

Jindal Saw Holdings FZE

Fujairah Free Zone

Fujairah - United Arab Emirates

Auditor's report and separate financial statements

For the year ended March 31, 2021



Jindal Saw Holdings FZE
Fujairah Free Zone
Fujairah - United Arab Emirates

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Ref: JM/AR/2021/3114

Independent auditor's report

To,

The Shareholder

M/s. Jindal Saw Holdings FZE

Fujairah Free Zone

Fujairah - United Arab Emirates

Report on the audit of separate financial statements

Opinion

We have audited the accompanying separate financial statements of **M/s. Jindal Saw Holdings FZE** (the "Entity") which comprise the separate statement of financial position as at March 31, 2021 and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity, separate statement of cash flows for the year then ended and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Responsibilities of management for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards (IFRSs), in compliance with the requirements of applicable laws and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

The management is responsible for overseeing the Entity's financial reporting process.

Independent auditor's report to the shareholder of Jindal Saw Holdings FZE (continued)

Auditor's responsibilities for the audit of separate financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

As required by 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, we further confirm that,

- 1 We have obtained all the information and explanations which we consider necessary for our audit.
- 2 The separate financial statements have been prepared and comply, in all material respects, 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 the Articles of Incorporation of the Entity.

Independent auditor's report to the shareholder of Jindal Saw Holdings FZE (continued)

Report on other legal and regulatory requirements

- 3 Proper books of accounts have been maintained by the Entity.
- 4 Investment in shares and stocks are included in note 4 to separate financial statements and include purchases and investments made by the Entity during the year ended March 31, 2021.
- 5 Note 5 to separate financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted.
- 6 Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended, any of 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 or the Articles of Incorporation of the Entity, which would materially affect its activities or its financial position as at March 31, 2021.

For UHY James Chartered Accountants



James Mathew FCA, CPA

Managing Partner

Reg. No. 548

May 10, 2021

Dubai - United Arab Emirates



Jindal Saw Holdings FZE
Fujairah Free Zone
Fujairah - United Arab Emirates

Separate statement of financial position as at March 31, 2021
(In Arab Emirates Dirham)

	Notes	2021	2020
Assets			
<i>Non-current assets</i>			
Investment in subsidiaries	4	98,435,877	85,364,877
Long term loan to a related party	5	94,701,099	94,701,099
<i>Total non-current assets</i>		<u>193,136,976</u>	<u>180,065,976</u>
<i>Current assets</i>			
Due from related parties	5	23,133,984	23,553,660
Advances, deposits and other receivables	6	4,425,271	6,136,849
Bank balances	7	889,603	319,830
<i>Total current assets</i>		<u>28,448,858</u>	<u>30,010,339</u>
Total assets		<u><u>221,585,834</u></u>	<u><u>210,076,315</u></u>
Equity and liabilities			
<i>Equity</i>			
Share capital	8	106,925,000	106,925,000
Share application money		-	1,751
Accumulated (losses)	9	(70,506,794)	(67,945,715)
<i>Total equity</i>		<u>36,418,206</u>	<u>38,981,036</u>
<i>Non-current liabilities</i>			
Long term loan from a related party	5	84,954,722	84,954,722
Employees' end of service benefits	10	544,010	461,704
<i>Total non-current liabilities</i>		<u>85,498,732</u>	<u>85,416,426</u>
<i>Current liabilities</i>			
Short term loan from a related party	5	79,646,375	75,136,765
Due to a related party	5	4,792,613	2,956,363
Provisions and other payables	11	15,229,908	7,585,725
<i>Total current liabilities</i>		<u>99,668,896</u>	<u>85,678,853</u>
Total liabilities		<u>185,167,628</u>	<u>171,095,279</u>
Total equity and liabilities		<u><u>221,585,834</u></u>	<u><u>210,076,315</u></u>


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

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

The separate financial statements on pages 4 to 22 were approved on May 10, 2021 and signed on behalf of the Entity, by:


Mr. Amit Kumar
Director




Mr. Anil Kumar Kejriwal
Director



Jindal Saw Holdings FZE

Fujairah Free Zone

Fujairah - United Arab Emirates

Separate statement of profit or loss and other comprehensive income for the year ended March 31, 2021

(In Arab Emirates Dirham)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Expenses			
Administrative expenses	12	(589,668)	(1,962,719)
Finance costs	13	(6,404,678)	(6,682,135)
Other income	14	<u>4,433,268</u>	<u>2,618,397</u>
(Loss) for the year		(2,561,078)	(6,026,457)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive (loss) for the year		<u>(2,561,078)</u>	<u>(6,026,457)</u>

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

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



Jindal Saw Holdings FZE
 Fujairah Free Zone
 Fujairah - United Arab Emirates

Separate statement of changes in equity for the year ended March 31, 2021
 (In Arab Emirates Dirham)

	<u>Share capital</u>	<u>Share application money</u>	<u>Accumulated (losses)</u>	<u>Total equity</u>
Balance as at March 31, 2019	97,650,000	-	(61,919,258)	35,730,742
(Loss) for the year	-	-	(6,026,457)	(6,026,457)
Share capital introduced	<u>9,275,000</u>	<u>1,751</u>	-	<u>9,276,751</u>
Balance as at March 31, 2020	106,925,000	1,751	(67,945,715)	38,981,036
(Loss) for the year	-	-	(2,561,078)	(2,561,078)
Net movements during the year	-	(1,751)	-	(1,751)
Balance as at March 31, 2021	<u>106,925,000</u>	<u>-</u>	<u>(70,506,793)</u>	<u>36,418,207</u>

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

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



Jindal Saw Holdings FZE
Fujairah Free Zone
Fujairah - United Arab Emirates

Separate statement of cash flows for the year ended March 31, 2021
(In Arab Emirates Dirham)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
(Loss) for the year	(2,561,078)	(6,026,457)
<i>Adjustments for:</i>		
Foreign currency exchange(gain)/loss	(1,477,660)	654,481
Provision for employees' end of service benefits	91,462	118,128
Impairment loss for the year	150,000	110,100
Provision for doubtful related party receivable	172,369	-
Interest income	(705,608)	(708,697)
Finance costs	6,404,678	6,682,135
Operating profit before changes in operating assets and liabilities	2,074,163	829,690
<i>(Increase)/decrease in current assets</i>		
Advances, deposits and other receivables	1,711,578	2,830,723
Due from related parties	1,678,374	(1,191,719)
<i>Increase/(decrease) in current liabilities</i>		
Provisions and other payables	299,184	(7,391,909)
Due to a related party	1,836,250	2,013
Cash generated from/(used in) operations	7,599,549	(4,921,202)
Employees' end-of-services benefits paid	(9,156)	-
Net cash from/(used in) operating activities	7,590,393	(4,921,202)
Cash flows from investing activities		
Investments in subsidiaries	(5,876,001)	(4,407,000)
Net cash (used in) investing activities	(5,876,001)	(4,407,000)
Cash flows from financing activities		
Proceeds from short term loan from a related party	4,509,610	4,894,396
Share capital introduced	-	9,275,000
Share application money	(1,751)	1,751
Interest income received	752,200	376,390
Finance costs paid	(6,404,678)	(6,682,135)
Net cash (used in)/from financing activities	(1,144,619)	7,865,402
Net increase/(decrease)in cash and cash equivalents	569,773	(1,462,800)
Cash and cash equivalents, beginning of the year	319,830	1,782,630
Cash and cash equivalents, end of the year	889,603	319,830
Cash and cash equivalents		
Cash at banks	889,603	319,830
	889,603	319,830

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

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



Jindal Saw Holdings FZE

Fujairah Free Zone

Fujairah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2021

1 Legal status and business activities

- 1.1 M/s. Jindal Saw Holdings FZE**, Fujairah Free Zone, Fujairah - United Arab Emirates (the "Entity") was registered on October 19, 2009 as a Free Zone Establishment and operates in the United Arab Emirates under an investment license and general trading license issued by the Fujairah Free Zone Authority, Government of Fujairah, Fujairah - United Arab Emirates.
- 1.2** The Entity is licensed to invest in business such as company, establishment, joint venture, organization or engaging with other entities carrying on similar business inside or outside United Arab Emirates and general trading.
- 1.3** The registered address of the Entity is P.O. Box: 50556, Fujairah Free Zone, Fujairah - United Arab Emirates.
- 1.4** The management and control is vested with the Director, Mr. Anil Kumar Kejriwal (Indian national).
- 1.5** These separate financial statements incorporate the operating results of Investment license no. 2640 and General Trading license no. 2640A issued by the Fujairah Free Zone Authority, Government of Fujairah, Fujairah - United Arab Emirates.

2 New standards and amendments

2.1 New standards and amendments applicable as on April 01, 2020

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after April 01, 2020.

- Definition of a Business - Amendments to IFRS 3
- Interest Rate Benchmark Reform - Amendments to IFRS 7, IFRS 9 and IAS 39
- Definition of Material - Amendments to IAS 1 and IAS 8
- Conceptual Framework for Financial Reporting - Amendments
- COVID-19 related rent concessions, amendment to IFRS 16

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 March 31, 2021.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 17 - Insurance Contracts	April 1, 2023
Classification of Liabilities as Current or Non-Current - Amendments to IAS 1	April 1, 2023
Reference to the Conceptual Framework - Amendments to IFRS 3	April 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	April 1, 2022
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37	April 1, 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	April 1, 2022
IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities	April 1, 2022
Taxation in fair value measurements - Amendments to IAS 41 Agriculture	April 1, 2022

Management anticipates that these new standards, interpretations and amendments will be adopted in the 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 separate financial statements in the period of initial application.



Jindal Saw Holdings FZE

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Notes to the separate financial statements for the year ended March 31, 2021

3 Significant accounting policies

3.1 Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB). These separate financial statements are presented in United Arab Emirates Dirham (AED) which is the Entity's functional and presentational currency.

3.2 Basis of preparation

These financial statements represent separate financial statements of the Entity prepared in accordance with IAS 27 "Separate Financial Statements".

The separate financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below.

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 separate financial statements are set out below.

3.3 Current/non-current classification

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

Expected to be realised or intended to 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.

3.4 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 economic best 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.

Jindal Saw Holdings FZE

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Notes to the separate financial statements for the year ended March 31, 2021

3 Significant accounting policies (continued)

3.5 Foreign currency

The 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 profit or loss in the period in which they arise.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

3.6 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.

3.6.1 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.

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.

3.7 Investment in subsidiaries

The investment in subsidiaries are accounted for using cost method as suggested by IAS 27 "Separate Financial Statements". Preparation of separate financial statements with an exemption of IFRS 10 "Consolidated Financial Statements" where the Entity has not opted to consolidate its subsidiary.

3.8 Financial instruments

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

Jindal Saw Holdings FZE

Fujairah Free Zone

Fujairah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2021

3 Significant accounting policies (continued)

3.9 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.

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 profit or loss.

Financial assets comprise of cash and cash equivalents, due from related parties and other receivables and other financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Due from related parties

Amounts due from related parties are stated at amortised cost.

Other financial assets

Other financial assets include both debt instrument and equity instruments. Debt instruments include those subsequently carried at amortized cost, those carried at FVTPL and those carried at FVTOCI.

Impairment of financial assets

For accounts receivable and due from 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.

3.10 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 other payables, due to and loan from related parties.

Jindal Saw Holdings FZE

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Notes to the separate financial statements for the year ended March 31, 2021

3 Significant accounting policies (continued)

3.10 Financial liabilities (continued)

Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Due to/loan from related parties

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

Loans and other 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 statement of profit or loss.

3.11 Offsetting financial instruments

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

3.12 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.

3.13 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 is 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 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.

Jindal Saw Holdings FZE

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Notes to the separate financial statements for the year ended March 31, 2021

3 Significant accounting policies (continued)

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

The significant judgements 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 below.

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 below.

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 separate financial statements.



Jindal Saw Holdings FZE

Fujairah Free Zone

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Notes to the separate financial statements for the year ended March 31, 2021

(In Arab Emirates Dirham)

4 Investment in subsidiaries

	<u>Proportion of ownership interest</u>	<u>Proportion of voting power</u>	<u>2021</u>	<u>2020</u>
a) M/s. Jindal Saw Middle East FZE <i>(formerly know as M/s. Jindal Saw Middle East FZC)</i> , Fujairah Free Zone, Fujairah - U.A.E.				
- Investment in share capital	100%	100%	66,000,000	49,500,000
- Additional investment			32,435,877	31,307,877
- Advance for investment in share capital*			-	4,407,000
			<u>98,435,877</u>	<u>85,214,877</u>
b) M/s. Greenray Holdings Limited, Leicestershire - United Kingdom				
- Investment in share capital	49%	49%	34,534,247	34,534,247
Impairment losses			<u>(34,534,247)</u>	<u>(34,534,247)</u>
			<u>-</u>	<u>-</u>
<u>Movement in impairment losses</u>				
Balance at the beginning of the year			34,534,247	25,251,176
Impairment loss for the year (note 12)			-	110,100
Transferred from provision for doubtful balances (note 5)			-	3,559,900
Transferred from provision for dissolution (note 11)			-	5,613,071
Balance at the end of the year			<u>34,534,247</u>	<u>34,534,247</u>
c) M/s. Jindal International FZE, Fujairah Free Zone, Fujairah - U.A.E.				
- Investment in share capital	100%	100%	150,000	150,000
Impairment losses			<u>(150,000)</u>	<u>-</u>
			<u>-</u>	<u>150,000</u>
Total (a + b + c)			<u>98,435,877</u>	<u>85,364,877</u>

a) Represents 100% equity interest {1,000 shares of AED 66,000 each (2020: 750 shares of AED 66,000 each)} and an additional long term investment of capital employed in M/s. Jindal Saw Middle East FZE *(Formerly known as M/s. Jindal Saw Middle East FZC)*, Fujairah Free Zone, Fujairah - U.A.E. The principal activities of the subsidiary are general trading and acting as a holding company. During the year Entity has purchased remaining 25% shares from the M/s. Sathi Holdings Limited for AED 17.5M. The share transfer process has been completed on January 26, 2021.

b) Represents 49% equity interest {6,779,168 shares (2020: 6,779,168 shares)} in M/s. Greenray Holdings Limited, Leicestershire - United Kingdom. The remaining 51% equity interest {7,055,849 shares (2020: 7,055,849 shares)} is held by M/s. Jindal Saw Limited - India (the ultimate parent) and the defacto control and power to govern the operating and financial policies of the investee remains with the Entity. The principal activity of the investee is distribution of ductile iron pipes, fittings, waterworks valves, pipe joints and pipe repair products.

In 2017, the management decided to dissolve M/s. Derwent Sand SARL - Algeria, a fully owned subsidiary of M/s. Greenray Holdings Limited. The Entity had recorded an estimated provision towards dissolution of AED 11,010,000 in it's separate financial statements in previous years. During the previous year, the Entity made an additional investment of AED 9,283,071 into subscribed share capital of the investee in order to settle the liabilities. The said additional investment was made through cash a contribution of AED 5,613,071 and conversion of a short term loan of AED 3,670,000 into equity. The entire investment as at the year ended March 31, 2021 has been deemed to be impaired.

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4 Investment in subsidiaries (continued)

c) Represents 100% equity interest {1,000 shares of AED 150 each (2020: 1,000 shares of AED 150 each)} in M/s. Jindal International FZE, Fujairah Free Zone, Fujairah - U.A.E. The principal activities of the subsidiary is general trading. The entire investment as at the year ended March 31, 2021 has been deemed to be impaired.

The investment in subsidiaries have been separately accounted at cost in these separate financial statements as an exemption to consolidate in accordance with IFRS 10 "Consolidated Financial Statements", as the Ultimate Parent entity prepares consolidated financial statements.

5 Related party 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. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

a) Long term loan to a related party	2021	2020
<i>Subsidiary</i>		
M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC), Fujairah Free Zone, Fujairah - U.A.E.	94,701,099	94,701,099
The above loan was provided to M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC), Fujairah Free Zone, Fujairah - U.A.E. to meet working capital requirements. The said loan is interest free, without any fixed repayment schedule and considered as a long term source of finance for the related party.		
b) Due from related parties	2021	2020
<i>Entities under common management and control</i>		
M/s. Jindal Saw Italia - Italy*	21,906,365	20,446,778
M/s. Jindal Saw Gulf L.L.C., Abu Dhabi - U.A.E.	1,227,620	2,971,882
<i>Subsidiary</i>		
M/s. Jindal International FZE, Fujairah Free Zone, Fujairah - U.A.E.**	172,369	135,000
	23,306,354	23,553,660
Less: Allowance for doubtful balances (note 12)	(172,369)	-
	23,133,985	23,553,660

* The above loan was provided to meet working capital requirements. The said loan carries interest at 3 months EURIBOR + 3.25% per annum and is repayable on October 25, 2021 in a bullet payment (note 14).

** During the year, an allowance for impairment has been provided for the balance due from a subsidiary as there is no amount recoverable from the subsidiary, since it applied for voluntary liquidation during the year.

	2021	2020
<u>Movement in allowance for doubtful balances</u>		
Balance at the beginning of the year	-	3,559,900
Charge for the year (note 12)	172,369	-
Transferred to impairment losses (note 4)	-	(3,559,900)
Balance at the end of the year	172,369	-

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5 Related party transactions (continued)	2021	2020
c) Due to related parties		
<i>Entities under common management and control</i>		
M/s. SV Trading Limited - Island of Nevis	2,956,363	2,956,363
M/s. Greenray Holdings Limited, Leicestershire - U.K.	1,836,250	-
	4,792,613	2,956,363
d) Long term loan from a related party		
<i>Entity under common management and control</i>		
M/s. International Investments Limited FZC, Fujairah - U.A.E.	84,954,722	84,954,722
The loan is interest free and without any fixed repayment schedule and is not due for repayment within next 12 months.		
e) Short term loan from a related party		
<i>Shareholder</i>		
M/s. Jindal Saw Limited - India	79,646,375	75,136,765
The above loan carries interest @ LIBOR + 5% p.a. and is repayable by December 31, 2021 (note 13).		
f) Transactions with related parties		
The nature of significant related party transactions and the amounts involved were as follows:		
	For the year ended March 31,	
	2021	2020
Provision for doubtful balances (note 12)	172,369	-
Impairment loss for the year (note 12)	150,000	110,100
Interest expense (note 13)	4,512,005	4,786,213
Expense recharged to a related party (note 14)*	7,615,597	5,227,383
Interest income (note 14)	705,608	708,697
* Represents salaries and related benefits recharged to a related party, M/s. Jindal Saw Gulf L.L.C., Abu Dhabi - U.A.E. for the provision of management services.		
	2021	2020
6 Advances, deposits and other receivables		
Prepayments	4,244,104	6,014,638
Other advances	53,261	10,301
Guarantee deposits	120,250	108,000
VAT receivable - net	7,656	3,910
	4,425,271	6,136,849
7 Bank balances		
Cash at banks	889,603	319,830

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.

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8 Share capital

The authorised, issued and paid up capital of the Entity is AED 106,925,000 (2020: AED 106,925,000) divided into 1,000 shares (2020: 1,000 shares) of AED 106,925 (2020: 106,925) each fully paid.

The details of the shareholding as at the reporting date is as follows:

<u>Name of shareholder</u>	<u>Domicile</u>	<u>Percentage</u>	<u>No. of shares</u>	<u>2021</u>	<u>2020</u>
M/s. Jindal Saw Limited {Represented by Mr. Anil Kumar Kejriwal}	India	100	1,000	106,925,000	106,925,000
				<u>2021</u>	<u>2020</u>

9 Accumulated (losses)

Balance at the beginning of the year	(67,945,715)	(61,919,258)
(Loss) for the year	(2,561,078)	(6,026,457)
Balance at the end of the year	<u>(70,506,793)</u>	<u>(67,945,715)</u>

10 Employees' end of service benefits

Balance at the beginning of the year	461,704	343,576
Add: Charge for the year	91,462	118,128
Less: Paid during the year	(9,156)	-
Balance at the end of the year	<u>544,010</u>	<u>461,704</u>

Amounts required to cover end of service indemnity at the 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.

11 Provisions and other payables

Provision for dissolution cost *	5,396,929	5,396,929
Provisions and accruals	820,742	555,647
Payable against share purchase **	7,345,000	-
Other payables	1,667,238	1,633,149
	<u>15,229,908</u>	<u>7,585,725</u>

* Represents expected dissolution cost for M/s. Derwent Sand SARL - Algeria(note 4b).

** Represents remaining amounts payable towards purchase of 250 shares of M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC), Fujairah Free Zone, Fujairah - U.A.E. against the total consideration of AED 17,628,000 and as per agreement dated January 14, 2021 consisting of remaining 10 equal monthly post dated cheques.

	<u>For the year ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
12 Administrative expenses		
Legal, visa, professional and related expenses	247,299	1,178,138
Rent	20,000	20,000
Impairment loss for the year (note 4)	150,000	110,100
Provision for doubtful related party receivable (note 5)	172,369	-
Foreign currency exchange loss	-	654,481
	<u>589,668</u>	<u>1,962,719</u>

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	For the year ended March 31,	
	2021	2020
13 Finance costs		
Interest and bank charges (note 5)*	6,404,678	6,682,135
* Includes AED 4,512,005 (2020: AED 4,786,213) charged on a short term loan from a related party (note 5(f)).		
14 Other income		
Foreign exchange gain	1,477,660	-
Interest income (note 5(f))	705,608	708,697
Gain on commodity futures	-	1,909,700
Recharge of expenses from related party (note 5(f))	7,615,597	5,227,383
Less: actual expenses incurred	(5,365,597)	(5,227,383)
	4,433,268	2,618,397

15 Financial instrumentsa) *Significant 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 3 to the separate financial statements.

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

	As at March 31,		As at March 31,	
	2021	2020	2021	2020
	Carrying amount		Fair value	
<i>Financial assets</i>				
Long term loan to a related party	94,701,099	94,701,099	94,701,099	94,701,099
Due from related parties	23,133,985	23,553,660	23,133,985	23,553,660
Other receivables	127,906	111,910	127,906	111,910
Bank balances	889,603	319,830	889,603	319,830
	118,852,593	118,686,499	118,852,593	118,686,499
<i>Financial liabilities</i>				
Short term loan from a related party	79,646,375	75,136,765	79,646,375	75,136,765
Long term loan from a related party	84,954,722	84,954,722	84,954,722	84,954,722
Due to related parties	4,792,613	2,956,363	4,792,613	2,956,363
Provisions and other payables	15,229,908	7,585,725	15,229,908	7,585,725
	184,623,618	170,633,575	184,623,618	170,633,575

Financial instruments comprise of financial assets and financial liabilities.

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 assets consist of due from related parties, other receivables, long term loan to a related party and bank balances. Financial liabilities consist of short term loan from a related party, provisions and other payables, long term loan from a related party and due to related parties.

As at the reporting date, financial assets and financial liabilities approximate their carrying values.

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15 Financial instruments (continued)c) *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, net of allowances, were not materially different from their calculated fair values.

The fair value of other financial liabilities 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.

16 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.

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:

	Assets			
	Amounts in Foreign currency		Amounts in AED	
	2021	2020	2021	2020
<i>Due from a related party</i>				
Euro	5,082,153	5,090,933	21,907,586	20,480,284
<i>Cash and bank</i>				
Euro	176,398	15,583	760,397	62,689

Foreign currency sensitivity analysis

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 profit or loss, and the balances below would be negative.

	Profit or loss	
	2021	2020
<i>Due from a related party</i>		
Euro	2,190,759	2,048,028
<i>Cash and bank</i>		
Euro	76,040	6,269

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16 Financial risk management objectives (continued)*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 profit for the year then ended would (decrease)/increase by AED 398,232 (2020: (decrease)/increase by AED 375,684).

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rest 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 interest free loans from its shareholder at its disposal to further reduce liquidity risk.

Liquidity and interest risk table:

The table below 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 financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the statement of financial position date based on contractual repayment arrangements were as follows:

Particulars	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	More than 1 year	
As at March 31, 2021							
Financial assets							
Long term loan to a related party	-	-	-	-	-	94,701,099	94,701,099
Due from related parties	-	21,906,365	-	-	1,227,620	-	23,133,985
Other receivables	-	-	-	-	127,906	-	127,906
Bank balances	-	-	-	889,603	-	-	889,603
	-	21,906,365	-	889,603	1,355,526	94,701,099	118,852,593

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16 Financial risk management objectives (continued)

c) Liquidity risk management (continued)

Liquidity and interest risk table (continued)

Particulars	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	More than 1 year	
As at March 31, 2021							
Financial liabilities							
Short term loan from a related party	-	79,646,375	-	-	-	-	79,646,375
Long term loan from a related party	-	-	-	-	-	84,954,722	84,954,722
Provisions and other payables	-	-	-	-	15,229,908	-	15,229,908
Due to related parties	-	-	-	-	4,792,613	-	4,792,613
	<u>-</u>	<u>79,646,375</u>	<u>-</u>	<u>-</u>	<u>20,022,521</u>	<u>84,954,722</u>	<u>184,623,618</u>
As at March 31, 2020							
Financial assets							
Long term loan to a related party	-	-	-	-	-	94,701,099	94,701,099
Due from related parties	-	20,446,778	-	-	3,106,882	-	23,553,660
Other receivables	-	-	-	-	111,910	-	111,910
Bank balances	-	-	-	319,830	-	-	319,830
	<u>-</u>	<u>20,446,778</u>	<u>-</u>	<u>319,830</u>	<u>3,218,792</u>	<u>94,701,099</u>	<u>118,686,499</u>
Financial liabilities							
Short term loan from a related party	-	75,136,765	-	-	-	-	75,136,765
Long term loan from a related party	-	-	-	-	-	84,954,722	84,954,722
Provisions and other payables	-	-	-	-	7,585,725	-	7,585,725
Due to a related party	-	-	-	-	2,956,363	-	2,956,363
	<u>-</u>	<u>75,136,765</u>	<u>-</u>	<u>-</u>	<u>10,542,088</u>	<u>84,954,722</u>	<u>170,633,575</u>

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.

Ongoing credit evaluation is performed on the financial condition of other receivables. Further details of credit risks on other receivables are discussed in notes 6 to the 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 separate financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

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17 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 capital structure of the Entity consists of cash and cash equivalents and equity comprising issued capital as disclosed in the separate financial statements.

18 Contingent liabilities

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

19 Commitments

Commitments towards investment in equity (note 4(a))

<u>As at March 31,</u>	
<u>2021</u>	<u>2020</u>
-	<u>13,147,550</u>

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

20 Reclassification

Certain amounts for the prior year were reclassified to conform to current year's presentation. However, such reclassifications do not have any impact on the Entity's previously reported financial result or equity.

