

Jindal Saw Middle East FZE
(Formerly known as M/s. Jindal Saw Middle East FZC)
Fujairah Free Zone
Fujairah - United Arab Emirates

Auditor's report and separate financial statements
For the year ended March 31, 2021



Jindal Saw Middle East FZE

(Formerly known as M/s. Jindal Saw Middle East FZC)

Fujairah Free Zone

Fujairah - United Arab Emirates

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Ref: JM/AR/2021/3121

Independent auditor's report

To,

The Shareholders

M/s. Jindal Saw Middle East FZE

(Formerly known as M/s. Jindal Saw Middle East FZC)

Fujairah Free Zone

Fujairah - United Arab Emirates

Report on the audit of the separate financial statements

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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 the separate financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the separate financial statements

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

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

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

Independent auditor's report to the shareholders of Jindal Saw Middle East FZE (Formerly known as M/s. Jindal Saw Middle East FZC) (continued)

Auditor's responsibilities for the audit of the 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 the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

As required by the Rules and Regulations framed pursuant to Emiri Decree No. 6 of 1987 issued in Fujairah in respect of the creation of Free Zone, amended by Emiri Decree No. 1 for the year 1992, we further confirm that,

- 1 We have obtained all the information and explanations which we consider necessary for our audit.
- 2 The separate financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Rules and Regulations framed pursuant to Emiri Decree No. 6 of 1987 issued in Fujairah in respect of the creation of Free Zone, amended by Emiri Decree No. 1 for the year 1992 and the Articles of Incorporation of the Entity.

Independent auditor's report to the shareholders of Jindal Saw Middle East FZE (Formerly known as M/s. Jindal Saw Middle East FZC) (continued)

Report on other legal and regulatory requirements (continued)

- 3 Proper books of accounts have been maintained by the Entity.
- 4 Investments in shares and stocks are included in note 5 to the separate financial statements and include purchases and investments made by the Entity during the year ended March 31, 2021.
- 5 Note 14 to the separate financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted.
- 6 Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended, any of the applicable provisions of the Rules and Regulations framed pursuant to Emiri Decree No. 6 of 1987 issued in Fujairah in respect of the creation of Free Zone, amended by Emiri Decree No. 1 for the year 1992 or the Articles of Incorporation of the Entity, which would materially affect its activities or its financial position as at March 31, 2021.

For UHY James Chartered Accountants


James Mathew FCA, CPA
Managing Partner
Reg. No. 548
May 10, 2021
Dubai - United Arab Emirates



Jindal Saw Middle East FZE*(Formerly known as M/s. Jindal Saw Middle East FZC)*

Fujairah Free Zone

Fujairah - United Arab Emirates

Separate statement of financial position as at March 31, 2021

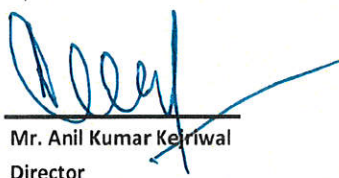
(In Arab Emirates Dirham)

	Notes	2021	2020
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	4	215,014,153	234,008,245
Investment in a subsidiary	5	348,674,056	364,112,284
Total non-current assets		563,688,209	598,120,529
<i>Current assets</i>			
Inventories	6	11,125	8,600
Advances, deposits and other receivables	7	2,321,891	3,683,840
Cash and bank balances	8	192,573	548,454
Total current assets		2,525,589	4,240,894
Total assets		566,213,798	602,361,423
Equity and liabilities			
<i>Equity</i>			
Share capital	9	66,000,000	66,000,000
Accumulated (losses)	10	(52,251,968)	(66,687,059)
Shareholders' current account	11	32,435,877	41,452,316
Total equity		46,183,909	40,765,257
<i>Non-current liabilities</i>			
Bank borrowings - non-current portion	12	68,675,750	100,993,750
Long term loan from related parties	14	269,151,992	276,496,992
Total non-current liabilities		337,827,742	377,490,742
<i>Current liabilities</i>			
Bank borrowings - current portion	12	171,536,913	169,180,969
Accounts and other payables	13	10,343,647	11,103,859
Due to a related party	14	321,587	3,820,596
Total current liabilities		182,202,147	184,105,424
Total liabilities		520,029,889	561,596,166
Total equity and liabilities		566,213,798	602,361,423


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

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

The separate financial statements on pages 4 to 24 were approved on May 10, 2021 and signed on behalf of the Entity by:



Mr. Anil Kumar Keerwal
Director



Mr. Amit Kumar
Director



Jindal Saw Middle East FZE

(Formerly known as M/s. Jindal Saw Middle East FZC)

Fujairah Free Zone

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

(In Arab Emirates Dirham)

	Notes	2021	2020
Lease rental income - net	15	6,005,908	6,933,867
Other income	16	122,119	1,742
Administrative expenses	17	(299,814)	(241,045)
Finance costs	18	(7,754,561)	(10,838,543)
(Loss) for the year		(1,926,348)	(4,143,979)
Other comprehensive income		-	-
Total comprehensive (loss) for the year		(1,926,348)	(4,143,979)

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

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



Jindal Saw Middle East FZE
(Formerly known as M/s. Jindal Saw Middle East FZC)
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Separate statement of changes in equity for the year ended March 31, 2021
 (in Arab Emirates Dirham)

	<u>Share capital</u>	<u>Accumulated (losses)</u>	<u>Shareholders' current account</u>	<u>Total equity</u>
Balance as at March 31, 2019	66,000,000	(62,543,080)	41,452,316	44,909,236
(Loss) for the year	-	(4,143,979)	-	(4,143,979)
Balance as at March 31, 2020	66,000,000	(66,687,059)	41,452,316	40,765,257
(Loss) for the year	-	(1,926,348)	-	(1,926,348)
Net movements during the year	-	-	(9,016,439)	(9,016,439)
Share of loss absorbed	-	16,361,439	-	16,361,439
Balance as at March 31, 2021	66,000,000	(52,251,968)	32,435,877	46,183,909

The accompanying notes form an integral part of these separate financial statements.
 The report of the auditor is set out on pages 1 to 3.



Jindal Saw Middle East FZE
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Separate statement of cash flows for the year ended March 31, 2021
 (In Arab Emirates Dirham)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
(Loss) for the year	(1,926,348)	(4,143,979)
<i>Adjustments for:</i>		
Finance costs	6,805,182	9,828,711
Exchange loss on the long term loan from a related party	-	123,756
Depreciation on property, plant and equipment	18,994,092	18,066,133
Operating profit before changes in operating assets and liabilities	23,872,926	23,874,621
<i>(Increase)/decrease in current assets</i>		
Inventories	(2,525)	575,577
Advances, deposits and other receivables	1,361,949	172,206
<i>Increase/(decrease) in current liabilities</i>		
Accounts and other payables	209,160	(1,146,981)
Due to a related party	(3,499,009)	1,226,088
Net cash from operating activities	21,942,501	24,701,511
Cash flows from investing activities		
Investment in a subsidiary	15,438,228	3,134,511
Acquisition of property, plant and equipment	-	(850,093)
Net cash from investing activities	15,438,228	2,284,418
Cash flows from financing activities		
(Repayment) of term loans, net	(32,318,000)	(28,168,250)
Proceeds from bank borrowings	2,355,944	9,737,851
Finance cost paid	(7,774,554)	(8,940,477)
Net cash (used in) financing activities	(37,736,610)	(27,370,876)
Net (decrease) in cash and cash equivalents	(355,881)	(384,947)
Cash and cash equivalents, beginning of the year	548,454	933,401
Cash and cash equivalents, end of the year	192,573	548,454
Cash and cash equivalents		
Cash in hand	760	760
Cash at banks	191,813	547,694
	192,573	548,454

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

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

Jindal Saw Middle East FZE

(Formerly known as M/s. Jindal Saw Middle East FZC)

Fujairah Free Zone

Fujairah - United Arab Emirates

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

1 Legal status and business activities

- 1.1 M/s. Jindal Saw Middle East FZE (Formerly known as M/s. Jindal Saw Middle East FZC), Fujairah Free Zone, Fujairah - United Arab Emirates (the "Entity") was registered on October 19, 2009 as a Free Zone Company with Limited Liability and operates in the United Arab Emirates under a commercial license issued by the Fujairah Free Zone Authority, Government of Fujairah, Fujairah - United Arab Emirates.
- 1.2 The Entity is licensed to provide general trading mainly in steel products and acting as a holding company.
- 1.3 The registered address of the Entity is P.O. Box: 50534, Fujairah Free Zone, Fujairah - United Arab Emirates.
- 1.4 The management and control are vested with the Directors (all are Indian nationals).
- 1.5 These separate financial statements incorporate the operating results of the Commercial license no. 2641.
- 1.6 During the year, the legal status of the Entity was changed from Free Zone Company (FZC) to Free Zone Establishment (FZE) as the M/s. Sathi Holdings Limited (represented by Mr. Sanjay Kumar Aggarwal) transferred 25% shareholding to M/s. Jindal Saw Holdings FZE (represented by Mr. Anil Kumar Kajriwal) as per agreement dated August 24, 2019 and as amended on January 14, 2021 (note 10).

2 New standards and amendments

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

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

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

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

The following standards and interpretations had been issued but not yet mandatory for annual reporting periods ending March 31, 2021.

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

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



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

3 Significant accounting policies

3.1 Statement of compliance

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

3.2 Basis of preparation

The separate 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.

These separate financial statements which are prepared in accordance with IAS 27 "Separate Financial Statements". The Entity also prepares consolidated financial statements in accordance with IFRS 10 "Consolidated Financial Statements".

The principal accounting policies applied in these separate financial statements are set out below.

3.3 Current/Non current classification

The Entity presents assets and liabilities in 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

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.

3.5 Property, plant and equipment

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

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

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

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

3 Significant accounting policies (continued)

3.5 Property, plant and equipment (continued)

	<u>Years</u>
Building and improvements	20
Plant and machinery	20
Tools and equipment	10 - 20
Moulds	Usage basis
Electrical installations	20

When part of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

Capital work-in-progress

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

3.6 Leases

The Entity assesses at the inception of a contract, whether the contract is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Entity assesses whether:

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

3.6.1 Entity as lessee

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

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

3 Significant accounting policies (continued)

3.6 Leases (continued)

3.6.1 Entity as lessee (continued)

Short-term leases and leases of low-value assets

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

3.6.2 Entity as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Entity's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Entity's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease when all the risks and rewards incidental to the ownership of the underlying asset are not transferred to the lessee. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.7 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.

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 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 statement of profit or loss.

3.8 Investments in a subsidiary

The investments in a subsidiary is accounted for using cost method as suggested by IAS 27 "Separate Financial Statements". The Entity also prepares consolidated financial statements in accordance with IFRS 10 "Consolidated Financial Statements".

3.9 Financial instruments

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

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

3 Significant accounting policies (continued)

3.10 Financial 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.

Receivables

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

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

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 other receivables, 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.

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

3 Significant accounting policies (continued)

3.11 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 including bank overdrafts, due to and loans from related parties.

Accounts and other payables

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. 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 related parties

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

Loans and other borrowings

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

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.12 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.

3.13 Inventories

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

3.14 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.

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3 Significant accounting policies (continued)

3.14 Provisions (continued)

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.

3.15 Critical accounting judgements and key sources of estimation uncertainty

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

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

The significant 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 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.

Useful lives of property, plant and equipment

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

Leasehold improvements

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

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.



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4 Property, plant and equipment	Building and improvements	Plant and machinery	Tools and equipment	Moulds	Electrical installations	Capital work-in-progress	Total
Cost							
As at March 31, 2019	38,114,845	229,140,369	15,241,454	15,647,468	66,284,338	1,447,641	365,876,115
Additions during the year	-	837,966	-	-	-	12,127	850,093
Transferred from capital work-in-progress	-	1,447,641	-	-	-	(1,447,641)	-
As at March 31, 2020	38,114,845	231,425,976	15,241,454	15,647,468	66,284,338	12,127	366,726,208
Transferred from capital work-in-progress	-	12,127	-	-	-	(12,127)	-
Disposal during the year	-	-	-	(4,255,719)	-	-	(4,255,719)
As at March 31, 2021	38,114,845	231,438,103	15,241,454	11,391,749	66,284,338	-	362,470,489
Accumulated depreciation							
As at March 31, 2019	11,597,873	66,643,025	6,607,166	9,831,603	19,972,163	-	114,651,830
Charge for the year	1,905,742	11,590,458	1,116,292	139,424	3,314,217	-	18,066,133
As at March 31, 2020	13,503,615	78,233,483	7,723,458	9,971,027	23,286,380	-	132,717,963
Charge for the year	1,905,742	11,681,193	1,010,390	1,082,550	3,314,217	-	18,994,092
Eliminated on disposal during the year	-	-	-	(4,255,719)	-	-	(4,255,719)
As at March 31, 2021	15,409,357	89,914,676	8,733,848	6,797,858	26,600,597	-	147,456,336
Carrying value as at March 31, 2021	22,705,488	141,523,427	6,507,606	4,593,891	39,683,741	-	215,014,153
Carrying value as at March 31, 2020	24,611,230	153,192,493	7,517,996	5,676,441	42,997,958	12,127	234,008,245

Notes:

- Building and improvements represent a factory constructed on Plot no. 11 NR 28, Industrial City of Abu Dhabi III, Abu Dhabi - United Arab Emirates. The said plot is obtained on lease by a related party, M/s. Jindal Saw Gulf (L.L.C.), Abu Dhabi - United Arab Emirates from Higher Corporation for Specialised Economic Zones (Corp Zone), Abu Dhabi - United Arab Emirates. The leasehold rights have been assigned against the bank credit facilities (note 12).
- The above property, plant and equipment are leased by the Entity to a related party, M/s. Jindal Saw Gulf (L.L.C.), Abu Dhabi - United Arab Emirates (note 15).
- Property, plant and equipment are mortgaged to banks against credit facilities (note 12).
- Depreciation AED 18,994,092 (2020: AED 18,066,133) is charged to lease rental income (note 15).



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5	Investment in a subsidiary	Proportion of		Proportion of		2021	2020
		ownership		voting power			
		interest					
		2021	2020	2021	2020		
	M/s. Jindal Saw Gulf (L.L.C.), Abu Dhabi - U.A.E.						
	- Investment in share capital	49%	49%	49%	49%	147,000	147,000
	- Additional investment					348,527,056	363,965,284
						348,674,056	364,112,284

Investment in a subsidiary represents 49% equity interest (147 shares of AED 1,000 each) and an additional long term investment in capital employed of M/s. Jindal Saw Gulf (L.L.C.), Abu Dhabi - U.A.E. The principal activities of the subsidiary consist of manufacturing all types of steel pipes and related accessories and pipelines and metal coating and non-metallic coating.

Though the Entity holds 49% equity interest, it has power to govern the investee as remaining 51% shares are held by a local sponsor for and on behalf of the Entity and thus it is considered as a 100% subsidiary.

The investment in a subsidiary has been separately accounted at cost in these separate financial statements which are prepared in accordance with IAS 27 "Separate Financial Statements". The Entity also prepares consolidated financial statements in accordance with IFRS 10 "Consolidated Financial Statements".

	2021	2020
6 Inventories		
Stores and spares	11,125	8,600
7 Advances, deposits and other receivables		
Prepayments	416,792	507,412
Margin deposit *	1,792,727	3,119,789
Other deposits	5,000	5,000
VAT receivables - net	107,372	51,639
	2,321,891	3,683,840

* Margin deposit is given on behalf of a related party to a bank for issuance of performance guarantee (note 22).

8 Cash and bank balances		
Cash in hand	760	760
Cash at banks	191,813	547,694
	192,573	548,454

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.

9 Share capital

Authorised, issued and paid up capital of the Entity is AED 66,000,000 divided into 1,000 fully paid up shares of AED 66,000 each.

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*(In Arab Emirates Dirham)***9 Share capital (continued)**

M/s. Jindal Saw Holdings FZE (represented Mr. Anil Kumar Kejriwal) purchased the entire shareholding of M/s. Sathi Holdings Limited (represented by Mr. Sanjay Kumar Aggarwal) vide notarized amendment to the Memorandum of Association dated January 26, 2021 (note 1.6).

The details of the revised shareholding as at the reporting date are as follows:

<u>Name of shareholder</u>	<u>Nationality</u>	<u>Percentage</u>	<u>No. of shares</u>	<u>2021</u>
M/s. Jindal Saw Holdings FZE (represented Mr. Anil Kumar Kejriwal)	U.A.E.	100	1,000	66,000,000
		<u>100</u>	<u>1,000</u>	<u>66,000,000</u>

The details of the shareholding as at March 31, 2020 was as follows:

<u>Name of shareholders</u>	<u>Nationality</u>	<u>Percentage</u>	<u>No. of shares</u>	<u>2020</u>
M/s. Jindal Saw Holdings FZE (represented Mr. Anil Kumar Kejriwal)	U.A.E.	75	750	49,500,000
M/s. Sathi Holdings Limited (represented by Mr. Sanjay Kumar Aggarwal)	U.A.E.	25	250	16,500,000
		<u>100</u>	<u>1,000</u>	<u>66,000,000</u>
			2021	2020

10 Accumulated (losses)

Balance at the beginning of the year	(66,687,059)	(62,543,080)
(Loss) for the year	(1,926,348)	(4,143,979)
Share of loss absorbed	16,361,439	-
Balance at the end of the year	<u>(52,251,968)</u>	<u>(66,687,059)</u>

11 Shareholders' current account

Balance at the beginning of the year	41,452,316	41,452,316
Net movements during the year*	(9,016,439)	-
Balance at the end of the year	<u>32,435,877</u>	<u>41,452,316</u>

Breakup of shareholders' current account:

<u>Name of shareholders</u>	<u>As at March 31, 2020</u>	<u>Net movements</u>	<u>As at March 31, 2021</u>
M/s. Jindal Saw Holdings FZE (represented by Mr. Anil Kumar Kejriwal)	31,307,877	1,128,000	32,435,877
M/s. Sathi Holdings Limited (represented by Mr. Sanjay Kumar Aggarwal)	10,144,439	(10,144,439)	-
	<u>41,452,316</u>	<u>(9,016,439)</u>	<u>32,435,877</u>

The above account is subordinated against facilities granted by the banks (note 12).

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11 Shareholders' current account (continued)

*During the year, all the shares of M/s. Sathi Holdings Limited were purchased by M/s. Jindal Saw Holding FZE at an agreed consideration, as per agreement dated August 24, 2019 and as amended on January 14, 2021.

12 Bank borrowings

	<u>2021</u>	<u>2020</u>
a) Due to banks		
Bank overdrafts	13,032,473	6,899,071
Short term loans *	45,906,250	73,450,000
Trust receipts	80,280,190	56,513,898
	<u>139,218,913</u>	<u>136,862,969</u>

* The above short term loans were obtained to part finance the working capital requirements and are repayable within twelve months. Short term loans include AED 36,725,000 (2020: 36,725,000) which is secured against guarantee of a related party.

b) Term loan

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	133,311,750	161,480,000
Paid during the year	<u>(32,318,000)</u>	<u>(28,168,250)</u>
Balance at the end of the year	<u>100,993,750</u>	<u>133,311,750</u>
Comprising:		
Current portion	32,318,000	32,318,000
Non-current portion	<u>68,675,750</u>	<u>100,993,750</u>
	<u>100,993,750</u>	<u>133,311,750</u>

The term loan carries interest @ LIBOR + 3.25% per annum and is repayable in 9 unequal semi annual installments, commenced from May 15, 2019.

Bank borrowings are secured by:

- i) Corporate guarantees from M/s. Jindal Saw Limited - India, M/s. Jindal Saw Gulf (L.L.C.), Abu Dhabi - U.A.E. and related parties.
- ii) Commercial mortgage over assets of the Entity of the Entity and M/s. Jindal Saw Gulf (L.L.C.), Abu Dhabi - U.A.E. (note 4).
- iii) Pledge over 49% equity interest in M/s. Jindal Saw Gulf (L.L.C.), Abu Dhabi - U.A.E. held by the Entity.
- iv) Pledge over 75% equity shares of the Entity held by M/s. Jindal Saw Holdings FZE, Fujairah - United Arab Emirates.
- v) Assignment of leasehold rights of Jindal Saw Gulf (L.L.C.), Abu Dhabi - U.A.E. (note 4).
- vi) Assignment of all risk insurance policies of the Entity and M/s. Jindal Saw Gulf (L.L.C.), Abu Dhabi - U.A.E.
- vii) Assignment of receivables of the Entity.
- viii) Subordination of shareholder's loan and current account (notes 11 and 14).
- ix) Undertaking letter from Nacho Investment Mauritius, where Nacho Investments undertakes to remedy any shortfall in debt servicing of the facility.
- x) Subordination of loan from related party, M/s. International Investments Limited FZC, Fujairah - U.A.E. (note 14).

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	<u>2021</u>	<u>2020</u>
12 Bank borrowings (continued)		
Bank borrowings - short term liabilities		
Due to banks (refer a)	139,218,913	136,862,969
Term loan (refer b)	32,318,000	32,318,000
	<u>171,536,913</u>	<u>169,180,969</u>
Bank borrowings - long term liabilities		
Term loan (refer b)	68,675,750	100,993,750
Total bank borrowings (a + b)	<u>240,212,663</u>	<u>270,174,719</u>
13 Accounts and other payables		
Accounts payable	9,765,577	9,759,094
Provisions and accruals	578,070	1,344,765
	<u>10,343,647</u>	<u>11,103,859</u>

14 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>2021</u>	<u>2020</u>
a) Due to a related party		
<i>Ultimate Parent</i>		
M/s. Jindal Saw Limited - India	321,587	3,820,596
b) Long term loan from related parties		
<i>Shareholder</i>		
M/s. Jindal Saw Holdings FZE, Fujairah - U.A.E.*	94,701,099	94,701,099
<i>Entities under common management and control</i>		
M/s. Sathi International FZE, Ras Al Khaimah - U.A.E.**	-	7,345,000
M/s. International Investments Limited FZC, Fujairah - U.A.E.***	174,450,893	174,450,893
	<u>269,151,992</u>	<u>276,496,992</u>

* The above loan is unsecured and was obtained to meet working capital requirements, is interest free, without any fixed repayment schedule, not deemed to repayable within next 12 months and is subordinated against credit facilities (note 12).

** During the year loan has been transferred to the current account of M/s. Sathi Holdings Limited as per agreement dated August 24, 2019 and as amended on January 14, 2021.



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14 Related party transactions (continued)**b) Long term loan from related parties (continued)**

*** The above loan is interest free, without fixed repayment terms, not repayable within next 12 months and is subordinated against credit facilities (note 12).

c) Transactions with related parties

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

	For the year ended March 31,	
	2021	2020
Interest paid to a related party (note 18)	1,329,836	1,419,395
Rental income (note 15)	25,000,000	25,000,000
Interest charges recovered from a related party (note 18)	5,672,983	7,530,717
	2021	2020
15 Lease rental income - net		
Lease rental income* (note 14)	25,000,000	25,000,000
Less: Depreciation on property, plant and equipment (note 4)	(18,994,092)	(18,066,133)
	6,005,908	6,933,867
	2021	2020
16 Other income		
Foreign exchange gain- net	122,119	-
Others	-	1,742
	122,119	1,742
17 Administrative expenses		
Rent	19,000	19,000
Legal and professional expenses	280,814	44,774
Foreign exchange loss - net	-	176,309
Repair and maintenance	-	962
	299,814	241,045
18 Finance costs		
Interest on term loans*	5,475,346	8,409,316
Interest paid to a related party #	1,329,836	1,419,395
Bank and finance charges	949,379	1,009,832
	7,754,561	10,838,543

* The above interest on term loans is stated net of AED 5,672,983 (2020: AED 7,530,717) being interest recovered from M/s. Jindal Saw Gulf (L.L.C.) for the use of working capital facilities (note 14).

The above represents AED 1,329,836 (2020: AED 1,419,395) being interest paid to a related party (Ultimate parent) for providing corporate guarantee against credit facilities (note 14).

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*(In Arab Emirates Dirham)***19 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 the separate financial statements.

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

	As at March 31,		As at March 31,	
	2021	2020	2021	2020
<i>Financial assets</i>	Carrying amount		Fair value	
Other receivables	1,905,099	3,176,428	1,905,099	3,176,428
Cash and bank balances	192,573	548,454	192,573	548,454
	<u>2,097,672</u>	<u>3,724,882</u>	<u>2,097,672</u>	<u>3,724,882</u>
<i>Financial liabilities</i>				
Bank borrowings	240,212,663	270,174,719	240,212,663	270,174,719
Accounts and other payables	10,343,647	11,103,859	10,343,647	11,103,859
Due to a related party	321,587	3,820,596	321,587	3,820,596
Long term loan from related parties	269,151,992	276,496,992	269,151,992	276,496,992
	<u>520,029,889</u>	<u>561,596,166</u>	<u>520,029,889</u>	<u>561,596,166</u>

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 cash and bank balances and other receivables. Financial liabilities consist of accounts and other payables, bank borrowings, due to a related party and long term loan from related parties.

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

20 Financial risk management objectives

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

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

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

a) Foreign currency risk management

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

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20 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:

	Amounts in foreign currency		Amounts in AED	
	2021	2020	2021	2020
<i>Cash and bank:</i>				
Euro	-	391	-	1,574

Foreign currency sensitivity analysis:

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

	Profit or loss	
	2021	2020
Euro	-	157

b) Interest rate risk management

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

Interest rate sensitivity analysis

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

If interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the Entity's financial result for the year then ended would (decrease)/increase by AED 1,201,063 (2020: (decrease)/increase by AED 1,350,874).

c) Liquidity risk management

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

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

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*(In Arab Emirates Dirham)***20 Financial risk management objectives (continued)***c) Liquidity risk management (continued)*Liquidity and interest risk table:

The table below summarizes 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 shown as follows:

Particulars	Interest bearing			Non-Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
As at March 31, 2021							
Financial assets							
Other receivables	-	-	-	-	1,905,099	-	1,905,099
Cash and bank balances	-	-	-	192,573	-	-	192,573
	-	-	-	192,573	1,905,099	-	2,097,672
Financial liabilities							
Bank borrowings	13,032,473	158,504,440	68,675,750	-	-	-	240,212,663
Accounts and other payables	-	-	-	-	10,343,647	-	10,343,647
Due to a related party	-	-	-	-	321,587	-	321,587
Long term loan from related parties	-	-	-	-	-	269,151,992	269,151,992
	13,032,473	158,504,440	68,675,750	-	10,665,234	269,151,992	520,029,889
As at March 31, 2020							
Financial assets							
Other receivables	-	-	-	-	3,176,428	-	3,176,428
Cash and bank balances	-	-	-	548,454	-	-	548,454
	-	-	-	548,454	3,176,428	-	3,724,882
Financial liabilities							
Bank borrowings	6,899,071	162,281,898	100,993,750	-	-	-	270,174,719
Accounts and other payables	-	-	-	-	11,103,859	-	11,103,859
Due to a related party	-	-	-	-	3,820,596	-	3,820,596
Long term loan from related parties	-	-	-	-	-	276,496,992	276,496,992
	6,899,071	162,281,898	100,993,750	-	14,924,455	276,496,992	561,596,166

Jindal Saw Middle East FZE*(Formerly known as M/s. Jindal Saw Middle East FZC)*

Fujairah Free Zone

Fujairah - United Arab Emirates

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

(In Arab Emirates Dirham)

20 Financial risk management objectives (continued)**d) Credit risk management**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly.

Ongoing credit evaluation is performed on the financial condition of other receivables. Further details of credit risks on other receivables are disclosed in note 7 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 the separate financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

21 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 the stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

The capital structure of the Entity consists of cash and cash equivalents and equity comprising issued capital, accumulated (losses) and shareholders' current account as disclosed in the separate financial statements.

22 Contingent liabilities

Letters of guarantee*

Letters of credit

<u>As at March 31,</u>	
<u>2021</u>	<u>2020</u>
<u>10,358,381</u>	<u>7,125,119</u>
<u>92,533,582</u>	<u>60,487,755</u>

* The above includes AED 3,585,454 (2020: AED 6,329,578) being guarantees provided on behalf of a related party.

Except for the above and 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.

23 Commitments

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

24 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.