

Jindal Saw Gulf L.L.C.
Abu Dhabi - United Arab Emirates

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



Jindal Saw Gulf L.L.C.
Abu Dhabi - United Arab Emirates

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JINDAL SAW GULF L.L.C.

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Jindal Saw Gulf L.L.C.
Abu Dhabi - United Arab Emirates

Directors' report

Dear stakeholders,

The year ended on March 31, 2021 was full of uncertainties which witnessed the impact of COVID-19. Despite the negative environment, the Entity has been able to perform very well during the year 2021. The Entity executed some big orders during the year due to which it has achieved revenue of AED 766 million and closed profit and loss account with net profit of AED 45.25 million. The Entity also has orders in hand of approximately AED 455 million which would be executed in FY 2022 providing a decent visibility for the year 2022.

We are presenting this report and the audited financial statements for the year ended March 31, 2021.

Principal activities of the Entity:

The Entity is licensed to manufacture all types of steel pipes and related accessories and pipelines and metal products coating.

Financial review:

The table below summarizes the results denoted in Arab Emirates Dirham (AED).

	2021	2020
Revenue	765,996,199	367,462,121
Gross profit	235,427,050	107,148,221
Gross profit margin	31%	29%
Profit/(loss) for the year	45,257,424	(5,894,505)

Role of the Directors:

The Directors are the Entity's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through their guidance and supervision of the Entity's business. The Directors set the strategies and policies of the Entity. They monitor performance of the Entity's business, guide and supervise its management.

Events after year end:

In the opinion of the Directors, no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Entity.

Auditor:

M/s. UHY James Chartered Accountants, Dubai - United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Directors' responsibilities:

The applicable requirements, require the Directors to prepare the financial statements for each financial year which present fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended.

Plot No.11NR-28, I-CAD-III Mussafah Industrial Area
Phone: +971-2-5506883 Fax: +971-2-5506885 P.O. Box: 92135, Abu Dhabi, UAE





JINDAL SAW GULF L.L.C.

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Statement of Directors' responsibilities (continued):

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables them to ensure that the financial statements comply with the requirements of applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

We wish to acknowledge the support rendered by all the stakeholders including government authorities, bank and financial institutions, client and customers, suppliers and vendors and many others whose support has been vital. We are confident that their good wishes and support would continue in future as well.

These financial statements were approved by the Board and signed on behalf by the authorized representatives of the Entity.

Mr. Anil Kumar Kejriwal
Director

May 10, 2021

Mr. Amit Kumar
Director



Ref: JM/AR/2021/3115

Independent auditor's report

To,

The Shareholders

M/s. Jindal Saw Gulf L.L.C.

Abu Dhabi - United Arab Emirates

Report on the audit of financial statements

Opinion

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

In our opinion, the accompanying 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 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 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 financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard (IFRSs), in compliance with the requirements of applicable 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.

In preparing the 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 Gulf L.L.C. (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 U.A.E. Federal Commercial Companies Law No. 2 of 2015, we further confirm that,

- 1 We have obtained all the information and explanations which we consider necessary for our audit.
- 2 The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Commercial Companies Law No. 2 of 2015 and the Memorandum of Association of the Entity.

Independent auditor's report to the shareholders of Jindal Saw Gulf L.L.C. (continued)

Report on other legal and regulatory requirements (continued)

- 3 Proper books of accounts have been maintained by the Entity.
- 4 The contents of the Directors' report which relates to the financial statements are in agreement with the Entity's books of account.
- 5 The Entity has not made any investments in shares and stocks during the year ended March 31, 2021.
- 6 Note 8 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted.
- 7 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 U.A.E. Federal Commercial Companies Law No. 2 of 2015 or the Memorandum of Association 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 Gulf L.L.C.
Abu Dhabi - United Arab Emirates

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	65,034,886	57,700,906
Right-of-use assets	5	143,775,382	169,140,837
Intangible assets	6	380,617	590,162
Total non-current assets		209,190,885	227,431,905
<i>Current assets</i>			
Inventories	7	153,724,479	143,759,111
Due from related parties	8	13,525,683	31,450,250
Trade receivables	9	141,264,871	78,961,228
Advances, deposits and other receivables	10	20,433,382	15,206,214
Cash and bank balances	11	840,441	1,192,412
Total current assets		329,788,856	270,569,215
Total assets		538,979,741	498,001,120
Equity and liabilities			
<i>Equity</i>			
Share capital	12	300,000	300,000
Accumulated (losses)	13	(94,951,733)	(140,209,157)
Shareholder's current account	14	348,527,056	363,965,284
Total equity		253,875,323	224,056,127
<i>Non-current liabilities</i>			
Long term loans from a related party	8	19,486,663	4,320,593
Employees' end of service benefits	15	4,202,141	3,783,077
Lease liabilities - non current portion	16	128,667,991	150,524,624
Total non-current liabilities		152,356,795	158,628,294
<i>Current liabilities</i>			
Trade and other payables	17	73,220,363	84,445,964
Due to related parties	8	35,951,836	8,729,045
Lease liabilities - current portion	16	21,407,208	22,141,690
Bank borrowings	18	2,168,216	-
Total current liabilities		132,747,623	115,316,699
Total liabilities		285,104,418	273,944,993
Total equity and liabilities		538,979,741	498,001,120

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

The report of the auditor is set out on pages 3 to 5.

The financial statements on pages 6 to 32 were approved on May 10, 2021 and signed on behalf of the Entity, by:



Mr. Anil Kumar Kejriwal
Director




Mr. Amit Kumar
Director



Jindal Saw Gulf L.L.C.

Abu Dhabi - United Arab Emirates

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

(In Arab Emirates Dirham)

	Notes	2021	2020
Revenue	19	765,996,199	367,462,121
Cost of revenue	20	(530,569,149)	(260,313,900)
Gross profit		235,427,050	107,148,221
Other income	21	764,582	282,665
Selling and distribution expenses	22	(146,176,476)	(71,006,166)
Administrative expenses	23	(22,203,242)	(19,987,086)
Finance costs	24	(22,554,490)	(22,332,139)
Profit/(loss) for the year		45,257,424	(5,894,505)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		45,257,424	(5,894,505)

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

The report of the auditor is set out on pages 3 to 5.



Jindal Saw Gulf L.L.C.
 Abu Dhabi - United Arab Emirates

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

	Share capital	Accumulated (losses)	Shareholder's current account	Total equity
Balance as at March 31, 2019	300,000	(134,314,652)	367,099,795	233,085,143
(Loss) for the year	-	(5,894,505)	-	(5,894,505)
Net movements during the year	-	-	(3,134,511)	(3,134,511)
Balance as at March 31, 2020	300,000	(140,209,157)	363,965,284	224,056,127
Profit for the year	-	45,257,424	-	45,257,424
Net movements during the year	-	-	(15,438,228)	(15,438,228)
Balance as at March 31, 2021	300,000	(94,951,733)	348,527,056	253,875,323

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

The report of the auditor is set out on pages 3 to 5.



Jindal Saw Gulf L.L.C.

Abu Dhabi - United Arab Emirates

Statement of cash flows for the year ended March 31, 2021

(In Arab Emirates Dirham)

	2021	2020
Cash flows from operating activities		
Profit/(loss) for the year	45,257,424	(5,894,505)
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	15,277,664	7,970,241
Depreciation on right-of-use assets	25,365,455	25,365,455
Amortization of intangible assets	209,545	257,593
(Gain) on sale of property, plant and equipment	(353,330)	(14,767)
Exchange loss on the long term loan from a related party	-	2,941
Provision for other receivables	450,000	450,000
Provision for employees' end of service benefits	831,535	846,021
Allowance for expected credit loss	661,050	148,345
Interest expense	17,567,477	19,536,478
Operating profit before changes in operating assets and liabilities	105,266,820	48,667,802
<i>(Increase)/decrease in current assets</i>		
Inventories	(9,965,368)	(25,510,685)
Trade receivables	(62,964,693)	(21,315,555)
Advances, deposits and other receivables	(5,677,168)	(3,995,029)
Due from related parties	17,924,567	8,693,441
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	(11,225,601)	48,384,103
Due to related parties	27,222,791	(4,988,482)
Cash generated from operations	60,581,348	49,935,595
Employees' end of services benefits paid	(412,471)	(393,054)
Interest expense paid	(7,786,024)	(8,537,089)
Net cash from operating activities	52,382,853	41,005,452
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	977,474	106,099
Acquisition of property, plant and equipment	(23,235,788)	(14,558,274)
Net cash (used in) investing activities	(22,258,314)	(14,452,175)
Cash flows from financing activities		
Proceeds/(repayment) of bank borrowings (net)	2,168,216	(24,667)
(Repayment) of lease liabilities	(32,372,568)	(31,923,139)
Proceeds from long term loan from related party	15,166,070	-
Shareholder's current account	(15,438,228)	(3,134,511)
Net cash (used in) financing activities	(30,476,510)	(35,082,317)
Net (decrease) in cash and cash equivalents	(351,971)	(8,529,040)
Cash and cash equivalents, beginning of the year	1,192,412	9,721,452
Cash and cash equivalents, end of the year	840,441	1,192,412
Cash and cash equivalents		
Cash in hand	32,996	82,217
Cash at banks	807,445	1,110,195
	840,441	1,192,412

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

The report of the auditor is set out on pages 3 to 5.

Jindal Saw Gulf L.L.C.

Abu Dhabi - United Arab Emirates

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

1 Legal status and business activities

- 1.1 M/s. Jindal Saw Gulf L.L.C., Abu Dhabi - United Arab Emirates (the "Entity") was incorporated on August 18, 2010 as a Limited Liability Company and operates in the United Arab Emirates under an industrial license issued by Department of Economic Development, Industrial Development Bureau, Abu Dhabi - United Arab Emirates.
- 1.2 The Entity is licensed to manufacture all types of steel pipes and related accessories and pipelines and metal products coating.
- 1.3 The registered address of the Entity is P.O. Box: 92135, Abu Dhabi - United Arab Emirates.
- 1.4 The management and control are vested with the Directors (all Indian nationals).
- 1.5 These financial statements incorporate the operating results of the Industrial license no. IN - 1002018.

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 financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, 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 (IFRSs) as issued by International Accounting Standards Board (IASB). These financial statements are presented in Arab Emirates Dirhams (AED) which is the Entity's functional and presentation 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 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 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 be sold or consumed in the 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 is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

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

	<u>Years</u>
Building improvements	20
Machinery	20
Tools and equipment	5
Moulds	Usage basis
Furniture, fixtures and equipment	2 - 4
Motor vehicles	5

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.

3 Significant accounting policies (continued)

3.5 Property, plant and equipment (continued)

The building improvements are being depreciated over the period from when it became available for use up to the end of the lease term or the useful life, whatever is lesser.

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

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

Right-of-use assets

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

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

	<u>Years</u>
Land and building	2-21
Plant and machinery	6

3 Significant accounting policies (continued)

3.6 Leases (continued)

3.6.1 Entity as lessee (continued)

Lease liabilities

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

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

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

Short-term leases and leases of low-value assets

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

3.7 Intangible assets

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

3.8 Impairment of tangible and intangible assets

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

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

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

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

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

3 Significant accounting policies (continued)

3.8 Impairment of tangible and intangible assets (continued)

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.

3.9 Financial instruments

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

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, trade receivables, due from related parties and other financial assets.

Cash and cash equivalents

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

Due from related parties

Amounts due from related parties are stated at amortised cost.

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.

Impairment of financial assets

The Entity assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3 Significant accounting policies (continued)

3.10 Financial assets (continued)

Impairment of financial assets (continued)

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

Derecognition of financial assets

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

3.11 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 trade and other payables, loans and borrowings, due to related parties and long term loan from a related party.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade 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. Trade 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

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 Significant accounting policies (continued)

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.

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 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Entity expects to be entitled in exchange for those goods or services.

Sale of goods

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

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

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

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

3.16 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management 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.

3 Significant accounting policies (continued)

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

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.

Determining the timing of satisfaction of performance obligations - revenue recognition

In making their judgement, the Entity considers the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether the Entity has transferred control of the services to the customer. The management is satisfied that control has been transferred and that recognition of revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision as applicable.

Lease term - the Entity as lessee

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

Key sources of estimation uncertainty

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

Net realisable value of inventories

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

Useful lives of property, plant and equipment

Property, plant and equipment 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.

Incremental borrowing rate for leases

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

Impairment of financial assets

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

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4 Property, plant and equipment

Cost	Building improvements	Machinery	Tools and equipment	Moulds	Furniture, fixtures and equipment	Motor vehicles	Capital work-in-progress	Total
As at March 31, 2019	9,546,798	11,031,929	573,000	56,598,298	2,569,559	2,112,821	2,019,338	84,451,743
Addition during the year	-	588,797	-	12,853,896	255,266	-	860,315	14,558,274
Transferred from capital work-in-progress	1,102,660	999,042	-	-	-	-	(2,101,702)	-
Transferred during the year	-	(369,757)	-	-	-	369,757	-	-
Disposal during the year	-	-	-	(90,167)	(137,573)	(75,000)	-	(302,740)
As at March 31, 2020	10,649,458	12,250,011	573,000	69,362,027	2,687,252	2,407,578	777,951	98,707,277
Addition during the year	371,789	2,299,094	-	15,135,642	107,050	139,132	5,183,081	23,235,788
Transferred from capital work-in-progress	93,083	138,892	-	-	-	-	(231,975)	-
Disposal during the year	-	-	-	(652,311)	-	(162,100)	-	(814,411)
Written off during the year	-	-	-	(9,282,664)	-	-	-	(9,282,664)
As at March 31, 2021	11,114,330	14,687,997	573,000	74,562,694	2,794,302	2,384,610	5,729,057	111,845,990
Accumulated depreciation								
As at March 31, 2019	2,367,894	4,139,300	465,279	22,540,499	2,390,710	1,343,856	-	33,247,538
Charge for the year	478,151	1,511,600	107,721	5,512,275	110,719	249,775	-	7,970,241
On transfers during the year	-	(49,233)	-	-	-	49,233	-	-
Eliminated on disposal during the year	-	-	-	-	(136,408)	(75,000)	-	(211,408)
As at March 31, 2020	2,846,045	5,601,667	573,000	28,052,774	2,365,021	1,567,864	-	41,006,371
Charge for the year	533,197	1,708,930	-	12,707,660	117,860	210,017	-	15,277,664
Eliminated on disposal during the year	-	-	-	(9,310,831)	-	(162,100)	-	(9,472,931)
As at March 31, 2021	3,379,242	7,310,597	573,000	31,449,603	2,482,881	1,615,781	-	46,811,104
Carrying value as at March 31, 2021	7,735,088	7,377,400	-	43,113,091	311,421	768,829	5,729,057	65,034,886
Carrying value as at March 31, 2020	7,803,413	6,648,344	-	41,309,253	322,231	839,714	777,951	57,700,906



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4 Property, plant and equipment (continued)

Notes:

- Building improvements represent office building and factory boundary wall on Plot no.11 NR 28 leased from Higher Corporation for Specialised Economic Zones (Zone Corp), located in ICAD III, Abu Dhabi - United Arab Emirates. The leasehold rights are assigned against bank credit facilities obtained in the name of a related party, M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC), Fujairah - U.A.E.
- Capital work-in-progress represents costs of machinery under installation, pending capitalisation (note 29).
- Breakup of depreciation charged:

	For the year ended March 31,	
	2021	2020
Cost of revenue	12,707,661	5,512,275
Administrative expenses	2,570,003	2,457,966
	<u>15,277,664</u>	<u>7,970,241</u>



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5 Right-of-use assets	<u>Land and building</u>	<u>Plant and machinery</u>	<u>Total</u>
Cost			
As at March 31, 2020	70,898,931	123,607,361	194,506,292
As at March 31, 2021	70,898,931	123,607,361	194,506,292
Accumulated depreciation			
Charge for the year	4,764,228	20,601,227	25,365,455
As at March 31, 2020	4,764,228	20,601,227	25,365,455
Charge for the year	4,764,228	20,601,227	25,365,455
As at March 31, 2021	9,528,456	41,202,454	50,730,910
Carrying value as at March 31, 2021	61,370,475	82,404,907	143,775,382
Carrying value as at March 31, 2020	66,134,703	103,006,134	169,140,837

The Entity recognised following right-of-use assets:

- Land and building represents long term leases related to the factory premises and guest house building having lease terms ranging from 2 to 21 years.
- Plant and machinery obtained on a long term lease from a related party having lease term of 6 years (note 8).
- Breakup of depreciation charged:

	<u>Notes</u>	<u>For the year ended March 31,</u>	
		<u>2021</u>	<u>2020</u>
Cost of revenue	20	20,601,227	20,601,227
Administrative expenses	23	4,764,228	4,764,228
		25,365,455	25,365,455

6 Intangible assets	<u>Total</u>
Cost	
As at March 31, 2019	1,178,869
As at March 31, 2020	1,178,869
As at March 31, 2021	1,178,869
Accumulated amortization	
As at March 31, 2019	331,114
Amortization for the year (note 23)	257,593
As at March 31, 2020	588,707
Amortization for the year (note 23)	209,545
As at March 31, 2021	798,252
Carrying value as at March 31, 2021	380,617
Carrying value as at March 31, 2020	590,162

The above represents cost incurred in relation to the development of "Double Chamber Pipe" design which has been amortised over its estimated useful life of 3 to 5 years. The patent for the said design has been registered under the name "Jindal Lock".

7 Inventories	<u>2021</u>	<u>2020</u>
Raw materials	74,357,670	47,293,573
Spares and consumables	28,214,860	19,845,631
Work-in-progress	14,400,680	18,707,061
Finished goods	36,751,269	57,912,846
	153,724,479	143,759,111

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8 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 from related parties		
<i>Entities under common management and control</i>		
M/s. Jindal Saw Italia SPA - Italy	9,211,694	30,054,552
M/s. Jindal Saw Limited - India	4,313,989	1,395,698
	<u>13,525,683</u>	<u>31,450,250</u>
b) Long term loans from a related party		
<i>Entity under common management and control</i>		
M/s. International Investments Limited FZC, Fujairah - U.A.E.	19,486,663	4,320,593
Long term loan from M/s. International Investments Limited FZC, Fujairah - U.A.E. consist of:		
Loan I - AED 4,320,593		
The above loan is unsecured, interest free, without any fixed repayment schedule and is not deemed to be repayable within next 12 months.		
Loan II - AED 15,166,070		
The above loan is unsecured, carries interest @ 6.25% p.a, without any fixed repayment schedule and is deemed to be repayable with a bullet payment by December 31, 2025.		
c) Due to related parties	<u>2021</u>	<u>2020</u>
<i>Entities under common management and control</i>		
M/s. Jindal Fittings Ltd. - India	-	317,201
M/s. Jindal Saw Italia SPA - Italy	154,366	-
M/s. Jindal Saw Limited - India	34,569,850	5,439,962
M/s. Jindal Saw Holdings FZE, Fujairah Free Zone, Fujairah - U.A.E.	1,227,620	2,971,882
	<u>35,951,836</u>	<u>8,729,045</u>

d) 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>2021</u>	<u>2020</u>
Interest expense (note 24)	5,672,983	7,530,717
Sales	32,983,373	29,214,548
Lease payment* (note 16, 20)	25,000,000	25,000,000
Purchases	40,645,750	10,495,618
Purchase of property, plant and equipment	387,526	-
Expense charged by a related party #	7,615,597	5,227,383
Disposal of property, plant and equipment	1,359,453	94,604
Interest on loan from related party	619,922	-

* The above represents lease/rent payments to a shareholder (M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC), Fujairah - U.A.E.) for providing plant and machinery on lease.

Represents salaries and related benefits charged by a related party.

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9 Trade receivables	2021	2020
Trade receivables: Outside U.A.E.	111,144,271	75,594,975
: Within U.A.E.	33,621,123	6,462,606
Less: Allowance for expected credit loss	(3,500,523)	(3,096,353)
	141,264,871	78,961,228

The credit period for the trade receivables is 30 - 180 days (2020: 30 - 180 days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

Of the trade receivables as at March 31, 2021, there are 5 customers (2020: 5 customers) representing 72% (2020: 79%) of the total trade receivables.

Ageing of trade receivables that are neither past nor due:

1 - 180 days	140,193,790	73,169,128
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Ageing of trade receivables that are past due:

1 -180 days	430,656	5,606,342
181 - 365 days	615,596	240,905
366 days and above	3,525,352	3,041,206
	144,765,394	82,057,581

Impairment of trade receivables

The Entity applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

	2021	2020
Expected credit loss rate	2.42%	3.77%
Estimated total gross carrying amount at default	144,765,394	82,057,581
Amounts not past due	140,193,790	73,169,128
Lifetime expected credit loss	3,500,523	3,096,353
Net carrying amount	141,264,871	78,961,228

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

Balance at the beginning of the year	3,096,353	2,948,008
Add: Charge during the year (note 23)	661,050	148,345
Less: Written off during the year	(256,880)	-
Balance at the end of the year	3,500,523	3,096,353

In determining the impairment loss on trade receivables, the Entity does not consider any changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The management has established a provision matrix that is based on its historic credit loss experience, adjusted for forward-looking information specific to the debtor and the overall economic environment.

10 Advances, deposits and other receivables	2021	2020
Prepayments	1,306,367	4,304,628
Guarantee deposits	187,000	182,000
Advances to suppliers	15,755,477	6,460,047
Staff loans and advances	85,622	125,297
VAT receivable - net	2,850,929	3,634,242
Other receivables	1,147,987	950,000
Less: Impairment of other receivables (note 23)	(900,000)	(450,000)
	20,433,382	15,206,214

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11 Cash and bank balances	2021	2020
Cash in hand	32,996	82,217
Cash at banks	807,445	1,110,195
	840,441	1,192,412

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.

12 Share capital

Authorised, issued and paid up capital of Entity is AED 300,000 divided into 300 fully paid up shares of AED 1,000 each, fully paid.

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

Name of shareholders	Nationality	Percentage	No. of shares	2021	2020
Mr. Ali Ahmed Saleh					
Shujaa Alafeefi	U.A.E.	51	153	153,000	153,000
M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC) (represented by Mr. Anil Kumar Kejriwal)	U.A.E.	49	147	147,000	147,000
		100	300	300,000	300,000
				2021	2020

13 Accumulated (losses)

Balance at the beginning of the year	(140,209,157)	(134,314,652)
Profit/(loss) for the year	45,257,424	(5,894,505)
Balance at the end of the year	(94,951,733)	(140,209,157)

14 Shareholder's current account

Balance at the beginning of the year	363,965,284	367,099,795
Net movements during the year	(15,438,228)	(3,134,511)
Balance at the end of the year	348,527,056	363,965,284

The balance in the above current account is owed to one of the shareholders, M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC), Fujairah - U.A.E. (represented by Mr. Anil Kumar Kejriwal).

15 Employees' end of service benefits

Balance at the beginning of the year	3,783,077	3,330,110
Add: Charge for the year	831,535	846,021
Less: Paid during the year	(412,471)	(393,054)
Balance at the end of the year	4,202,141	3,783,077

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

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	<u>2021</u>	<u>2020</u>
16 Lease liabilities		
Balance at the beginning of the year	172,666,314	-
As at April 01, 2019 (upon adoption of IFRS 16)	-	193,590,064
Add: interest charged during the year (note 24)	9,781,453	10,999,389
Less: payments during the year	<u>(32,372,568)</u>	<u>(31,923,139)</u>
Balance at the end of the year	<u>150,075,199</u>	<u>172,666,314</u>
The above represents present value of lease payments for right-of-use assets (land & buildings and plant & machinery) discounted @ 5.83% per annum and are payable over a period of 2 to 21 years.		
Comprising:		
Current portion	21,407,208	22,141,690
Non-current portion	<u>128,667,991</u>	<u>150,524,624</u>
	<u>150,075,199</u>	<u>172,666,314</u>
<i>Maturity profile of lease payments - contractual undiscounted cash flows:</i>		
Less than 1 year	31,923,139	31,923,139
1 to 5 years	96,572,557	121,572,557
More than 5 years	<u>75,503,951</u>	<u>80,897,091</u>
	<u>203,999,647</u>	<u>234,392,787</u>
Amounts recognised in profit or loss:		
Interest on lease liabilities (note 24)	9,781,453	10,999,389
Depreciation expense (note 5)	25,365,455	25,365,455
Expenses related to short term leases	<u>147,954</u>	<u>-</u>
Net impact for the year	<u>35,294,862</u>	<u>36,364,844</u>
<i>Amounts recognised in statement of cash flows:</i>		
Total cash outflows (net) for leases	<u>32,224,614</u>	<u>31,923,139</u>
17 Trade and other payables		
Trade payables	52,119,211	29,998,899
Provisions and accruals	15,122,828	7,700,039
Advances received from customers	3,244,850	44,795,231
Other payables	<u>2,733,474</u>	<u>1,951,795</u>
	<u>73,220,363</u>	<u>84,445,964</u>
18 Bank borrowings		
a) Due to banks		
Trust receipts	<u>2,168,216</u>	<u>-</u>

Bank borrowings are secured by:

- i) Corporate guarantee of M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC), Fujairah - U.A.E. and M/s. Jindal Saw Limited - India.
- ii) Assignment of all risks insurance policy covering inventories and property, plant and equipment of M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC), Fujairah - U.A.E. and M/s. Jindal Saw Gulf L.L.C., Abu Dhabi - U.A.E.
- iii) Commercial mortgage over assets of the Entity and M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC), Fujairah - U.A.E. (note 4).

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

iv) Pledge over 49% equity interest of the Entity, held by M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC), Fujairah - U.A.E.

v) Pledge over 75% equity shares of M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC) held by M/s. Jindal Saw Holdings FZE, Fujairah - United Arab Emirates.

vi) Subordination of shareholder's current account (note 14).

vii) Assignment of leasehold rights (note 5).

b) Vehicle loans

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	-	24,667
Less: Paid during the year	-	(24,667)
Balance at the end of the year	<u>-</u>	<u>-</u>

Bank borrowings - short term liabilities

Due to banks (refer a)	<u>2,168,216</u>	-
	<u>2,168,216</u>	-

For the year ended March 31,

	<u>2021</u>	<u>2020</u>
19 Revenue		
Revenue from contracts with customers	<u>765,996,199</u>	<u>367,462,121</u>

19.1 Disaggregated revenue information

Set out below is the disaggregation of the Entity's revenue from contracts with customers.

Sale of pipes	<u>765,996,199</u>	<u>367,462,121</u>
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Geographical markets

Sales : Outside U.A.E.	<u>613,422,373</u>	348,443,528
: Within U.A.E.	<u>152,573,826</u>	19,018,593
Total revenue from contracts with customers	<u>765,996,199</u>	<u>367,462,121</u>

Timing of revenue recognition

Goods transferred at a point in time	<u>765,996,199</u>	367,462,121
Total revenue from contracts with customers	<u>765,996,199</u>	<u>367,462,121</u>

19.2 Performance obligations

Information about the Entity's performance obligations are summarised below:

Sale of pipes

The performance obligation is satisfied on delivery of pipes in case of sales within U.A.E. and on shipping/delivery in case of sales outside U.A.E. depending upon the contractual terms agreed with the customers and payment is generally due within 30 to 180 days from delivery/shipment date. The standard manufacturer's warranty offered on pipes sold by the Entity does not qualify as a separate performance obligation under IFRS 15 "Revenue from contract with customers".

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	For the year ended March 31,	
	2021	2020
20 Cost of revenue		
Cost of goods manufactured		
Balance at the beginning of the year - raw materials, spares and consumables	67,139,204	75,039,201
Add: Purchases	418,015,554	195,346,504
Less: Balance at the end of the year - raw materials, spares and consumables (note 7)	<u>(102,572,530)</u>	<u>(67,139,204)</u>
Raw material consumed	382,582,228	203,246,501
Utilities	37,662,582	25,812,498
Direct labour	34,488,904	29,161,868
Manufacturing overhead	17,058,589	9,390,213
Depreciation on property, plant and equipment (note 4)	12,707,661	5,512,275
Depreciation on right-of-use assets (note 5)	<u>20,601,227</u>	<u>20,601,227</u>
Manufacturing cost	505,101,191	293,724,582
Balance at the beginning of the year - work-in-progress	18,707,061	17,396,729
Less: Balance at the end of the year - work-in-progress (note 7)	<u>(14,400,680)</u>	<u>(18,707,061)</u>
Cost of goods manufactured	509,407,572	292,414,250
Balance at the beginning of the year - finished goods	57,912,846	25,812,496
Less: Balance at the end of the year - finished goods (note 7)	<u>(36,751,269)</u>	<u>(57,912,846)</u>
	<u>530,569,149</u>	<u>260,313,900</u>
21 Other income		
Scrap sales	48,237	48,010
Foreign exchange gain	-	21,992
Gain on sale of property, plant and equipment	353,330	14,767
Miscellaneous income	<u>363,015</u>	<u>197,896</u>
	<u>764,582</u>	<u>282,665</u>
22 Selling and distribution expenses		
Distribution cost	64,122,363	34,185,778
Advertisement and marketing	8,835,946	5,689,096
Commission on sales	<u>73,218,167</u>	<u>31,131,292</u>
	<u>146,176,476</u>	<u>71,006,166</u>

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	For the year ended March 31,	
	2021	2020
23 Administrative expenses		
Salaries and related benefits	8,622,226	7,290,467
Legal, visa, professional and related expenses	1,504,484	1,646,911
Travelling and conveyance	40,642	819,749
Repairs and maintenance	356,475	122,447
Utilities	1,164,822	798,325
Telephone and communications	360,058	367,916
Depreciation on property, plant and equipment (note 4)	2,570,003	2,457,966
Depreciation on right-of-use assets (note 5)	4,764,228	4,764,228
Amortization on intangible assets (note 6)	209,545	257,593
Allowance for expected credit loss (note 9)	661,050	148,345
Impairment of other receivables (note 10)	450,000	450,000
Insurance	547,075	453,363
Foreign exchange loss	520,106	-
Others	432,528	409,776
	22,203,242	19,987,086
24 Finance costs		
Interest*	7,786,024	8,537,089
Bank charges	4,987,013	2,795,661
Interest on lease liabilities (note 16)	9,781,453	10,999,389
	22,554,490	22,332,139

* The above includes AED 5,672,983 (2020: AED 7,530,717) being interest paid to shareholder (M/s. Jindal Saw Middle East FZE (formerly known as M/s. Jindal Saw Middle East FZC)) for the use of working capital facilities during the year (note 8) and AED 619,922 being interest accrued on loan from related party.

25 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,	
	2021	2020	2021	2020
<i>Financial assets</i>	Carrying amount		Fair value	
Trade receivables	141,264,871	78,961,228	141,264,871	78,961,228
Other receivables	3,371,538	4,441,539	3,371,538	4,441,539
Due from related parties	13,525,683	31,450,250	13,525,683	31,450,250
Cash and bank balances	840,441	1,192,412	840,441	1,192,412
	159,002,533	116,045,429	159,002,533	116,045,429

25 Financial instruments (continued)

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

	As at March 31,		As at March 31,	
	2021	2020	2021	2020
<i>Financial liabilities</i>	Carrying amount		Fair value	
Bank borrowings	2,168,216	-	2,168,216	-
Trade and other payables	69,975,513	39,650,733	69,975,513	39,650,733
Due to related parties	35,951,836	8,729,045	35,951,836	8,729,045
Long term loans from a related party	19,486,663	4,320,593	19,486,663	4,320,593
Lease liabilities	150,075,199	172,666,314	150,075,199	172,666,314
	<u>277,657,427</u>	<u>225,366,685</u>	<u>277,657,427</u>	<u>225,366,685</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, due from related parties, trade receivables and other receivables. Financial liabilities consist of bank borrowings, trade and other payables, due to related parties, long term loan from a related party and lease liabilities.

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:

Long-term borrowings or 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 the reporting date, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

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

26 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.

26 Financial risk management objectives (continued)**a) Foreign currency risk management**

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

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

	Amounts in Foreign currency		Amounts in AED	
	2021	2020	2021	2020
<u>Bank balances</u>				
Euro	6,359	19,401	27,412	78,048
SAR	80,769	14,848	79,052	14,483
BHD	3,077	227	29,794	2,063
<u>Trade receivables</u>				
Euro	52,055	52,055	224,393	209,411
SAR	16,558,766	28,350,180	16,206,727	27,653,264
OMR	-	19,302	-	184,140
BHD	873,414	607,472	8,457,067	5,520,769

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
<u>Bank balances</u>		
Euro	2,741	7,805
SAR	7,905	1,448
BHD	2,979	206
<u>Trade receivables</u>		
Euro	22,439	20,941
SAR	1,620,673	2,765,326
OMR	-	18,414
BHD	845,707	552,077

26 Financial risk management objectives (continued)**b) Interest rate risk management**

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

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.

Liquidity and interest risk table:

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

Particulars	Interest bearing			Non Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
As at March 31, 2021							
Financial assets							
Trade receivables	-	-	-	-	141,264,871	-	141,264,871
Other receivables	-	-	-	-	3,371,538	-	3,371,538
Due from related parties	-	-	-	-	13,525,683	-	13,525,683
Cash and bank balances	-	-	-	840,441	-	-	840,441
	-	-	-	840,441	158,162,092	-	159,002,533
Financial liabilities							
Bank borrowings	-	-	2,168,216	-	-	-	2,168,216
Trade and other payables	-	-	-	-	69,975,513	-	69,975,513
Due to related parties	-	-	-	-	35,951,836	-	35,951,836
Long term loans from a related party	-	-	-	-	-	19,486,663	19,486,663
Lease liabilities	583,851	20,823,357	128,667,991	-	-	-	150,075,199
	583,851	20,823,357	130,836,207	-	105,927,349	19,486,663	277,657,427

26 Financial risk management objectives (continued)c) *Liquidity risk management (continued)**Liquidity and interest risk table (continued)*

Particulars	Non Interest bearing			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, 2020							
Financial assets							
Trade receivables	-	-	-	-	78,961,228	-	78,961,228
Other receivables	-	-	-	-	4,441,539	-	4,441,539
Due from related parties	-	-	-	-	31,450,250	-	31,450,250
Cash and bank balances	-	-	-	1,192,412	-	-	1,192,412
	-	-	-	1,192,412	114,853,017	-	116,045,429
Financial liabilities							
Trade and other payables	-	-	-	-	39,650,733	-	39,650,733
Due to related parties	-	-	-	-	8,729,045	-	8,729,045
Long term loan from a related party	-	-	-	-	-	4,320,593	4,320,593
Lease liabilities	-	583,851	21,557,839	150,524,624	-	-	172,666,314
	-	583,851	21,557,839	150,524,624	48,379,778	4,320,593	225,366,685

d) *Credit risk management*

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

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on trade and other receivables are disclosed in notes 9 and 10 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.

27 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

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

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	As at March 31,	
	2021	2020
28 Contingent liabilities		
Letters of credit	<u>304,744</u>	-
Corporate guarantee	<u>5,168,297</u>	568,297
Letters of guarantee	<u>19,812,170</u>	21,759,699

Except for the above and 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.

	As at March 31,	
	2021	2020
29 Commitments		
Commitment towards purchase of property, plant and equipment (note 4)	<u>2,473,425</u>	108,317

30 Reclassification

Certain figures for the previous year were regrouped/reclassified, wherever necessary, 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.

