
Annual Report
2009-2010
(15 months)

**IUP JINDAL METALS &
ALLOYS LIMITED**

NOTICE

IUP JINDAL METALS & ALLOYS LIMITED

Notice is hereby given that the **Sixth Annual General Meeting** of the shareholders of the Company IUP Jindal Metals & Alloys Ltd. will be held at the Registered Office of the Company at 28, Najafgarh Road, New Delhi – 110 015 on Friday, the 16th July, 2010 at 3.00 P.M. to transact the following business :

AS ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 together with Schedules and Notes on Accounts and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Sminu Jindal who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint Auditors of the Company. The retiring auditors M/s. N.C. Aggarwal & Company, Chartered Accountants, are eligible for reappointment.

AS SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to section 269, 198, 309(3) read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Vinod Kumar Sharma be and is hereby appointed as Whole-time Director of the Company & be designated as Asst. General Manager (HR & Administration) of the Company for a period of 5 (Five) years w.e.f. 16th July 2010 on the following remunerations as recommended by the Remuneration Committee and approved by the Board.

| | Rupees per month |
|---|------------------|
| Basic | 39368 |
| Bonus | 7874 |
| Provident Fund | 4724 |
| LTA | 3279 |
| HRA | 15747 |
| Gratuity | 1894 |
| Medical Reimbursement | 1250 |
| Hostel Allowance | 300 |
| Driver Allowance | 5000 |
| Fuel & Car Maintenance | 4650 |
| CEA | 200 |
| Professional Pursuit | 1000 |
| Special Allowance/ Responsibility Allowance | 6381 |
| Total | 1100004 |

Leave Encashment : As per Rules of the Company

RESOLVED FURTHER that apart from the above he shall be entitled to all facilities as per the rules of the Company in his grade and to get reimbursement of the expenses incurred by him for rendering his official duties.

RESOLVED FURTHER that Board shall be empowered to increase/decrease his remuneration within the limits provided in the Schedule XIII and also to vary any of the terms and conditions of his appointment.

RESOLVED FURTHER that notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above, subject to Schedule XIII of the Companies Act, 1956 or subject to the Central Government approval, as the case may be.

RESOLVED FURTHER that Mr. Indresh Batra, Managing Director be and is hereby authorized to take all such consequential steps required in this connection including filing of Form No. 25-C and such other documents with the Registrar of Companies, NCT of Delhi & Haryana."

BY ORDER OF THE BOARD OF DIRECTORS

SD/-

**INDRESH BATRA
MANAGING DIRECTOR**

New Delhi
Dated : 16th July, 2010

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company duly completed, not less than forty eight hours before the commencement of the meeting.
3. An Explanatory Statement under Section 173 (2) of the Companies Act, 1956, in respect of the Special Business setout under items 1 and 2 above is annexed hereto.

Explanatory Statement
(pursuant to Section 173 (2) of the Companies Act, 1956)

Item No. 4

Mr. Vivek Goyal, Whole-time Director of the Company has resigned from his position as Whole-time Director and occupier of the factory premises. In terms of the Factories Act, 1948, the 'Occupier' shall be a director who has ultimate control over the affairs of factory. Mr. Vinod Kumar Sharma who is also the Asst. General Manager (HR & Administration) be appointed as Whole-time Director of the Company. Mr. Sharma is willing to accept the offer of appointment as Whole-time Director of the Company and shall draw remuneration from the Company in accordance with Schedule XIII of the Companies Act, 1956. Accordingly, for the purpose of smooth operations, it was decided to appoint Mr. Sharma as the Whole-time Director of the Company for a period of 5 years effective from 16th July, 2010.

Your Directors recommend the Resolution at Item No.4 of this Notice for your approval.

None of the Directors of the Company except Mr. Vinod Kumar Sharma, the proposed appointee, is concerned or interested in the said Resolution.

BY ORDER OF THE BOARD OF DIRECTORS

SD/-

**INDRESH BATRA
MANAGING DIRECTOR**

New Delhi
Dated : 16th July, 2010

Directors' Report

To,
The Members,

Your Directors are pleased to present the 6th Annual Report, together with Audited Annual Accounts of the Company for the 15 month period ended 31st March 2010.

1. FINANCIAL RESULTS & REVIEW OF OPERATIONS

The salient features of the company's financial results are as under:

| Particulars | (Rs. In lacs) | |
|---------------------------------------|------------------------------------|----------------------------------|
| | For the Period Ended 31.03.2010 | For the Year ended 31.12.2008 |
| Net Sales | 9256.67 | 10394.78 |
| Profit before Interest & Depreciation | 763.67 | (177.69) |
| Less: | | |
| - Interest | 930.33 | 1030.14 |
| - Depreciation | 430.69 | 361.26 |
| Profit/ (Loss) Before Tax | (597.36) | (1569.09) |
| Provision for Tax | (186.93) | (532.27) |
| Net Profit / (Loss) after tax | (410.43) | (1036.82) |

2. DIVIDEND

In view of business losses for the period, no dividend is being recommended.

3. FIXED DEPOSITS

During the year under review the company has not invited or accepted deposits under Section 58A of the Companies Act, 1956.

4. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed by the Board of Directors:

- a) that in the preparation of the accounts for the 15 month period ended 31st March 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 under review;
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- d) that the Directors had prepared the accounts for the 15 month period ended 31st March 2010 on a going concern basis.

5. DIRECTORS

As per provisions of the Companies Act, 1956, Mr. Timoteo DiMaulo, Director of the Company retire by rotation and being eligible offers himself for reappointment. Your directors recommend his re-appointment at the ensuing Annual General Meeting.

6. AUDITORS & THEIR REPORT

M/S N.C. Aggarwal & Co., Chartered Accountants, New Delhi Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer them for reappointment. The Company has received a certificate from the auditors to the effect that their reappointment if made would be in accordance with u/s 224(1-B) of the Companies Act, 1956. The Board recommends their reappointment.

Auditors' remarks in their report read with the notes to accounts referred to by them are self-explanatory.

7. PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.

Information in accordance with the provision of Section 217(1) (e) of Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the statement annexed hereto.

8. PERSONNEL

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 as amended up to date and forming part of the Director's Report for the 15 month period ended 31st March, 2010 are:

| S. No. | Name | Age (in yrs) | Qualification | Designation | Date of Commencement of Employment | Yrs. of Experience | Gross Remuneration (Rs. in lacs) | Particulars of Last Employment |
|--------|------------------|--------------|-------------------|-----------------------|------------------------------------|--------------------|----------------------------------|--------------------------------|
| 1. | Mr. P.D. Agarwal | 63 | B.Com, LLB MBA | Executive Director | 25.06.2009 | 39 | 2,33,357 p.m. | M/s Cogent Group |

Notes:

1. Remuneration includes salary, allowances, Co's contribution to the Provident Fund, Superannuation, Gratuity Funds and value of other perquisites on the basis of the Income Tax Act, 1961.
2. The employees referred aforesaid, are not the relative of any director or manager of the Company.
3. All the appointments in relation to the aforesaid employee is Non-contractual.
4. The employees referred aforesaid; do not hold any equity share whether directly or indirectly in the company.

9. AUDIT COMMITTEE

The members of audit committee are Mr. Indresh Batra, Ms. Sminu Jindal and Mr. Timoteo Dimaulo.

10. ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation to all concerned Departments of Central and State Governments and Company's Bankers, Customers and Vendors for their continued assistance and co-operation. The Directors also wish to place on record their deep sense of appreciation for the committed services of the employees at all levels.

**For and on behalf of the Board
IUP JINDAL METALS AND ALLOYS LIMITED**

SD/-

SD/-

Place: New Delhi
Date: 16th July, 2010

**Indresh Batra
Managing Director**

**Sminu Jindal
Director**

**ANNEXURE TO THE DIRECTORS' REPORT
ANNEXURE I**

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY:

(a) ENERGY CONSERVATION MEASURES TAKEN:

- (1) Used heat recovery unit for cooling of office and control room of equipments. Heat recovery Unit works on exhaust gases of gas operated genset.
- (2) Started using of chemicals for improving the hardness/scale level in the water to improve the heat transfer & hence to reduce the losses.
- (3) More light in daytime at the plant because due to Plant design and use of transparent sheets at roof in the plant.
- (4) Installed turbo self rotating fans for healthy environment inside plant shed .
- (5) Installed furnace temperature control system on all of the annealing furnaces.
- (6) Spray of hot water on ammonia cylinders used for generation of cracked ammonia to reduce the wastage of ammonia gas.

(b) ADDITIONAL INVESTMENT AND PROPOSAL FOR REDUCTION OF CONSUMPTION OF ENERGY: Plan to conduct Energy Audit.

(c) IMPACT OF ABOVE MEASURES:

- (1) Improvement in yield and proper consumption of gas.
- (2) Reduction in wastage of unused ammonia.
- (3) Power cost saving on commissioning of chilling plant.

FORM "A"

Form for disclosure of particulars with respect to Conservation of Energy

CONSUMPTION PER UNIT OF PRODUCTION

| Particulars | For the Period Ended 31.03.2010 | For the Year ended 31.12.2008 |
|-------------------------------------|---------------------------------------|-------------------------------------|
| POWER & FUEL CONSUMPTION | | |
| (I) GAS | | |
| Purchased units (SCM) | 3618688* | 2989755 |
| -used in GG Set | 2125482 | 1604867 |
| -used in Furnace | 1493206 | 1384888 |
| Total Amount (Rs.) | 57227418 | 33977889 |
| Rate per SCM(Rs.) | 15.81 | 11.36 |

(* Note: The above amount represents actual purchased units (SCM) for the 15 month period ended 31st March, 2010. The annual obligation/Liability for the contract year, 2010 as per notes of Accounts no: 7 are not considered in the above report.)

(II) HSD

| | | |
|-----------------------|--------|--------|
| Purchased units (LTR) | | |
| -used in DG Set | 21635 | 17295 |
| Total Amount (Rs.) | 673686 | 577916 |
| Rate per Unit (Rs.) | 31.13 | 33.41 |

(III) ELECTRICITY

| | | |
|--|---------|---------|
| (a) PURCHASED | Nil | Nil |
| (b) OWN GENERATION THROUGH G.G. SET | | |
| Generated Units | 7439186 | 5617037 |
| Unit per SCM of Gas | 3.50 | 3.50 |
| Cost per Unit (Rs.) | 4.51 | 3.25 |
| (c) OWN GENERATION THROUGH D.G. SET | | |
| Generated Units | 41416 | 62262 |
| Unit per LTR of Diesel | 3.60 | 3.60 |
| Cost per Unit (Rs.) | 8.64 | 9.28 |

| | | |
|--|------------|------------|
| CONSUMPTION PER TONNE OF PRODUCTION GAS (SCM/TON) | 503 | 594 |
|--|------------|------------|

FORM "B"

Form of disclosure of particulars with respect to technology absorption for the 15 month period ended 31st March, 2010

1. Commissioned Strip Accumulator at the re- coiler end of the AP lines for Non – Stop operation. This has reduced RM wastage (approx 60 m lengths) and increased efficiency.
2. Commissioned Ammonia Storages tank in place of cylinder to reduce wastages cost of Ammonia.
3. Modified Raw Material rewinding line with auto centered facility with the use of tension bridles -
4. Commissioned centrifugal machine for oil filtration to avoid polluted oil been passed on to rolling machine.
5. Installed gas flow meter in power generation plant to control Gas consumption on daily basis.
6. Commissioned Screw air compressor to minimize breakdowns.
7. Modification work done on bright line no-2 to enhance the BA capacity.
8. Vinyl flooring of finishing area done to maintain the cleanliness inside the plant.
9. Installed PMI machine for the verification of different grades of stainless steel.
10. Modification of mechanical work shop with procurement of additional lathe machine to minimize the out side Job work.
11. Installation of Auto Gauge control systems on 18" mill.

Future Plan of Action

- Modification of oil wiping systems in all rolling mills for improved surface finish.
 - Commissioning of Dual burner (Diesel fired & Gas fired) arrangements in AP lines to avoid stoppages of lines at the time of major shut down by GAIL.
 - Development of oscillating winding for narrow width strips.
 - Development of multi coil packing arrangement for narrow width strip to minimize the down time and scrap loss at customer end .
12. Expenditure on R & D
- Nil

13. Foreign Exchange

Particulars

**For the Period
Ended
31.03.2010**

**(Rs. in lacs)
For the Year
ended
31.12.2008**

(a) Earnings

75.23

96.87

(b) Outgo

0.16

2.58

**For and on behalf of the Board
IUP JINDAL METALS AND ALLOYS LIMITED**

SD/-

SD/-

Place: New Delhi
Date: 16th July, 2010

**Indresh Batra
Managing Director**

**Sminu Jindal
Director**

Auditors' Report

TO THE MEMBERS' OF IUP JINDAL METALS & ALLOYS LIMITED

We have audited the attached Balance Sheet of IUP JINDAL METALS & ALLOYS LIMITED as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that-

- A) As required by the Companies (Auditor's Report) Order, 2003 and the related amendment to companies (Auditor's Report) order 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order, so far as applicable to the Company.
- B) Further to our comments in Annexure referred to in paragraph (A) above, we also report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company.
 - (d) In Our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

N.C. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

- (e) Based on representation made by all the directors of the company to the Board and the information and explanations as made available to us by the company, none of the directors of the company is disqualified as on 31st March, 2010 from being appointed as director of the company as referred to in clause (g) of sub section (1) of section 274 of the Companies Act 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010, and
- ii) In the case of the Profit and Loss Account, of the Loss for the period ended on that date and
- iii) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For N.C. Aggarwal & Co.
Chartered Accountants

SD/-
(G.K. Aggarwal)
Partner
M.No. 86622

Place: New Delhi
Dated: 16th July, 2010

ANNEXURE TO AUDITORS' REPORT

REFERRED TO IN PARAGRAPH (A) IN OUR REPORT OF EVEN DATE FOR THE PERIOD ENDED 31.03.2010.

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) A major portion of the fixed assets has been physically verified by the Management in accordance with a phased programme of verification adopted by the company. In our opinion, the frequency of the verification is reasonable having regard to the size of the company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.
c) In our opinion, and according to the information and explanations given to us, the Company has not disposed off substantial part of the fixed assets during the period.
2. a) As explained to us, the management during the period has physically verified inventories. In respect of stores and spares there is a perpetual inventory system and a substantial part of stocks has been verified during the period. In our opinion, the frequency of verification is reasonable.
b) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventories. The discrepancies noticed during physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of accounts.
3. a) As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956, Paragraph 4(iii) (b), (c) and (d) of the order, are therefore, not applicable.
b) As informed to us, the Company has taken unsecured loans from holding company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the period and period end balance is Rs. 49, 15, 28,978/- .
c) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions on which aforesaid loan has been taken are not, prima facie, prejudicial to the interest of the company.
d) In respect of aforesaid loan, the amount, principal as well as interest, is repayable on demand and the company is regular in repaying the amounts as and when demanded.

N.C. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

4. In our opinion and according to information and explanations given to us, that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventories, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control.
5.
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions with parties with whom transactions exceeding the value of Rupees five lacs have been entered into during the financial year are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any fixed deposit from the public. Therefore, the provisions of section 58A, 58AA or any other relevant provisions of the Act and rules framed there under are not applicable to the Company.
7. In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
8. We have broadly reviewed the books of account and records maintained by the company pursuant to rules made by the central government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of opinion that prima facie the prescribed records and accounts have been made and maintained.
9.
 - a) The company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, i.e. Income Tax, sales tax, service tax and cess etc. There is no arrears as at 31st March, 2010 for a period of more than six months from the date it become payable.
 - b) According to the information and explanations given to us, there are no dues in respect of provident fund, income tax, custom duty, wealth tax, service tax and cess, which have not been deposited on account of any dispute.
10. The Company has accumulated losses in excess of fifty percent of its net worth and the company has incurred cash losses during the current financial period and in the financial year immediately preceding current financial period.

N.C. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution and banks.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi/mutual benefit fund/society.
14. The company has not dealt or traded in shares, securities, debentures and other investments during the period.
15. According to the information and explanations given to us, the company has not given any guarantee for loan taken by others from financial institutions.
16. In our opinion, and on the basis of information and explanations given to us, the term loan raised has been applied for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, in our opinion, there are no funds raised on short-term basis which have been used for long-term investment.
18. The company has made preferential allotment of forty lacs equity shares of Rs.10 each at par to companies covered in the register maintained under section 301 of the companies act, 1956. In our opinion and according to the information and explanation given to us the price at which shares have been issued is not prejudicial to the interest of the company.
19. The company has not issued any debentures. Accordingly paragraph 4(xix) of the order is not applicable.
20. The Company has not raised any money by Public issue during the period. Accordingly paragraph 4(xx) of the order is not applicable.
21. During the course of our examination of the books and records of the Company, and according to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the period.

For N.C. Aggarwal & Co.
Chartered Accountants

SD/-

(G.K. Aggarwal)
Partner

M.No. 86622

Place: New Delhi
Dated: 16th July, 2010

IUP JINDAL METALS AND ALLOYS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

| Particulars | Schedules | As At | As At |
|--|-----------|----------------------|----------------------|
| | | 31st March, 2010 | 31st Dec, 2008 |
| | | (Rs.) | (Rs.) |
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | A | 140,000,000 | 100,000,000 |
| Reserves and Surplus | B | 466,000,000 | 466,000,000 |
| | | 606,000,000 | 566,000,000 |
| Loan Funds | | | |
| Secured Loans | C | 120,066,981 | 245,432,560 |
| Unsecured Loan | D | 491,528,978 | 458,328,853 |
| | | 611,595,959 | 703,761,413 |
| | | 1,217,595,959 | 1,269,761,413 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | E | 742,214,719 | 732,938,854 |
| Less: Depreciation | | 143,493,213 | 100,503,371 |
| Net Block | | 598,721,506 | 632,435,483 |
| Capital Work in Progress | | 865,097 | 3,865,476 |
| | | 599,586,603 | 636,300,959 |
| Deferred Tax Asset | | 183,050,491 | 164,298,157 |
| Current Assets, Loans & Advances | | | |
| Inventories | F | 70,048,532 | 73,244,359 |
| Sundry Debtors | | 153,906,709 | 224,486,834 |
| Cash and Bank Balances | | 6,672,055 | 5,128,496 |
| Loans and Advances | | 88,061,699 | 80,164,213 |
| | | 318,688,995 | 383,023,902 |
| Current Liabilities & Provisions | | | |
| Liabilities | G | 238,842,438 | 230,721,680 |
| Provisions | | 4,909,838 | 2,118,485 |
| | | 243,752,276 | 232,840,165 |
| Net Current Assets | | 74,936,719 | 150,183,737 |
| Profit and Loss Account | | 360,022,146 | 318,978,560 |
| | | 1,217,595,959 | 1,269,761,413 |
| Significant Accounting Policies and Notes to Accounts | P | (0) | (0) |

As per our report of even date attached.

For & on behalf of
N.C. AGGARWAL & CO.
Chartered Accountants

SD/-

G.K. Aggarwal
Partner

M.No. 086622

Place: New Delhi
Dated: 16.07.2010

SD/-

Indresh Batra
Managing Director

Company Secretary

SD/-

Sminu Jindal
Director

SD/-

Sayed Wasim
Financial Controller

IUP JINDAL METALS AND ALLOYS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2010

| Particulars | Schedules | Period Ended March,31,2010 (Rs.) | Year Ended Dec 31, 2008 (Rs.) |
|--|-----------|--|-------------------------------------|
| INCOME | | | |
| Sales and Operational Income | H | 993,380,440 | 1,184,942,223 |
| Less: Excise Duty | | (69,854,528) | (145,464,455) |
| Net Sales | | 923,525,912 | 1,039,477,768 |
| Other Income | I | 20,446,285 | 7,722,867 |
| Increase / (decrease) in Stocks | J | (1,162,364) | (103,284,310) |
| Excise duty on (increase) / decrease in stock | | 448,277 | 7,360,084 |
| | | 943,258,110 | 951,276,409 |
| EXPENDITURE | | | |
| Cost of Raw Materials Consumed/Sold | | 656,087,039 | 784,089,167 |
| Manufacturing Expenses | K | 125,745,761 | 120,092,108 |
| Personnel Expenses | L | 55,543,615 | 38,980,716 |
| Administrative And Other Expenses | M | 28,464,238 | 24,637,521 |
| Selling Expenses | N | 1,051,283 | 1,245,444 |
| Financial Expenses | O | 93,033,641 | 103,013,828 |
| Depreciation | E | 43,069,453 | 36,126,300 |
| | | 1,002,995,030 | 1,108,185,084 |
| Profit / (Loss) for the year before Taxation | | (59,736,920) | (156,908,675) |
| Less: Provision for Taxation | | | |
| - Current Tax | | - | - |
| - Deferred Tax Asset | | (18,752,334) | (53,857,966) |
| - Fringe Benefit Tax | | 59,000 | 431,000 |
| Profit/ (Loss) after Taxation | | (41,043,586) | (103,681,709) |
| Leave encashment for previous years written back (Net of Taxation) | | - | 242,084 |
| Gratuity for previous years written back (Net of Taxation) | | - | 211,766 |
| Balance brought forward from Previous Year | | (318,978,560) | (215,750,701) |
| Profit / (Loss) carried to Balance Sheet | | (360,022,146) | (318,978,560) |
| Basic and Diluted Earning per Share | | (3.86) | (10.37) |
| Significant Accounting Policies and Notes to Accounts | P | | |

As per our report of even date attached.

For & on behalf of
N.C. AGGARWAL & CO.
Chartered Accountants
SD/-
G.K. Aggarwal
Partner
M.No. 086622
Place: New Delhi
Dated: 16.07.2010

SD/-
Indresh Batra
Managing Director

SD/-
Sminu Jindal
Director

Company Sceratary

SD/-
Sayed Wasim
Financial Controller

IUP JINDAL METALS AND ALLOYS LIMITED

CASH FLOW STATEMENT AS AT MARCH 31,2010

| Particulars | Period Ended 31.03.2010 | Year Ended 31.12.2008 |
|---|----------------------------|--------------------------|
| | (Rs.) | (Rs.) |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and extraordinary item | (59,736,920) | (156,908,675) |
| Adjustment for | | |
| Depreciation | 43,069,453 | 36,126,300 |
| Interest expense | 90,808,700 | 97,995,893 |
| Provision for Doubtful Debts | 3,764,840 | 14,921,015 |
| Provision for Doubtful Debts written Back | (9,303,995) | (5,453,752) |
| Profit on sale of assets | (1,378) | - |
| Interest received | (392,631) | (567,090) |
| | <u>127,944,989</u> | <u>(567,090)</u> |
| Operating Profit before working capital changes: | <u>68,208,069</u> | <u>(13,886,309)</u> |
| (Increase) / Decrease in Sundry Debtors | 76,119,281 | 45,838,890 |
| (Increase) / Decrease in inventories | 3,195,827 | 113,533,476 |
| (Increase) / Decrease in loans and advances | (6,110,137) | (564,899) |
| Increase / (Decrease) in Current Liabilities | <u>10,912,111</u> | <u>(156,786,365)</u> |
| | 84,117,082 | <u>2,021,102</u> |
| Cash generated from Operating Activities: | 152,325,151 | (11,865,207) |
| Tax Paid | (1,846,349) | (334,151) |
| Net cash from operating activities | 150,478,802 | (12,199,358) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets / capital work-in-progress | (6,353,719) | (2,572,384) |
| Interest received | <u>392,631</u> | 567,090 |
| Net cash used in Investing Activities | (5,961,088) | (2,005,294) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of share capital (including premium) | 40,000,000 | - |
| Repayment of Term Loan | (95,738,525) | (57,678,768) |
| Working capital loan from bank | (29,627,055) | (120,534,439) |
| Loan from Holding Company | 33,200,125 | 299,161,253 |
| Interest paid | <u>(90,808,700)</u> | <u>(107,163,493)</u> |
| Net cash from Financing Activities | (142,974,155) | 13,784,553 |
| (Decrease) / increase in cash and cash equivalents (A+B+C) | 1,543,559 | (420,099) |
| Cash and cash equivalents at beginning of the year | 5,128,496 | 5,548,595 |
| Cash and cash equivalents at end of the year | 6,672,055 | 5,128,496 |

As per our report of even date attached.

For & on behalf of
N.C. AGGARWAL & CO.
Chartered Accountants

SD/-
G.K. Aggarwal
Partner
M.No. 086622

SD/-
Indresh Batra
Managing Director

SD/-
Sminu Jindal
Director

SD/-
Sayed Wasim

Place: New Delhi
Dated: 16.07.2010

Company Secretary

Financial Controller

IUP JINDAL METALS AND ALLOYS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

| Particulars | As At March,31,2010 (Rs.) | As At Dec 31, 2008 (Rs.) |
|---|-----------------------------------|----------------------------------|
| SCHEDULE - A : SHARE CAPITAL | | |
| Authorised | | |
| 15,000,000 Equity Shares of Rs. 10 each <i>(Previous Year 10,000,000 shares of Rs. 10 each)</i> | 150,000,000 | 100,000,000 |
| Issued , Subscribed & Paid up | | |
| 14,000,000 Equity Shares of Rs. 10 each fully paid up <i>(Previous Year 10,000,000 shares of Rs. 10 each)</i> (Out of the above 1,13,00,000 shares (Previous Year 73,00,000) are held by Jindal Saw Limited (The Holding Company) and 27,00,000 shares by ArcelorMittal Stainless Precision Europe(EX Imphy UGINE Precision) | 140,000,000 | 100,000,000 |
| | 140,000,000 | 100,000,000 |
| SCHEDULE - B : RESERVES AND SURPLUS | | |
| Securities Premium Account -As per last Balance Sheet | 466,000,000 | 466,000,000 |
| | 466,000,000 | 466,000,000 |
| SCHEDULE - C : SECURED LOANS | | |
| - Term loans from bank (Secured by way of first charge on the fixed assets and a second charge on the current assets of the Company) | 30,000,000 | 125,200,000 |
| - Vehicle Loan (Secured by way of hypothecation of vehicles of the Company) | 526,992 | 1,065,516 |
| - Working capital loan (Secured by way of first charge on the hypothecation of the current assets extended by second charge on the fixed assets of the Company) | 89,539,989 | 119,167,044 |
| | 120,066,981 | 245,432,560 |
| SCHEDULE - D : UNSECURED LOAN | | |
| From Holding Company | 491,528,978 | 458,328,853 |
| | 491,528,978 | 458,328,853 |

IUP JINDAL METALS AND ALLOYS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE - E : FIXED ASSETS

| PARTICULARS | G R O S S B L O C K | | | D E P R E C I A T I O N | | | | N E T B L O C K | | (Amount in R |
|--------------------------|------------------------------|--------------------|-------------------------------|-----------------------------|-----------------------------|----------------------------|--------------------------------|-----------------------------|------------------------------|------------------------------|
| | AS AT 01.01.2009 (Rs.) | ADDITIONS (Rs.) | SALES/ DEDUCTIONS (Rs.) | AS AT 31.3.2010 (Rs.) | UPTO 31.12.2008 (Rs.) | FOR THE PERIOD (Rs.) | ON SALE/ DELETIONS (Rs.) | UPTO 31.03.2010 (Rs.) | AS AT 31.03.2010 (Rs.) | AS AT 31.12.2008 (Rs.) |
| <u>Tangible Assets</u> | | | | | | | | | | |
| Land | 16,691,768 | - | - | 16,691,768 | - | - | - | - | 16,691,768 | 16,691,768 |
| Factory Building | 113,593,443 | 2,667,177 | - | 116,260,620 | 10,105,257 | 4,413,046 | - | 14,518,303 | 101,742,317 | 103,488,1 |
| Office Building | 43,482,992 | - | - | 43,482,992 | 1,375,921 | 885,492 | - | 2,261,413 | 41,221,579 | 42,107,0 |
| Plant and Machinery | 546,036,955 | 6,700,398 | 529,600 | 552,207,753 | 85,464,793 | 36,328,161 | 79,611 | 121,713,343 | 430,494,410 | 460,572,1 |
| Office Equipments | 2,377,098 | - | - | 2,377,098 | 299,912 | 141,061 | - | 440,973 | 1,936,125 | 2,077,1 |
| Vehicles | 2,863,263 | - | - | 2,863,263 | 620,708 | 357,002 | - | 977,710 | 1,885,553 | 2,242,5 |
| Furniture and Fixtures | 4,134,681 | - | - | 4,134,681 | 481,615 | 326,958 | - | 808,573 | 3,326,108 | 3,653,0 |
| Computers | 2,694,854 | 46,890 | - | 2,741,744 | 1,091,365 | 545,746 | - | 1,637,111 | 1,104,633 | 1,603,4 |
| <u>Intangible Assets</u> | | | | | | | | | | |
| Computer Software | 1,063,800 | 391,000 | - | 1,454,800 | 1,063,800 | 71,987 | - | 1,135,787 | 319,013 | - |
| Previous Year | 732,938,854 | 9,805,465 | 529,600 | 742,214,719 | 100,503,371 | 43,069,453 | 79,611 | 143,493,213 | 598,721,506 | 632,435,4 |

IUP JINDAL METALS AND ALLOYS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2010

| Particulars | As At MARCH,31,2010 (Rs.) | As At DEC. 31, 2008 (Rs.) |
|--|-----------------------------------|-----------------------------------|
| SCHEDULE - F : CURRENT ASSETS, LOANS AND ADVANCES | | |
| CURRENT ASSETS, LOANS & ADVANCES | | |
| Current Assets | | |
| Inventories | | |
| (taken, valued and certified by the management) | | |
| Stores and spare parts | 14,035,823 | 16,955,236 |
| Raw materials | 9,682,559 | 10,141,851 |
| Raw Material in Transit | 1,345,242 | - |
| Work in progress | 28,638,258 | 24,952,472 |
| Finished goods | 13,902,662 | 19,070,585 |
| Scrap | 2,443,988 | 2,124,215 |
| | 70,048,532 | 73,244,359 |
| Sundry Debtors | | |
| Debts outstanding for more than six month | | |
| i) Considered good | 11,698,385 | 9,784,746 |
| ii) Considered doubtful | 22,589,498 | 28,128,653 |
| | 34,287,883 | 37,913,399 |
| Less : Provision for doubtful debts | (22,589,498) | (28,128,653) |
| | 11,698,385 | 9,784,746 |
| Others- Considered Good | 142,208,324 | 214,702,088 |
| | 153,906,709 | 224,486,834 |
| Cash and Bank Balances | | |
| Cash on hand | 53,286 | 65,039 |
| Balances with scheduled banks: | | |
| -In Current Accounts | 2,627,013 | 1,565,457 |
| -In Fixed Deposit Account (Against Margin Money) | 3,991,756 | 3,498,000 |
| | 6,672,055 | 5,128,496 |
| Loans & Advances | | |
| (Unsecured, considered good) | | |
| Advances recoverable in cash or kind or for value to be received | 66,065,950 | 70,650,784 |
| Balance With Central Excise | 79,361 | 4,237 |
| Advances to Suppliers | 19,530,536 | 8,910,689 |
| Advance Income Tax | 2,125,449 | 403,730 |
| Advance Fringe Benefit Tax (Net of provision) | 260,403 | 194,773 |
| | 88,061,699 | 80,164,213 |
| | 318,688,995 | 383,023,902 |
| SCHEDULE - G : CURRENT LIABILITIES AND PROVISIONS | | |
| Current Liabilities | | |
| Acceptance | | |
| Sundry creditors | | |
| -to micro and small enterprises | 504,554 | 668,623 |
| -to Others | 35,599,155 | 208,020,221 |
| Advance from customers | 7,538,131 | 10,662,781 |
| Other liabilities | 195,200,598 | 11,370,055 |
| | 238,842,438 | 230,721,680 |
| Provisions | | |
| Provision for leave encashment | 3,379,981 | 1,934,288 |
| Provision for Gratuity | 1,529,857 | 184,197 |
| | 4,909,838 | 2,118,485 |
| | 243,752,276 | 232,840,165 |

IUP JINDAL METALS AND ALLOYS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2010

| Particulars | Period Ended MARCH 31, 2010 (Rs.) | Year Ended DEC. 31, 2008 (Rs.) |
|---|---|--------------------------------------|
| SCHEDULE - H : SALES & OPERATIONAL INCOME | | |
| Sales | 938,846,299 | 1,175,356,617 |
| Export incentive | 171,375 | 97,218 |
| Job work receipts | 54,362,766 | 9,488,388 |
| | <u>993,380,440</u> | <u>1,184,942,223</u> |
| SCHEDULE - I : OTHER INCOME | | |
| Interest on bank deposits (Tax Deducted at source Current year Rs.55584/- Previous year Rs. 49649) | 392,631 | 347,900 |
| Other Interest from Parties (Tax Deducted at source Current year Rs.88102/- Previous year Rs. 64222) | 833,814 | 219,190 |
| Forex Fluctuation Income | 2,140,737 | - |
| Profit/(Loss) on sale/discard of Assets | 1,378 | - |
| Other provision written back | 7,063,559 | - |
| Provision for Doubtful Debts written back | 9,303,995 | 5,453,752 |
| Miscellaneous receipts | 710,171 | 1,702,025 |
| | <u>20,446,285</u> | <u>7,722,867</u> |
| SCHEDULE - J : INCREASE / (DECREASE) IN STOCK | | |
| A. Opening Stock | | |
| (i) Work-in-progress | 24,952,472 | 85,703,644 |
| (ii) Finished goods | 19,070,585 | 57,585,404 |
| (iii) Scrap | 2,124,215 | 6,142,534 |
| | <u>46,147,272</u> | <u>149,431,582</u> |
| B. Closing Stock | | |
| (i) Work-in-progress | 28,638,258 | 24,952,472 |
| (ii) Finished goods | 13,902,662 | 19,070,585 |
| (iii) Scrap | 2,443,988 | 2,124,215 |
| | <u>44,984,908</u> | <u>46,147,272</u> |
| Increase / (decrease) in stock | <u>(1,162,364)</u> | <u>(103,284,310)</u> |
| SCHEDULE - K : MANUFACTURING EXPENSES | | |
| Consumable Stores | 30,527,308 | 26,033,732 |
| Power & fuel | 91,373,587 | 91,356,508 |
| Water | 495,000 | 396,000 |
| Freight & cartage | 416,500 | 708,569 |
| Repair & Maintenance | | |
| - Plant & Machinery | 2,231,296 | 1,191,481 |
| - Buildings | 536,574 | 170,787 |
| Job work charges | 32,896 | 188,948 |
| Other manufacturing expenses | 132,600 | 46,083 |
| | <u>125,745,761</u> | <u>120,092,108</u> |

IUP JINDAL METALS AND ALLOYS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2010

| Particulars | Period Ended MARCH.31,2010 (Rs.) | Year Ended Dec. 31, 2008 (Rs.) |
|---|--|--------------------------------------|
| SCHEDULE - L : PERSONNEL EXPENSES | | |
| Salaries, wages and other benefits | 48,580,113 | 33,705,782 |
| Contribution to provident and other funds | 3,538,272 | 2,782,068 |
| Staff welfare | 3,425,230 | 2,492,866 |
| | 55,543,615 | 38,980,716 |
| SCHEDULE - M : ADMINISTRATIVE AND OTHER EXPENSES | | |
| Vehicle running and maintenance | 487,110 | 922,934 |
| Printing and stationery | 411,420 | 313,374 |
| Travelling and conveyance | 3,379,531 | 2,095,303 |
| Repair & maintenance-others | 1,712,013 | 1,451,169 |
| Rates and taxes | 1,574,737 | 117,176 |
| Insurance | 1,000,961 | 869,523 |
| Legal and professional expenses | 1,815,419 | 822,956 |
| Auditors' remuneration | 328,646 | 221,414 |
| Communication Expenses | 1,311,937 | 1,313,670 |
| Office Expenses | 238,773 | 482,776 |
| Recruitment Expenses | 264,453 | 205,157 |
| Donation | - | 13,300 |
| Bad Debts | 9,911,075 | - |
| Provision for Doubtful Debts | 3,764,840 | 14,921,015 |
| Miscellaneous expenses | 2,263,322 | 887,754 |
| | 28,464,237 | 24,637,521 |
| SCHEDULE - N : SELLING EXPENSES | | |
| Sales Promotion Expenses | 95,351 | 5,824 |
| Carriage outwards | 955,932 | 1,239,620 |
| Cash discount on sales | - | - |
| | 1,051,283 | 1,245,444 |

IUP JINDAL METALS AND ALLOYS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2010

| Particulars | Period Ended MARCH.31,2010 (Rs.) | Year Ended Dec. 31, 2008 (Rs.) |
|--|---|---|
| SCHEDULE - O : FINANCIAL EXPENSES | | |
| Interest : | | |
| Term loans | 11,874,944 | 20,898,526 |
| Cash credit | 10,478,713 | 24,626,507 |
| Interest on Other Loans & Advances | 68,455,043 | 52,470,860 |
| Bank charges | 2,224,941 | 5,017,935 |
| | <u>93,033,641</u> | <u>103,013,828</u> |

IUP JINDAL METALS & ALLOYS LIMITED

SCHEDULE FORMING PART OF THE ACCOUNTS FOR PERIOD ENDED MARCH 31, 2010

SCHEDULE P: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Company Background

IUP Jindal Metals and Alloys Limited ("the Company") is a Joint Venture ("JV") between M/s. Jindal Saw Limited & M/s. ArcelorMittal Stainless Precision Europe. This JV is in the ratio of 80.71:19.29 as on 31.03.2010 between M/s. Jindal Saw Limited & M/s. ArcelorMittal Stainless Precision Europe respectively.

(A) SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN THE PREPARATION AND PRESENTATION OF THE ACCOUNTS ARE AS FOLLOWS:

1. Basis of preparation of Financial Statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI") and the provisions of the Companies Act, 1956.

2. Revenue

- i. Revenue in respect of sale of goods is recognized either on delivery or on transfer of significant risks and rewards of ownership of the goods.
- ii. Incentives on export as per the policy of government are recognized in books after due consideration of certainty of utilization.
- iii. Material returned/rejected is accounted for in the year of return/rejection.
- iv. The sales are exclusive of sales tax.

3. Fixed Assets

a) Valuation of Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition/installation. Cost of fixed assets is further adjusted by the amount of CENVAT and State VAT credit availed.

b) Depreciation

- i. Depreciation on all fixed assets of the Company is provided on straight-line method (SLM) at the rates specified in Schedule XIV to the Companies Act, 1956. Intangible assets are written off over a period of three years from the date of their purchase/acquisition. Certain plant & machinery have been considered as continuous process plant on technical assessment and depreciation is provided for accordingly.
- ii. Assets costing less than or equal to Rs. 5000/- are depreciated at the rate of 100% in the year of purchase.

4. Borrowing Costs

Borrowing Costs that are attributable to the acquisition/construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

5. Inventories

Inventories are valued as follows:

Raw materials, stores and spares and packing materials: Lower of cost and net realizable value. The cost is computed on moving weighted average basis.

Work in progress, finished goods and scrap: Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

6. Foreign currency transactions

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction.
- ii. Monetary items denominated in foreign currencies and outstanding at the balance sheet date are translated at the exchange rate prevailing at the year-end.
- iii. Resultant gains or losses are recognised in the profit and loss account.
- iv. Non-monetary items outstanding at the balance sheet date are reported using the exchange rate at the date of the transaction.

7. Retirement benefits

- i. **Short Term Employee benefits:**
Short term Employee Benefits are recognised as an expenses at the undiscounted amount in the Profit and Loss A/c of the year in which the services are rendered.
- ii. **Defined Contribution Plans:**
The Provident Fund and Employees' State Insurance are Defined Contribution plans and the contributions to the same are expensed in the Profit and Loss Account during the year in which the services have been rendered and are measured at cost.
- iii. **Defined Benefits Plans:**
The Provident Fund (Funded), Leave Encashment and Gratuity are defined benefits plans. The company has provided for the liability at year end based on the actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses are recognised in the Profit and Loss A/C as and when incurred.

8. Impairment of fixed assets

At the Balance Sheet date, the Company assess whether there is any indication that an asset may be impaired. If any such indication exists the Company estimates the recoverable amount. If the carrying amount of the assets exceeds recoverable amount, an impairment loss is recognised in the P&L account to the extent the carrying amount exceeds recoverable amount. Where there is any indication that an impairment loss recognised for an asset in prior accounting period may no longer exist or may have decreased the Company books the reversal of the impairment loss not exceeding the carrying amount that would have been determined (net of amortization/ depreciation) had no impairment loss being recognised for the asset in prior accounting period.

9. Earning per share

The earnings considered in ascertaining the Company's earnings per share comprise net profit for the year after tax. Basic earnings per share are computed and disclosed using the weighted average number of equity shares outstanding during the year.

10. Taxes on income

Tax expense comprises both current and deferred tax.

- i. Provision for current income tax is measured based on the amount expected to be paid to the taxation authorities using the applicable tax rates and tax laws. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
- ii. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date and are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

(B) NOTES TO ACCOUNTS

1. Contingent liabilities not provided for:

(Amount in Rs.)

| Particulars | As at Mar 31, 2010 | As at Dec 31, 2008 |
|---|-----------------------|-----------------------|
| Letter of Credit | 1,20,00,000 | 1,20,00,000 |
| Liabilities in respect of custom duty saved for goods imported under EPCG scheme for non fulfillment of export obligation | 5,30,44,271 | 5,39,84,652 |

2. Capital commitments

| Particulars | As at Mar 31, 2010 | As at Dec 31, 2008 |
|--|-----------------------|-----------------------|
| Estimated amounts of contracts remaining to be executed on capital account and not provided for (Net of Advance) | 16,20,000 | 1,88,065 |

3. Sundry debtors, creditors and other advances are subject to confirmation and subsequent reconciliation, if any. The effect of the same, if any, which is not likely to be material, will be adjusted at the time of confirmation.
4. In the opinion of the Management, the realizable value of current assets, loans & advances, in the ordinary course of business, would not be less than the amount at which they are stated.
5. The Company has not received any intimation from suppliers regarding their status under the Micro, small and Medium Enterprises Development Act, 2006 hence disclosure, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been given.

6. The company has not been able to lift the contracted quantity of Gas from Gas Authority of India (GAIL) as per the Contract agreement and therefore, is liable to pay the Gas supply charges on contracted quantity subject to make good the same in the following years. However, actual lift of the Gas is lower than the contracted quantity and therefore the charges for the minimum quantity have been provided for.
7. The Company has only one business segment i.e manufacturing of cold rolled stainless steel. The secondary segment is geographical, the information of which is given hereunder:-

(Rs)

| Particulars | Within India | Outside India | Total |
|-------------------|--------------------------------|------------------------|--------------------------------|
| Gross Revenue | 98,57,23,900 1,17,51,65,989 | 76,56,540 97,76,234 | 99,33,80,440 1,18,49,42,223 |
| Less: Excise Duty | 6,98,54,528 14,54,64,455 | ---- ---- | 6,98,54,528 14,54,64,455 |
| Net Revenue | 91,58,69,372 1,02,97,01,534 | 76,56,540 97,76,234 | 92,35,25,912 1,03,94,77,768 |

The Company has common fixed assets for producing goods for domestic as well as the overseas market. Hence, separate figures for fixed asset/addition to fixed assets have not been furnished.

8. Auditors' remuneration:

(In Rs.)

| Particulars | Period Ended Mar 31, 2010 | Year Ended Dec 31, 2008 |
|---------------------------|------------------------------|----------------------------|
| 1. Audit Fees | 1,50,000 | 1,50,000 |
| 2. Tax Audit Fees | 50,000 | 25,000 |
| 3. Certification/Others | 65,500 | 25,000 |
| 4. Out of pocket Expenses | 63,146 | 21,414 |
| TOTAL | 3,28,646 | 2,21,414 |

9. Directors' Remuneration:

(In Rs.)

| Particulars | Period Ended Mar 31, 2010 | Year Ended Dec 31, 2008 |
|-----------------------------------|------------------------------|----------------------------|
| 1. Salary including allowances | 5,01,216 | 6,60,816 |
| 2. Contribution to Provident fund | 25,359 | 36,984 |
| TOTAL | 5,26,575 | 6,97,800 |

10.

Related Party Transactions

A) List of Related Parties & relationship

- | | |
|----------------------|--|
| a) Holding Company | 1. Jindal Saw Limited |
| b) Associate | 1. ArcelorMittal Stainless Precision Europe |
| c) Fellow Subsidiary | 1. Hexa Securities & Finance Co. Limited 2. SV Trading Co Ltd 3. Jindal Saw USA, LLC 4. Jindal Saw Holdings FZE (from 19.10.2009) 5. Jindal ITF Ltd. 6. Jindal Intellicom Pvt. Ltd. |

7. Jindal Water Infrastructure Ltd.
8. Jindal Urban Infrastructure Ltd.
9. Jindal Shipyards Ltd.
10. Jindal Rail Infrastructure Ltd.
11. Jindal Waterways Ltd.
12. Jindal Infralogistics Ltd.
13. Jindal Water Infra (Naya Raipur) Ltd.
14. Jindal ESIPL CETP (Sitarganj) Ltd.
15. Timarpur Okhla Waste. Management Co Pvt Ltd
16. Jindal Saw Middle East FZC (from 19.10.2009)
17. Jindal Saw Gulf LLC (from 19.10.2009)
18. Highgate Consultants Limited.(upto 12.08.2009)

d) Key Management Personnel

1. Indresh Batra, Managing Director
2. Ms Sminu Jindal ,Director
3. Mukesh Kumar ,Whole Time Director (till 21.01.2009)
4. Vivek Goyal ,Whole time Director (w.e.f. 21.01.2009)
5. P.D. Agarwal, Executive Director

11 (B) Transactions

(Amount in Rs.)

| Particulars | Holding Company | Associate | Fellow Subsidiary | Key Management Personnel | Total |
|---|------------------------------|--------------|-------------------|--------------------------|------------------------------|
| Issue of Equity Shares | 40,000,000 | - | - | - | 40,000,000 |
| Sales of capital goods | 454,214 | - | - | - | 454,214 |
| Interest paid | 68,454,304 (43,653,030) | - | - | - | 68,454,304 (43,653,030) |
| Loan Repaid | 40,000,000 | - | - | - | 40,000,000 |
| Loan taken | 296,485 (265,400,000) | - | - | - | 296,485 (265,400,000) |
| Expenses Incurred by Holding Company | 40,595 | - | - | - | 40,595 |
| Jindal Intellicom Private Limited | - | - | 32,102 | - | 32,102 |
| Expenses Incurred on behalf of | 641,867 | - | - | - | 641,867 |
| Remuneration paid | - | - | - | - | - |
| Vivek Goyal | - | - | - | 404,048 | 404,048 |
| Mukesh Kumar | - | - | - | 122,527 | 122,527 |
| P.D. Agarwal | - | - | - | 1,871,648 | 1,871,648 |
| Loan outstanding | 491,528,978 (458,328,853) | - | - | (697,800) | 491,528,978 (458,328,853) |
| Amount Payable | - | 21,249,221 | - | - | 21,249,221 |
| Amount Receivable | (12,780,152) | (23,634,198) | - | - | (36,414,350) |
| | - | 362,076 | - | - | 362,076 |

Note: Figures in brackets pertain to previous year.

12 (a) The disclosure regarding employee benefits as per AS-15 on "Employee Benefits" (Revised 2005) are as under:-

i) Defined Contribution Plan:

Company's contribution to Provident Fund Rs.25,93,601/-

Company's contribution to E.S.I. Rs.6,64,576/-

ii) Defined Benefits Plan:

a) Actuarial Assumptions

| | Gratuity (Funded) as on 31.03.2010 | Gratuity (Funded) as on 31.12.2008 | Leave Encashment (Unfunded) as on 31.03.2010 | Leave Encashment (Unfunded) as on 31.12.2008 |
|--------------------------|--|--|--|--|
| Attrition Rate | 0.02 | | 0.02 | |
| Imputed rate of interest | 0.085 | 0.08 | 0.085 | 0.08 |
| Salary Rise | 0.10 | 0.055 | 0.10 | 0.055 |
| Return on Plan Assets | 0.0915 | 0.091 | N.A. | N.A. |
| Remaining Working Life | 22:14 Years | 22.41 Years | 22.14 Years | 22.41 Years |
| Mortality rate | LIC (1994-96) Ultimate Mortality Table | LIC (1994-96) Ultimate Mortality Table | LIC (1994-96) Ultimate Mortality Table | LIC (1994-96) Ultimate Mortality Table |

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

b) Reconciliation of present value of obligation

| | Gratuity (Funded) as on 31.03.2010 | Gratuity (Funded) as on 31.12.2008 | Leave Encashment (Unfunded) as on 31.03.2010 | Leave Encashment (Unfunded) as on 31.12.2008 |
|--|---------------------------------------|---------------------------------------|--|--|
| | (Amount in Rs.) | | (Amount in Rs.) | |
| Present value of obligation at the beginning of the year | 3,272,228 | 2,533,988 | 1,934,288 | 1,709,837 |
| Current Service Cost | 1,133,191 | 176,470 | 2,082,503 | 86,766 |
| Interest Cost | 335,625 | 511,087 | 148,668 | 927,014 |
| Actuarial (gain)/ loss | 1,540,146 | 76,645 | (277,149) | (98,519) |
| Benefits paid | (226,809) | (25,962) | (508,329) | (690,810) |
| Present value of obligation at the end of the year | 6,054,381 | 3,272,228 | 3,379,981 | 1,934,288 |

c) Reconciliation of fair value of plan assets

| | Gratuity (Funded) as on 31.03.2010 | Gratuity (Funded) as on 31.12.2008 |
|--|---------------------------------------|---------------------------------------|
| | (Amount in Rs.) | |
| Fair value of plan assets at the beginning of the year | 3,332,412 | 2,854,797 |
| Expect return on plan assets | 425,770.00 | 258,605.00 |
| Actuarial gain/(loss) | (13,987.00) | 591.00 |
| Contributions | 1,007,138 | 184,197 |
| Benefits Paid | (226,809) | (25,962) |
| Present value of obligation at the end of the IVP | 4,524,524 | 3,272,228 |
| Fair value of plan assets at end of the IVP | 6,054,381 | 3,088,031 |
| Funded Status | (1,529,857) | (184,197) |

d) Composition of plan assets as a percentage of total plan assets:-

| | |
|----------------------|-----------|
| Insurer Managed Fund | 6,054,381 |
| Percentage | 100% |

d) Net (Asset)/Liability recognised in the Balance Sheet as at year end

| | Gratuity (Funded) as on 31.03.2010 | Gratuity (Funded) as on 31.12.2008 | Leave Encashment (Unfunded) as on 31.03.2010 | Leave Encashment (Unfunded) as on 31.12.2008 |
|--|---------------------------------------|---------------------------------------|--|--|
| | (Amount in Rs.) | | (Amount in Rs.) | |
| Present value of obligation at the end of the year | 6,054,381 | 3,272,228 | 3,379,981 | 1,934,288 |
| Fair value of plan assets at end of the year | 4,524,524 | 3,088,031 | | |
| Net present value of funded obligation recognised as (asset)/liability in the Balance Sheet | 1,529,857 | 184,197 | 3,379,981 | 1,934,288 |

e) Expenses recognised in the Profit and Loss Account

| | Gratuity (Funded) for period ending on 31.03.2010 | Gratuity (Funded) for period ending on 31.12.2008 | Leave Encashment (Unfunded) for period ending on 31.03.2010 | Leave Encashment (Unfunded) for period ending on 31.12.2008 |
|--|---|---|--|--|
| | (Amount in Rs.) | | (Amount in Rs.) | |
| Current Service Cost | 1,133,191 | 176,470 | 2,082,503 | 86,766 |
| Interest Cost | 335,625 | 511,087 | 148,668 | 927,014 |
| Expect return on plan assets | (425,770) | (258,605) | | |
| Actuarial (gain)/loss recognised in the period | 1,554,133 | 76,054 | (277,149) | (98,519) |
| Total expenses recognised in the Profit and Loss Account for the year | 2,597,179 | 505,006 | 1,954,022 | 915,261 |

12 (b) Foreign exchange fluctuation included under the relevent heads of income and expenditure Rs. Nil (Previous Year Rs. 32,94,178 (Net Debit))

13. Calculation of deferred tax liability / assets as at 31.03.2010

| Particulars | (Amount in Rs.) | |
|--|----------------------------|--------------------------|
| | Period Ended 31.03.2010 | Year Ended 31.12.2008 |
| A) Deferred tax liabilities : | | |
| On Account of difference in WDV (as per income tax and Books) | 68,223,668 | 57,427,920 |
| Total | <u>68,223,668</u> | <u>57,427,920</u> |
| B) Deferred tax Assets | | |
| Disallowance under Income tax | 69,590,653 | 10,281,003 |
| Carried forward losses | 181,683,507 | 211,445,074 |
| Total | <u>251,274,159</u> | <u>221,726,077</u> |
| Net Deferred tax assets/(liabilities) | 183,050,491 | 164,298,157 |

14. Earning per share

| Particulars | (Amount in Rs.) | |
|---|----------------------------|--------------------------|
| | Period Ended 31.03.2010 | Year Ended 31.12.2008 |
| Basic and Diluted | | |
| a) Profit after tax | (41,043,586) | (103,681,709) |
| b) Calculation of weighted average no of equity shares | | |
| Number of Shares at the beginning of the year | 10,000,000 | 10,000,000 |
| Number of Shares at the end of the year | 14,000,000 | 10,000,000 |
| c) Date of Allotment of Shares | 18.01.2010 | |
| Number of basic/weighted average equity shares outstanding during the year for calculation of basic and diluted earning per share | 10,641,758 | 10,000,000 |
| d) Nominal value of equity share | 10 | 10 |
| e) Basic and Diluted earning per equity share | (3.86) | (10.37) |

15. Additional information pursuant to paragraph 3 & 4 of Part II of the Companies Act, 1956.

A) Installed Capacity and Production

| Description | Unit | Installed capacity* (per annum) | | Production | |
|-----------------------------|------|---------------------------------|------------|--------------|------------|
| | | Period Ended | Year Ended | Period Ended | Year Ended |
| | | 31.03.2010 | 31.12.2008 | 31.03.2010 | 31.12.2008 |
| Cold Rolled Stainless Steel | MT | 18000 | 18000 | | |
| - Own account | | | | 5,018 | 4,966 |
| - Job Work | | | | 2,166 | - |

*as certified by the management.

B) Raw material consumption / sold

| Description | Unit | Period Ended 31.03.2010 | | Year Ended 31.12.2008 | |
|-----------------------------|------|-------------------------|--------------------|-----------------------|--------------------|
| | | Qty | Amount (In Rs.) | Qty | Amount (In Rs.) |
| i) Raw Material Consumed | | | | | |
| Cold Rolled Stainless Steel | MT | 5,440 | 656,087,039 | 5,234 | 784,089,167 |

C) Quantitative information of finished goods

| Description | Unit | Period Ended 31.03.2010 | | Period Ended 31.12.2008 | |
|-----------------------------|------|-------------------------|--------------------|-------------------------|--------------------|
| | | Qty | Amount (In Rs.) | Qty | Amount (In Rs.) |
| Closing Stock | | | | | |
| Cold Rolled Stainless Steel | MT | 69 | 13,902,662 | 102 | 19,070,585 |
| Opening Stock | | | | | |
| Cold Rolled Stainless Steel | MT | 102 | 19,070,585 | 308 | 57,585,404 |

D) Sales

| Description | Unit | Period Ended 31.03.2010 | | Year Ended 31.12.2008 | |
|-----------------------------|------|-------------------------|--------------------|-----------------------|----------------------|
| | | Qty | Amount (in Rs) | Qty | Amount (in Rs) |
| Cold Rolled Stainless Steel | MT | 5,051 | 911,844,952 | 5,172 | 1,117,355,726 |
| Scrap | MT | 367 | 27,001,347 | 480 | 58,000,891 |
| | | | <u>938,846,299</u> | | <u>1,175,356,617</u> |

E) C.I.F.Value of imports:

| Description | Period Ended | Amount (in Rs.) |
|---------------------------------|--------------|-----------------------|
| | 31.03.2010 | Year Ended 31.12.2008 |
| Raw Material Stores & Spares | 394,647 | 258,247 |

F) Break up of the consumption of raw materials and stores and spares into imported and indigenious

| Description | Period Ended 31.03.2010 | | Period Ended 31.12.2008 | |
|-------------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | % age | Amount (in Rs.) | %age | Amount (in Rs.) |
| a) Raw Material | | | | |
| Imported | - | - | - | - |
| Indigeneous | 100.00 | 656,087,039 | 100.00 | 784,089,167 |
| | 100.00 | 656,087,039 | 100.00 | 784,089,167 |
| b) Stores & Spares | | | | |
| Imported | 0.60 | 182,276 | 0.20 | 52,257 |
| Indigeneous | 99.40 | 30,345,032 | 99.80 | 25,981,475 |
| | 100.00 | 30,527,308 | 100.00 | 26,033,732 |

G) Expenditure in foreign Currency

| Description | Period Ended 31.03.2010 | Year Ended 31.12.2008 |
|--------------|-------------------------|-----------------------|
| Travelling | 5,242 | - |
| Bank Charges | 10,863 | - |

H) Earning in foreign exchange

| Description | Period Ended 31.03.2010 | Year Ended 31.12.2008 |
|------------------------|-------------------------|-----------------------|
| F.O.B. Value of Export | 7,523,049 | 9,687,733 |

16. Previous year figures have been regrouped/re-arranged wherever necessary and practical

17. Figures of Profit and Loss Account for the current period of 15 months are not comparable with previous year figures which are for 12 months

18. Schedule A to P are annexed and form integral part of Balance Sheet and Profit and Loss Account.

As per our report of even date attached.

For & on behalf of
N.C. AGGARWAL & CO.
Chartered Accountants

SD/-
Indresh Batra
Managing Director

SD/-
Sminu Jindal
Director

SD/-
G.K. Aggarwal
PARTNER
M.No. 086622
PLACE : NEW DELHI
DATED: 16th July, 2010

Company Secretary

SD/-
Sayed Wasim
Financial Controller

IUP JINDAL METALS AND ALLOYS LIMITED

Financial Statements

Balance Sheet Abstract and Companies Business Profile Pursuant to Part IV of Schedule VI to the Companies Act, 1956

| | | | | |
|-----|--|--|------------------------|-----------|
| I | Registration no | 128194 | Balance Sheet | 31.3.2010 |
| | State Code | 55 | | |
| II | Capital raised during the year (Rs. in thousands) | | | |
| | Public issue | Nil | | |
| | Bonus Issue | Nil | | |
| | Rights Issue | Nil | | |
| | Private placement | 40,000 | | |
| III | Position of mobilisation and deployment of funds (Rs. in thousands) | | | |
| | Total liabilities | 1,217,596 | Total assets | 1,217,596 |
| | Sources of Funds: | | | |
| | Paid up Capital | 140,000 | Reserves and Surplus | 466,000 |
| | Share Capital Suspense Account | - | Deffered Tax Liability | - |
| | Secured loan | 120,067 | Un-secured loans | 491,529 |
| | Application of funds: | | | |
| | Net fixed assets | 599,587 | Investments | - |
| | Net current assets | 74,936 | Deffered Tax Assets | 183,050 |
| | Accumulated losses | 360,022 | Misc.Expenditure | - |
| IV | Performance of the company (Rs. in thousands) | | | |
| | Gross Turnover | 993,380 | Total expenditure | 1,002,995 |
| | Net Turnover | 923,526 | | |
| | Profit before tax | (59,737) | Profit after tax | (41,044) |
| | Earning per share (Rs) | (3.86) | | |
| V | Generic name of three principal products of the Company | | | |
| | Product description | Cold Rolled Stainless Steel Coils & Strips | | |
| | Item Code No | 72209090 | | |

As per our report of even date attached.

For & on behalf of
N.C. AGGARWAL & CO.
Chartered Accountants

SD/-

G.K. Aggarwal
Partner
M.No. 086622
Place: New Delhi
Dated: 16th July, 2010

SD/-
Indresh Batra
Managing Director

Company Secretary

SD/-
Sminu Jindal
Director

SD/-
Sayed Wasim
Financial Controller