

**INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE IND AS FINANCIAL STATEMENTS**

**To the Board of Directors of JINDAL STEEL & ALLOYS LIMITED**

**Opinion**

We have audited the accompanying Special Purpose Ind AS Financial Statements of **Jindal Steel & Alloys Limited** ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of Profit and Loss including other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the Special Purpose Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereafter referred at as "Special purpose Ind AS financial statements"). These Special purpose Ind AS financial statements are prepared by the management in accordance with the recognition and measurement principles laid down in Companies (India Accounting Standards) Rules, 2015 ("Ind AS") and other accounting principles generally accepted in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Ind AS financial statements read with Other Matter Paragraph mentioned below give the information required for consolidation by the Holding Company in preparation of the consolidated Ind AS financial statements in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ("ICAI"). 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 Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the 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 and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of the Management for the Special Purpose Ind AS Financial Statements**

The Company's Board of Directors is responsible for preparation of these Special Purpose Ind AS financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the applicable financial reporting framework for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.



### **Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Ind AS 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 SAs 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 Special Purpose Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Ind AS 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 on the entity's internal controls.
- 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 Company'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 Special Purpose Ind AS 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Ind AS financial statements, including the disclosures, and whether the Special Purpose Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Other Matter**

This report on the Special Purpose Ind AS financial statements has been issued solely in connection with preparation of the consolidated Ind AS financial statements by Nalwa Sons Investments Limited ('the Holding Company') for the year ended March 31, 2021. Our opinion is not modified in respect of this matter.



**Basis of Accounting and Restriction on Distribution and Use**

Without modifying our opinion, we draw attention to Note 1 to the Special Purpose Ind AS financial statements, which describes the basis of accounting. The Special Purpose Ind AS financial statements are prepared to assist the Holding Company in preparation of the consolidated Ind AS financial statements for the year ended March 31, 2021. As a result, these Special Purpose Ind AS financial statements may not be suitable for another purpose. Our report is intended solely for Holding Company and should not be distributed to or used by parties other than Holding Company.

For **SHAH GUPTA & CO.**  
Chartered Accountants  
Firm Registration No - 109574W

*Parth P Patel*

**Parth P Patel**

Partner

M. No.172670

UDIN: 21172670AAAABP5698

Place: Mumbai

Date: 22.05.2021



Jindal Steel & Alloys Limited  
Balance Sheet as at 31st March, 2021

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
<b>I. ASSETS :</b>			
<b>1 Non current assets</b>			
(a) Financial Assets			
Investments	4	8,04,04,285	7,24,53,054
Loans	5	86,41,00,000	56,50,00,000
(b) Deferred tax asses	6	2,45,95,020	2,64,14,261
(c) Other non current assets	7	95,000	95,000
<b>Total non current assets</b>		<b>96,91,94,305</b>	<b>66,39,62,315</b>
<b>2 Current assets</b>			
(a) Financial Assets			
Cash and cash equivalents	8	6,22,854	3,28,831
Loans	9	-	24,25,00,000
Other financial assets	10	8,52,36,110	7,45,37,474
(b) Current tax assets (net)	11	1,13,80,513	1,11,82,844
(c) Other current assets	12	2,74,393	3,15,745
<b>Total current assets</b>		<b>9,75,13,870</b>	<b>32,88,64,894</b>
<b>Total Assets</b>		<b>1,06,67,08,175</b>	<b>99,28,27,209</b>
<b>II. EQUITY AND LIABILITIES :</b>			
<b>Equity</b>			
(a) Equity Share capital	13	7,02,00,000	7,02,00,000
(b) Other equity	14	99,63,49,575	92,24,38,615
<b>Total equity</b>		<b>1,06,65,49,575</b>	<b>99,26,38,615</b>
<b>Liabilities</b>			
<b>1 Current liabilities</b>			
(a) Financial liabilities			
Trade payables	15		
Total outstanding dues of micro and small		33,150	-
Total outstanding dues of creditors other than micro and small enterprises		1,12,077	1,66,314
(b) Other current liabilities	16	13,373	22,280
<b>Total current liabilities</b>		<b>1,58,600</b>	<b>1,88,594</b>
<b>Total Equity and Liabilities</b>		<b>1,06,67,08,175</b>	<b>99,28,27,209</b>

See accompanying notes to the Financial Statements

As per our attached report of even date

For SHAH GUPTA & CO.

Chartered Accountants

F. R. No. 109574W

*Parth P Patel*  
Parth P Patel  
Partner

M. No. 172670

Place : Mumbai

Dated : 22.05.2021

UDIN : 21172670AAAABP5698



*Sanjay*  
Sanjay Goel  
Director

DIN: 03633677

*Nishant*  
Nishant Mittal  
Director

DIN: 08165389

Jindal Steel & Alloys Limited  
Statement of Profit and Loss for the year ended 31st March, 2021

(Amount in ₹)

Sr. No.	Particulars	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	<b>Income:</b>			
I.	Revenue from operations	17	19,49,65,581	16,61,66,417
II.	Other income	18	79,51,231	57,03,083
II.	<b>Total Income</b>		<b>20,29,16,812</b>	<b>17,18,69,500</b>
IV.	<b>Expenses:</b>			
	Purchases of stock-in-trade		9,88,95,137	8,33,31,600
	Change in inventories of stock-in-trade		-	-
	Finance cost	19	72,452	-
	Other expenses	20	51,36,474	27,74,009
	<b>Total Expenses</b>		<b>10,41,04,063</b>	<b>8,61,05,609</b>
V.	<b>Profit before tax (III-IV)</b>		<b>9,88,12,749</b>	<b>8,57,63,891</b>
VI.	<b>Tax expense :</b>	21		
	Current tax		2,30,82,548	2,03,55,000
	Deferred tax		18,19,242	5,48,889
VII.	<b>Profit for the year (VI-VII)</b>		<b>7,39,10,960</b>	<b>6,48,60,002</b>
VIII.	<b>Other comprehensive income</b>			
A	(i) Items that will not be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B	(i) Items that may be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that may be reclassified to profit and loss		-	-
	<b>Total other comprehensive income (A+B)</b>			
	<b>Total comprehensive income for the year (VII+VIII)</b>		<b>7,39,10,960</b>	<b>6,48,60,002</b>
IX.	Earnings per equity share: [Nominal value per share: ₹10/- (Previous year: ₹10/-)] - Basic & diluted	22	10.53	9.24

See accompanying notes to the Financial Statements

As per our attached report of even date  
For **SHAH GUPTA & CO.**  
Chartered Accountants  
F. R. No. 109574W

  
Parth P Patel  
Partner  
M. No. 172670  
Place : Mumbai  
Dated : 22.05.2021  
UDIN : 21172670AAAABP5698



For and on behalf of the Board of Directors

  
Sanjay Geel  
Director  
DIN: 03633677

  
Nishant Mittal  
Director  
DIN: 08165389

Jindal Steel & Alloys Limited  
Statement of changes in equity

a. Equity  
share capital

(Amount in ₹)

Particulars	As at April 1, 2019	Movement during the year	As at March 31,	Movement during the year	As at March 31, 2021
Equity shares	70,20,000	-	70,20,000	-	70,20,000
<b>Total</b>	<b>70,20,000</b>	<b>-</b>	<b>70,20,000</b>	<b>-</b>	<b>70,20,000</b>

b. Other equity

Transferred during the year

(Amount in ₹)

Particulars	Reserves & Surplus		Other Comprehensive Income (OCI)	Total
	Retained earnings	Securities Premium	Equity instrument through other	
Balance as at April 1, 2019	57,75,78,613	28,00,00,000	-	85,75,78,613
Profit for the year	6,48,60,002	-	-	6,48,60,002
Balance as at March 31, 2020	64,24,38,615	28,00,00,000	-	92,24,38,615
Profit for the year	7,39,10,960	-	-	7,39,10,960
Balance as at March 31, 2021	71,63,49,575	28,00,00,000	-	99,63,49,575

As per our attached report of even date  
For SHAH GUPTA & CO.

Chartered Accountants

F. R. No. 109574W

  
Parth P. Patel

Partner

M. No. 172670

Place : Mumbai

Dated : 22.05.2021

UDIN : 21172670AAAABP5698



For and on behalf of the Board of Directors

  
Sanjay Goel  
Director  
DIN: 03633677

  
Nishant Mittal  
Director  
DIN: 08165389


**Jindal Steel & Alloys Limited**  
**Statement of Cash Flows for the period ended 31st March, 2021**

(Amount in ₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
<b>Cash flows from operating activities:</b>		
Net Profit / (Loss) before tax	9,88,12,749	8,57,63,891
Fair value of preference shares	(79,51,231)	(57,03,083)
Interest on income tax	72,452	-
Interest paid	(9,30,35,584)	(8,28,19,417)
	<b>(21,01,614)</b>	<b>(27,58,609)</b>
Adjusted for :		
Provision for expenses	-	-
<b>Operating profit before working capital changes</b>	<b>(21,01,614)</b>	<b>(27,58,609)</b>
Adjustments for working capital:		
(Increase) / Decrease in other current assets	41,351	(1,68,766)
Increase / (Decrease) in current liabilities	(8,907)	17,780
Increase / (Decrease) in trade payables	(21,087)	1,14,944
	<b>(20,90,256)</b>	<b>(27,94,651)</b>
<b>Cash used in operations</b>		
Direct taxes paid	(2,33,52,669)	(2,05,81,943)
<b>Net cash used in operating activities</b>	<b>(2,54,42,925)</b>	<b>(2,33,76,594)</b>
<b>Cash flow from investing activities:</b>		
Interest received	8,23,36,948	7,68,08,134
Loans & Advances Given	(5,66,00,000)	(5,55,00,000)
<b>Net Cash generated from investing activities</b>	<b>2,57,36,948</b>	<b>2,13,08,134</b>
<b>Cash generated from financing activities:</b>	-	-
<b>Net Cash generated from financing activities</b>	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,94,023</b>	<b>(20,68,460)</b>
<b>Cash and Cash equivalents at beginning of the year</b>	<b>3,28,831</b>	<b>23,97,291</b>
<b>Cash and Cash equivalents at end of the year</b>	<b>6,22,854</b>	<b>3,28,831</b>
	<b>2,94,023</b>	<b>(20,68,460)</b>

As per our attached report of even date  
For SHAH GUPTA & CO.  
Chartered Accountants

F. R. No. 109574W

  
Parth P Patel  
Partner

M. No. 172670

Place : Mumbai

Dated : 22.05.2021



For and on behalf of the Board of Directors

  
Sanjay Goel

Director  
DIN: 03633677

  
Nishant Mittal

Director  
DIN: 08165389

Place : Mumbai

Dated : 22.05.2021

# JINDAL STEEL & ALLOYS LIMITED

## Notes forming part of financial statements

### 1. General Information

The Company was incorporated on June 10, 1993 and engaged in the business of wholesale trading and Investing & Financing.

The Company is a subsidiary of a Listed Non-Banking Financial Company (NBFC) i.e. Nalwa Sons Investments Ltd. Since, the Company is not an NBFC it is not required to prepare Ind-As Financial Statements and it can continue to prepare its financials in accordance with requirements of the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP").

These Financial Statements are the Special Purpose Financial Statements ("Financial Statement") and are prepared only for the specific purpose of being used by the Holding Company for preparation of its' Consolidated Financial Statements.

### 2. (a) Statement of compliance

These Financial statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.

Accordingly, the Company has prepared the Financial statements which comprise of Balance Sheet, Statement of Profit & Loss, the Statement of cash flows, the Statement of Changes in Equity and accounting policies and other explanatory information (together hereinafter referred to as "Financial Statements").

The aforesaid Financial statements have been approved by the Board of Directors in the meeting held on 22<sup>nd</sup> May, 2021.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of IND AS 7 "Statement of Cash Flows".

A statement regarding maturity within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 21.

### (b) Basis of preparation of standalone financial statements:

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company is required to prepare its Standalone Financial Statements as per the Indian Accounting Standards ('IND AS') prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended with effect from April 1, 2018. Accordingly, the Company has prepared these Standalone Financial Statements, which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, the Statements of Cash Flows and the Statement of Changes in Equity for the year ended March 31, 2020, and accounting policies and other explanatory information (together hereinafter referred to as "Standalone Financial Statements" or "Financial Statements") in accordance with the recognition and measurement principles laid down in Ind AS.

The standalone financial statements of the Company have been prepared in accordance with historical cost basis except for certain financial instruments measured at fair value at the end of each reporting year as explained in the accounting policies below:

### (c) Significant accounting policies:

#### i. Financial Instrument

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





# JINDAL STEEL & ALLOYS LIMITED

## Notes forming part of financial statements

Financial assets and financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in the Statement of Profit and Loss.

### A. Financial assets:

#### a. Initial recognition and measurement:

All financial assets are recognised initially at fair value. Transaction cost that are directly attributable to acquisition of financial assets, which not at fair value through Statement of Profit and Loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

#### b. Subsequent measurement:

On initial recognition, a financial asset is classified to be measured at :

- a. at amortised cost
- b. at fair value through profit or loss (FVTPL)
- c. at fair value through other comprehensive income (FVTOCI)

#### c. Classification of financial assets

On initial recognition, a financial asset is classified to be measured at amortised cost, fair value through other comprehensive income ( FVTOCI) or fair value through profit & loss (FVTPL)

#### Financial Assets at amortised cost:

A financial asset is measured at the amortised cost if both the following conditions are met and is not designated at FVTPL:

- a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b. contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

#### Financial Assets at Fair Value through Other comprehensive income (FVTOCI):

An equity instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL:

- a. The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If the Company decides to classify an instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from Other Comprehensive Income(OCI) to Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.



# JINDAL STEEL & ALLOYS LIMITED

## Notes forming part of financial statements

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

All Equity investments in scope of Ind AS 109 are measured at fair value. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

### d. De-recognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### e. Impairment of financial assets

The Company recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVTOCI. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward-looking.

The Company's trade receivables or contract revenue receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall, being simplified approach for recognition of impairment loss allowance.

Under simplified approach, the Company does not track changes in credit risk. Rather it recognises impairment loss allowance based on the lifetime ECL at each reporting date right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables.



# JINDAL STEEL & ALLOYS LIMITED

## Notes forming part of financial statements

The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For financial assets other than trade receivables, the Company recognises 12-months expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition (Stage 1). The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition (Stage 2) or which are credit impaired (Stage 3). If, in a subsequent period, credit quality of the instrument improves such that there is no longer significant increase in credit risks since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12 months ECL. For equity instruments and financial assets measured at FVTPL, there is no requirement for impairment testing.

**Definition of Default:** The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

### f. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the 'Other income' line item.

## B. Financial liabilities and equity instruments:

### a. Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### b. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### c. Initial recognition and measurement of financial liabilities:

All financial liabilities are recognised initially at fair value and in case of loans net of directly attributable cost. Fees of recurring nature are directly recognised in profit or loss as finance cost.

### d. Subsequent measurement of financial liabilities:



# JINDAL STEEL & ALLOYS LIMITED

## Notes forming part of financial statements

Financial liabilities are carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### e. De-recognition of financial liabilities:

Financial liabilities are de-recognised when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

### C. Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### D. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal of the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the



# JINDAL STEEL & ALLOYS LIMITED

## Notes forming part of financial statements

end of each reporting period. The Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be measured or re-assessed as per the accounting policies of the Company. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### E. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

For assets and liabilities that are recognised in the Standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



# JINDAL STEEL & ALLOYS LIMITED

## Notes forming part of financial statements

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### ii. Revenue Recognition

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

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

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

#### Commodity future Contracts:

The margins paid on open positions of commodity future contracts are disclosed under the head "Financial assets" in the Balance Sheet. The daily mark-to-market margin paid to/ received from in respect of commodity future contracts is debited or credited to daily mark-to-market account, which is disclosed under the head "other financial assets" or "other financial liabilities" in the Balance Sheet. Net mark to market gain / loss arising from settlement/expiry of the commodity future contracts are recognised in the Statement of Profit and loss.

### iii. Employee Benefit

A liability is recognized for benefits accruing to the employees in respect of wages and salaries, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

### iv. Functional Currency

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The Company has accordingly assessed INR as its functional currency.

### v. Taxation:

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense is recognised in the Statement of Profit and Loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

#### Current tax:

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance Sheet date.

#### Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognized for temporary difference



# JINDAL STEEL & ALLOYS LIMITED

## Notes forming part of financial statements

arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### vi. Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit/(loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

### vii. Statement of Cash Flow

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### viii. Provisions & Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, 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 the effect of the time value of money is material)

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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



# JINDAL STEEL & ALLOYS LIMITED

## Notes forming part of financial statements

A disclosure for contingent liabilities is made where there is-

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) a present obligation that arises from past events but is not recognised because:
  - i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity.

Commitments are future liabilities for contractual expenditure. The commitments are classified and disclosed on the basis of estimated amounts of contracts remaining to be executed on capital account and not provided for.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

### ix. Cash and cash equivalents:

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

### 3. Key sources of estimation uncertainty and critical accounting judgements

In the course of applying the policies outlined in all notes under Section 2 above, the Company is required to make judgements, estimates and assumptions about the carrying amount 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 period, if the revision affects current and future period.

#### Key sources of estimation uncertainty and critical accounting judgements

##### i. Determination of Expected Credit Loss ("ECL")

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows based on Company's historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on collective basis.
- Company's criteria for assessing if there has been a significant increase in credit risk.
- Development of ECL models, including choice of inputs / assumptions used.





# JINDAL STEEL & ALLOYS LIMITED

## Notes forming part of financial statements

### ii. Contingencies

Accounting for contingencies requires significant judgement by management regarding the estimated probabilities and ranges of exposure to potential loss. The evaluation of these contingencies is performed by various specialists inside and outside of the Company. Such assessment of the Company's exposure to contingencies could change as new developments occur or more information becomes available. The outcome of the contingencies could vary significantly and could materially impact the Company's results and financial position. The management has used its best judgement in applying Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' to these matters.

### iii. Fair value measurements

In case of financial assets and financial liabilities recorded or disclosed in standalone financial statements the company uses the quoted prices in active markets for identical assets or based on inputs which are observable either directly or indirectly for determining the fair value. However, in certain cases, the Company adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Company has applied appropriate valuation techniques and inputs to the valuation model.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Information about the valuation techniques and inputs used in determining the fair value of Investments are disclosed in Note 19

### iv. Provisions and liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or the events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

### v. Taxes

#### Current Tax:

There are transactions and calculations for which the ultimate tax determination is uncertain and would get finalised on completion of assessment by tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### Deferred Tax:

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits including estimates of temporary differences reversing on account of available benefits from the Income Tax Act, 1961.

### vi. Obligations in respect of Pledged shares

The Company has pledged some of its shares on behalf of its group companies towards availing credit facilities by group companies. The Company continuously monitors performance of its group company and ensures timely fulfilment of commitments. In view of this, obligations in respect of estimation of probable loss of pledged shares is considered as nil.



**Jindal Steel & Alloys Limited**

**Notes forming part of Financial Statements**

**Note 4**

**Non - current investments (Long term)**

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Unquoted investments in preference shares at Fair value through Statement of Profit &amp; Loss (all fully paid)</b>		
8% Redeemable Non-Cumulative Non Convertible Preference shares of Baltimore Trading Pvt. Ltd. 1,40,000 Preference shares of ₹100 each (Previous year: 1,40,000)	72,99,342	65,77,550
8% Redeemable Non-Cumulative Non Convertible Preference shares of Vrindavan Services Pvt. Ltd. 19,90,000 Preference shares of ₹10 each (Previous year: 19,90,000)	1,03,75,495	93,49,518
8% Redeemable Non-Cumulative Non Convertible Preference shares of Musuko Trading Pvt. Ltd. 1,90,000 Preference shares of ₹100 each (Previous year: 1,90,000)	99,06,250	89,26,675
8% Redeemable Non-Cumulative Non Convertible Preference shares of JSW Investments Pvt. Ltd. 1,35,00,000 Preference shares of ₹10 each (Previous year: 1,35,00,000)	5,28,23,198	4,75,99,311
<b>Total</b>	<b>8,04,04,285</b>	<b>7,24,53,054</b>
Aggregate carrying amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

**Note 5**

**Loans (Non-current)**

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Unsecured, considered good</b>		
Others	86,41,00,000	56,50,00,000
<b>Total</b>	<b>86,41,00,000</b>	<b>56,50,00,000</b>



**Jindal Steel & Alloys Limited****Notes forming part of Financial Statements****Note 6****Deferred tax liabilities / (assets)**

Significant components of deferred tax liabilities / (assets), deductible temporary differences recognised in the financial statements are as follows:

**(Amount in ₹)**

Particulars	As at 31st March, 2020	Recognised / (reversed) through profit & loss	As at 31st March, 2021
Preference shares through Statement of Profit & Loss	(2,64,14,261)	18,19,242	(2,45,95,020)
	(2,64,14,261)	18,19,242	(2,45,95,020)

**(Amount in ₹)**

Particulars	As at April 1, 2020	Recognised / (reversed) through profit & loss	As at 31st March, 2021
Preference shares through Statement of Profit & Loss	(2,69,63,150)	5,48,889	(2,64,14,261)
	(2,69,63,150)	5,48,889	(2,64,14,261)

**Note 7****Other non-current assets****(Amount in ₹)**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Security deposit	95,000	95,000
<b>Total</b>	<b>95,000</b>	<b>95,000</b>



Jindal Steel & Alloys Limited  
Notes forming part of Financial Statements

Note 8  
Cash and bank balances

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents :		
Balance with bank in current account	6,22,854	3,28,831
<b>Total</b>	<b>6,22,854</b>	<b>3,28,831</b>

Note 9  
Loans (current)

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good		
Others	-	24,25,00,000
<b>Total</b>	<b>-</b>	<b>24,25,00,000</b>

Note 10  
Other financial assets

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Interest receivable	8,52,36,110	7,45,37,474
<b>Total</b>	<b>8,52,36,110</b>	<b>7,45,37,474</b>

Note 11  
Current tax assets

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance tax and tax deducted at source (net)	1,13,80,513	1,11,82,844
<b>Total</b>	<b>1,13,80,513</b>	<b>1,11,82,844</b>



Jindal Steel & Alloys Limited  
Notes forming part of Financial Statements

Note 12

Other current assets

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Goods and service tax receivable	2,74,393	3,15,745
<b>Total</b>	<b>2,74,393</b>	<b>3,15,745</b>

Note 14

Other equity

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Retained earnings	71,63,49,574.93	64,24,38,615
Securities premium	28,00,00,000.00	28,00,00,000.00
<b>Total</b>	<b>99,63,49,574.93</b>	<b>92,24,38,615.15</b>



Jindal Steel & Alloys Limited  
Notes forming part of Financial Statements

Note 15  
Trade payables

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total outstanding dues of micro and small enterprises	33,150	-
Total outstanding dues of creditors other than micro and small enterprises	1,12,077	1,66,314
<b>Total</b>	<b>1,45,227</b>	<b>1,66,314</b>

Disclosure pertaining to micro, small and medium enterprises (as per information available with the Company):

Description	As at 31st March, 2021	As at 31st March, 2020
1. Principal amount due and outstanding as at end of	33,150.00	-
2. Principal amount overdue more than 45 days	-	-
3. Interest due and unpaid as at end of year	-	-
4. Interest paid to supplier	-	-
5. Payments made to supplier beyond the appointed day	-	-
5. Interest due and payable for the period of delay	-	-
6. Interest accrued and remaining unpaid as at end of	-	-
7. Amount of further interest remaining due and payable	-	-

Note 16  
Other current liabilities

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Statutory dues payable	13,373	22,280
<b>Total</b>	<b>13,373</b>	<b>22,280</b>



**Jindal Steel & Alloys Limited**  
**Notes forming part of Financial Statements**

**Note 13**

**Equity Share Capital**

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
<b>Authorised Capital</b>				
1. Equity shares of ₹10/- each	80,00,000	8,00,00,000	80,00,000	8,00,00,000
<b>Issued, subscribed and paid up</b>				
1. Equity shares of ₹10/- each	70,20,000	7,02,00,000	70,20,000	7,02,00,000
<b>Total</b>	<b>70,20,000</b>	<b>7,02,00,000</b>	<b>70,20,000</b>	<b>7,02,00,000</b>

**Note 13.1**

**Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
Shares outstanding at the beginning of the year	70,20,000	7,02,00,000	70,20,000	7,02,00,000
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<b>70,20,000</b>	<b>7,02,00,000</b>	<b>70,20,000</b>	<b>7,02,00,000</b>

**Note 13.2**

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by each shareholder.

**Note 13.3**

**Disclosure of shareholders holding more than 5% of the aggregate shares in the company**

Name of Shareholder	As at 31st March, 2021		As at 31st March, 2020	
	No. of shares	Amount in ₹	No. of Shares held	% of holding
Nalwa Sons Investments Ltd., the Holding company (including shares held by nominees)	70,19,860	99.99%	70,19,860	99.99%



Jindal Steel & Alloys Limited  
Notes forming part of Financial Statements

Note 17

Revenue from operations

(Amount in ₹)

Particulars	Nine months ended 31st March, 2021	Year ended 31st March, 2020
<b>Sale of products:</b>		
Domestic turnover	10,19,29,997	8,33,47,000
	10,19,29,997	8,33,47,000
<b>Other Operating Revenues:</b>		
Inter-set income	9,30,35,584	8,28,19,417
	9,30,35,584	8,28,19,417
<b>Total</b>	<b>19,49,65,581</b>	<b>16,61,66,417</b>

Note 18

Other income

(Amount in ₹)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Fair value of preference shares through Statement of Profit & Loss	79,51,231	57,03,083
<b>Total</b>	<b>79,51,231</b>	<b>57,03,083</b>

Note 19

Finance cost

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest on income tax	72,452	-
<b>Total</b>	<b>72,452</b>	<b>-</b>





Jindal Steel & Alloys Limited  
Notes forming part of Financial Statements  
Note 20  
Other expenses

(Amount in ₹)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Brokerage, Commission, storage and selling expenses	1,41,095	1,15,091
Net loss on trading of commodities	30,46,590	37,300
Legal & Professional fees	2,81,470	8,53,080
Auditors' remuneration	1,23,900	1,29,800
CSR expenditure	15,25,000	16,00,000
Miscellaneous expenses	18,418	38,739
<b>Total</b>	<b>51,36,474</b>	<b>27,74,009</b>

Note 21

Tax expense

(Amount in ₹)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Current tax	2,30,82,548	2,03,55,000
	<b>2,30,82,548</b>	<b>2,03,55,000</b>

Note 21.1

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as under:

(Amount in ₹)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit before tax	9,88,12,749	8,57,63,891
Enacted tax rate in India	25.17%	27.82%
	<b>2,48,69,193</b>	<b>2,38,59,514</b>
<b>Tax effects on:</b>		
- Expenditure, not deductible (net of deduction claimed under section 80G)	1,91,907	2,22,560
- Income not taxable (Ind AS Adjustments)	(20,01,166)	(15,86,598)
<b>Total</b>	<b>2,30,59,934</b>	<b>2,24,95,477</b>
<b>Effective tax rate</b>	<b>23.34%</b>	<b>26.23%</b>



Jindal Steel & Alloys Limited  
Notes forming part of Financial Statements

Note 22

Earning per share

(Amount in ₹)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit for the year (As per Statement of Profit and Loss) (₹)	7,39,10,960	6,48,60,002
Weighted average number of shares for calculating EPS (Nos)	70,20,000	70,20,000
Earnings Per Share (Basic and Diluted) (Nominal value - Rs. 10 per share) (₹)	10.53	9.24



Note 23  
Financial instruments

A. Categories of financial instruments

(Amount in ₹)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying Values	Fair Value	Carrying Values	Fair Value
<b>Financial assets:</b>				
<b>Measured at fair value through profit &amp; loss account:</b>				
Investments	8,04,04,285	8,04,04,285	7,24,53,054	7,24,53,054
<b>Sub-total (A)</b>	<b>8,04,04,285</b>	<b>8,04,04,285</b>	<b>7,24,53,054</b>	<b>7,24,53,054</b>
<b>Measured at amortised cost:</b>				
Loans	86,41,00,000	86,41,00,000	80,75,00,000	80,75,00,000
Cash and cash equivalents	6,22,854	6,22,854	3,28,831	3,28,831
Other financial assets	8,52,36,110	8,52,36,110	7,45,37,474	7,45,37,474
<b>Sub-total (B)</b>	<b>94,99,58,964</b>	<b>94,99,58,964</b>	<b>88,23,66,305</b>	<b>88,23,66,305</b>
<b>Total Financial assets (A+B)</b>	<b>1,03,03,63,249</b>	<b>1,03,03,63,249</b>	<b>95,48,19,359</b>	<b>95,48,19,359</b>
<b>Financial liabilities</b>				
<b>Measured at amortised cost</b>				
Trade & other payable	95,000	95,000	95,000	95,000
<b>Total financial liabilities</b>	<b>95,000</b>	<b>95,000</b>	<b>95,000</b>	<b>95,000</b>

B. Level wise disclosure of fair valuation of financial instruments

(Amount in ₹)

Particulars	As at March 31, 2021	As at March 31, 2020	Fair value hierarchy	Valuation technique(s) and key input(s)
<b>Financial assets :</b>				
<b>Carried at fair value through Profit &amp; Loss account</b>				
- Unquoted preference shares	8,04,04,285	7,24,53,054	Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
<b>Carried at amortised cost</b>				
Loans	86,41,00,000	80,75,00,000	Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
<b>Total financial assets</b>	<b>94,45,04,285</b>	<b>87,99,53,054</b>		

The carrying amount of cash and cash equivalents, other financial assets, trade & other payable and other financial liabilities are considered to be the same as their fair values due to their short term nature.

The management consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.



**Note 24**

**Financial instruments**

**Capital Management & Risk Management Strategy**

**A. Capital risk management**

The Company's objective is to maintain a strong & healthy capital ratios and establish a capital structure that would maximise the return to stakeholders through optimum utilisation of its funds. The Company is having strong capital ratio and minimum capital risk. The Company's capital requirement is mainly to fund its strategic acquisitions. The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations.

The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, Bank balances other than cash and cash equivalents and current investments. The Company does not have any debt or sub-ordinated liabilities. Hence, gearing ratio has not been calculated.

**B. Risk management framework**

Board of Directors of the Company has developed and monitoring the Company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

**C. Financial risk management**

The Company has formulated and implemented a Risk Management Policy for evaluating business risks. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

**The risk management policies aim to mitigate the following risks arising from the financial instruments**

**i. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company's is exposed in the ordinary course of its business to risks related to changes in interest rates.

**ii. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as the Company does not have borrowings and the financing activities carried by the Company is generally at fixed interest rates.

**iii. Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties to mitigating the risk of financial loss from defaults.

Company's credit risk arises principally from loans and cash & cash equivalents.

**Cash and cash equivalents :**

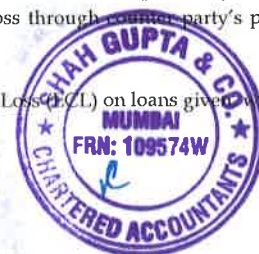
Credit risks from balances with banks and financial institutions are managed in accordance with the Company policy.

The Company's maximum exposure to the credit risk for the components of balance sheet as March 31, 2021, and March 31, 2020 is the carrying amounts mentioned in Note no 4.

**Loans :**

The Company has adopted loan policy duly approved by the Company's Board. The objective of said policy is to manages the financial risks relating to the business, focusses on capital protection, liquidity and yield maximisation. Investments of surplus funds are made only in approved counterparties within credit limits approved by the board. The limits are set to minimise the risks and therefore mitigate the financial loss through counter party's potential failure to make payments.

The Company is not requires to recognise Loss allowances for Expected Credit Loss (ECL) on loans given which are dues from group companies.



**Impairment Assessment:**

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

The Company is exposed to credit risk for trade receivables, cash and cash equivalents, investments, other bank balances, loans, other financial assets, financial guarantees and derivative financial instruments. The Company has assessed the change in counterparty credit risk due to COVID 19 and believe that the same are fully recoverable. The carrying value of financial assets represents the maximum credit risk.

The trade receivable of the Company generally spread over limited numbers of parties. The Company evaluates the credit worthiness of the parties on an ongoing basis. Further, the history of trade receivable shows negligible provision for bad and doubtful debts. Therefore, the Company does not expect any material risk account of non-performance from these parties. The Company uses simplified approach (i.e. lifetime expected credit loss model) for impairment of trade receivables/contract assets.

In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. The assessment is carried out considering the segment of customer (largely related parties), impact seen in the demand outlook of these segments and the financial strength of the customers (largely related parties) in respect of whom amounts are receivable. The Company based on past experiences does not expect any material loss on its receivables and hence no provision is deemed necessary on account of expected credit loss ('ECL').

The Company applies General approach for its Loans and advances to provide for credit losses prescribed by IND AS 109, which provides to recognised 12-months expected credit losses where credit risk has not increased significantly since initial recognition and to recognised lifetime expected credit losses for financial instruments for which there have been significant increase in credit risk since initial recognition considering all reasonable and supportable information, including that of forward looking.

The company categorises loan assets into stages based on the Days Past Due status: -

Stage 1: [0-30 days Past Due] It represents exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. The Company uses the same criteria mentioned in the standard and assume that when the days past due exceeds '30 days', the risk of default has increased significantly. Therefore, for those loans for which the days past due is less than 30 days, the Company recognises as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months.

Stage 2: [31-90 days Past Due] The Company collectively assesses ECL on exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these exposures, the Company recognises as a collective provision, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset)

Stage 3: [More than 90 days Past Due] The Company identifies, both collectively and individually, ECL on those exposures that are assessed as credit impaired based on whether one or more events, that have a detrimental impact on the estimated future cash flows of that asset have occurred. The Company use the same criteria mentioned in the standard and assume that when the days past due exceeds '90 days', the default has occurred.

For all other financial assets, if credit risk has not increased significantly, 12-month expected credit loss is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime expected credit loss is used.

In respect of financial guarantees provided by the Company to banks and financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

**iv. Liquidity risk management**

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company requires funds both for short term operational needs as well as for long term strategic investments. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents provide liquidity in the short-term and long-term. The Company has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.



The following tables detail the Company's remaining contractual maturity for financial liabilities and financial assets. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities.

**Liquidity exposure as at March 31, 2021**

Particulars	Contractual cash flows			Total
	< 1 year	1-3 year	> 3 years	
<b>Financial assets:</b>				
Investments	-	-	8,04,04,285	8,04,04,285
Loans	-	86,41,00,000	-	86,41,00,000
Cash and cash equivalents	6,22,854	-	-	6,22,854
Other Financial assets	8,52,36,110	-	-	8,52,36,110
<b>Total financial assets</b>	<b>8,58,58,964</b>	<b>86,41,00,000</b>	<b>8,04,04,285</b>	<b>1,03,03,63,249</b>
<b>Financial liabilities:</b>				
Trade and other payable	1,45,227	-	-	1,45,227
Other current liabilities	13,373	-	-	13,373
<b>Total financial liabilities</b>	<b>1,58,600</b>	<b>-</b>	<b>-</b>	<b>1,45,227</b>

**Liquidity exposure as at March 31, 2020**

Particulars	Contractual cash flows			Total
	< 1 year	1-3 year	> 3 years	
<b>Financial assets:</b>				
Investments	-	-	7,24,53,054	7,24,53,054
Loans	24,25,00,000	56,50,00,000	-	80,75,00,000
Cash and cash equivalents	3,28,831	-	-	3,28,831
Other Financial assets	7,45,37,474	-	-	7,45,37,474
<b>Total financial assets</b>	<b>31,73,66,305</b>	<b>56,50,00,000</b>	<b>7,24,53,054</b>	<b>95,48,19,359</b>
<b>Financial liabilities:</b>				
Trade and other payable	1,66,314	-	-	1,66,314
Other current liabilities	22,280	-	-	22,280
<b>Total financial liabilities</b>	<b>1,66,314</b>	<b>-</b>	<b>-</b>	<b>1,66,314</b>

**v. Dividend Income risk management**

Dividend income risk refers to the risk of changes in the Dividend income due to dip in the performance of the investee companies .

**vi. Foreign currency risk management**

The Company's functional currency is Indian Rupees (INR). The Company does not have any foreign currency exposures.



Jindal Steel & Alloys Limited  
Notes forming part of the standalone financial statements

Note 25  
Maturity analysis of assets and liabilities

(Amount in ₹)

Particulars	As at March 31, 2021		
	Within 12 months	After 12 months	Total
<b>ASSETS</b>			
Investments	-	8,04,04,285	8,04,04,285
Loans	-	86,41,00,000	86,41,00,000
Deferred tax assets	-	2,45,95,020	2,45,95,020
Other non current assets	-	95,000	95,000
Cash and cash equivalents	6,22,854	-	6,22,854
Other Financial assets	8,52,36,110	-	8,52,36,110
Current tax assets (Net)	-	1,13,80,513	1,13,80,513
Other current assets	-	2,74,393	2,74,393
	<b>8,58,58,964</b>	<b>98,08,49,211</b>	<b>1,06,67,08,175</b>
<b>LIABILITIES</b>			
Trade and other Payables	1,45,227	-	1,45,227
Other non-financial liabilities	13,373	-	13,373
	<b>1,58,600</b>	<b>-</b>	<b>1,58,600</b>

(Amount in ₹)

Particulars	As at March 31, 2020		
	Within 12 months	After 12 months	Total
<b>ASSETS</b>			
Investments	-	7,24,53,054	7,24,53,054
Loans	24,25,00,000	56,50,00,000	80,75,00,000
Deferred tax assets	-	2,64,14,261	2,64,14,261
Other non current assets	-	95,000	95,000
Cash and cash equivalents	3,28,831	-	3,28,831
Other Financial assets	7,45,37,474	-	7,45,37,474
Current tax assets (Net)	-	1,11,82,844	1,11,82,844
Other current assets	-	3,15,745	3,15,745
	<b>31,73,66,305</b>	<b>67,54,60,904</b>	<b>99,28,27,209</b>
<b>LIABILITIES</b>			
Trade and other Payables	1,66,314	-	1,66,314
Other non-financial liabilities	22,280	-	22,280
	<b>1,88,594</b>	<b>-</b>	<b>1,88,594</b>



**Jindal Steel & Alloys Limited**  
Notes forming part of the standalone financial statements

**Note 26**

Contingent liabilities not provided for :

(Amount in ₹)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Disputed Tax Liabilities (Including interest as demanded)	10,63,64,958	10,63,64,958

**Note 27**

Segment Reporting:

(Amount in ₹)

Primary Segment	Investing & Financing		Commodity Trading		Total	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
<b>Income:</b>						
Segment Revenue	10,09,86,815	8,85,22,500	10,19,29,997	8,33,47,000	20,29,16,812	17,18,69,500
Less: Revenue from internal customers	-	-	-	-	-	-
Revenue from external Segment Expenses	10,09,86,815	8,85,22,500	10,19,29,997	8,33,47,000	20,29,16,812	17,18,69,500
Segment Results	-	-	10,20,86,907	8,34,83,991	10,20,86,907	8,34,83,991
Unallocated Items:	10,09,86,815	8,85,22,500	(1,56,910)	(1,36,991)		
Unallocated income					20,17,155	26,21,619
Unallocated expenses					2,49,01,790	2,09,03,889
Provision for taxation						
<b>Net Profit</b>					<b>7,39,10,960</b>	<b>6,48,60,002</b>
<b>Other information:</b>						
Segment Assets	1,02,97,40,395	95,44,90,528	3,69,393	4,10,745	1,03,01,09,788	95,49,01,273
Unallocated Assets					3,65,98,386	3,79,25,936
<b>Total Assets</b>					<b>1,06,67,08,175</b>	<b>99,28,27,209</b>
<b>Segment liabilities</b>						
Unallocated liabilities & provisions					1,58,600	1,88,594
<b>Total liabilities</b>					<b>1,58,600</b>	<b>1,88,594</b>

Information about major customers:

(Amount in ₹)

Name of company (Customer)	Revenue	
	Commodity Trading Segment	Investing & Financing
Gold Stockmines Pvt. Ltd.	1,98,22,673	-
Classy Infraspac Pvt. Ltd.	8,21,07,324	-
Realcom Reality Pvt. Ltd.	-	2,52,05,696
Everbest Consultancy Services Pvt. Ltd.	-	6,69,41,450
	<b>10,19,29,997</b>	<b>9,21,47,146</b>





**Note 28**

Remuneration to the Auditors (including tax as applicable):

(Amount in ₹)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Audit fees	70,800	59,000
Tax audit fees	17,700	11,800
Limited Review fees	35,400	35,400
Other services	-	23,600
	2,53,700	1,29,800

**Note 29**

Related party Disclosures, as required by Ind-AS 24:

**a. List of Related Parties:****Holding Company**

Nalwa Sons Investments Ltd.

**Fellow subsidiary companies**

Jindal Holdings Ltd.

Brahmputra Capital &amp; Financial Services Ltd.

Massillon Stainless Inc. USA

Jindal Stainless (Mauritius) Ltd.

**b. Related Party Transactions:**

During the year, there have been no transaction with any related party.

**Note 30**

Corporate Social Responsibility (CSR)

a. Gross amount required to be spent on CSR during the year: ₹ 15,14,000 (Previous Year: ₹ 15,99,000)

b. Amount spent by the Company during the year on :

(Amount in ₹)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Other than construction/a	15,25,000	16,00,000

**Note 31**

Details of Investments made &amp; loans given covered under Section 186 of the Companies Act, 2013 are given under the respective heads. The (

**Note 32****Standards issued but not effective**

As at the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA but not yet adopted by the Company. Hence, the disclosure is not applicable.



**Note 33**

No significant events have occurred after the balance sheet date which may have material effect on the Company's financial statements.

**Note 34**

**Additional information**

Class of goods	Opening stock		Sales		Closing stock	
	Kgs.	Amount in ₹	Kgs.	Amount in ₹	Kgs.	Amount in ₹
Gold Bars	-	-	1,351	10,19,29,997	-	-

**Note 35**

Previous year's figures have been reclassified/regrouped, wherever necessary, to conform to current year's classification.

For and on behalf of the Board of Directors

  
Sanjay Goel  
Director  
DIN: 03633677

  
Nishant Mittal  
Director  
DIN : 08165389

Place : Mumbai  
Date : 22.05.2021

