

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

**Independent auditors' report and financial statements
For the year ended March 31, 2016**

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

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

General information

Principal Office Address : P.O. Box: 5232
Fujairah Free Zone
Fujairah - United Arab Emirates
T: +971 9 2282978
F: +971 9 2282979

Website : www.jindalsaw.com

The Manager	: Name	Nationality
	Mr. Anil Kumar Kejriwal	Indian

The Auditors : Horwath Mak
P.O. Box: 262794
Dubai - United Arab Emirates

The Banks : Deutsche Bank
Bank of Baroda

Ref: JM/AR/16/9198

Independent auditors' report

To,

The Shareholder

M/s. Jindal Saw Holdings FZE

Fujairah Free Zone

Fujairah - United Arab Emirates

Report on the financial statements

We have audited the accompanying 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, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in shareholder's equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **M/s. Jindal Saw Holdings FZE**, Fujairah Free Zone, Fujairah - United Arab Emirates as at March 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Further, as required by the Rules and Regulations framed pursuant to Emiri Decree no. 6 of 1987 issued in Fujairah in respect of creation of Free Zone amended by Emiri Decree no. 1 for the year 1992, we report that:

- i) we have obtained all the information which we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the above mentioned law;
- iii) the Entity has maintained proper books of account;
- iv) the Entity has not purchased or invested in shares during the year ended March 31, 2016;
- v) note 5 to the financial statements discloses material related party transactions and the terms under which they were conducted; and
- vi) 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 year ended March 31, 2016, any of the applicable provisions of the above mentioned law or of its Memorandum of Association which would materially affect its activities or its financial position as at March 31, 2016.

For Horwath Mak

James Mathew FCA, CPA (USA)
Managing Partner
Reg. No. 548

May 11, 2016



Jindal Saw Holdings FZE

Fujairah Free Zone

Fujairah - United Arab Emirates

Statement of financial position as at March 31, 2016

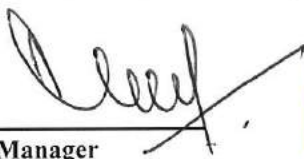
(In Arab Emirates Dirhams)

	Notes	2016	2015
Assets			
<i>Non-current assets</i>			
Investment in subsidiaries	4	97,239,603	109,249,155
Long term loan to a related party	5	88,121,590	-
<i>Total non-current assets</i>		185,361,193	109,249,155
<i>Current assets</i>			
Due from related parties	5	22,637,589	3,607,776
Advances, deposits and other receivables	6	142,981	2,015,656
Cash and bank balances	7	259,325	89,247
<i>Total current assets</i>		23,039,895	5,712,679
Total assets		208,401,088	114,961,834
Equity and liabilities			
<i>Shareholder's equity</i>			
Share capital	8	97,650,000	90,500,000
Accumulated (losses)	9	(40,031,214)	(10,129,747)
Shareholder's current account	10	45,400	6,277,900
<i>Total shareholder's equity</i>		57,664,186	86,648,153
<i>Non-current liabilities</i>			
Long term loan from a related party	5	69,947,479	-
Bank borrowings	11	41,800,000	-
<i>Total non-current liabilities</i>		111,747,479	-
<i>Current liabilities</i>			
Short term loan from a related party	5	28,011,890	28,011,890
Provision and other payable	12	10,977,533	7,500
Due to a related party	5	-	294,291
<i>Total current liabilities</i>		38,989,423	28,313,681
<i>Total liabilities</i>		150,736,902	28,313,681
Total shareholder's equity and liabilities		208,401,088	114,961,834

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

The report of the auditors is set out on pages 2 and 3.

The financial statements on pages 4 to 25 were approved on May 10, 2016 and signed on behalf of the Entity, by:



 Manager



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

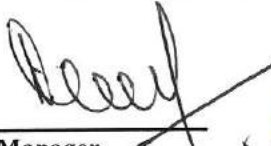
Statement of profit or loss and other comprehensive income for the year ended March 31, 2016
(In Arab Emirates Dirhams)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Expenses			
Administrative expenses	13	(4,618,478)	(1,951,020)
Impairment loss and dissolution cost	14	(24,927,482)	-
Finance cost	15	(3,040,917)	(1,689,711)
Other income	16	<u>2,685,410</u>	<u>1,685,321</u>
(Loss) for the year		(29,901,467)	(1,955,410)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive (loss) for the year		<u>(29,901,467)</u>	<u>(1,955,410)</u>

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

The report of the auditors is set out on pages 2 and 3.

The financial statements on pages 4 to 25 were approved on May 10, 2016 and signed on behalf of the Entity, by:



Manager



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

Statement of changes in shareholder's equity for the year ended March 31, 2016
 (In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Accumulated (losses)</u>	<u>Shareholder's current account</u>	<u>Total shareholder's equity</u>
Balance as at March 31, 2014	90,500,000	(8,174,337)	149,000	82,474,663
(Loss) for the year	-	(1,955,410)	-	(1,955,410)
Net movements during the year	-	-	6,128,900	6,128,900
Balance as at March 31, 2015	90,500,000	(10,129,747)	6,277,900	86,648,153
Additional share capital introduced	7,150,000	-	-	7,150,000
(Loss) for the year	-	(29,901,467)	-	(29,901,467)
Net movements during the year	-	-	(6,232,500)	(6,232,500)
Balance as at March 31, 2016	97,650,000	(40,031,214)	45,400	57,664,186

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

The report of the auditors is set out on pages 2 and 3.

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

Statement of cash flows for the year ended March 31, 2016
(In Arab Emirates Dirhams)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
(Loss) for the year	(29,901,467)	(1,955,410)
<i>Adjustments for:</i>		
Balance written off	3,070,806	-
Impairment of long term investment	14,137,682	-
Operating (loss) before changes in operating assets and liabilities	(12,692,979)	(1,955,410)
<i>(Increase)/decrease in current assets</i>		
Advances, deposits and other receivables	1,872,675	(202,631)
Due from related parties	(22,100,619)	(225,242)
<i>Increase/(decrease) in current liabilities</i>		
Provision and other payable	10,970,033	2,500
Due to a related party	(294,291)	294,291
Net cash (used in) operating activities	(22,245,181)	(2,086,492)
Cash flows from investing activities		
Investments in subsidiaries	(2,128,130)	17,383,946
Long term loan to a related party	(88,121,590)	-
Net cash (used in)/from investing activities	(90,249,720)	17,383,946
Cash flows from financing activities		
Share capital introduced	7,150,000	-
Short term loan from a related party	-	(22,283,449)
Long term loan from a related party	69,947,479	-
Proceeds from bank borrowings	41,800,000	-
Shareholder's current account	(6,232,500)	6,128,900
Net cash from/(used in) financing activities	112,664,979	(16,154,549)
Net increase/(decrease) in cash and cash equivalents	170,078	(857,095)
Cash and cash equivalents, beginning of the year	89,247	946,342
Cash and cash equivalents, end of the year	259,325	89,247
Represented by:		
Cash in hand	100	100
Cash at banks	259,225	89,147
	259,325	89,247

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

The report of the auditors is set out on pages 2 and 3.

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 a commercial license issued by the Fujairah Free Zone Authority of the Government of Fujairah, Fujairah - United Arab Emirates.
- 1.2 The principal activities of the Entity are unchanged since the previous year and consist of investment in business such as company, establishment, joint venture, organization or engaging with other entities carrying on similar business inside or outside United Arab Emirates.
- 1.3 The registered address of the Entity is P.O. Box: 5232, Fujairah Free Zone, Fujairah - United Arab Emirates.
- 1.4 The management and control are vested with the Manager, Mr. Anil Kumar Kejriwal (Indian national).

2 Application of new and revised International Financial Reporting Standards (IFRS)

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

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles

- IFRS 1 "First-time Adoption of International Financial Reporting Standards": Clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective.
- IFRS 2 "Share Based Payments": Clarified the definition of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
- IFRS 3 "Business Combinations": Clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.
- IFRS 3 "Business Combinations": Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- IFRS 8 "Operating Segments": Requires to disclose the judgements made by management in applying the aggregation criteria to operating segments and clarifies that a reconciliations of the total of the reportable segments' assets must only be disclosed if the segment assets are reported regularly.
- IFRS 13 "Fair Value Measurement": Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial and also clarifies that the scope of the portfolio exception defined in IFRS 13 applies to all contracts accounted for within the scope of IAS 39 and IFRS 9.
- IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": Clarifies that when an item of property, plant and equipment or intangible assets is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- IAS 24 "Related Party Disclosures": Clarifies that when an entity receives management personnel services from a third party, the fees paid for those services must be disclosed by the reporting entity.
- IAS 40 "Investment property": Clarifies that the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRSs applied with no material effect on the financial statements (continued)

Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles (continued)

Amendments to IAS 19 "Employee Benefits": The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

2.2 New and revised IFRSs in issue but not yet effective

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 7 "Financial Instruments": Disclosures relating to disclosures about the initial application of IFRS 9.	Applies when IFRS 9 is applied
IFRS 7 "Financial Instruments: Disclosures": Additional Hedge Accounting Disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	Applies when IFRS 9 is applied
IFRS 9 "Financial Instruments": IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets; (2) the classification and measurement requirements for both financial assets and financial liabilities; (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers": IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.	January 1, 2018
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures ": Clarifies that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	January 1, 2016
Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures ": Clarifies the exception from preparing consolidated financial statements available to intermediate parent entities which are subsidiaries of investments entities.	January 1, 2016
Amendments to IAS 27 "Separate Financial Statements" which allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost or as financial asset in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements. The amendments introduce the equity method as a third option.	January 1, 2016

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRSs in issue but not yet effective (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 11 "Joint Arrangements" clarify accounting for acquisitions of an Interests in Joint Operations where the activities of the operation constitute a business.	January 1, 2016
Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" clarify that revenue-based method of depreciation or amortisation is generally not appropriate.	January 1, 2016
Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	January 1, 2016
Amendments to IAS 1 "Presentation of Financial Statements" to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	January 1, 2016
Annual Improvements to IFRS 2012 - 2014 Cycle	January 1, 2016
<ul style="list-style-type: none"> • IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations": Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. • IFRS 7 "Financial Instruments: Disclosures": additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. IFRS 7 also clarifies the additional disclosures relating to the offsetting of financial assets and financial liabilities to be included in interim reports required by IAS 34. • IAS 19 "Employee Benefits": Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. • IAS 34 "Interim Financial Reporting": Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference. 	
Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 and IFRS 15, may have no material impact on the financial statements in the period of initial application.	

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of the UAE Laws. These financial statements are presented in United Arab Emirates Dirhams (AED) which is the Entity's functional and presentational currency.

3 Significant accounting policies (continued)

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and 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 financial statements are set out on 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 Foreign currency

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

Exchange differences on monetary items are recognised in 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.

3.5 Impairment of tangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3 Significant accounting policies (continued)

3.5 Impairment of tangible assets (continued)

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

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

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

3.6 Investment in subsidiaries

The investment in subsidiaries are accounted for using cost method as suggested by IAS 39 "Financial Instruments: Recognition and Measurement 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

Financial assets are classified into the following specified categories: financial assets 'at fair value through income statement' (FVTIS), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Entity's loans and receivables comprise "advances deposits and other receivables", "cash and cash equivalents", "shareholders' loan" and "loan from/to related parties" in the statement of financial position. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

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.

3 Significant accounting policies (continued)

3.8 Financial assets (continued)

Accounts and other receivable

Accounts receivable are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Accounts and other receivables are initially recognised at fair value and subsequently measured at amortised cost reduced by appropriate allowance for estimated doubtful debts.

Due from/loan to related parties

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

Impairment of financial assets

Assets carried at amortised cost

The Entity assesses at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the income statement.

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 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.

3.9 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, loans and borrowings, due to and loan from a related party.

3 Significant accounting policies (continued)

3.9 Financial liabilities (continued)

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.

3.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

3 Significant accounting policies (continued)

3.12 Revenue recognition (continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Entity and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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.

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 the financial statements.

Related parties

The Management have disclosed the related parties and the related due to and from related parties as per the requirements of IAS 24 "*Related Parties Disclosures*". In view of due to and from related parties being receivable and payable on demand and the management's intention to realise or pay the related parties as and when necessarily required, the disclosed balances are classified as current assets and current liabilities.

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.

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4 Investment in subsidiaries

	<u>Proportion of ownership interest</u>	<u>Proportion of voting power</u>	<u>2016</u>	<u>2015</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>47,589,603</u>	<u>47,589,603</u>
			<u>97,089,603</u>	<u>97,089,603</u>
b) M/s. Greenray Holding Limited, Leicestershire - United Kingdom				
- Investment in share capital	49%	100%	14,137,682	12,159,552
Impairment loss *			<u>(14,137,682)</u>	<u>-</u>
			<u>-</u>	<u>12,159,552</u>
c) M/s. Jindal International FZE Fujairah Free Zone, Fujairah - U.A.E.				
- Investment in share capital	100%	100%	<u>150,000</u>	<u>-</u>
Total (a+b+c)			<u>97,239,603</u>	<u>109,249,155</u>

a) Represents 75% equity interest {750 shares of AED 66,000 each (2015.: 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 consists of general trading.

b) Represents 49% equity interest {2,295,865 shares (2015: 1,921,559 shares)} in M/s. Greenray Holding Limited, Leicestershire - United Kingdom. During the year, the paid up capital of M/s. Greenray Holding Limited was increased and further 374,306 shares were issued to the Entity against additional investment of AED 1,978,130. The remaining 51% equity interest (2,389,574 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.

* M/s. Greenray Holding Limited, Leicestershire - United Kingdom (GHL) has invested AED 22,866,396 in M/s. Derwent Sand SARL - Algeria, a fully owned subsidiary which the management has decided to dissolve subsequent to the reporting date. As as the reporting date, the total liabilities of M/s. Derwent Sand SARL - Algeria exceeded its total assets by AED 22,901,360. The management has performed an impairment review of the said investment whereby, the total investment in M/s. Greenray Holding Limited of AED 14,137,682 has been deemed to be irrecoverable and therefore an impairment loss of AED 14,137,682 has been recorded in the books of accounts. Further, AED 10,789,800 has been recorded as a provision against expected winding up cost for the dissolution and settlement of outstanding liabilities (note 12).

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4 Investment in subsidiaries (continued)

- c) Represents 100% equity interest {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 consists of general trading.

The investment in subsidiaries have been separately accounted at cost in these financial statements as an exemption to consolidate in accordance with IFRS 10 "Consolidated financial statements". The ultimate parent 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. Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The Entity believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

	<u>2016</u>	<u>2015</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>88,121,590</u>	<u>-</u>
The above loan was provided to M/s. Jindal Saw Middle East FZC to meet working capital requirements and carries interest at commercial rates. The said loan is of long term maturity and without any fixed repayment schedule.		
b) Due from related parties		
<i>Entities under common management and control</i>		
M/s. Jindal Saw Espana S.L - Spain	1,618,720	1,527,870
M/s. Greenray Holding Limited, Leicestershire - United Kingdom #	-	2,079,906
M/s. Jindal Saw Italia - Italy	<u>21,018,869</u>	<u>-</u>
	<u>22,637,589</u>	<u>3,607,776</u>
c) Long term loan from a related party		
<i>Shareholder</i>		
M/s. Jindal Saw Limited - India	<u>69,947,479</u>	<u>-</u>
The above loan carries interest @ LIBOR + 5% p.a. and is repayable by December 31, 2017		
d) Due to a related party		
<i>Entity under common control and management</i>		
M/s. Jindal Saw Pipeline Solutions - United Kingdom	<u>-</u>	<u>294,291</u>

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	<u>2016</u>	<u>2015</u>
5 Related party transactions (continued)		
e) Short term loan from a related party		
M/s. Sathi International FZE, Ras Al Khaimah - U.A.E.	<u>28,011,890</u>	<u>28,011,890</u>
The above loan is interest free and without any fixed repayment schedule.		
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,	
	<u>2016</u>	<u>2015</u>
Interest charges (note 14)	<u>2,052,480</u>	<u>1,684,667</u>
Interest income (note 15)	<u>2,685,410</u>	<u>1,685,321</u>
The Entity provides/ receives funds to/from related parties and when required as working capital facilities.		
	<u>2016</u>	<u>2015</u>
6 Advances, deposits and other receivables		
Prepayments	66,325	56,250
Other advances	11,656	1,892,406
Guarantee deposits	<u>65,000</u>	<u>67,000</u>
	<u>142,981</u>	<u>2,015,656</u>
7 Cash and bank balances		
Cash in hand	100	100
Cash at banks	<u>259,225</u>	<u>89,147</u>
	<u>259,325</u>	<u>89,247</u>

8 Share capital

During the year, vide amendment to the Article of Incorporation dated May 20, 2015, the authorised, issued and paid up capital of the Entity was increased to AED 97,650,000 (2015: 90,500,000) divided into 1,000 fully paid up shares of AED 97,650 (2015: 90,500) each.

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>2016</u>	<u>2015</u>
M/s. Jindal Saw Ltd {Represented by Mr. Anil Kumar Kejriwal (Indian national)}	India	100	1,000	<u>97,650,000</u>	<u>90,500,000</u>

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	<u>2016</u>	<u>2015</u>
9 Accumulated (losses)		
Balance at the beginning of the year	(10,129,747)	(8,174,337)
(Loss) for the year	<u>(29,901,467)</u>	<u>(1,955,410)</u>
Balance at the end of the year	<u><u>(40,031,214)</u></u>	<u><u>(10,129,747)</u></u>
10 Shareholder's current account		
Balance at the beginning of the year	6,277,900	149,000
Net movements during the year	<u>(6,232,500)</u>	<u>6,128,900</u>
Balance at the end of the year	<u><u>45,400</u></u>	<u><u>6,277,900</u></u>
11 Bank borrowings		
Term loan		
Received during the year	<u>41,800,000</u>	<u>-</u>
Balance at the end of the year	<u><u>41,800,000</u></u>	<u><u>-</u></u>
<p>The above term loan was obtained from a financial institution with a sanctioned limit of Euro 10,000,000 to meet the working capital requirements. The loan carries interest @ 2.25% p.a. and is repayable in two installments dated July 31, 2017 and October 31, 2017. The said loan is secured by the corporate guarantee of M/s. Jindal Saw Limited - India.</p>		
12 Provision and other payable		
Provision for dissolution cost *	10,789,800	-
Other payable	<u>187,733</u>	<u>7,500</u>
	<u><u>10,977,533</u></u>	<u><u>7,500</u></u>

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

	<u>For the year ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
13 Administrative expenses		
Salaries and benefits	318,055	854,654
Legal, visa, professional and related expenses	423,802	247,718
Travelling and conveyance	66,915	332,713
Rent	25,000	22,000
Miscellaneous	-	46,119
Balance written off *	3,070,806	-
Foreign exchange loss	<u>713,900</u>	<u>447,816</u>
	<u><u>4,618,478</u></u>	<u><u>1,951,020</u></u>

* Represents amount due from M/s. Greenray Holding Limited, Leicestershire - United Kingdom written off during the year.

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	For the year ended March 31,	
	2016	2015
14 Impairment loss and dissolution cost		
Impairment of long term investment (note 4b)	14,137,682	-
Provision for dissolution cost (note 4b)	10,789,800	-
	<u>24,927,482</u>	<u>-</u>
15 Finance cost		
Bank charges and interest	3,040,917	1,689,711
	<u>3,040,917</u>	<u>1,689,711</u>
16 Other income		
Interest income	2,685,410	1,685,321
	<u>2,685,410</u>	<u>1,685,321</u>

17 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 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,	
	2016	2015	2016	2015
	Carrying value		Fair value	
<i>Financial assets</i>				
Long term loan to a related party	88,121,590	-	88,121,590	-
Due from related parties	22,637,589	3,607,776	22,637,589	3,607,776
Other receivables	65,000	67,000	65,000	67,000
Cash and bank balances	259,325	89,247	259,325	89,247
	<u>111,083,504</u>	<u>3,764,023</u>	<u>111,083,504</u>	<u>3,764,023</u>
<i>Financial liabilities</i>				
Short term loan from a related party	28,011,890	28,011,890	28,011,890	28,011,890
Bank borrowings	41,800,000	-	41,800,000	-
Provision and other payable	10,977,533	7,500	10,977,533	7,500
Long term loan from a related party	69,947,479	-	69,947,479	-
Due to a related party	-	294,291	-	294,291
	<u>150,736,902</u>	<u>28,313,681</u>	<u>150,736,902</u>	<u>28,313,681</u>

Financial instruments comprise of financial assets and financial liabilities.

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17 Financial instruments (continued)

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

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 willing parties.

Financial assets consist of due from related parties, other receivables and cash and bank balances. Financial liabilities consist of loans from a related party, accounts 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 March 31, 2016, 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.

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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 Dirhams is fixed are as follows:

	Amounts in Foreign currency		Amounts in AED	
	2016	2015	2016	2015
Euro	4,540,866	392,841	18,980,821	1,548,974
GBP Pound	-	45,000	-	244,350

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	
	2016	2015
Euro	1,898,082	154,897
GBP Pound	-	24,435

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 209,000 (2015: (decrease)/increase by Nil).

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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 tables:

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 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, 2016							
Financial assets							
Long term loan to a related party	-	-	88,121,590	-	-	-	88,121,590
Due from related parties	-	-	-	-	22,637,589	-	22,637,589
Other receivables	-	-	-	-	65,000	-	65,000
Cash and bank balances	-	-	-	259,325	-	-	259,325
	-	-	88,121,590	259,325	22,702,589	-	111,083,504
Financial liabilities							
Short term loan from a related party	-	28,011,890	-	-	-	-	28,011,890
Accounts and other payable	-	-	-	-	10,977,533	-	10,977,533
Long term loan from a related party	-	-	69,947,479	-	-	-	69,947,479
Bank borrowings	-	-	41,800,000	-	-	-	41,800,000
	-	28,011,890	111,747,479	-	10,977,533	-	150,736,902

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16 Financial risk management objectives (continued)

c) *Liquidity risk management (continued)*

Liquidity and interest risk tables (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, 2015							
Financial assets							
Due from related parties	-	-	-	-	3,607,776	-	3,607,776
Other receivables	-	-	-	-	67,000	-	67,000
Cash and bank balances	-	-	-	89,247	-	-	89,247
	-	-	-	89,247	3,674,776	-	3,764,023
Financial liabilities							
Short term loan from a related party	-	28,011,890	-	-	-	-	28,011,890
Accounts and other payable	-	-	-	-	7,500	-	7,500
Due to a related party	-	-	-	-	294,291	-	294,291
	-	28,011,890	-	-	596,082	-	28,313,681

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 credit exposure is continuously monitored and regularly reviewed and by the management.

Details of credit risks on other receivables are disclosed in note 6 to the financial statements.

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

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

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 equity comprising issued capital, accumulated losses and shareholder's current account as disclosed in the financial statements.

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18 Contingent liabilities

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

19 Commitments

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

20 Comparative amounts

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.