credit/bill of lading	3,418,011	10,276,272
Secured against credit insurance and others	11,737,232	17,060,299
Open credits	<u>27,556,220</u>	<u>12,391,933</u>
	<u><u>49,343,097</u></u>	<u><u>46,193,355</u></u>

The average credit period for the trade receivables is 60/120 days (2025: 60/120 days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

The above trade receivables are assigned in favour of the bank on pari passu basis (note 22).

*Impairment of trade receivables:*

The Entity applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. In determining the impairment loss on trade receivables, the Entity does not consider any changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The management has established a provision matrix that is based on its historic credit loss experience, adjusted for forward-looking information specific to the debtor and the overall economic environment.

*Ageing of trade receivables:*

	<u>2026</u>	<u>2025</u>
1 - 90 days	32,688,553	35,108,726
91 - 120 days	5,516,510	4,479,380
121 - 180 days	6,676,833	6,605,249
More than 180 days	<u>4,461,200</u>	<u>-</u>
	<u><u>49,343,097</u></u>	<u><u>46,193,355</u></u>

*The movements in the allowance for expected credit loss as at reporting date is as follows:*

Balance at the beginning of year	1,643,954	1,168,954
Charge for the year (note 30)	<u>192,664</u>	<u>475,000</u>
Balance at the end of the year	<u><u>1,836,618</u></u>	<u><u>1,643,954</u></u>



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<b>12 Trade receivables (continued)</b>	<b>2026</b>	<b>2025</b>
<i>Geographical analysis:</i>		
The geographical analysis of trade receivables are as follows:		
Within U.A.E.	38,683,463	28,456,945
Outside U.A.E.	10,659,634	17,736,410
	<u>49,343,097</u>	<u>46,193,355</u>

**13 Related party balances and transactions**

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related Party Disclosures. Such balances and transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

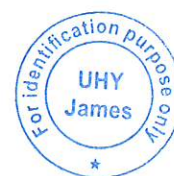
<b>a) Balances with related parties</b>	<b>2026</b>	<b>2025</b>
<b>- Due from related parties</b>		
<i>Ultimate Parent</i>		
M/s. J.K. Cement Ltd., Kanpur - India	2,157,479	4,671,890
<i>Immediate Parent</i>		
M/s. J.K. Cement (Fujairah) FZC, Fujairah - U.A.E.	-	156,160
<i>Subsidiaries</i>		
M/s. JK White Cement (Africa) Limited - Tanzania	9,251,463	9,350,448
M/s. J.K White Cement Fujairah LLC, Fujairah - U.A.E.	355,175	182,588
	<u>11,764,117</u>	<u>14,361,086</u>
<b>- Loan to related parties</b>		
<i>Subsidiaries</i>		
M/s. JK White Cement (Africa) Limited - Tanzania	651,869	651,869
M/s. JK Drychem Industries LLC, Ras Al Khaimah - U.A.E.	2,123,245	-
	<u>2,775,114</u>	<u>651,869</u>
<b>Comprising:</b>		
Non-current portion	<u>2,775,114</u>	<u>651,869</u>

The loans carry interest @7% p.a. and is receivable over equal quarterly installments commencing on September 2026.

**b) Transactions with related parties**

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

	<b>For the year ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Revenue	34,071,624	28,135,029
Interest income (note 27)	41,067	41,067
Interest on preference shares (note 31)	32,842	194,482
Interest on redeemable preference shares (note 31)	10,933,406	10,401,259
Directors' remuneration	250,000	250,000



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<b>14 Advances, deposits and other receivables</b>	<b>2026</b>	<b>2025</b>
<i>Financial assets</i>		
Deposits*	<b>43,981,877</b>	727,373
Fixed deposits with banks	-	13,458,460
<i>Non financial assets</i>		
Prepayments	<b>835,567</b>	752,206
Advance for capital assets	<b>1,693,704</b>	442,635
Advance to suppliers	<b>5,481,488</b>	4,807,052
Staff loans and advances	<b>784,673</b>	649,299
VAT receivables	<b>5,291,999</b>	5,445,711
	<b>58,069,308</b>	26,282,736

\* The above deposits includes fixed deposits with banks carry interest rate ranging from 3% - 5% with maturity within 1 year from December 31, 2025.

<b>15 Cash and bank balances</b>	<b>2026</b>	<b>2025</b>
Cash on hand	<b>14,102</b>	17,187
Cash at banks	<b>1,743,444</b>	520,575
	<b>1,757,546</b>	537,762

Management has concluded that the Expected Credit Loss (ECL) for all bank balances is immaterial as these balances are held with banks/financial institutions whose credit risk rating by international rating agencies has been assessed as low.

**16 Share capital**

Authorised ordinary share capital of the Entity is AED 185,000,000 (2025: AED 185,000,000), divided into 185,000 (2025: 185,000) equity shares of AED 1,000 (2025: AED 1,000) each.

Issued and paid-up capital of the Entity is AED 135,196,000 (2025: AED 61,146,000) divided into 135,196 (2025: 61,146) shares of AED 1,000 (2025: AED 1,000) each fully paid. The details of the shareholding as at the reporting date are as follows:

<u>Names of the shareholders</u>	<u>Domicile</u>	<u>Percentage</u>	<u>No. of shares</u>	<u>2026</u>
M/s. J.K. Cement (Fujairah) FZC	U.A.E.	90	121,676	<b>121,676,400</b>
Fujairah Investment Establishment (Government of Fujairah)	U.A.E.	10	13,520	<b>13,519,600</b>
		<u>100</u>	<u>135,196</u>	<u><b>135,196,000</b></u>
<u>Names of the shareholders</u>	<u>Domicile</u>	<u>Percentage</u>	<u>No. of shares</u>	<u>2025</u>
M/s. J.K. Cement (Fujairah) FZC	U.A.E.	90	55,032	55,032,000
Fujairah Investment Establishment (Government of Fujairah)	U.A.E.	10	6,114	6,114,000
		<u>100</u>	<u>61,146</u>	<u>61,146,000</u>



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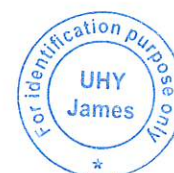
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**17 Compulsory convertible preference shares**

The Entity has issued 73,450 compulsory convertible preference shares of AED 1,000 each as on March 31, 2026. On October 15, 2024, it has been decided that the 11 year 3% Cumulative Convertible Preference Shares (CCPS) of AED 1,000 each, which had been issued on December 23, 2013 and matured on December 21, 2024 as per the agreement shall be converted into equal number of equity shares. Subsequently, out of the total 18,362 11 year 3% CCPS, 16,526 CCPS were owned by M/s. J.K. Cement (Fujairah) FZC and 1,836 CCPS were owned by Fujairah Investment Establishment has been converted to equity shares as of March 24, 2025. Also in lieu of the dividend accrued and due on those CCPS at the rate of 3% p.a payable to M/s .J.K. Cement (Fujairah) FZC which works out to be AED 5,454,500 and to Fujairah Investment Establishment which works out to be AED 606,000, equal proportion of equity shares is also be issued to M/s. J.K. Cement (Fujairah) FZC and Fujairah Investment Establishment which has also subsequently as at March 24, 2025 has been converted to equity shares as at reporting date. Also, vide letter dated June 10, 2025, the remaining 55,088 CCPS have also been converted into same number of equity shares of AED 1,000 each and in lieu of the accumulated dividend outstanding, the Entity has issued 18,962 equity shares of AED 1,000 each.

	<u>2026</u>	<u>2025</u>
<b>a) Equity component of compulsory convertible preference shares</b>		
Balance at the beginning of the year	34,077,933	52,426,891
Conversion of dividend payable on equity component of compulsory convertible preference shares to equity	(34,077,933)	(18,348,958)
Balance at the end of the year	<u>-</u>	<u>34,077,933</u>
<b>b) Liability component of compulsory convertible preference shares</b>		
	<u>2026</u>	<u>2025</u>
Balance at the beginning of the year	2,592,257	4,601,275
Amortisation during the year	(2,592,257)	(2,009,018)
Balance at the end of the year	<u>-</u>	<u>2,592,257</u>
<b>18 Accumulated (losses)</b>		
	<u>2026</u>	<u>2025</u>
Balance at the beginning of the year	(270,686,352)	(328,373,364)
Profit for the year	4,328,319	47,285,754
Transferred of finance cost to capital contribution	10,933,406	10,401,258
(Loss) on conversion of preference shares	(18,668,330)	-
Balance at the end of the year	<u>(274,092,957)</u>	<u>(270,686,352)</u>
<b>19 Redeemable preference shares and application money</b>		
	<u>2026</u>	<u>2025</u>
Balance at the beginning of the year	213,702,131	203,300,873
Amortisation during the year	10,933,406	10,401,258
Balance at the end of the year	<u>224,635,537</u>	<u>213,702,131</u>



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**19 Redeemable preference shares and application money (continued)**

The Entity have issued a quantity of 487,855 redeemable preference shares (RPS) of amount AED 1000/- each and in total amounting to AED 487,855,000 to its Parent Entity in FY 2023. In the previous year, the Entity's Parent Entity has waived their right off of RPS of amount 226,637,000. i.e. 226,637 RPSs. For the purpose of waiving off the right, a letter of intent has been submitted to the Director General Fujairah and subsequently the residual portion of the uncanceled RPS has been transferred to equity component.

<b>a) Equity component of redeemable preference shares</b>	<u>2026</u>	<u>2025</u>
Transferred from redeemable preference shares	47,515,869	57,917,127
Amortisation during the year	(10,933,406)	(10,401,258)
	<u><b>36,582,463</b></u>	<u><b>47,515,869</b></u>

Authorised redeemable preference share capital of Entity is AED 520,000,000 (2025: AED 520,000,000) divided into 520,000 (2025: 520,000) shares of AED 1,000 (2025: AED 1,000) each.

In order to raise fund(s) for the repayments of the term loan and related interest, the Entity issued 261,218 (2025: 261,218) mandatorily redeemable preference shares of AED 1,000 each which are redeemable in 11 to 14 years and carry dividend @ 3% p.a. The same is also subordinated to bank borrowings (note 22).

<b>b) Capital contribution</b>	<u>2026</u>	<u>2025</u>
Balance as at the beginning of the year	243,951,225	243,951,225
Balance at the end of the year	<u><b>243,951,225</b></u>	<u><b>243,951,225</b></u>

<b>20 Employees' end of service indemnity benefits</b>	<u>2026</u>	<u>2025</u>
Balance at the beginning of the year	5,216,387	4,285,695
Add: Charge for the year	804,147	1,182,570
Less: Paid during the year	-	(251,878)
Balance at the end of the year	<u><b>6,020,534</b></u>	<u><b>5,216,387</b></u>

Amounts required to cover end of service indemnity at the separate statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting period.

<b>21 Dividend payable on preference shares</b>	<u>2026</u>	<u>2025</u>
Dividend payable on compulsory convertible preference shares	-	18,691,681

The above represents non-discretionary dividend payable on compulsory convertible and redeemable preference shares. The management has decided to pay the said interest upon generation of profits which is not anticipated in next 12 months and therefore, the interest payable has been classified as a non-current liability.

<b>22 Bank borrowings</b>	<u>2026</u>	<u>2025</u>
<b>Due to banks</b>		
Short term loan	<u><b>1,836,250</b></u>	<u><b>5,692,655</b></u>
<b>Bank borrowings - short term liabilities</b>		
Total bank borrowings	<u><b>1,836,250</b></u>	<u><b>5,692,655</b></u>

\*The short term loan carries an interest rate of 6.5% p.a and was repaid during the year.



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**22 Bank borrowings (continued)***Bank borrowings are secured by:*

- i) Assignment of credit insurance policy and stock insurance policy.
- ii) Hypothecation of inventories (note 11).
- iii) Assignment of trade receivables (note 12).
- iv) Subordination of redeemable preference shares application money (note 19).

<b>23 Lease liabilities</b>	<u>2026</u>	<u>2025</u>
Balance at the beginning of year	33,497,935	112,158,711
Elimination during the year	-	(479,277)
Lease modification during the year	-	(72,969,449)
Add: Interest charged during the year (note 31)	2,444,796	1,845,759
Less: Payments during the year	<u>(6,104,208)</u>	<u>(7,057,809)</u>
Balance at the end of the year	<u>29,838,523</u>	<u>33,497,935</u>

The above represents present value of lease payments of land and motor vehicles discounted at the rates ranging from 4.5% to 7.8% (2025: 4.5% to 4.75%) p.a.

The Entity entered into an addendum agreement with Fujairah Municipality, which addresses outstanding dues and revises the lease rent payable. This addendum supersedes all previous agreements and addenda related to the lease. The revised terms under the addendum will govern the lease arrangement going forward, replacing any provisions from prior agreements. Based on this addendum, a modification adjustment has been recorded in the Right-of-Use Assets and Lease Liabilities, and a gain on modification is recorded.

<b>Comprising:</b>	<u>2026</u>	<u>2025</u>
Current portion	3,921,695	3,637,598
Non-current portion	<u>25,916,828</u>	<u>29,860,337</u>
	<u>29,838,523</u>	<u>33,497,935</u>

**For the year ended March 31,****Amounts recognised in separate statement of profit or loss and other comprehensive income:**

	<u>2026</u>	<u>2025</u>
Interest on lease liabilities (note 31)	2,444,796	1,845,759
Depreciation expense (note 8)	56,317	1,707,533

*Payments not included in the measurement of the lease liabilities:*

Expenses related to short term leases (note 29)	<u>361,848</u>	<u>302,805</u>
<b>Net impact for the year</b>	<u>2,862,961</u>	<u>3,856,097</u>

*Amounts recognised in separate statement of cash flows:*

Total cash outflows for leases	<u>(6,466,056)</u>	<u>(7,360,614)</u>
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**24 Trade and other payables***Financial liabilities*

	<u>2026</u>	<u>2025</u>
Trade payables	39,130,053	41,871,013
Accrued expenses and provisions	16,063,950	12,083,199

*Non financial liabilities*

Advances from customers	<u>2,992,432</u>	<u>1,668,738</u>
	<u>58,186,435</u>	<u>55,622,950</u>



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	For the year ended March 31,	
	2026	2025
<b>25 Revenue - net</b>		
Revenue from contracts with customers	<u>262,484,650</u>	<u>254,338,566</u>
<b>25.1 Disaggregated revenue information</b>		
Set out below is the disaggregation of the Entity's revenue from contracts with customers.		
<b>Segments</b>		
<b>Type of revenue</b>		
Cement	122,139,961	142,063,103
Clinker	71,720,880	68,824,025
Value added products	<u>68,623,809</u>	<u>43,451,438</u>
<b>Total revenue from contracts with customers</b>	<u>262,484,650</u>	<u>254,338,566</u>
<b>Geographical markets</b>		
Within U.A.E.	107,021,610	79,920,206
Outside U.A.E.	<u>155,463,040</u>	<u>174,418,360</u>
<b>Total revenue from contracts with customers</b>	<u>262,484,650</u>	<u>254,338,566</u>
<b>Timing of revenue recognition</b>		
Revenue is recorded for goods transferred at a point in time	<u>262,484,650</u>	<u>254,338,566</u>
<b>Total revenue from contracts with customers</b>	<u>262,484,650</u>	<u>254,338,566</u>
	For the year ended March 31,	
	2026	2025
<b>26 Cost of revenue</b>		
Materials consumed	67,720,874	64,279,089
Utilities	52,199,056	51,264,011
Salaries and benefits	20,154,690	18,228,842
Other direct expenses	8,857,443	6,351,979
Depreciation on property, plant and equipment (note 6)	23,109,314	22,966,898
Depreciation on right-of-use assets (note 8)	-	1,455,724
Amortisation on intangible asset (note 7)	<u>298,447</u>	<u>299,529</u>
<b>Manufacturing cost</b>	<u>172,339,824</u>	<u>164,846,072</u>
Semi finished goods and work-in-progress at the beginning of the year	4,402,203	7,411,445
Semi finished goods and work-in-progress at the end of the year (note 11)	<u>(10,225,426)</u>	<u>(4,402,203)</u>
<b>Cost of goods manufactured</b>	<u>166,516,601</u>	<u>167,855,314</u>
Finished goods at the beginning of the year	6,798,744	2,555,418
Finished goods at the end of the year (note 11)	<u>(3,697,951)</u>	<u>(6,798,745)</u>
	<u>169,617,394</u>	<u>163,611,987</u>



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	For the year ended March 31,	
	2026	2025
<b>27 Other income</b>		
Interest income (note 13)	41,067	41,067
Gain on disposal of property, plant and equipment	206,003	191,343
Miscellaneous receipts	1,702,220	216,334
Excess provision written back	(88,826)	245,254
	<u>1,860,464</u>	<u>693,998</u>
	For the year ended March 31,	
	2026	2025
<b>28 Reversal of financial liability and provision written-back</b>		
Reversal of financial liabilities on lease	-	26,611,276
Excess provision written back	-	18,856,867
	<u>-</u>	<u>45,468,143</u>
	For the year ended March 31,	
	2026	2025
<b>29 Selling and distribution expenses</b>		
Salaries and benefits	7,941,592	6,054,881
Freight and handling expenses	47,513,158	49,067,320
Sales royalty	-	(719,576)
Business promotion and other expenses	7,633,850	8,843,375
Depreciation on property, plant and equipment (note 6)	903,886	835,498
Depreciation on right-of-use assets (note 8)	-	80,926
	<u>63,992,486</u>	<u>64,162,424</u>
	For the year ended March 31,	
	2026	2025
<b>30 General and administrative expenses</b>		
Salaries and related benefits	5,606,268	5,480,872
Rent	361,848	302,805
Travelling and conveyance	454,873	515,418
Legal and professional expenses	1,421,564	1,344,699
Insurance	1,086,738	896,095
Repairs and maintenance	409,049	292,152
Communication	380,463	363,733
Allowance for slow moving inventories (note 11)	307,655	-
Allowance for expected credit loss (note 12)	192,664	475,000
Depreciation on property, plant and equipment (note 8)	353,544	317,342
Depreciation on right-of-use assets (note 8 and 23)	56,317	170,883
Miscellaneous	1,111,669	900,706
	<u>11,742,652</u>	<u>11,059,705</u>



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	For the year ended March 31,	
	2026	2025
<b>31 Finance costs</b>		
Interest on preference shares (note 13)	32,842	194,482
Interest on redeemable preference shares (note 13)	10,933,406	10,401,259
Interest on lease liabilities (note 23)	2,444,796	1,845,759
Bank interest and charges	887,462	1,282,907
	<u>14,298,506</u>	<u>13,724,407</u>

**32 Financial instruments**a) *Material accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 6 to the special purpose separate financial statements.

b) *Financial assets and financial liabilities*

Below are the principal financial instruments used by the Entity and their categories, from which financial instrument risk arises:

	Amortised cost	
	2026	2025
<i>Financial assets</i>		
Loan to related parties	2,775,114	651,869
Trade receivables	47,506,479	44,549,401
Due from related parties	11,764,117	14,361,086
Deposits and other receivables	43,981,877	14,185,833
Cash and bank balances	1,757,546	537,762
	<u>107,785,133</u>	<u>74,285,951</u>
<i>Financial liabilities</i>		
Liability component of compulsory convertible preference shares	-	2,592,257
Redeemable preference shares and application money	224,635,537	213,702,131
Dividend payable on preference shares	-	18,691,681
Bank borrowings	1,836,250	5,692,655
Lease liabilities	29,838,523	33,497,935
Trade and other payables	55,194,003	53,954,212
	<u>311,504,313</u>	<u>328,130,871</u>



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**32 Financial instruments (continued)**

*c) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis*

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial instruments not measured at fair value includes cash and bank balances, due from related parties, trade receivables, deposits and other receivables, loan to related parties, trade and other payables, bank borrowings, lease liabilities, redeemable preference shares and application money, dividend payable on preference shares, and liability component of compulsory convertible preference shares.

As at the reporting date, financial assets and financial liabilities approximate their carrying values, due to their short term nature.

*d) Valuation premise for financial instruments that are not measured at fair value on recurring basis*

The following methods and assumptions were used to estimate the fair values:

Receivables are evaluated by the Entity based on parameters such as interest rates, individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at reporting date, the carrying amounts of such receivables, were not materially different from their calculated fair values.

The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

**33 Financial risk management objectives**

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

*a) Foreign currency risk management*

The Entity undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Entity's monetary assets and liabilities denominated in foreign currencies other than in Arab Emirates Dirham or currencies to which the Dirham is fixed are as follows:

	Amounts in foreign currency		Equivalent amounts in AED	
	2026	2025	2026	2025
<i>Trade receivables</i>				
Kenya Shillings	104,995,677	81,001,790	2,967,726	2,300,070
<i>Bank balances</i>				
Kenya Shillings	22,015,897	9,732,674	622,284	276,362
<i>Trade payables</i>				
Kenya Shillings	124,625,646	24,883,607	3,522,571	706,577



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

a) *Foreign currency risk management (continued)*

The following table details the Entity's sensitivity to a 10% increase and decrease in the AED against the relevant foreign currencies. 10% is the sensitivity rate used for reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive or negative number below indicates an increase or decrease in profit or loss where the AED weakens 10% against the relevant currency. For a 10% strengthening of the AED against the relevant currency, there would be an equal and opposite impact on the separate statement of profit or loss and other comprehensive income, and the balances below would be negative.

	<u>Profit or loss (AED)</u>	
Kenya Shillings	<u>238,594</u>	<u>207,760</u>

b) *Interest rate risk management*

The Entity's exposure to the risk of changes in market interest rates relates primarily to the Entity's borrowings with floating interest rates. The Entity's policy is to manage its interest cost using a mix of fixed and variable rate debts. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used for reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the Entity's financial result for the year then ended would (decrease)/increase by AED 9,181 (2025: (decrease)/increase by AED: 28,463).

c) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Entity has access to loans from its shareholders at its disposal to further reduce liquidity risk.

Liquidity and interest risk table:

The table on the following page summarises the maturity profile of the Entity's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the separate statement of financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the separate statement of financial position date based on contractual repayment arrangements were shown on the following page:



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

c) *Liquidity risk management (continued)*

*Liquidity and interest risk table (continued)*

Particulars	Interest bearing				Non Interest bearing			Total
	Effective Interest rate	On demand	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
		less than 3 month						
<b>As at March 31, 2026</b>								
<b>Financial assets</b>								
Loan to related parties	7%	-	-	2,775,114	-	-	-	2,775,114
Trade receivables		-	-	-	-	47,506,479	-	47,506,479
Due from related parties		-	-	-	-	11,764,117	-	11,764,117
Deposits	3-5%	-	-	-	-	-	43,981,877	43,981,877
Cash and bank balances		-	-	-	1,757,546	-	-	1,757,546
		-	-	2,775,114	1,757,546	59,270,596	43,981,877	107,785,133
<b>Financial liabilities</b>								
Redeemable preference shares		-	-	224,635,537	-	-	-	224,635,537
Bank borrowings	6.50%	-	1,836,250	-	-	-	-	1,836,250
Lease liabilities	4.5-7.8%	-	3,921,695	25,916,828	-	-	-	29,838,523
Trade and other payables		-	-	-	-	55,194,003	-	55,194,003
		-	5,757,945	250,552,365	-	55,194,003	-	311,504,313



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

c) *Liquidity risk management (continued)*

*Liquidity and interest risk table (continued)*

Particulars	Effective Interest rate	Interest bearing		Non Interest bearing			Total
		On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	
As at March 31, 2025							
<b>Financial assets</b>							
Loan to related parties	7%	-	-	651,869	-	-	651,869
Trade receivables Due from related parties		-	-	-	-	44,549,401	44,549,401
Deposits and other receivables	3-5%	-	13,458,460	-	-	-	13,458,460
Cash and bank balances		-	-	-	537,762	-	537,762
		-	13,458,460	651,869	537,762	58,910,487	73,558,578
<b>Financial liabilities</b>							
Liability component of CCPS	3%	-	-	2,592,257	-	-	2,592,257
Redeemable preference shares		-	-	-	-	213,702,131	213,702,131
Dividend payable on preference shares		-	-	-	-	18,691,681	18,691,681
Bank borrowings	6.50%	-	5,692,655	-	-	-	5,692,655
Lease liabilities	4.5-9.75%	-	3,637,598	29,860,337	-	-	33,497,935
Trade and other payables		-	-	-	-	53,954,212	53,954,212
		-	9,330,253	32,452,594	-	286,348,024	328,130,871



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

d) *Credit risk management*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly and the Entity applies simplified approach under IFRS 9 to measure lifetime expected credit loss allowance on all of its trade receivables.

Trade receivables consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on trade and other receivables are disclosed in notes 13 and 15 to the special purpose separate financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the special purpose separate financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

**34 Capital risk management**

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year. The Entity is not subject to any externally imposed capital requirements.

The capital structure of the Entity consists of equity comprising issued share capital, capital contribution, foreign exchange translation reserve, accumulated (losses), equity component of compulsory convertible preference shares and equity component of redeemable preference shares as disclosed in the special purpose separate financial statements.

**35 Contingent liabilities**

Letters of guarantees

As at March 31,	
2026	2,025
<u>7,893,220</u>	<u>6,407,683</u>

Except for the above and ongoing business obligations which are under normal course of business, there has been no other known contingent liability on the Entity's special purpose separate financial statements as at the reporting date.

**36 Commitments**

i) Commitment towards acquisition of property, plant and equipment (note 6)

As at March 31,	
2026	2,025
<u>5,562,424</u>	<u>466,471</u>

Except for the above, and ongoing business obligations which are under normal course of business, there has been no other known commitment on the Entity's special purpose separate financial statements as at the reporting date.



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**37 Subsequent event after reporting period**

Subsequent to the reporting date, the geopolitical tensions have arisen in certain regions of the Middle East, which may have potential implications for the Entity's future business operations and financial position. These developments have been evaluated in accordance with IAS 10 – Events after the Reporting Period and have been determined to be non adjusting event. Accordingly, no adjustments have been made to the special purpose separate financial statements as at the reporting date.

Given the evolving nature of these events, it is not possible for the management to assess the potential financial impact, if any, on its business operations. The management will continue to monitor these events and assess their potential impact on the business.

**38 Comparative figures**

There was no reclassification or regroupings made in the previously reported financial result or equity.

