

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

**Auditor's report and separate financial statements
For the year ended March 31, 2019**

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

Table of contents

	<u>Pages</u>
General information	1
Independent auditor's report	2 - 4
Statement of financial position	5
Statement of profit or loss and other comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the separate financial statements	9 - 23

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

General information

Principal Office Address : P.O. Box: 50556
Fujairah Free Zone
Fujairah - United Arab Emirates
T: +971 9 2282978
F: +971 9 2282979

Website : www.jindalsaw.com

The Directors	Name	Nationality
	Mr. Amit Kumar	Indian
	Mr. Anil Kumar Kejriwal	Indian

The Auditor : Crowe Mak
P.O. Box: 262794
Dubai - United Arab Emirates

The Main Banks : Bank of Baroda
: Abu Dhabi Commercial Bank PJSC

Ref: JM/AR/19/12166

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**, Fujairah Free Zone, Fujairah - United Arab Emirates (the "Entity") which comprise the statement of financial position as at March 31, 2019 and the statement of profit or loss and other comprehensive income, statement of changes in equity, 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, 2019 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 and those charged with governance 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.

Those charged with governance are 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.
- 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 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 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.

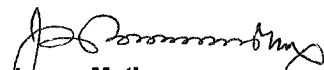
Independent auditor's report to the shareholder of Jindal Saw Holdings FZE (continued)

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.
- 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, 2019.
- 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, 2019.

For Crowe Mak



James Mathew
Senior Partner
Regn. No. 548

May 13, 2019
Dubai - United Arab Emirates



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

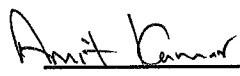
Statement of financial position as at March 31, 2019
(In Arab Emirates Dirham)

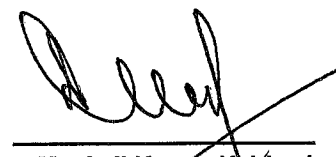
	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Assets			
<i>Non-current assets</i>			
Investment in subsidiaries	4	80,957,877	80,957,877
Long term loan to a related party	5	94,701,099	94,701,099
<i>Total non-current assets</i>		175,658,976	175,658,976
<i>Current assets</i>			
Due from related parties	5	22,794,215	22,818,625
Advances, deposits and other receivables	6	8,967,572	12,183,726
Bank balances	7	1,782,630	1,818,888
<i>Total current assets</i>		33,544,417	36,821,239
Total assets		209,203,393	212,480,215
Equity and liabilities			
<i>Equity</i>			
Share capital	8	97,650,000	97,650,000
Accumulated (losses)	9	(61,919,258)	(51,514,138)
<i>Total equity</i>		35,730,742	46,135,862
<i>Non-current liabilities</i>			
Long term loan from a related party	5	84,896,889	84,896,889
Employees' end of service benefits	10	343,576	-
<i>Total non-current liabilities</i>		85,240,465	84,896,889
<i>Current liabilities</i>			
Short term loan from a related party	5	70,300,202	65,834,964
Due to a related party	5	2,954,350	2,954,350
Provisions and other payables	11	14,977,634	12,658,150
<i>Total current liabilities</i>		88,232,186	81,447,464
Total liabilities		173,472,651	166,344,353
Total equity and liabilities		209,203,393	212,480,215

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

The report of the auditor is set out on pages 2 to 4.

The separate financial statements on pages 5 to 23 were approved on May 12, 2019 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

Statement of profit or loss and other comprehensive income for the year ended March 31, 2018
(In Arab Emirates Dirham)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Expenses			
Administrative expenses	12	(4,796,781)	(1,690,397)
Finance costs	13	(6,353,041)	(5,698,848)
Other income	14	744,702	646,061
(Loss) for the year		(10,405,120)	(6,743,184)
Other comprehensive income		-	-
Total comprehensive (loss) for the year		(10,405,120)	(6,743,184)

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

The report of the auditor is set out on pages 2 to 4.

The separate financial statements on pages 5 to 23 were approved on May 12, 2019 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

Statement of changes in equity for the year ended March 31, 2019
 (In Arab Emirates Dirham)

	<u>Share capital</u>	<u>Accumulated (losses)</u>	<u>Total equity</u>
Balance as at March 31, 2017	97,650,000	(44,770,954)	52,879,046
(Loss) for the year	-	(6,743,184)	(6,743,184)
Balance as at March 31, 2018	97,650,000	(51,514,138)	46,135,862
(Loss) for the year	-	(10,405,120)	(10,405,120)
Balance as at March 31, 2019	97,650,000	(61,919,258)	35,730,742

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

The report of the auditor is set out on pages 2 to 4.

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

Statement of cash flows for the year ended March 31, 2019
(In Arab Emirates Dirham)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
(Loss) for the year	(10,405,120)	(6,743,184)
<i>Adjustments for:</i>		
Foreign exchange loss	2,090,634	426,452
Provision for employees' end of service benefits	343,576	-
Provision for doubtful related party receivable	2,018,500	587,200
Interest income	(744,702)	(646,061)
Finance costs	6,353,041	5,698,848
Operating (loss) before changes in operating assets and liabilities	(344,071)	(676,745)
<i>(Increase)/decrease in current assets</i>		
Advances, deposits and other receivables	3,216,154	(12,051,395)
Due from related parties	(4,084,724)	(4,075,840)
<i>Increase/(decrease) in current liabilities</i>		
Provisions and other payables	2,319,484	951,272
Net cash from/(used in) operating activities	1,106,843	(15,852,708)
Cash flows from investing activities		
Long term loan to a related party	-	11,530,045
Net cash from investing activities	-	11,530,045
Cash flows from financing activities		
Proceeds of short term loan from a related party	4,465,238	49,442,430
(Repayment) of bank borrowings	-	(39,300,000)
Interest income received	744,702	646,061
Finance costs paid	(6,353,041)	(5,698,848)
Net cash (used in)/from financing activities	(1,143,101)	5,089,643
Net (decrease)/increase in cash and cash equivalents	(36,258)	766,980
Cash and cash equivalents, beginning of the year	1,818,888	1,051,908
Cash and cash equivalents, end of the year	1,782,630	1,818,888
Cash and cash equivalents		
Cash at banks	1,782,630	1,818,888
	1,782,630	1,818,888

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

The report of the auditor is set out on pages 2 to 4.

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 are vested with the Director, Mr. Anil Kumar Kejriwal (Indian national).
- 1.5** These separate financial statements incorporate the operating results of license nos. 2640 and 2640A issued by the Fujairah Free Zone Authority, Government of Fujairah, Fujairah - United Arab Emirates.

2 New and amended standards

2.1 New and revised IFRSs applied with no material effect on the separate financial statements

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after January 01, 2018.

IFRS 9 Financial Instruments and associated amendments to various other standards.

IFRS 15 Revenue from contracts with customer and associated amendments to various other standards

Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

Annual improvements 2014-2016 cycle

Transfers of Investment Property – Amendments to IAS 40

Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

The following standards and interpretations had been issued were not mandatory for annual reporting periods ending December 31, 2018.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 16 - Leases	January 1, 2019. Earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.
Amendments to IFRS 9 – Prepayment Features with Negative Compensation	January 1, 2019
Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures	January 1, 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019
Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement	January 1, 2019
IFRS 17 - Insurance Contracts	January 1, 2021

2 New standards and amendments (continued)

2.2 New standards and amendments issued but not effective for the current annual period (continued)

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.

2.3 Impact of standards adopted in 2018

2.3.1 IFRS 15 Revenue from contract with customers

There is no effect of adoption of IFRS 15 on the balance sheet and retained earnings.

2.3.2 IFRS 9 Financial instruments

The Entity adopted IFRS 9 Financial instruments from April 01, 2018. The effect of adoption of IFRS 9 on the balance sheet and retained earnings is not material and has been disclosed where applicable in the notes to these separate financial statements.

2.4 Impact of standards issued but not yet applicable

2.4.1 IFRS 16 Leases

IFRS 16 was issued in January 2016 and will supersede IAS 17 Leases. It will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance lease is removed for leases. Under the new standard, both an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases.

The standard is mandatory for financial years commencing on or after January 1, 2019. The Entity has decided not to adopt the standard before its effective date.

The standard will affect primarily the accounting for the Entity's operating lease. At the reporting date, the Entity has no significant non-cancellable operating lease commitments. Also, the Entity, plans to use the recognition exemption for low value leases such as personal computers and to recognize on a straight line basis as an expense in the income statement.

3 Significant accounting policies

3.1 Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the applicable laws. 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 on below.

3 Significant accounting policies (continued)

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 as 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.

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 Significant accounting policies (continued)

3.6 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.

3.7 Financial instruments

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

3.8 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, 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.

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 Significant accounting policies (continued)

3.9 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 accounts and other payables, due to and loan from a related party.

Accounts and other payable

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

Due to/loan from a related party

Amounts due to/loan from a related party is 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.

3.10 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.

3.11 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 Significant accounting policies (continued)

3.12 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.

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.

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 judgement that has the most significant effect on the amounts recognised in separate financial statements.

Business model assessment - classification and measurement of 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.

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.

Valuation of unquoted investments

Valuation of unquoted equity investments is normally based on one of the following:

- Current fair value of another instrument that is substantially the same;
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimations. The Entity calibrates the valuation techniques periodically and tests them for validity using either prices from observable current market transactions in the same instrument or from other available observable market data.

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
Fujairah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2019
(In Arab Emirates Dirham)

4 Investment in subsidiaries

	<u>Proportion of ownership interest</u>	<u>Proportion of voting power</u>	<u>2019</u>	<u>2018</u>
a) M/s. Jindal Saw Middle East FZC, Fujairah Free Zone, Fujairah - U.A.E.				
- Investment in share capital	75%	75%	49,500,000	49,500,000
- Additional investment			<u>31,307,877</u>	<u>31,307,877</u>
			<u>80,807,877</u>	<u>80,807,877</u>
b) M/s. Greenray Holdings Limited, Leicestershire - United Kingdom				
- Investment in share capital	49%	49%	25,251,176	25,251,176
Impairment loss			<u>(25,251,176)</u>	<u>(25,251,176)</u>
			<u>-</u>	<u>-</u>
c) M/s. Jindal International FZE, Fujairah Free Zone, Fujairah - U.A.E.				
- Investment in share capital	100%	100%	150,000	150,000
Total (a + b + c)			<u>80,957,877</u>	<u>80,957,877</u>

a) Represents 75% equity interest {750 shares of AED 66,000 each (2018: 750 shares of AED 66,000 each)} and an additional long term investment of capital employed in 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.

b) Represents 49% equity interest {4,709,755 shares (2018: 4,709,755 shares)} in M/s. Greenray Holdings Limited, Leicestershire - United Kingdom. The remaining 51% equity interest (4,901,969 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 of M/s. Greenray Holdings Limited, Leicestershire - United Kingdom (GHL) decided to dissolve M/s. Derwent Sand SARL - Algeria, a fully owned subsidiary. As at the reporting date, the total liabilities of M/s. Derwent Sand SARL - Algeria exceeded its total assets by AED 11,010,000. The management has performed an impairment review of the said investment whereby, the total investment in M/s. Greenray Holdings Limited of AED 25,251,176 (2018: AED 25,251,176) has been deemed to be irrecoverable and therefore has been fully impaired in the books of accounts. Further in the previous years, AED 11,010,000 had been recorded as a provision against expected winding up cost for the dissolution and settlement of outstanding liabilities (note 11).

c) Represents 100% equity interest {1,000 shares of AED 150 each (2018: 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 investment in a subsidiary has 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.

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

Notes to the separate financial statements for the year ended March 31, 2019
 (In Arab Emirates Dirham)

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.

	<u>2019</u>	<u>2018</u>
a) Long term loan to a related party		
<i>Subsidiary</i>		
M/s. Jindal Saw Middle East FZC, Fujairah Free Zone, Fujairah - U.A.E.	<u>94,701,099</u>	<u>94,701,099</u>
The above loan was provided to M/s. Jindal Saw Middle East FZC 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		
<i>Entities under common management and control</i>		
M/s. Jindal Saw Italia - Italy*	20,600,000	22,783,625
M/s. Jindal Saw Gulf LLC, Abu Dhabi - United Arab Emirates	2,109,215	-
<i>Subsidiaries</i>		
M/s. Greenray Holdings Limited, Leicestershire - United Kingdom	3,559,900	1,541,400
M/s. Jindal International FZE, Fujairah Free Zone, Fujairah - U.A.E.	85,000	35,000
	<u>26,354,115</u>	<u>24,360,025</u>
Less: Allowance for doubtful balances	<u>(3,559,900)</u>	<u>(1,541,400)</u>
	<u>22,794,215</u>	<u>22,818,625</u>
* 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, 2019 in a bullet payment (note 14).		
c) Due to a related party		
<i>Entity under common management and control</i>		
M/s. SV Trading Limited - Island of Nevis	<u>2,954,350</u>	<u>2,954,350</u>
d) Long term loan from a related party		
<i>Entity under common management and control</i>		
M/s. Sathi International FZE, Ras Al Khaimah - U.A.E.*	<u>84,896,889</u>	<u>84,896,889</u>
*The above loan is interest free and without any fixed repayment schedule. The said loan 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 #	<u>70,300,202</u>	<u>65,834,964</u>

The above loan carries interest @ LIBOR + 5% p.a. and is repayable by December 31, 2019 (note 13).

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

Notes to the separate financial statements for the year ended March 31, 2019
(In Arab Emirates Dirham)

5 Related party transactions (continued)

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,	
	2019	2018
Provision for doubtful balances (note 12)	<u>2,018,500</u>	<u>587,200</u>
Interest charged (note 13)	<u>4,461,906</u>	<u>4,307,774</u>
Expense recharged to a related party*	<u>3,404,020</u>	<u>-</u>
Transfer of employees' end of service benefits from a related party (note 10)	<u>284,263</u>	<u>-</u>
Interest income (note 14)	<u>744,702</u>	<u>640,399</u>

* Represents salaries and related benefits recharged to a related party, M/s. Jindal saw gulf L.L.C. - Abu Dhabi - United Arab Emirates.

	2019	2018
6 Advances, deposits and other receivables		
Prepayments	7,895,143	9,739,821
Other advances	967,510	2,378,895
Guarantee deposits	104,000	65,000
Other receivables	919	10
	<u>8,967,572</u>	<u>12,183,726</u>
7 Bank balances		
Cash at banks	<u>1,782,630</u>	<u>1,818,888</u>

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.

8 Share capital

The authorised, issued and paid up capital of the Entity is AED 97,650,000 divided into 1,000 shares of AED 97,650 each fully paid.

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

<u>Name of shareholder</u>	<u>Nationality</u>	<u>Percentage</u>	<u>No. of shares</u>	<u>2019</u>	<u>2018</u>
M/s. Jindal Saw Limited {Represented by Mr. Anil Kumar Kejriwal (Indian national)}	India	100	1,000	<u>97,650,000</u>	<u>97,650,000</u>
				<u>2019</u>	<u>2018</u>
9 Accumulated (losses)					
Balance at the beginning of the year				(51,514,138)	(44,770,954)
(Loss) for the year				<u>(10,405,120)</u>	<u>(6,743,184)</u>
Balance at the end of the year				<u>(61,919,258)</u>	<u>(51,514,138)</u>

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

Notes to the separate financial statements for the year ended March 31, 2019
(In Arab Emirates Dirham)

	<u>2019</u>	<u>2018</u>
10 Employees' end of service benefits		
Transferred from related party (note 5)	284,263	-
Add: Charge for the year	59,313	-
Balance at the end of the year	<u>343,576</u>	<u>-</u>
11 Provisions and other payables		
Provision for dissolution cost *	11,010,000	11,010,000
Provisions and accruals	426,083	15,000
Other payable	3,541,551	1,633,150
	<u>14,977,634</u>	<u>12,658,150</u>

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

	<u>For the year ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
12 Administrative expenses		
Legal, visa, professional and related expenses	663,385	649,745
Rent	24,262	27,000
Provision for doubtful related party receivable (note 5)	2,018,500	587,200
Foreign exchange loss	2,090,634	426,452
	<u>4,796,781</u>	<u>1,690,397</u>
13 Finance costs		
Interest and bank charges (note 5)*	6,353,041	4,997,694
Realised loss on derivatives	-	701,154
	<u>6,353,041</u>	<u>5,698,848</u>
14 Other income		
Interest income (note 5(b))	744,702	640,399
Others	-	5,662
	<u>744,702</u>	<u>646,061</u>

* Includes AED 4,461,906 (2018: AED 4,307,774) charged on a short term loan by a related party (note 5(e)).

15 Financial instruments

a) *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 separate financial statements.

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

	<u>As at March 31,</u>		<u>As at March 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>Carrying amount</u>		<u>Fair value</u>	
<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	22,794,215	22,818,625	22,794,215	22,818,625
Other receivables	104,919	65,010	104,919	65,010
Bank balances	1,782,630	1,818,888	1,782,630	1,818,888
	<u>119,382,863</u>	<u>119,403,622</u>	<u>119,382,863</u>	<u>119,403,622</u>

15 Financial instruments (continued)

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

	As at March 31,		As at March 31,	
	2019	2018	2019	2018
<i>Financial liabilities</i>	Carrying amount		Fair value	
Short term loan from a related party	70,300,202	65,834,964	70,300,202	65,834,964
Long term loan from a related party	84,896,889	84,896,889	84,896,889	84,896,889
Due to a related party	2,954,350	2,954,350	2,954,350	2,954,350
Provisions and other payable	14,977,634	12,658,150	14,977,634	12,658,150
	173,129,075	166,344,353	173,129,075	166,344,353

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, provision and other payable, long term loan from a related party and due to a related party.

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

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.

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

Notes to the separate financial statements for the year ended March 31, 2019
 (In Arab Emirates Dirham)

16 Financial risk management objectives (continued)

a) *Foreign currency risk management (continued)*

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	
	2019	2018	2019	2018
<u><i>Due from a related party</i></u>				
Euro	5,008,329	5,048,954	20,643,831	22,821,271
<u><i>Cash and bank</i></u>				
Euro	163,133	33,069	672,418	149,473

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	
	2019	2018
<u><i>Due from a related party</i></u>		
Euro	2,064,383	2,282,127
<u><i>Cash and bank</i></u>		
Euro	67,242	14,947

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 351,501 (2018: (decrease)/increase by AED 329,175).

Notes to the separate financial statements for the year ended March 31, 2019
 (In Arab Emirates Dirham)

16 Financial risk management objectives (continued)

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, 2019							
Financial assets							
Long term loan to a related party	-	-	-	-	-	94,701,099	94,701,099
Due from related parties	-	20,600,000	-	-	2,194,215	-	22,794,215
Other receivables	-	-	-	-	104,919	-	104,919
Bank balances	-	-	-	1,782,630	-	-	1,782,630
	-	20,600,000	-	1,782,630	2,299,134	94,701,099	119,382,863
Financial liabilities							
Short term loan from a related party	-	70,300,202	-	-	-	-	70,300,202
Long term loan from a related party	-	-	-	-	-	84,896,889	84,896,889
Provisions and other payable	-	-	-	-	14,977,634	-	14,977,634
Due to a related party	-	-	-	-	2,954,350	-	2,954,350
	-	70,300,202	-	-	17,931,984	84,896,889	173,129,075

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

Notes to the separate financial statements for the year ended March 31, 2019
(In Arab Emirates Dirham)

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, 2018							
Financial assets							
Long term loan to a related party	-	-	-	-	-	94,701,099	94,701,099
Due from related parties	-	22,783,625	-	-	35,000	-	22,818,625
Other receivables	-	-	-	-	65,010	-	65,010
Bank balances	-	-	-	1,818,888	-	-	1,818,888
	<u>-</u>	<u>22,783,625</u>	<u>-</u>	<u>1,818,888</u>	<u>100,010</u>	<u>94,701,099</u>	<u>119,403,622</u>
Financial liabilities							
Short term loan from a related party	-	65,834,964	-	-	-	-	65,834,964
Long term loan from a related party	-	-	-	-	-	84,896,889	84,896,889
Provisions and other payable	-	-	-	-	12,658,150	-	12,658,150
Due to a related party	-	-	-	-	2,954,350	-	2,954,350
	<u>-</u>	<u>65,834,964</u>	<u>-</u>	<u>-</u>	<u>15,612,500</u>	<u>84,896,889</u>	<u>166,344,353</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 accounts receivable. 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.

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

Notes to the separate financial statements for the year ended March 31, 2019
(In Arab Emirates Dirham)

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.

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

Except for 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 previously reported financial result or equity.