

ANNUAL REPORT
05-06

Dreaming your dreams
and making them happen



JINDAL SAW LTD.

Ready to
race ahead
to newer horizons...



Steel pipes, though inanimate, deliver the source of life and energy across the globe. Jindal SAW Limited works ceaselessly, efficiently, yet invisibly behind the scenes, adding value to the entire process of life and living.

And it is this dedication and determination that has made Jindal SAW Limited a key player in the global infrastructure development of the world. Touching the billion dollar mark, and flowing uninterrupted to even newer horizons. Because, at Jindal SAW Limited, we know that to keep moving on, is a step closer to your goal and ours.

And we accomplish it all with a will of steel.

Vision is Immortal

Best before the biggest. In an age when an obsession to outgrow others is paramount, our Founder Chairman Shri O. P. Jindal saw the vital need for focusing on being the best. A rare visionary, he made quality the DNA for the group's growth.

Today, in the unseen presence of its doyen, the group continues its leadership journey, guided at every step by his immortal vision.



Shri O. P. Jindal
(1930-2005)



Touching
the
billion dollar
mark



Key player
in
global infrastructure
development





Touching
every life...

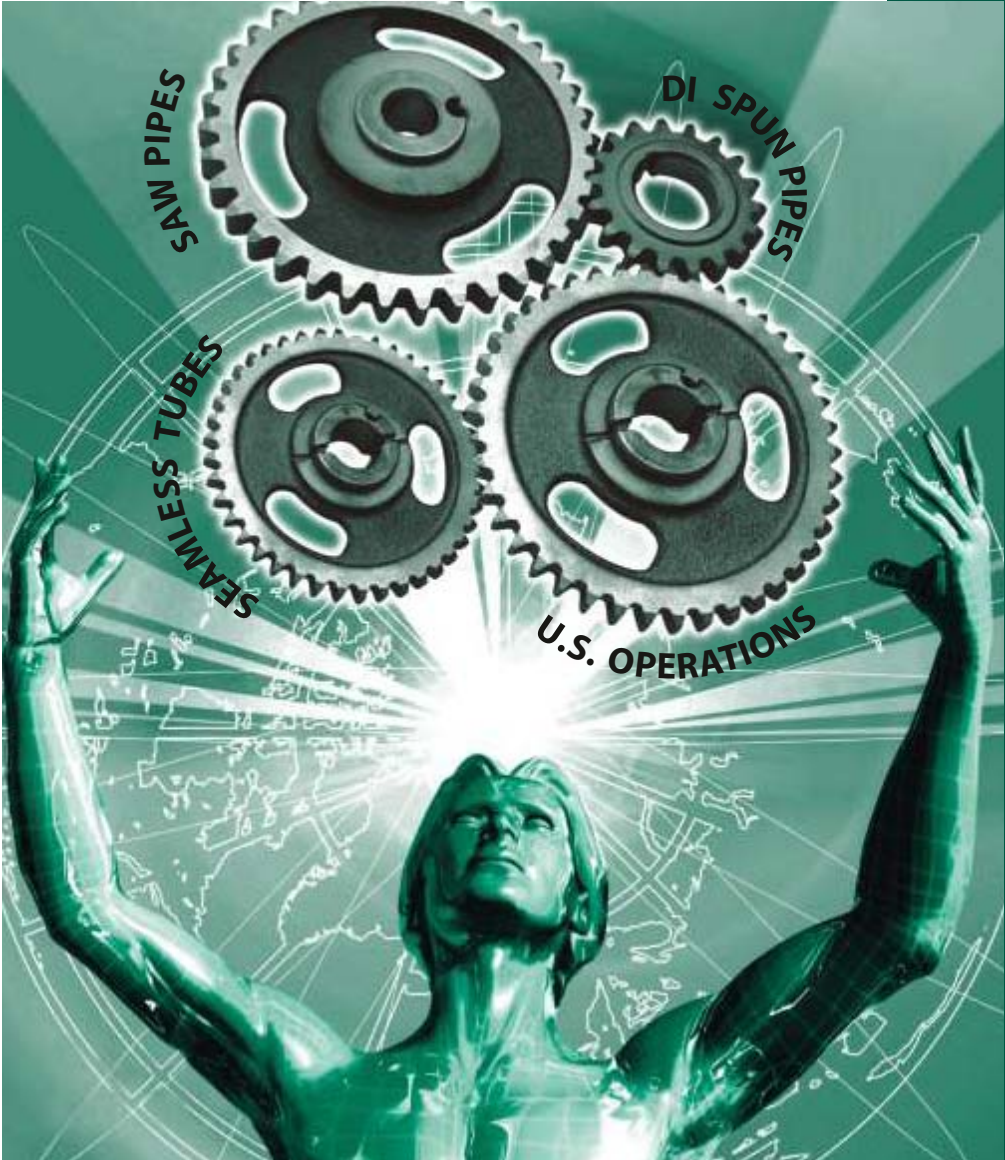


Silently.
Efficiently.
Effectively.



Total pipeline solutions

with four
strategic business units



Bankers

State Bank of Patiala
State Bank of India
UTI Bank Ltd.
Canara Bank
Standard Chartered Bank
Bank of India
State Bank of Mysore
Punjab National Bank
Karnataka Bank Ltd.
State Bank of Travancore
HDFC Bank Ltd.
CALYON Bank
Bank of Baroda
ICICI Bank Ltd.
United Bank of India
ING Vysya Bank Ltd.
Syndicate Bank

Auditors

Statutory Auditors
M/s N.C.Aggarwal & Co.
Chartered Accountants
New Delhi

Internal Auditors
Axis Risk Consulting Services Pvt. Ltd.
Habitat India
C 3 Qutab Institutional Area, Tower I,
New Delhi

Address

Regd. Office
A1 UPSIDC Industrial Area,
Nandgaon Road , Kosi Kalan
District Mathura,
281403 (U.P.)

Corporate Office
Jindal Centre,
12 Bhikaiji Cama Place,
New Delhi - 110066

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Pipeline your dreams and *succeed* with the *will of steel*



Dear Shareholders,

The year 05-06 has been remarkable for Jindal SAW Ltd. in many aspects. Growing at a keen pace and exceeding expectations on key operating and financial metric Jindal SAW Ltd. has reached within the striking distance of USD one billion mark. The execution of its strategy ensured the market leader position and leverages its strong product and wide geographical presence to offer total pipe solutions.

A robust business model complemented by strategic operations and marketing focus has resulted in enviable market penetration. Mapping out a growth chart that will enhance production capacity in key segments in response to strong market demand for our products, Jindal SAW Ltd. has embarked upon a journey leaving global footprints and is all set to achieve new heights of financial growth.

The country is on a sharp upswing in terms of infrastructure development with heavy emphasis on both the energy and urban infrastructure. To sustain the GDP growth of 8% and aspiring for 10%, the energy infrastructure needs to grow at much higher pace due to

the energy intensive nature of our GDP at the current economic stage of development.

The Oil & Gas Sector continues to grow. The high energy price is driving strong investment in Oil and Gas Sector projects, which further increases demand for line pipes. Our Government's focus on improving the water infrastructure is all set to create a robust demand for pipes especially Ductile Iron Pipes, which advances medium term sustained growth of your Company.

On the urban infrastructure side, comprising of water and sanitation, one of the major challenges facing the country today with urban population crossing 1.1 billion mark, management of water and sanitation has not only become a national priority but also provides enhanced business opportunity for your Company. Even in the vast rural areas the infrastructure needs cannot be ignored. We will be participating in the making of resurgent India ensuring, prosperity and growth for fellow countrymen.

Having evolved from a single product Indian company to a global organization in terms of outlook, focus, presence, customers and employment Jindal SAW Ltd. is a force to

reckon with. Major Oil & Gas Sector companies within the country as well as across the globe form a formidable client list complemented by a very healthy order-book position that continues to help global fortification of the brand.

At Jindal SAW, our focus is to have a business model where sustainable growth is complemented by improving profitability. In this direction, the Company has taken up various initiatives for expansion/modernization which will not only increase the overall productivity but also improve the margins. I would like to share a few of these here:

SAW Pipe Business

All existing plants are being re-evaluated for modernization to have better productivity within the overall available capacity. We also intend to set up additional Spiral Pipe capacity for Oil and Water segments.

Ductile Iron Pipe Business

Ductile Iron Pipe facility has started yielding good production. To improve the productivity and for better profitability, we have taken various initiatives, a few of the measures include:

- De-bottlenecking the DI facilities for increasing the DI pipe production
- As part of backward integration, the Company has recently commissioned a sinter plant, having an installed capacity of 1200 MT per day, to get cost advantage and efficiency improvement in existing blast furnaces.
- Setting up of waste heat recovery based captive power plant of 15 MW to utilize coke oven gases. This will result in substantial savings in power cost at Mundra.

Seamless Tubes Business

We are set to improve the capacity of seamless tubes from one lac to two lac fifty thousand tons per year by installation of PQF mill designed and supplied by

SMS Germany. In addition, finishing facilities are being added in API grade tubes to match the additional output coming from the mill.

Plans are underfoot to enhance the current production capacity of 100,000 M.Tons threefold with special emphasis on OCTG, Automotive Tubes and Mechanical Pipe segment by 2008.

The Seamless Division has shown a 33% growth in production over the previous year. This was achieved through:

- Automation in transportation of tubes
- Balancing of equipment capabilities
- Equipment modification

With the above in sight and considering the increasing acceptance of all the products of the Company on global basis, we are very close to US Dollar One Billion mark turnover. During 2005-06, we have achieved highest ever turnover of over Rs.4 Billion.

Your Company believes in attaining larger societal objectives of social responsibility and environmental upgradation in addition to the economic growth. I take pride to report that we have undertaken the challenge of making India accessible to all, through Svayam's 'Project Accessible India', a corporate social responsibility initiative. High standards of corporate governance and transparency, has been our solemn commitment.

Adding value to the company is the committed human resource who, by their sheer professional ethics and devotion to duty, has provided unparalleled strength with zeal and tenacity.

Our foresight has prepared us in advance to respond efficiently to the emerging market trends and capitalize every opportunity to the company's advantage. It has been a challenging privilege to lead your company, and I seek your continued support towards attaining a brighter future for all of us.

Jai Hind!

Forging ahead to achieve
yet another landmark



COMPANY PROFILE

Background

Incorporated in 1984 and having started the operations in Large Diameter Submerged Arc Welded pipes (SAW Pipes) from a single location at Kosi Kalan (Uttar Pradesh in North India), Jindal SAW Limited, today has established and positioned itself as a 'Total Pipe Solution' Company. The Company is part of the U.S.\$ 4 billion O. P. Jindal group of Companies, India's fourth largest industrial house and a market leader in the production and export of steel and steel-based products.

Company's Operations

The Company's operations are divided into four distinct Strategic Business Units: the SAW pipes unit, the seamless tubes and pipes unit, the DI pipes unit and its U.S. operations. Each business unit is operationally independent and has distinct production, sales and marketing targets and personnel.

Large Diameter SAW Pipes

The large diameter SAW pipes business unit manufactures and markets large diameter SAW pipes using the UOE and the "J-ing, C-ing, O-ing, Expanding" ("JCO") process. This division also manufactures HSAW pipes. LSAW pipes are primarily used in transportation of oil and natural gas under high temperature and pressure conditions and also find application in refineries and petrochemical units, while HSAW pipes are primarily used for water and sewage transportation as well as transportation of crude and refined petroleum products and natural gas under low pressure conditions.

The Company produces different dimensions of SAW pipes. LSAW pipes vary from 16 inches to 48 inches for the outer diameter and can be up to 38 m.m. thick, while HSAW pipes vary from 20 inches to 84 inches for the outer diameter and can be up to 18 m.m. thick.

The Company's SAW pipes are produced at three manufacturing facilities, located at Kosi Kalan, Uttar Pradesh at Nanakapaya, Mundra, Gujarat and at Samaghogha, Mundra, Gujarat.

Seamless Tubes and Pipes

The Company's seamless tubes and pipes business unit produces seamless tubes and pipes manufactured from various grades of stainless steel, carbon steel and alloy steel. Its

seamless tubes and pipes are produced at its manufacturing facilities located at Nashik, Maharashtra.

Hot finished carbon and alloy steel seamless tubes and pipes vary in diameter from 44.5 m.m. to 168.3 m.m. with a wall thickness ranging from 3.5 m.m. to 25 m.m. The cold finished stainless steel seamless pipes and tubes vary in diameter from 6 m.m. to 73 m.m. with a wall thickness ranging between 0.6 m.m. to 6 m.m. OCTG product casings vary in diameter from 4½ inches to 6⅝ inches while OCTG product tubings vary in diameter from 2⅜ inches to 4½ inches.

Ductile Iron Pipes

The Company has recently commenced production of DI pipes. Its DI pipes facility is located at Samaghogha, Mundra, in close proximity to the Mundra and Kandla ports. The unit manufactures and markets DI pipes that conform to Indian Standard IS 8329 and International Standard ISO 9001 to cater to Indian and global market requirements. DI Pipes are used in transportation of water and sewage. The main buyers of these pipes are government bodies and municipal corporations that require the products for public water supply and sewage schemes.

The Samaghogha facilities include a coke oven battery plant with an installed capacity of 200,000 TPA, a blast furnace with an installed capacity of up to 250,000 TPA and a DI pipes facility with an installed capacity of 200,000 TPA. The Company has also installed a Sinter plant at Mundra, which has recently commenced commercial production. DI pipes are increasingly substituting CI pipes and mild steel pipes for water and sewage transportation. The DI pipes manufactured by the Company vary in nominal diameter from 80 m.m. to 1,000 m.m. and the standard lengths for these pipes are 5.5 meters and 6 meters.

US Operations

The Company's fourth business unit is its U.S. operations, which primarily acts as a marketing unit for its products in the U.S. market and is carried out through its U.S. branch, located at Baytown, Texas, USA. The Company's U.S. affiliates which produce SAW pipes and high quality steel plates in their two manufacturing facilities strategically located at Baytown in Texas, U.S. in close proximity to several global energy and petrochemicals companies. These plants have installed

capacities of 500,000 TPA and 1,200,000 TPA for SAW pipes and steel plates production, respectively. The Company has toll conversion agreements with JUSCO and SPU pursuant to which it provides all necessary raw materials and JUSCO and SPU manufacture finished goods and charge a manufacturing or a tolling fee. The Company sells these products through its U.S. branch office to its customers in the U.S. and neighbouring markets.

Projects under Implementation

For productivity and operating efficiency enhancement, the Company is implementing various schemes/projects at its various locations in India, major one includes:

- a) Waste heat recovery based Captive Power Plant of 15 MW to utilize coke oven gases at Mundra, Gujarat. This will result in substantial savings in the power cost.
- b) Slag Granulation Plant at Mundra for DI operations.
- c) De-bottlenecking the DI pipe facility for increase in pipe production.
- d) Installation of PQF mill in Seamless plant at Nashik. This is being designed and supplied by SMS Germany. In addition, finishing facilities are being added in API grade tubes to match the additional output coming from the mill. The same will not only increase the seamless tubes manufacturing capacity from 1,00,000 MTPA to app.2,50,000 MTPA but will also improve the efficiency in the operations.
- e) Process modernization in all the SAW pipe plants in India for improving the productivity.
- f) Housing colony for staff at Mundra.
- g) Spiral pipe plant.

With the completion of above projects, the Company expects to improve upon its financial performance and productivity in a gradual manner.

Company's Strategy

The Company's vision is to continue to improve on and consolidate its position as the leading, most preferred and reliable producer of pipes and tubes in the Indian and international markets. The Company intends to achieve this by implementing the following strategies:

- Further increase and consolidate its market share in the large diameter SAW pipes and seamless tubes and pipes businesses in India.

- Continue to focus on international markets.
- Increase market share in the DI pipes business.
- Capitalise on locational advantages and product diversity and harness inherent synergies.
- Continue to focus on improving operating efficiency and margins.
- Continue to focus on high quality customer service.

Financial Strategy

The Company is following certain key objectives to manage its finance portfolio, few of which include:

- To raise most cost effective funds for the Company's existing operations and for the future growth plans.
- To keep working on the improvement of the credit ratings and credit profile of the Company.
- To monitor and comply to the financial covenants as set out by lenders.
- To manage the foreign exchange exposures within the frame work of the Company's policy.
- To work towards maximization of Shareholders Wealth.

Quality Management

The Company continues to take quality improvement steps and strengthen the quality systems, process and procedures at all manufacturing locations. The Company was the first in the country to get the API and ISO certifications. Today, the Company has API, ISO 9001:2000, ISO 14001:2004, OHSAS 18001:1999 certifications. This also enables the Company to market its product globally.



DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the 22nd Annual Report and Audited Statement of Accounts of the Company for the year ended 30th September, 2006.

Financial Results

Particulars	Current Year Ended 30th Sept., 2006 (Rs. in Lacs)	Previous Year Ended 30th Sept., 2005 (Rs. in Lacs)
Gross Sales & Income from Operations	406,148.95	239,282.03
Profit before Interest and Depreciation	44,139.46	28,160.20
Less:		
Interest	12,615.53	9,469.62
Depreciation	5,190.13	3,542.16
Profit before Tax	26,333.80	15,148.42
Provision for Income Tax and Wealth Tax	8,713.71	5,075.16
Net Profit After Tax	17,620.09	10,073.26
Debenture Redemption Reserve Written Back	500.00	625.00
Add: Balance brought forward from previous Year	18,607.24	12,769.90
Total Amount available for Appropriation	36,727.33	23,468.16
Less: Appropriations:		
(a) Debenture Redemption Reserve	937.50	1,437.50
(b) Transfer to General Reserve	2,500.00	1,250.00
(c) Interim Dividend on Preference Shares Paid	763.49	—
(d) Corporate Tax on above	107.08	—
(e) Proposed dividend on Preference Shares	—	21.51
(f) Proposed dividend on Equity Shares	2,418.22	1,884.58
(g) Corporate Tax on Dividends	346.17	267.33
(h) Dividend paid on Equity Shares during the year	50.00	—
Balance carried to Balance Sheet	29,604.87	18,607.24

Review Of Operations

Strong growth in energy and urban infrastructure (including water & sewage segments) propelled your Company's all round performance. Year 2005-06 was another period of achievements for your Company registering a sale of Rs. 4,061.48 crores as compared to Rs. 2,392.82 crores for the previous year, thereby registering the growth of 70%. The PAT for the year grew by 75% to Rs. 176.20 crores in the year ended September, 2006 as compared to Rs. 100.73 crores achieved in previous year.

In the year 2004-05, your Company had created four separate strategic business units (SBU) to improve and maximize the operational efficiency. This move has yielded rich dividends in the form of all round performance reflected by improved results. The financial strategy of the Company has also paid well in controlling the financial cost even in the increasing interest rate regime.

For repayment of certain high cost debts, the Company entered into global financial market in September 2005 by issuing Global Depository Shares (GDSs) aggregating to USD 75 Mn @USD 7.99 per GDS. To part finance the ongoing capital expenditure program, during the year, your Company issued 0.75% Foreign Currency Convertible Bonds (FCCB) aggregating to JPY 9,090 Million (app. USD 80 million) at a YTM of 4% p.a. Both issuance of GDS and FCCB had met with good response thereby demonstrating the confidence of the international financial community in your Company.

Dividend

This year your Directors have recommended a dividend of Rs. 5/- per equity share of Rs. 10/- (50%) (Previous year Rs. 4/- per share i.e. 40%) for the year ended 30th September, 2006.

The Board's recommendation for a stable and steady dividend is linked to Company long term requirements of funds for

DIRECTORS' REPORT

meeting the working capital needs, capital expenditures for its growth plans & modernization and to finance such plans by retaining back the profits.

Offering of FCCBs

Pursuant to your approval in the Extraordinary General Meeting held on 22nd April, 2006, your Company allotted JPY 9,090,000,000- 0.75% FCCB convertible at any time on or after 12th July, 2006 up to 24th June, 2011 into newly issued equity shares of Rs. 10/- each at an initial conversion price of Rs. 675/- per share. These FCCBs are listed on Singapore Stock Exchange. The amount so raised will be utilized for capital expenditure and such other purposes as approved by the Reserve Bank of India.

Issue of Warrants

Pursuant to your approval in the Extraordinary General Meeting held on 22nd April, 2006, the Board of Directors allotted 24,12,542 warrants each convertible into one (1) equity share of Rs. 10/- at a price of Rs. 483/- (including a premium of Rs. 473/-) within a period of 18 months from the date of allotment, i.e., 6th May, 2006. The Company has already received 10% of the nominal value of the warrants as advance in terms of the extant guidelines.

Management Discussion and Analysis and Corporate Governance

A separate report on Management Discussion and Analysis relating to business and economic environment surrounding your Company is enclosed as a part of the Annual Report. Another report provides information/status on the Corporate Governance.

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:

- That in the preparation of the annual accounts for the financial year ended 30th September, 2006, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 at the end of the financial year and of the profit or loss of the Company for the year under review;
- 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;

- That the Directors had prepared the accounts for the financial year ended 30th September, 2006 on a 'going concern' basis.

Directors

Shri A.J.A.Tauro and Shri Kuldip Bhargava retire by rotation and, being eligible, offer themselves for re-appointment. The Board in its meeting held on 30th January, 2006 appointed Dr.R.K. Agarwal as an Additional Director.

The Company has received notice pursuant to Section 257 of the Companies Act, 1956 from one of its members expressing his intention to propose the candidature of Dr. R. K. Agarwal to the office of the Director of the Company. Accordingly, the enabling resolution for his appointment is included in the notice convening the ensuing Annual General Meeting.

We are sorry to inform you that Shri Purshottam Lal who was associated with the Company since 1986 left for his heavenly abode. The Board places on record its gratitude for his valuable contribution in steering the affairs of the Company during his association as Director and prays the Almighty to rest his soul in peace.

Auditors & Their Report

M/s N. C. Aggarwal & Co., Chartered Accountants, Auditors of the Company retire at the end of ensuing Annual General Meeting, and, being eligible, offer themselves for re-appointment.

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

Cost Audit

Pursuant to Section 233 B of the Companies Act, 1956 and as per the order of the Central Government, the Company carries out audit of Cost Accounts, relating to Steel Tubes and Pipes every year. The Board, subject to the approval of Central Government, has appointed Mr. S. N. Balasubramanian, Cost Accountant, to audit the Cost Accounts relating to manufacture of steel tubes and pipes for the year ended 30th September, 2006.

Public Deposits

The Company had repaid the deposits matured during the year except unclaimed deposits aggregating Rs. 52.98 lakhs at the end of the year.

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

DIRECTORS' REPORT

absorption and foreign exchange earnings and outgo are given in the statement annexed hereto.

Subsidiary Companies

The annual accounts of the Subsidiaries namely Hexa Securities & Finance Company Limited, Jindal Enterprises LLC and IUP Jindal Metals & Alloys Limited along with statement pursuant to section 212(1)(e) of the Companies Act, 1956 are attached with this Report.

Personnel

The industrial relations remained cordial through out the year. As required by the provision of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in Annexure to this

Place : New Delhi

Date : 28th, November 2006

Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all Members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Secretary at the Registered Office of the Company.

Acknowledgement

Your Directors express their grateful appreciation to concerned Departments of Central / State Governments, Financial Institutions & 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. We are also grateful for the confidence and faith that you have reposed in the Company as its member.

For and on behalf of the Board

P. R. JINDAL
Vice Chairman

SMINU JINDAL
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT**ANNEXURE 1****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. 40 HP pump has been replaced with 10 HP pump at Wash Station resulting in saving of electricity consumption without affecting the quality and production of Pipes.
2. New capacitors have been installed on each Welding Station to improve the Power factor resulting into less consumption of electricity.
3. Timer Circuits have been added in each welding station to control the flux filtering system, which has improved the quality of the products and reduced the repairs, thereby, resulting into less consumption of electricity.
4. All-transparent sheets on the roof of plant shed have been cleaned which has improved the light in the Factory during daytime resulting into saving of energy consumption due to non-use of the bulbs & tubes during daytime.
5. DC drive has been replaced with AC drive on OD Welding #2 trolley which has improved the quality of the products and minimized the trolley break-downs, thereby, resulting in less consumption of electricity.
6. All the 100-watt lamps have been replaced with 40-watt tubes in Main Store, Fabrication, Garage and Carpenter Shop resulting in saving of 60-watt electricity consumption on each lamp.
7. The leakage of heat from all flux ovens has been stopped which has enabled the company to reach and maintain the required temperature in minimum time thereby resulting into reduced energy consumption.
8. The conveyor lines have been overhauled so as to ensure proper movement of pipes without any delay, which has reduced the operation of EOT cranes, resulting into less consumption of electricity.

9. The tool post system on Edge Planner has been motorized which has improved the production process resulting into saving of energy consumption per ton of production.
10. The Power factor, which was 0.92 in the beginning of the year, has been improved to 0.98 by installation of capacitor banks. The lead management of the plant has also been reworked to ensure changeover in to plant during peak load hours of 6 p.m. to 10 p.m. & no changeover from 11.00 p.m. to 6.00 p.m. Variable frequency drives have been installed at straightens, conveyors & cross transfers.
11. An addition has been introduced in FO fired furnaces which resulted in the fuel saving to the extent of 15%.
12. The tempering furnace has been felted with autopilot firing system of burners. This has resulted in quality improvement of products.
13. The stretch-reducing nil of the company has been felted with a software system to vary to speeds while entry & leaving of to tube in SRM. The above measure has resulted in quality & yield improvement.
14. Fume extraction system has been installed with scrubber system to ensure pollution free environment. A new sludge drying bed has also been commissioned to take care of effluent treatment.

(b) ADDITIONAL INVESTMENT AND PROPOSAL FOR REDUCTION OF CONSUMPTION OF ENERGY:

The company has got six OD/ID Welding Stations, so far only one Station has been provided with AC drive which has resulted into reduced consumption of electricity. It has, therefore, been decided to replace all the DC drives with AC drives on the remaining 5 OD/ID Welding Stations in the current year.

(c) IMPACT OF ABOVE MEASURES:

The impact of above measures taken will result in lower energy consumption per ton of production.

DIRECTORS' REPORT

FORM "A"

Form for disclosure of particulars with respect to Conservation of Energy

POWER & FUEL CONSUMPTION

	2005-2006	2004-2005
(I) Electricity:		
Purchased Units	38,612,336	19,632,252
Total Amount (Rs.)	169,966,619	77,723,638
Rate Per Unit (Rs.)	4.40	3.96
(II) Own Generation Through D.G. Set		
Generated Units	70,968,759	40,785,252
Unit per Litre of Oil	3.35	3.40
Cost Per Unit (Rs.)	7.32	5.66
CONSUMPTION PER UNIT OF PRODUCTION		
Production: SAW Pipes, Seamless, Ductile Iron Pipes and Re Rolled Stainless Steel Strips, Electricity for:		
(i) Manufacturer of Iron and Steel Pipes/Products Per MT	143.45	101.01
(ii) Pre Rolling of Stainless Steel Strips Per MT	—	563.41

FORM "B"

Form of disclosure of particulars with respect to technology Absorption for 2005-2006

- Specific areas in which Research & Development carried out by the company. Shifted one of the furnace on LPG instead of HSD/ LDO Flooring of plant with Kota stone to avoid soil contamination from oil, grease etc. Commissioned Micro hardness testing machine for process control requirements.
- Benefits Derived
These initiatives have resulted in general improvement of operational efficiencies.
- Expenditure of R & D
Development & improvement of products is an inbuilt and ongoing activity within existing manufacturing facilities. Expenditure incurred on R&D during the year under report has not been specifically apportioned.
- Foreign Exchange

	2005-2006	2004-2005
(a) Earnings	96,369.51	59,938.92
(b) Outgo	101,830.09	96,323.07

(Rs. in Lacs)

Place : New Delhi
Date : 28th November, 2006

P. R. JINDAL
Vice Chairman

For and on behalf of the Board

SMINU JINDAL
Managing Director

CORPORATE GOVERNANCE REPORT

Company's Philosophy

The Company's Philosophy on Corporate Governance envisages the attainment of highest level of transparency, accountability and equity in all facets of its operations and in all its inter-actions with its stakeholders including shareholders, employees, lenders and the Government. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

Board of Directors

(i) Composition of Board

The composition of Board of Directors is during the year ended 30th September, 2006 is given below. Presently, there are 9 directors:

Name of Director	Category of Director	No. of Directorships and Committee Memberships/Chairmanship in other companies		
		Directorship	Committee Membership	Committee Chairmanship
Smt. Savitri Devi Jindal <i>Chairperson</i>	Promoter – Non Executive	7	—	—
Shri P.R.Jindal <i>Vice-Chairman</i>	Promoter – Non Executive	10	—	—
Ms. Sminu Jindal <i>Managing Director</i>	Promoter – Executive	2	—	—
Shri Purshottam Lal*	Independent – Non Executive	—	—	—
Shri A.J.A.Tauro	Independent – Non Executive	1	—	1
Shri Devi Dayal	Independent – Non Executive	1	—	—
Shri Kuldip Bhargava	Independent – Non Executive	1	—	—
Dr.S.K.Gupta**	Independent – Non Executive	8	8	2
Dr.R.K.Agarwal***	Independent – Non Executive	2	—	—
Shri H. S. Chaudhary <i>Whole-time Director</i>	Executive	—	—	—

* Upto 04.01.2006 ** w.e.f. 22.11.2005 *** w.e.f. 30.01.2006

(ii) Board Meetings and Attendance Record of Each Director

5 meetings of the Board of Directors were held during the year ended 30th September, 2006. These were held on 22.11.2005, 30.01.2006, 24.03.2006, 29.04.2006, 31.07.2006. The attendance of each of the Directors including at last Annual General Meeting is as follows:

Directors	No. of Board Meetings Attended	Attendance at the Last AGM
Smt. Savitri Devi Jindal	1	No
Shri P.R.Jindal	4	No
Ms. Sminu Jindal	2	No
Shri A.J.A.Tauro	3	Yes
Shri Kuldip Bhargava	3	No
Shri H. S. Chaudhary	4	Yes
Shri Devi Dayal	3	No
Dr.S.K.Gupta	5	Yes
Dr.Raj Kamal Agarwal*	4	No

*w.e.f. 30.01.2006

(iii) Details of Remuneration Paid to Directors

(a) Remuneration Paid to Non-Executive Directors

The Non-Executive Directors are paid sitting fees of Rs. 10,000/- effective from 30th January, 2006 (earlier Rs. 5,000/- per meeting) for each meeting of the Board, Audit and Shareholders' Grievance Committee or other Committee(s) attended by them. During the year under review the Directors were paid the sitting fee as follows:

S.No.	Name of Director	Sitting Fee (Rs.)
1.	Smt. Savitri Devi Jindal	5,000
2.	Shri P.R.Jindal	110,000
3.	Shri Purshottam Lal*	10,000
4.	Shri A.J.A.Tauro	50,000
5.	Shri Kuldip Bhargava	50,000
6.	Shri Devi Dayal	30,000
7.	Dr.S.K.Gupta	45,000
8.	Dr.Raj Kamal Agarwal**	70,000

* upto 04.01.2006

** w.e.f. 30.01.2006

CORPORATE GOVERNANCE REPORT

(b) Remuneration Paid to Executive Directors

The remuneration paid to the Executive Directors during the year under review is as under:

Name of Director	Position	Salary (Rs.)	Commission (Rs.)*
Ms. Sminu Jindal	Managing Director	4,125,997	2,460,000
Shri H. S. Chaudhary	Whole-time Director	1,096,392	NIL

The terms of appointment of Managing Director are on contractual basis for a period of 5 years from the date of appointment. The notice period is 3 calendar months. Terms of appointment of Whole Time Director are contractual for a period of 2 years from the date of appointment. The Company has not issued any stock option.

* @ 1% on the net profits of the Company computed in the manner laid down under section 309(5) of the Companies Act, 1956, subject to a maximum of an amount equivalent to one year salary.

Audit Committee

(i) Terms of Reference

The role and terms of Audit Committee covers the area of Clause 49 of the listing agreement with stock exchanges and section 292A of the Companies Act, 1956 besides other terms as may be referred to by the Board of Directors of the Company. The minutes of the Audit Committee are taken note by the Board of Directors.

(ii) Composition

The Committee met 4 times during the year on 22.11.2005, 30.01.2006, 29.04.2006 and 31.07.2006. The attendance of the members in the meetings is as follows:

Name of Member	Status	No. of Meetings Attended
Shri A. J. A. Tauro	Chairman	3
Shri Kuldip Bhargava	Member	3
Dr. Raj Kamal Agarwal	Member	3

Shri Sunil Jain, Company Secretary, is the Secretary of the Committee. Head of Finance & Accounts Department, Statutory Auditors, Cost Auditors and Internal Auditors attend the meetings of the Audit Committee. The Audit Committee deals with the various aspects of financial statements including quarterly, half yearly and annual results, adequacy of internal controls & internal audit functions, compliance with accountings standards and Company's financial & risk management policies, etc. It reports to the Board of Directors

about its findings & recommendations pertaining to above matters.

Remuneration Committee

The Company has only two executive directors on the Board whose appointment and remuneration has been fixed by the Board and approved by the members. In view of this, no Remuneration Committee was constituted.

Shareholders/Investors Grievance Committee

(i) Terms of Reference

To look at redressing of shareholders/investors complaints like transfer of shares, non-receipt of dividend warrants, etc.

(ii) Composition

The composition of Shareholders/Investor Grievance Committee is as under:

Name of Member	Status
Shri P.R. Jindal	Chairman
Shri A.J.A. Tauro	Member
Ms. Sminu Jindal	Member

Mr. Sunil Jain, Company Secretary, is the compliance officer of the Company.

The Board has delegated powers of approving transfer of shares to the executive directors of the Company to be ratified by the Board later in their meeting.

(iii) Shareholders' Complaint/Transfer of Shares

The details of shareholders'/investors' complaints received/disposed off during the year under review are as follows:

No. of Shareholders' Complaints Received During The Year	No. of Complaints not Solved	No. of Pending Complaints
9	Nil	Nil

General Body Meetings

(i) The details of annual general meetings held in last three years are as under:

AGM	DAY	DATE	TIME	VENUE
19th	Saturday	29.11.2003	11.30 a.m.	Regd. Office
20th	Tuesday	07.12.2004	11.30 a.m.	- Do -
21st	Thursday	29.12.2005	12.30 p.m.	- Do -

(ii) No. of special resolutions passed during the last 3 AGM:

AGM	No. of Special Resolution
19th	1
20th	1
21st	Nil

CORPORATE GOVERNANCE REPORT

(iii) No special resolution passed last year through postal ballot. At the ensuing annual general meeting, there is no resolution proposed to be passed through postal ballot.

Disclosures

- (i) There were no materially significant related party transactions, i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Transactions with the selected parties have been disclosed in schedule No.22 to the Accounts in the Annual Report.
- (ii) No penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years. There were no instances of non-compliance by the Company.
- (iii) Though the Company has not adopted formal Whistle Blower Policy, the employees of the Company are assessable to the Sr. Management for any counseling or consultation and no personnel has been denied access to the Audit Committee.
- (iv) The Company has complied with the mandatory requirement of clause 49 of the listing agreement. The Company has not adopted non-mandatory requirement of the said clause during the year under review.

Means of Communication

- (i) Quarterly Results The quarterly results of the Company are submitted to the Stock Exchanges as well as published in the newspapers as per the requirement of clause 41 of the listing agreement. These results are also posted on EDIFAR site of SEBI and website of the Company.
- (ii) Newspapers wherein results normally published Business Standard / Rashtriya Sahara
- (iii) Any website, where displayed The results are displayed on the website of the Company, i.e., www.jindalsaw.com
- (iv) Whether it also displays official news releases No

- (v) The Nil presentation made to institutional investors or to the analyst

General Shareholder Information

- (i) AGM : Date, time and venue
Date : 29th December, 2006
Time : 1.00 p.m.
Venue : A-1, UPSIDC Indl. Area, Nandgaon Road, Kosi Kalan, Distt. Mathura – 281 403

Financial year

- (a) First quarterly results : Before end of January, 2007
(b) Second quarterly results : Before end of April, 2007
(c) Third quarterly results : Before end of July, 2007
(d) Audited yearly results for the year ended 30th September, 2007 : October/November, 2007
(e) Annual General Meeting in the year 2007 : December, 2007

Date of Book Closure

Wednesday, the 27th December, 2006 to Friday, the 29th December, 2006 (Both days inclusive).

Dividend Payment Date

Dividend on equity shares when sanctioned will be made payable on or after the 3rd January, 2007 to those shareholders whose names stand on the Company's Register of Members on 26th December, 2006 to whom dividend warrants will be posted. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.

Listing on Stock Exchanges

The Equity Shares of the Company are listed on the following Stock Exchanges:

- (i) Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
(ii) The National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra (E) Mumbai – 400 051

The Global Depository Shares issued by the Company are listed on London and Luxembourg Stock Exchange (Euro MTF market). The debentures as well as preference shares issued by the Company on private placement basis are listed on Bombay Stock Exchange Ltd.

Notes:

- (i) Listing fees have been paid to the Stock Exchanges for the year 2006-2007.
(ii) The application for delisting of equity shares made to the Stock Exchange at Kolkata on 31st December, 2003 is pending.

CORPORATE GOVERNANCE REPORT

Stock Code

Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Ltd. (NSE)		
Equity	Preference	Debenture	Equity	Preference	Debenture
500378	700116	(i) 7.75% - NCDs 934647 (ii) 9.75% - NCDs 934635	JINDAL SAW	—	—

Market Price Data: High, Low during each month in last financial year:

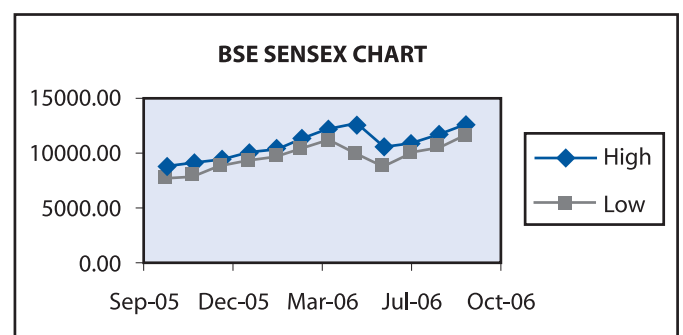
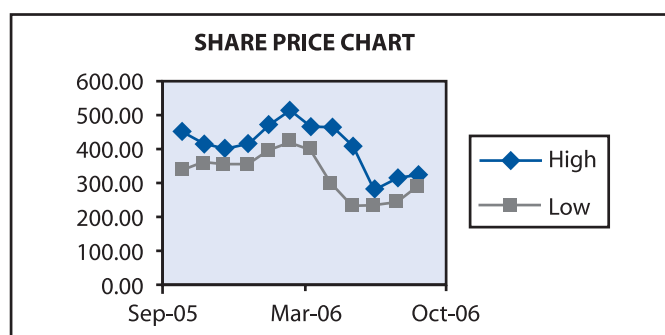
The details of monthly highest and lowest closing quotations of the equity shares of the Company at Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited during financial year 2005-2006 are as under:

Month	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	Highest Rate (Rs.)	Lowest Rate (Rs.)	Highest Rate (Rs.)	Lowest Rate (Rs.)
October, 2005	454.50	337.00	500.00	335.10
November, 2005	416.00	362.00	417.90	362.05
December, 2005	404.90	352.00	405.00	352.25
January, 2006	417.25	355.00	418.00	370.50
February, 2006	471.90	397.10	470.00	397.00
March, 2006	513.00	425.05	513.00	428.10
April, 2006	465.00	399.00	469.95	400.00
May, 2006	463.00	300.00	468.00	300.00
June, 2006	409.90	235.00	381.00	235.00
July, 2006	280.95	235.05	280.95	235.00
August, 2006	314.90	250.10	315.50	250.00
September, 2006	325.95	292.00	349.00	291.00

Performance in comparison to broad based indices:

Market Price Data

Share Price ON BSE (Rs.)			BSE SENSEX		
MONTH	High	Low	MONTH	High	Low
October, 2005	454.50	337.00	Oct-05	8821.84	7656.15
November, 2005	416.00	362.00	Nov-05	9033.99	7891.23
December, 2005	404.90	352.00	Dec-05	9442.98	8769.56
January, 2006	417.25	355.00	Jan-06	9945.19	9158.44
February, 2006	471.90	397.10	Feb-06	10422.65	9713.51
March, 2006	513.00	425.05	Mar-06	11356.95	10344.26
April, 2006	465.00	399.00	Apr-06	12102.00	11008.43
May, 2006	463.00	300.00	May-06	12671.11	9826.91
June, 2006	409.90	235.00	Jun-06	10626.84	8799.01
July, 2006	280.95	235.05	Jul-06	10940.45	9875.35
August, 2006	314.90	250.10	Aug-06	11794.43	10645.99
September, 2006	325.95	292.00	Sep-06	12485.17	11444.18



CORPORATE GOVERNANCE REPORT

Registrar and Transfer Agents:

RCMC Share Registry (P) Ltd. B-106, Sector-2, Noida (UP). Phone: 0120-4015810, Fax: 0120-4015839, e-mail: rcmc@theoffice.net.

The Share Transfer Requests as well as other correspondence relating to shares of the Company are also accepted at our office at Jindal Centre, 12, Bhikaiji Cama Place New Delhi - 110 066.

Share Transfer System:

Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The Board has delegated powers of approving transfer of shares to the Executive Directors of the Company to be ratified by the Board later in their meeting.

Distribution of Shareholding and Shareholding Pattern:

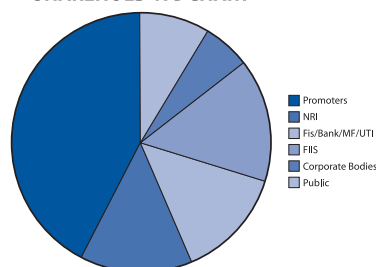
(a) The shareholding distribution of equity shares as of 30th September, 2006 is given below:

No. of Shares	No. of Shareholders	%	No. of Shares	%
Up to 5000	12892	86.16	1789807	3.70
5001 TO 10000	1015	6.78	772701	1.60
10001 TO 20000	571	3.82	840091	1.74
20001 TO 30000	159	1.06	408298	0.84
30001 TO 40000	64	0.43	231383	0.48
40001 TO 50000	51	0.34	241276	0.50
50001 TO 100000	72	0.48	545417	1.13
100001 AND ABOVE	139	0.93	43535485	90.02
TOTAL	14963	100.00	48364458	100.00

(b) Shareholding Pattern as on 30th September, 2006:

Category	No. of Shares	% of Holding
Promoters	20569458	42.53
NRI	6656930	13.76
Fis/Bank/MF/UTI	6685721	13.82
FIIS	7456005	15.42
Corporate Bodies	2894150	5.98
Public	4102194	8.48
Total	48364458	100

SHAREHOLDING CHART



Dematerialization of shares and liquidity:

Number of shares in physical and demat form as on 30th September 2006.

	No. of Shares	Percentage
In Physical Form	21615792	44.69
In Demat Form	26748666	55.31
Total	48364458	100.00

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

(a) GDSs outstanding as on 30th September, 2006:

Reg S = 125,000

R 144A = 85,150

(b) During the year 24,12,542 warrants each convertible into one (1) equity share of Rs. 10/- each @ Rs. 483/- within a period of 18 months from 6th May, 2006 have been issued to promoter group companies on preferential basis.

(c) During the year JPY 9,090,000,000 – 0.75% Foreign Currency Convertible Bonds convertible at any time on or after 12th July, 2006 upto 24 June, 2011 into newly issued equity shares of Rs. 10/- each at an initial conversion price of Rs. 675/- per share have been issued.

Plant Locations:

The Plants of the Company are located at Kosi Kalan (Mathura, U.P.), Sinar (Nashik, Maharashtra) and Mundra (Kutch, Gujarat)

Address for correspondence:

Jindal SAW Ltd.
Jindal Centre,
12, Bhikaiji Cama Place,
New Delhi – 110 066
Telephone no. : 26188360-74
Fax no. : 26170691/41659575
E-mail : investors@jindalsaw.com

Declaration for Code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and Sr. Management Personnel have affirmed compliance of Code of Conduct as adopted by the Board for the year ended 30th September, 2006.

Place : New Delhi
Date : 28th November, 2006

Sd/-
SMINU JINDAL
Managing Director

Auditor's Report on Corporate Governance

To the Members of

JINDAL SAW LIMITED

We have examined the compliance of conditions of Corporate Governance Procedure implemented by JINDAL SAW LIMITED for the year ended on 30th September, 2006 as stipulated in Clause 49 of Listing Agreement of the said Company with the Stock Exchange in India.

The Compliance of the Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation there of adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and based on the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investors' grievances were pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to further viability of the Company, nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

N. C. AGGARWAL

Partner

Place : New Delhi

Dated : 28th November, 2006

For & On behalf of

N. C. AGGARWAL & CO.

Chartered Accountants

MANAGEMENT DISCUSSIONS AND ANALYSIS

INFRASTRUCTURE DEVELOPMENT HOLDS THE KEY TO THE GROWTH OF ECONOMY, INDUSTRY STRUCTURE AND DEVELOPMENTS

A well-developed transportation network is essential for efficient and economical use of available natural resources including energy (oil and gas) and water sectors. Pipes and tubes are used in various industries and applications, including oil and natural gas related products, oil refineries, petro-chemical plants, Oil Country Tubular Goods (OCTG) application and in mechanical, structural, chemical, automobile, water and sewage transportation and general engineering industries. So far, in India, transportation of petroleum products through pipelines has been lower than via roadways and railways. This is in contrast with the international trend, where pipelines are the most preferred medium for transporting petroleum products over long distances. However, of late, the emphasis on pipelines is gaining significance in India as it offers a more eco-friendly and cost effective mode of transportation. Further given the pace of development of Indian economy and its increasing requirement of energy, the demand for energy is expected to increase significantly. This along with the changing energy map towards increasing gas usage is likely to give an impetus to the demand for pipeline network expansion. Likewise, even bulk water transportation through pipelines is becoming prominent, given the low penetration level of water supply.

SAW Pipes (L SAW Pipes and Spiral Pipes)

The demand for Large Diameter Submerged Arc welded Pipes (LSAW) and Spiral Pipes is driven by oil and natural gas exploration and transportation activity in petroleum exporting countries and in key consumer countries. The total pipeline infrastructure in India for oil and gas is around 18,000 kms. Currently, the crude pipelines in India covers approximately 8,000 kms and the majority of these are located in Western and North Eastern regions.

The total global pipeline demand for transportation of oil and gas over next 5-7 years is estimated at approx. 200,000 kms. Which gives an average global demand in excess of 28,000 kms per annum (assuming 7 years). The production however does not match the required demand of 28,000 kms thus there is a huge demand and supply mismatch expected over the next couple of years.

Seamless Tubes

Seamless pipes and tubes are used both in oil and non-oil sectors. Energy sector is the biggest consumer of seamless tubes. Demand for oil is expected to grow at 1.6% CARG over FY 2005-25 (Estimated) and that of gas at 2.3% over the same period. Following rising demand for oil and gas, the drilling

activity is likely to grow at a much faster pace. Moreover high oil prices leads to increased cash flow for oil and gas companies, which are deployed into drilling activities to curtail demand-supply gap. The demand for seamless tubes is expected to grow at a CARG of 20% and above for next couple of years due to increased E&P activities around the world.

Ductile Iron Pipes

DI Pipes are used in transportation of water and sewage. Fast growing population and rising population level in country has resulted an increase in demand for safe water. This in turn has increased the demand for transporting good quality water from potential sources to distant cities without contaminating it. Given the increasing demand and low penetration of water distribution and sewage infrastructure in the country, the growth prospect for the sector is favorable. India has 16% of the world's population but is estimated to have just 4-5% of the world's water resources. This is because of slow implementation of water supply project in India due to some issues on funding of such projects. However, with the multilateral finance Institutions like ADB and World Bank, recognizing the need for pipeline network for transmission of water in recent times, coupled with increasing focus of the Central Government, State Government and local bodies the path has been cleared for the development of the infrastructure. The demand for DI Pipes is expected to grow at a CARG of (app.) 15% for next couple of years.

OPPORTUNITIES AND THREATS

Opportunities

The current low per capita usages of pipes in India, the recent discovery of large oils and gas reserves in various parts of the country, the Government's decision to permit oil retailing by the private sector and the proposed national pipeline grid formulated by GAIL and infrastructure development projects of other major players in the energy industry in India are expected to increase the demand for SAW pipes for use in oil and natural gas transportation. Similarly, the Government's focus on urban and rural infrastructure including elaborate water resources and sewage management plans and several infrastructure development projects initiated by international and multilateral development finance institutions have resulted in an increased demand for DI products.

Your Company, being the first in India to commence the SAW pipes production facility in 1984 from Kosi Kalan (Uttar Pradesh) now has diversified to a multi product Company. It

MANAGEMENT DISCUSSIONS AND ANALYSIS

has a unique diversified business model and is in a position to cater to the orders for SAW pipes (L SAW and Spiral), Seamless pipes & Tubes and Ductile pipes. This portfolio mitigates it from concentration to one particular sector. Your Company also acts as a Strategic Business Unit catering to the American and Far East Market. It enjoys a leadership position based on its large facilities, which is also enhanced by advantages of multiple strategic locations, which includes two plants located close to the Mundra port on western coast of India. This makes it competitive in terms of its ability to service a large distribution zone within India as well as the overseas markets.

Threats

SAW pipes and Seamless tubes products find major application in the high growth energy sector. The acceptance of SAW pipes has gained momentum against the use of traditional mode of transportation, i.e., trucks and train. The

pipes are not only cheaper but also environment friendly and long lasting in life.

The DI spun pipe is globally acknowledged to be superior to CI spun pipe and other modes of water and sewage transportation, and thus DI is replacing all other types of pipes in the domestic market. DI spun pipes has various benefits over other traditional options including its robustness, resistance to bear pressure and incidental damage in shipping, installation and services. DI spun pipes are expected to possess a life in excess of 100 years. Their corrosion resistance is better than that of competing products, such as CI spun pipes, Poly Vinyl Chloride ("PVC") pipes and High Density Poly Ethylene ("HDPE") pipes etc.

Your Company believes that there is no visible threat to these products from alternative product in terms of pricing, use, life and sustainability and hence unless new competing products/technology are developed no significant threat is perceived.

FINANCIAL AND PRODUCT WISE PERFORMANCE

Following tables demonstrates the key features of your Company' financial performance:

Particulars	Year Ended (Rs. in Lacs)		Change (%)
	30th Sep 2006	30th Sep 2005	
Gross Sales & Income from operations	406,148.95	239,282.03	70%
Profit before Interest and Depreciation	44,139.46	28,160.20	57%
– Finance Expenses	12,615.53	9,469.62	33%
– Depreciation	5,190.13	3,542.16	47%
Profit before Tax	26,333.80	15,148.42	74%
Provision for Tax	8,713.71	5,075.16	72%
Net profit after tax	17,620.09	10,073.26	75%

The major highlights are as under:

- Gross sales & Income from Operations increased by 70%.
- Your Company' total international sales accounts for 65 % of the total gross sales and balance 35% represents sales in India.
- Profit before Interest & Depreciation recorded a growth of 57%.
- Profit after tax grew by 75% in line with the sales growth.
- Basic EPS increased to Rs. 34.67 from Rs. 25.62 per equity share in previous year.

A snap shot of your Company's sales mix is as below:

Product	Turnover (Rs. in Lacs)		Growth (%)
	2005-06	2004-05	
Iron & Steel Pipes	280,768.78	140,396.64	100%
Steel Plates / Coils	78,440.76	72,298.82	8%
Pig Iron	17,111.87	12,588.15	36%
Others	10,989.61	7,405.42	48%

MANAGEMENT DISCUSSIONS AND ANALYSIS

Iron & Steel pipes includes sale of L SAW pipes, H SAW Pipes, DI Pipes and Seamless Tubes. The above table also demonstrates the overall growth in sale values in all the major product lines. During 2006 product wise contribution in sales includes L Saw 58%, Steel Plates 20%, DI Pipes 7%, Pig Iron 4%, Seamless tubes 5% and others including scrap etc 6%.

OUTLOOK

SAW pipe, Seamless pipe and Ductile Pipe industry caters to the infrastructure requirements of an economy. In India high targets of growth in terms of gross domestic product have been set in the range of 8-9% per annum. Industry experts have already expressed the need for greater infrastructure development in the country to meet such ambitious targets. Energy is one of the key infrastructure areas, which need to be developed. The transportation of oil and gas is key factor as power and downstream units assume significance. Major investment in the exploration of oil and gas reserves in the country has resulted in the identification of reserves by private sector as well. All these developments are expected to culminate in a major demand for line pipes, the most secure and cheap mode of transportation of oil and gas. In addition, the goal of supplying water to the most remote villages and the development of water supply and sewerage systems should continue to generate demand for pipes in the water sector.

Thus, looking forward, we believe that there will be substantial growth in the energy and water segments, and hence demand for our products will remain strong. Incremental long-term energy demand will be driven, in our view, by the industrialization of not only India but also other nations. This incremental demand must be satisfied, at least in the foreseeable future, by oil and natural gas. This should, in turn, lead to generally higher levels of drilling activity around the world.

Your Company is well positioned to become a market leader in every market segment we serve with geographic diversity that not only creates growth opportunities but also reduces our exposure to any one market and with product lines that are diverse in application and customer base.

RISK FACTORS

There are a few factors that are relevant to the operations and business of the Company. While the Company takes effective measures to minimize or eliminate the impact of these risks on its business performance, they nonetheless exist. Some of the major risks have been detailed below:

Volatility in oil prices may impact demand: The demand for line pipes in the oil and the outlook for oil prices – a volatile variable, determines gas sector, to some extent. The surge in global crude prices based on strong demand and limited supplies have created a robust outlook for investments in the oil in areas like F&P and infrastructure such as pipelines. Any steep fall in oil prices may reduce oil production from marginal oil field that may, in turn, result in slowdown in demand for SAW pipes from E&P activities. However, the replacement demand from existing networks and the need to create additional capacities to meet the growth in overall oil demand is likely to sustain the growth in pipe demand over the medium terms of three to five years.

International Market Risks: Developments in the international steel pipe market could have an impact on exports. These may be in terms of any tariffs, quotas, anti-dumping duty and any other trade barriers that may be imposed on the company's products in the overseas markets. Any such imposition could have an adverse impact on Company's overseas sales.

Risk in Steel and other raw material prices: Fluctuations in the price and availability of key raw materials, including steel plates and coils, steel billets, iron ore and low ash content coal may have an adverse impact on the business of the company.

Scheduling and completion of projects: Scheduling of projects and delay in completion of projects in time may also be a risk.

INTERNAL CONTROLS AND THEIR ADEQUACY

Your Company has adequate internal audit and control systems to ensure that all transactions are authorized, recorded and reported correctly. The internal control systems consist of regular operative performance evaluation and devising corrective measures thereof and comprehensive internal and external audits. The internal auditors, RSM & Co. Chartered Accountants, independently evaluate adequacy of internal controls and audit majority of the transactions in value terms. The direct reporting of the internal auditors to the Audit Committee of the Board ensures Independence of the audit and compliance function.

Your Company has been accredited with various certifications including American Petroleum Institute (API), ISO9001:2000, ISO14001 and ISO18001 in the field of quality control, environmental management and occupational health and safety system management. These certifications ensure due compliance to well-documented procedures and systems and continuous improvement thereon for their continuous validity.

MANAGEMENT DISCUSSIONS AND ANALYSIS

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

The Organization values Human Resources as the most potent factor towards maximizing capital returns. Towards this goal and achieving the vision of the Company, the Organization has put with operation processes and avenues around contemporary people practices covering amongst others, in areas of Sourcing, Performance Management, Culture, Work life balance, People Capability, People Engagement, etc. The Organization has an open, transparent culture, enabling employees to share views, suggestions, and concerns with their Superiors. Assess to Management at all levels is encouraged.

In continuation of such efforts to build a vibrant workplace, practices & processes instituted along multiple interventions mentioned above are being continuously strengthened.

Towards employee motivation, retention & ownership, the Company has implemented revised policies, reviewed pay across levels from entry level onwards. The focus of such review is market driven along with rewarding meritorious performers.

Work life balance activities through recreation, sports and cultural events continue at various units. Festivals, events are periodically organized, involving employees and their families to bring in a sense of bonding and camaraderie.

Towards continued building people capability, technical & other trainings whether in-house or external continue to be in focus. Technical training is reemphasized along with behavioral skill to enhance technical skills and leadership qualifies.

Infusion of contemporary skills at middle & senior levels continue as also internal movements, career progression to retain & reward individuals and provide avenues to shoulder higher responsibilities.

Job rotations, overseas visits and exposures continue towards building people capability in itself and for the future. Key positions continuity planning has been put in place to ensure a pipeline of quality & talented individuals.

Cordial industrial relations prevailed with the co-operation, support and belief amongst all employees. Welfare and Health measures are being continuously improved through provision of housing amenities, medical facilities, etc. Housing facilities are being expanded at Units. Tie up with educational bodies is regularly undertaken to enable providing quality education

to employees' children.

The Company has more than 3500 employees as on 30th September, 2006. The management places on record the contribution of employees during the year and their wholehearted cooperation in achieving the higher targets.

CAUTIONARY STATEMENT

Some of the statements in this Management Discussions and Analysis, describing the projections, estimates and expectations may be forward looking statements within the meaning of the applicable laws and regulations. Actual results may differ substantially from those expressed or implied, important developments that could affect the Company's operations include a shift in the industry structure, significant changes in political and economic environment in India and globally, tax laws, import duties, litigations and labour relations.

To

THE MEMBERS OF JINDAL SAW LIMITED

We have audited the attached Balance Sheet of JINDAL SAW LIMITED as at 30th September, 2006 and also the Profit and Loss Account and the Cash Flow Statement for the year 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 as amended by the Companies (Auditor's Report) (Amendment) 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 those 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, the 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.
- (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 30th September, 2006 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.
- (f) 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 30th September, 2006;
- (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date, and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

N. C. AGGARWAL

Partner

M.No. 05951

For & On behalf of

N. C. AGGARWAL & CO.

Chartered Accountants

Place : New Delhi

Dated : 28th November, 2006

AUDITORS' REPORT

ANNEXURE TO AUDITORS' REPORT

REFERRED TO IN PARAGRAPH (A) IN OUR REPORT OF EVEN DATE FOR THE YEAR ENDED 30.09.2006

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 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) The Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. (a) As explained to us, the management during the year has physically verified inventories. However, stocks in the possession and custody of third parties and stock in transit as at 30th September, 2006 have been verified by the Management with reference to confirmation or statement of account or correspondence of the third parties or subsequent receipt of goods. 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 account.
3. (a) (i) The Company has given interest free demand loan to a subsidiary company amounting to Rs. 800.74 Lacs and interest bearing demand loan to a subsidiary company amounting to Rs. 3,445.50 Lacs covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of said subsidiaries and the year-end balance of such loan is Rs.9,483.64 lacs and Rs. 4,246.24 Lacs respectively. The Company has not given any other loan to any other party.
- (ii) In our opinion and according to information and explanations given to us, the interest free / interest bearing demand loan with relevant terms and conditions on which loan has been given are not, prima facie, prejudicial to the interest of the Company.
- (iii) In respect of the aforesaid loan, the amount is repayable on demand, and the question of irregularity on payment does not arise.
- (iv) The aforesaid loan is repayable on demand and therefore, the question of overdue amounts does not arise.
- (b) As informed to us, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Thus Paragraph 4 (iii) (f) & (g) of the order, is not applicable.
4. In our opinion and according to information and explanations given to us, having regard to the explanation 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 continuing failure to correct major weaknesses in internal controls.
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. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

AUDITORS' REPORT

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 accounts and records maintained by the Company in respect of manufacture of steel and steel products to which the said rules are made applicable pursuant to the order made by the Central Government for maintenance of cost records prescribed under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have been made and maintained. We have not, however, made a detailed examination of such records with a view to determine whether these are accurate and complete.
9. (a) According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Sales Tax, Income Tax, Custom Duty, Investor education & Protection fund, Excise Duty, cess, Service Tax and Royalty. There are no arrears as at 30th September 2006 for a period of more than six months from the date they become payable.
- (b) According to the information and explanation given to us, the dues in respect of sales tax, excise that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending are given below:
- | Name of the Statute | Amount (Rs. in Lacs) | Forum where dispute is pending |
|---------------------|----------------------|----------------------------------|
| Sales Tax | 460.93 | Dy. Commissioner Appeal, Mathura |
| Sales Tax | 591.92 | Sales Tax Tribunal, Ahmedabad |
| Excise Duty | 3.16 | CESTAT, New Delhi |
| Excise Duty | 10.98 | Commissioner (appeals), Lucknow |
10. The Company has no accumulated losses at the end of the financial year and has not incurred any cash losses in the current year and immediately preceding financial year.
11. According to the information and explanation given to us, the Company has not defaulted in repayment of dues to the financial institutions, banks and debenture holders.
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. Therefore, the provision of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
13. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion, and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loan taken by others from banks, or financial institutions are not prima facie, prejudicial to the interest of the company.
16. In our opinion, and according to information and explanation given to us, the terms loans have been applied for the purpose for which they were raised.
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. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company has created security for the debentures issued.
20. The Company has raised money by Public issue i.e. preferential issue of Global Depository Shares (Greenshoe option) and Foreign currency convertible bonds during the year. We have verified the end use of such money raised as disclosed in notes to accounts (Refer Note No 10 of Schedule 22)
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 course of our audit.

N. C. AGGARWAL

Partner

M.No. 05951

For & On behalf of

N. C. AGGARWAL & CO.

Chartered Accountants

Place : New Delhi

Dated : 28th November, 2006

FINANCIAL STATEMENTS

BALANCE SHEET

DESCRIPTION	SCHEDULE No.	As At Sept. 30,2006 (Rs. in Lacs)	As At Sept. 30,2005 (Rs. in Lacs)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	14,836.47	14,711.47
Optionally Convertible Warrants (Note 3 (a) Of Schedule 1)		1,165.26	—
Reserves and Surplus	2	87,180.29	70,035.00
		103,182.02	84,746.47
Deferred Tax Liability (Net)	3	7,661.64	5,988.21
LOAN FUNDS			
Secured Loans	4	71,962.83	57,312.20
Unsecured Loans	5	66,032.55	42,457.29
		137,995.38	99,769.49
Total		248,839.04	190,504.17
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6	95,870.57	83,089.32
Less: Depreciation		24,359.60	19,187.72
Net Block		71,510.97	63,901.60
Capital Work in Progress		15,087.39	8,783.78
Pre-operative Expenses		1,576.49	162.30
		88,174.85	72,847.68
INVESTMENTS	7	9,647.20	9,622.48
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	137,412.79	92,624.91
Sundry Debtors	9	75,262.92	33,345.73
Cash and Bank Balances	10	39,098.30	15,085.91
Loans and Advances	11	18,278.89	16,455.74
		270,052.90	157,512.29
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	12	110,048.30	45,764.46
Provisions	13	8,987.61	3,713.82
		119,035.91	49,478.28
NET CURRENT ASSETS		151,016.99	108,034.01
Total		248,839.04	190,504.17
NOTES TO THE ACCOUNTS	22		

As per our report of even date attached.

N. C. AGGARWAL

Partner

M.No. 05951

For & on behalf of

N. C. AGGARWAL & CO.

Chartered Accountants

Place : New Delhi

Dated : 28th November, 2006

P. R. JINDAL

Vice Chairman

SUNIL JAIN

Company Secretary

SMINU JINDAL

Managing Director

H. S. CHOUDHARY

Wholetime Director

NARENDER MANTRI

Vice President (Finance)

FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT

DESCRIPTION	SCHEDULE No.	For the year 2005-06 (Rs. in Lacs)		For the year 2004-05 (Rs. in Lacs)	
INCOME					
Sales and Operational Income	14	406,148.95		239,282.03	
Less: Excise Duty		<u>20,582.38</u>	385,566.57	<u>7,920.39</u>	231,361.64
Other Income	15		3,147.12		1,444.32
Increase/(Decrease) in Stock	16		<u>31,158.93</u>		<u>19,037.65</u>
			<u>419,872.62</u>		<u>251,843.61</u>
EXPENDITURE					
Material Consumed/Sold			271,318.23		178,087.27
Manufacturing Expenses	17		69,895.37		27,939.58
Payments to and Provisions for Employees	18		8,163.15		4,094.60
Selling Expenses	19		22,797.29		9,500.86
Finance Expenses	20		12,615.53		9,469.62
Administrative & Other Expenses	21		3,559.12		4,061.10
Depreciation		5,607.75		3,961.98	
Less: Transfer to Revaluation Reserve		<u>417.62</u>	<u>5,190.13</u>	<u>419.82</u>	<u>3,542.16</u>
			<u>393,538.82</u>		<u>236,695.19</u>
Profit before Taxation			<u>26,333.80</u>		<u>15,148.42</u>
Provision for Income Tax					
– Current Tax		7,044.97		3,794.21	
– Fringe Benefit Tax		100.00		42.50	
– Deferred Tax Liability		1,673.43		1,330.44	
– Prior Period Tax Adjustment		<u>(118.19)</u>	<u>8,700.21</u>	<u>(93.79)</u>	<u>5,073.36</u>
Provision for Wealth Tax			13.50		1.80
PROFIT AFTER TAX			<u>17,620.09</u>		<u>10,073.26</u>
Debenture Redemption Reserve Written back			500.00		625.00
Profit Brought Forward			<u>18,607.24</u>		<u>12,769.90</u>
Disposable Profit			<u>36,727.33</u>		<u>23,468.16</u>
APPROPRIATIONS					
Interim Dividend paid on Preference shares			763.49		—
Corporate Tax on Above			107.08		—
Proposed Dividend :					
– on Equity Shares			2,418.22		1,884.58
– on Preference Shares			—		21.51
Dividend Paid			50.00		—
Corporate Tax on Proposed and Paid Dividends			346.17		267.33
General Reserve			2,500.00		1,250.00
Debenture Redemption Reserve			937.50		1,437.50
Balance Carried to Balance Sheet			<u>29,604.87</u>		<u>18,607.24</u>
			<u>36,727.33</u>		<u>23,468.16</u>
Basic Earning per Share (In Rs.) of Rs. 10/- each			34.67		25.62
Diluted Earning per Share (In Rs.) of Rs. 10/- each			33.20		20.78

NOTES TO THE ACCOUNTS

22

As per our report of even date attached.

N. C. AGGARWAL

Partner

M.No. 05951

For & on behalf of

N. C. AGGARWAL & CO.

Chartered Accountants

Place : New Delhi

Dated : 28th November, 2006

P. R. JINDAL

Vice Chairman

SMINU JINDAL

Managing Director

H. S. CHOUDHARY

Wholetime Director

SUNIL JAIN

Company Secretary

NARENDER MANTRI

Vice President (Finance)

FINANCIAL STATEMENTS

SCHEDULE

DESCRIPTION	As At Sept. 30,2006 (Rs. in Lacs)	As at Sept. 30,2005 (Rs. in Lacs)
SCHEDULE "1"		
SHARE CAPITAL		
AUTHORISED		
(i) 10,00,00,000 Equity Shares of Rs. 10/- each	10,000.00	10,000.00
(ii) 1,00,00,000 Redeemable Preference Shares of Rs. 100/- each	10,000.00	10,000.00
	20,000.00	20,000.00
ISSUED AND SUBSCRIBED		
(i) 4,83,65,108 (Previous year 4,71,15,108) Equity Shares of Rs. 10/- each	4,836.51	4,711.51
(ii) 1,00,00,000 7.85% Redeemable Non Convertible Cumulative Preference Shares of Rs. 100/- each	10,000.00	10,000.00
	14,836.51	14,711.51
PAID UP		
(i) 4,83,64,308 (Previous year 4,71,14,308) Equity Shares of Rs. 10/- each Add: Forfeited Capital 800 Equity Shares of Rs. 10/- each (partly paid up Rs. 5 each)	4,836.43 0.04	4,711.43 0.04
	4,836.47	4,711.47
(ii) 1,00,00,000 7.85% Redeemable Non Convertible Cumulative Preference Shares of Rs. 100/- each	10,000.00	10,000.00
	14,836.47	14,711.47

Notes:

- Of the Above Equity Shares
 - 20,08,000 were allotted pursuant to contract without payment being received in cash.
 - 66,13,936 were allotted pursuant to Schemes of Amalgamation without payment being received in cash.
 - 2,57,96,172 were allotted as bonus shares by capitalising Reserves and Share Premium
 - 650 have been held in abeyance and not allotted as a result of attachment orders by Govt. authorities, lost share certificates and other disputes.
- During the year 12,50,000 shares have been issued as underlying shares to the Global Depository Shares (GDS), (each representing one share) issued pursuant to the option exercised by the initial purchasers of GDS issued in the previous year.
- Options on Un-issued Share Capital
 - Share Warrant holders holding 24,12,542 warrants have rights to get their warrants converted into equity shares of Rs. 10/- at the rate of Rs. 483/- for each warrant within a period of 18 months from the date of issue i.e. 6th May, 2006.
 - Foreign currency convertible bond holders holding bonds for JPY 9,090,000,000 can convert the same on or after 12th July, 2006 upto 24th June, 2011 into newly issued equity shares of Rs.10/- each at an initial conversion price of Rs. 675/- per share with a fixed rate of exchange on conversion of JPY 2.533=Re.1.00
- Preference shares are redeemable in three yearly installments in the ratio of 30:30:40 at the end of fifth, sixth and seventh year from the date of allotment i.e. 22nd September, 2005. These also carry put / call option at the end of 5th Year.

FINANCIAL STATEMENTS

	As At Sept. 30, 2005 (Rs. in Lacs)	Additions/ created during the year	Deductions	As At Sept. 30, 2006 (Rs. in Lacs)
SCHEDULE "2"				
RESERVES AND SURPLUS				
(i) Capital Reserve	9.50	—	—	9.50
(ii) Capital Redemption Reserve	1,500.00	—	—	1,500.00
(iii) General Reserve	18,405.32	2,500.00	—	20,905.32
(iv) Debenture Redemption Reserve	2,375.00	937.50	500.00	2,812.50
(v) Share Premium Account	27,025.64	4,238.89	611.11*	30,653.42
(vi) Revaluation Reserve	2,112.30	—	417.62	1,694.68
(vii) Profit and Loss Account	18,607.24	18,120.09	7,122.46	29,604.87
Total	70,035.00	25,796.48	8,651.19	87,180.29
Previous year	36,088.25	41,104.07	7,157.32	70,035.00

* Utilized for Share / Convertible Bond Issue Expenses

	As At Sept. 30, 2006 (Rs. in Lacs)	As At Sept. 30, 2005 (Rs. in Lacs)
SCHEDULE "3"		
DEFERRED TAX LIABILITY		
A. Deferred Tax Liability		
Difference between book and tax depreciation	7,763.62	6,742.94
Total Deferred Tax Liability	7,763.62	6,742.94
B. Deferred Tax Assets		
1. Disallowance under Income Tax Act	101.98	30.27
2. Provision for Diminution in investments	—	28.95
3. Carried forward losses	—	695.51
Total Deferred Tax Assets	101.98	754.73
Deferred Tax Liability (Net) (A-B)	7,661.64	5,988.21

	As At Sept. 30, 2006 (Rs. in Lacs)	As At Sept. 30, 2005 (Rs. in Lacs)
SCHEDULE "4"		
SECURED LOANS		
A. Redeemable Non-Convertible Debentures		
	15,000.00	25,000.00
B. Term Loan		
(i) From Banks	21,785.17	12,797.80
(ii) From Financial institutions	400.00	2,350.25
C. Working Capital Loans	30,084.89	10,963.77
D. Deferred Sales Tax Loan	—	24.37
E. External Commercial Borrowings	4,692.77	6,176.01
	71,962.83	57,312.20

Note:

- A. 1. Debentures referred to in A above are secured by pari-passu charge by way of English mortgage on the Company's specific immovable properties located in the State of Gujarat and by way of equitable mortgage of Company's other immovable properties and hypothecation of moveable Fixed Assets in favour of Debenture Trustees.

FINANCIAL STATEMENTS

2. Debentures referred to the A above are privately placed and consist of:
 - (i) 9.75% Debenture of Rs. 100/- each aggregating to Rs. 7500.00 Lacs are redeemable in three equal Annual instalments commencing from 1st October, 2007.
 - (ii) 7.75% Debenture of Rs.10,00,000/- each aggregating to Rs. 7500.00 Lacs are redeemable in three equal Annual instalments commencing from 25th March, 2008.
 - (iii) Debentures referred to in (ii) above are also secured by personal guarantee of directors.
- B. 1. Term Loans from Banks include Loans of Rs.93.94 Lacs (Previous Year Rs.118.20 Lacs)for purchase of vehicles and secured by way of hypothecation of vehicles.
 2. Term Loans from Banks include loans of Rs.21091.41 Lacs(Previous Year Rs.12035.44 Lacs) which are secured by way of mortgage of Company's immovable properties and hypothecation of moveable assets (save and except book debts) both present and future, except those charged in favour of Company's bankers for securing Working Capital Facilities.
 3. Term Loans from Banks/Financial Institutions include loans of Rs. 14,437.50 Lacs (Previous Year Rs. 7281.55 Lacs) for which Director(s) personal Guarantee has been provided.
 4. Term Loans from Financial Institutions & others include a House Property loan of Rs. 599.82 Lacs (Previous Year Rs.644.16 Lacs) which is secured by way of exclusive charge on the Company's House Property situated in Delhi.
 5. Term Loans from Financial Insitutions & others include a loan of Rs.400.00 Lacs (Previous Years Rs.1800.00 Lacs), which is secured by way of charge subservient to 1st & 2nd charge holders on entire movable and immovable properties of the Company.
- C. Working Capital Loans are secured/to be secured by hypothecation of finished goods, raw-materials, work-in-progress, stores and spares, book debts and to be secured by second charge in respect of other moveable and immoveable properties of the Company.
- D. Deferred Sales Tax Loan is secured by way of second pari pasu charge on immovable assets and hypothecation of moveable assets at the Company's Kosi Kalan Unit (in UP).
- E. External Commercial Borrowings of Rs. 4692.77 Lacs (Previous Years Rs. 6176.01 Lacs) are secured by way of mortgage of Company's immovable properties and hypothecation of moveable assets (save and except book debts) both present and future, except those charged in favour of Company's bankers for securing Working Capital Facilities. These are also guaranteed by Director(s).

SCHEDULE "5"

UNSECURED LOANS

	As At Sept. 30, 2006 (Rs. in Lacs)	As At Sept. 30, 2005 (Rs. in Lacs)
(i) Fixed Deposits	4,004.48	4,035.93
(ii) Deferred Sales Tax Loan	5,326.69	2,188.35
(iii) Unsecured Loans from Banks	2,875.92	5,625.01
(iv) Foreign Currency Convertible Bonds	35,449.46	—
(v) External Commercial Borrowing	18,376.00	17,608.00
(iv) Commercial Paper	—	13,000.00
	66,032.55	42,457.29

Note:

- (i) Deferred Sales Tax loan and Unsecured Loan of Rs. 8202.61 Lacs (Previous Year Rs. 7813.36 Lacs) from Banks are guaranteed by one of the Directors.
- (ii) Unsecured loans from Banks/Commercial Paper includes amount of Rs. 1750.92 Lacs (Previous Year Rs. 14250.00 Lacs) payable within one year.
- (iii) External Commercial Borrowings of \$40 Million are repayable on 1st July, 2010.
- (iv) The Foreign Currency Convertible Bonds (FCCB) are convertible at any time on or after 12th July, 2006 and up to the close of business on 24th June, 2011 by holders of the Bonds into newly issued equity shares of Rs. 10 each of the company at the option of the Bondholder, at an initial conversion price of Rs. 675 per share with a fixed rate of exchange on conversion of JPY 2.533 = Re. 1.00 Unless previously converted redeemed or repurchased and cancelled, the bonds will mature on 1st July, 2011 at 117.928% of their principal amount.

FINANCIAL STATEMENTS

SCHEDULE "6" – FIXED ASSETS

(Rs. in Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.10.05	Additions	Deduction/ Adjustments	As At 30.09.06	UPTO 30.09.05	During the Year	Deduction/ Adjustment	UPTO 30.09.06	As At 30.09.06	As At 30.09.05
Tangible Assets:										
Land										
– Free hold	439.06	698.46	—	1,137.52	—	—	—	—	1,137.52	439.06
– Lease hold	394.17	—	—	394.17	78.78	6.46	—	85.24	308.93	315.39
Buildings	9,478.85	1,653.08	—	11,131.93	1,416.33	238.41	—	1,654.74	9,477.19	8,062.52
Plant & Machinery	71,662.24	11,185.43	958.14	81,889.53	17,368.16	5,250.97	412.59	22,206.54	59,682.99	54,294.08
Vehicles	686.71	86.10	63.02	709.79	212.45	66.76	23.28	255.93	453.86	474.26
Furniture & Fixtures	428.29	168.34	—	596.63	112.00	43.62	—	155.62	441.01	316.29
Intangible Assets:										
Computer Software	—	11.00	—	11.00	—	1.53	—	1.53	9.47	—
TOTAL	83,089.32	13,802.41	1,021.16	95,870.57	19,187.72	5,607.75	435.87	24,359.60	71,510.97	63,901.60
Previous Year	47,668.46	35,510.24	89.38	83,089.32	15,223.04	3,981.06	16.38	19,187.72	63,901.60	

Note:

A) Gross Block includes the following amount on account of revaluation made on 31st March, 1996 of Pipe Division at A-1, UPSIDC Indl. Area, Kosi Kalan at Net current Residual Replacement Value.

- | | |
|------------------|----------------------------------|
| (i) Land | |
| Freehold 7.38 | (ii) Building 548.34 |
| Leasehold 143.59 | (iii) Plant & Machinery 3,916.96 |

FINANCIAL STATEMENTS

SCHEDULE "7"

INVESTMENTS

LONG TERM – NON TRADE (AT COST)

Description	As At Sept. 30, 2006			As At Sept. 30, 2005		
	No. of Shares / Debentures	Face Value	Amount (Rs in Lacs)	No. of Shares/ Debentures	Face Value	Amount (Rs in Lacs)
A. Investment in Equity Shares of Subsidiary Companies						
Unquoted						
(a) Hexa Securities & Finance Co.Ltd.	25,500,000	10/-	2,550.00	25,500,000	10/-	2,550.00
(b) IUP Jindal Metals & Alloys Ltd.	7,300,000	10/-	4,131.80	7,300,000	10/-	4,131.80
(c) Jindal Enterprises LLC (USA)	1,000	\$1000	361.92	1,000	\$1000	361.92
			<u>7,043.72</u>			<u>7,043.72</u>
B. Investment in Equity Shares Quoted						
(a) Nalwa Sons Investments Ltd.	141,994	10/-	221.87	141,994	10/-	221.87
(b) Jindal Stainless Ltd.	2,615,375	2/-	595.47	2,615,380	2/-	595.47
(c) Jindal Steel & Power Ltd.	697,434	5/-	544.90	697,434	5/-	544.90
(d) Jindal Iron & Steel Co. Ltd.	—	—	—	—	—	—
(e) JSW Steel Ltd.	378,221	10/-	106.01	378,221	10/-	106.01
(f) Shalimar paints Ltd.	300,000	10/-	180.00	300,000	10/-	180.00
(g) Jindal South West Holdings Ltd.	94,555	10/-	63.07	94,555	10/-	63.07
			<u>1,711.32</u>			<u>1,711.32</u>
Unquoted						
(a) Rohit Tower Building Ltd.	2,400	100/-	2.40	2,400	100/-	2.40
(b) Sona Bheel Tea Ltd.	86,025	10/-	5.90	86,025	10/-	5.90
(c) Saw Pipes U.S.A. Inc	1,935,000	\$1	609.51	1,935,000	\$1	609.51
(d) Jindal Overseas Pte.Ltd.(Singapore)	153,000	\$1	31.40	153,000	\$1	31.40
(e) Daelim E&C India Pvt. Ltd.*	—	—	—	2,700,000	10/-	256.33
			<u>649.21</u>			<u>905.54</u>
Less: Provision for Diminution			—			<u>256.33</u>
			<u>649.21</u>			<u>649.21</u>
C. Securities of Govt./ Govt. Undertaking Quoted						
(a) 11.30 % GOI 2010	70,000	100/-	82.13	70,000	100/-	82.13
(b) 11.50% ICICI Bank Ltd.	140,000	100/-	160.72			
			<u>242.85</u>			<u>82.13</u>
Unquoted						
(a) National Savings Certificates	—	—	0.10	—	—	0.10
(b) Punjab State Electricity Board	—	—	—	4	400,000/-	16.00
(c) H.P.Road & Other Infrastructure Development Corporation Ltd.	—	—	—	20	100,000/-	20.00
(d) Gujrat State Petronet Limited	—	—	—	100	100,000/-	100.00
			<u>0.10</u>			<u>136.10</u>
TOTAL			<u>9,647.20</u>			<u>9,622.48</u>
Aggregate market value of quoted investments			<u>17,271.73</u>			<u>16,279.64</u>
Aggregate value of quoted investments			<u>1,954.17</u>			<u>1,793.45</u>
Aggregate value of unquoted investment			<u>7,693.03</u>			<u>7,829.03</u>

Notes: The Company has purchased and sold the following Current Investments in Mutual Funds during the year.

	No. of Units Purchased/sold	Amount of Purchase (Rs. In Lacs)
1 SBI -L072G Magnum Institutional Income Fund - Savings - Growth	5,466,273	600.00
2 GCCG Grindlays Cash Fund - Super Inst Plan C - Growth	18,501,217	2,000.00

* The Company has been wound up.

FINANCIAL STATEMENTS

	As At Sept. 30, 2006 (Rs. in Lacs)	As At Sept. 30, 2005 (Rs. in Lacs)
SCHEDULE "8"		
INVENTORIES		
(As taken valued and certified by the management)		
(i) Stores and Spares	4,185.85	2,842.82
(ii) Loose Tools	51.56	38.32
(iii) Finished goods	42,771.06	19,844.01
(iv) Work in Progress	14,755.77	7,488.46
(v) Raw Material*	73,037.67	60,764.99
(vi) Scrap	2,610.88	1,646.31
	137,412.79	92,624.91
* Includes Raw Material in Transit of Rs. 10536.96 Lacs (Previous Year Rs. 4936.29 Lacs)		
SCHEDULE "9"		
SUNDRY DEBTORS		
(Unsecured, considered good)		
(i) Exceeding six months	17,043.26	9,047.75
(ii) Others	58,219.66	24,297.98
	75,262.92	33,345.73
SCHEDULE "10"		
CASH AND BANK BALANCES		
(i) Cash on hand	13.92	21.49
(ii) Bank Balance with Scheduled banks		
- In Current Accounts	1,157.56	1,191.80
- In Fixed Deposit Account*	37,926.82	13,587.81
(iii) Bank balance with Unscheduled banks		
- In Current Accounts**	—	284.81
(JP Morgan Chase Bank, New York)		
	39,098.30	15,085.91
* This includes balance of unutilized money out of FCCB issue Rs. 34,669.28 Lacs (Previous Year Nil)		
** Balance of unutilized money out of GDS issue		
SCHEDULE "11"		
LOANS AND ADVANCES		
(i) Advances recoverable in cash or in kind or for value to be received - Considered Good	7,440.31	7,904.07
(ii) Earnest money and Security deposits	2,319.56	1,572.02
(iii) Balance with Customs and Port Authorities etc.	1,191.39	53.89
(iv) Inter Corporate Loans	944.33	890.42
(v) Loan to Subsidiary Company	4,246.24	863.99
(vi) Interest accrued on investments	7.92	1.97
(vii) Prepaid Expenses	500.17	1,781.36
(viii) Export Benefits/ Govt. Grants Receivables	1,628.97	3,388.02
	18,278.89	16,455.74
SCHEDULE "12"		
CURRENT LIABILITIES		
(i) Acceptances	3,549.62	3,420.37
(ii) Sundry Creditors	92,758.21	33,320.49
(iii) Advance from Customers	415.23	1,689.89
(iv) Interest Accrued but not due	1,054.71	478.41
(v) Other Liabilities	12,146.69	5,753.17
(vi) Unpaid Dividend*	123.84	99.33
(vii) Advance from Subsidiary	—	1,002.80
	110,048.30	45,764.46

* There is no amount due & Outstanding to be credited to Investor's Education and Protection Fund under section 205C of the Companies Act, 1956.

FINANCIAL STATEMENTS

	As At Sept. 30, 2006 (Rs. in Lacs)	As At Sept. 30, 2005 (Rs. in Lacs)
SCHEDULE "13"		
PROVISIONS:		
(I) For Taxation (Net of Prepaid Taxes)	5,908.73	1,345.04
(ii) For Proposed Dividend & Corporate tax thereon	2,757.38	2,173.42
(iii) Others	321.50	195.36
	8,987.61	3,713.82
	For the year 2005-06 (Rs. in Lacs)	For the year 2004-2005 (Rs. in Lacs)
SCHEDULE "14"		
SALES AND OPERATIONAL INCOME		
(i) Sales	387,311.02	229,797.26
(ii) Job Charges	10,561.80	4,841.37
(iii) Export/Deemed Export Benefits/Govt.Grants	8,276.13	4,643.40
	406,148.95	239,282.03
SCHEDULE "15"		
OTHER INCOME		
(I) Dividend on Long Term investment	187.22	206.19
(ii) Profit On Sales of Fixed Assets*	711.60	—
(iii) Profit On Sales of current Investments	1.21	173.42
(iv) Miscellaneous Receipts	878.52	318.25
(v) Foreign Exchange Fluctuation (Net)	1,368.57	744.79
(vi) Provision for diminution in investment, written back	—	1.67
	3,147.12	1,444.32
* Including Profit on Sales Of Fixed Assets from subsidiary Company Rs. 834.21 Lacs		
SCHEDULE "16"		
INCREASE / (DECREASE) IN STOCK		
OPENING STOCK		
Finished Goods	19,844.01	4,527.97
Work-in-progress	7,488.46	5,080.47
Scrap	1,646.31	332.69
	28,978.78	9,941.13
CLOSING STOCK		
Finished Goods	42,771.06	19,844.01
Work-in-progress	14,755.77	7,488.46
Scrap	2,610.88	1,646.31
	60,137.71	28,978.78
Increase/(Decrease) in Stock	31,158.93	19,037.65
SCHEDULE "17"		
MANUFACTURING EXPENSES		
(i) Stores and Spares	7,756.73	4,508.25
(ii) Power and Fuel	7,398.36	3,717.09
(iii) Outsourcing	50,310.87	17,979.75
(iv) Other Manufacturing expenses	3,233.66	1,086.85
(v) Repair and Maintenance:		
– Plant and Machinery	926.84	533.10
– Building & Others	268.91	114.54
	69,895.37	27,939.58

FINANCIAL STATEMENTS

	For the year 2005-06 (Rs. in Lacs)	For the year 2004-2005 (Rs. in Lacs)
SCHEDULE "18"		
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
(i) Salary, Wages and other Benefits	7,321.82	3,532.36
(ii) Contribution to Provident and other Funds	401.58	222.92
(iii) Workmen and Staff Welfare	439.75	339.32
	8,163.15	4,094.60
SCHEDULE "19"		
SELLING EXPENSES		
(i) Commission on Sales	2,524.23	2,148.23
(ii) Advertisement	52.56	67.47
(iii) Forwarding charges *	18,883.52	6,742.64
(iv) Other Selling Expenses	1,336.98	542.52
	22,797.29	9,500.86
* net of recoveries Rs. 2303.25 Lacs (Prev. Year Rs. 2636.62 Lacs)		
SCHEDULE "20"		
FINANCE EXPENSES		
(i) Interest on Fixed Deposits	378.02	310.44
(ii) Interest on Debentures	2,360.55	876.44
(iii) Interest on Term Loans	4,423.67	3,253.30
(iv) Interest on Bank Borrowings	4,649.45	2,307.01
(v) Bank and Finance charges	2,280.24	2,755.34
(vi) Interest to Others	408.51	469.34
	14,500.44	9,971.87
Less:		
(a) Interest Received:		
(i) Interest on Bonds and Debentures (TDS Rs. 33.02 Lacs, Previous Year Rs. 4.29 Lacs)	147.17	19.79
(ii) Other Interest on Loans, Advances and Deposit (TDS Rs. 174.83 Lacs, Previous Year Rs. 101.76 Lacs)	779.10	482.46
(b) Gain from Derivative Transactions	958.64	—
	1,884.91	502.25
	12,615.53	9,469.62
SCHEDULE "21"		
ADMINISTRATIVE AND OTHER EXPENSES:		
(i) Rent	153.33	130.33
(ii) Rates & Taxes	363.65	214.63
(iii) Insurance	308.21	284.90
(iv) Postage, Telegrams & Telephones	292.32	178.49
(v) Travelling & Conveyance	770.31	506.24
(vi) Legal & Professional	262.67	397.60
(vii) Vehicle upkeep & Maintenance	196.66	120.63
(viii) Director's Meeting Fees	3.70	3.00
(ix) Donations	151.62	115.05
(x) Miscellaneous Expenses	1,009.00	703.32
(xi) Auditor's Remuneration	18.58	13.39
(xii) Cost Auditor's Remuneration	1.50	3.91
(xiii) Liquidated Damages	6.58	—
(xiv) Bad Debts	15.52	1,309.30
(xv) Loss on Sale of Fixed Assets (Net)	—	11.09
(xvi) Previous Year Adjustment (Net)	5.47	69.22
	3,559.12	4,061.10

FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS SCHEDULE "22"

1. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company. All income & expenditure items having a material bearing on the financial statement are recognized on accrual basis, except in respect of insurance claims, Liquidated damages, and derivative transactions, where the exact quantum cannot be ascertained.

(B) SALES

- (a) The Sales are inclusive of Excise Duty but net of Sales Tax.
- (b) Material returned/rejected are accounted for in the year of return/rejection.
- (c) Revenue in respect of Service/ Works Contracts is recognized based on the Work performed and invoiced as per the terms of specific Contracts.
- (d) Revenue in respect of sale of goods is recognized either on delivery or on transfer of significant risk and rewards of ownership of the goods.
- (e) Incentives on exports as per the policy of Government are recognized in books after due consideration of certainty of utilization/receipt of such incentive/grant.

(C) FIXED ASSETS

(a) VALUATION OF FIXED ASSETS

- (i) Tangible Fixed Assets are stated at cost of acquisition inclusive of all incidental expenses related thereto except Land, Building and Plant & Machinery in respect of Pipe Division, at A-1 U.P.S.I.D.C. Kosi Kalan, Mathura (U.P.) which have been stated at revalued amount as a result of their revaluation.
- (ii) Intangible fixed assets such as software which is not an integral part of related hardware, is classified on an intangible asset and is being amortized over a period of 5 years.

(b) DEPRECIATION

- (i) Depreciation on all Fixed Assets of the Company is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956, as amended up to date.
- (ii) Depreciation on revalued fixed assets is computed on the assessed residual life of the respective assets and excess depreciation on account of revaluation provided under Schedule XIV of the Companies Act, 1956, has been transferred from Revaluation Reserve Account.

(c) EXPENDITURE DURING CONSTRUCTION PERIOD

All expenditure during construction period in respect of new project(s) including interest on borrowed loans are carried to pre-operative expenditure pending allocation on the completion of the project. All expenditure incurred during the construction period direct, incidental and ancillary are included under capital work-in-progress and the same are related to respective Fixed Assets on completion of project.

(D) VALUATION OF INVENTORIES

Inventories are valued at the lower of cost and net realizable value except scrap, which is valued at net realizable value. The cost is computed on Weighted Average Basis. Finished goods and work in progress includes cost of conversion and other overheads incurred in bringing the inventories to their present location and condition.

(E) INVESTMENTS

Long-term investments are stated at cost which inter-alia includes brokerage, commission, stamp duty etc. When there is a decline in their value except temporary decline, the carrying amount is reduced on an individual investment basis and decline is charged to the Profit and Loss account. Appropriate adjustment is made in carrying cost of investment in case of subsequent rise in value of investments. The loss on sale of non-convertible portion of Partly Convertible Debentures is added to the cost of convertible portion of Debentures where the intention is to retain the convertible portion of Debentures.

(F) FOREIGN EXCHANGE TRANSACTIONS

Foreign currency transactions during the year are recorded at the rate of exchange prevailing at the date of transaction.

FINANCIAL STATEMENTS

Current assets, loans other than for financing fixed assets and current liabilities in foreign currency, outstanding at the year end are translated at the rate of exchange prevailing at the close of the year and resultant gains/losses are recognized in the profit and loss account of the year except (a) in cases.

where they are covered by specific forward foreign exchange contracts in which cases these are translated at the contracted rates of exchange and the resultant gains/losses recognized in Profit and Loss Account over the life of the contract (b) in cases of fixed assets acquired from outside which are adjusted in the cost of assets.

In the case of foreign branches, being non-integral foreign operations, revenue items are converted at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on conversion is recognized in the exchange fluctuation reserves.

Gain or loss on reinstatement on the forward exchange transaction or on cancellation of forward exchange contracts, if any, is reflected in the profit and loss account or capitalized as the case may be.

Derivative transactions are considered as off-balance sheet items and cash flows arising there from are recognized in the books of account as and when the settlements take place in accordance with the terms of the respective contracts over the tenor thereof.

(G) CONTINGENT LIABILITIES

Contingent liabilities are not provided for in the accounts but are separately disclosed by way of a note.

(H) RETIREMENT BENEFITS

- (i) Gratuity: The amount paid to the Life Insurance Corporation of India under the Group Gratuity Scheme is charged to the Profit and Loss Account on annual basis. Yearly premium paid is sufficient to cover the liability.
- (ii) Leave Salaries: Provision is made for value of unutilized leaves due to employees at the end of the year.

(I) MISCELLANEOUS EXPENDITURE

- (i) Preliminary & Shares and Convertible Bonds issue expenses are adjusted from Share Premium Reserves.
- (ii) Deferred Revenue Expenses are amortized over a period of five years except in the case of leased assets where the same are amortized over the lease period.

(J) TAXATION

- (i) Current tax provision is computed for Income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws.
- (ii) Deferred tax is accounted at the current rate of tax to the extent of temporary timing differences that originate in one period and are capable of reversal in one or more subsequent periods.

2. CONTINGENT LIABILITIES

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
(a) Counter Guarantee given to Company's bankers for Guarantee given by them on behalf of the Company	30,921.59	28,050.62
(b) Letter of Credit Outstanding (Net of Liabilities provided in the books)	65,660.28	38,820.22
(c) Disputed Excise Duty	14.14	6.40
(d) Disputed Sales Tax	1,052.85	530.73
(e) Guarantees given to Bank for credit facilities to Jindal Enterprises LLC (Wholly Owned Subsidiary Abroad).	1,929.48	5,524.51
(f) Liability in respect of Corporate Guarantee (for 100% EOU Unit at Mundra)	5,699.77	1,976.41
(g) Bank Guarantee given to Custom Authority for export obligation for export under EPCG Scheme	NIL	399.73
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	7,672.69	578.91

FINANCIAL STATEMENTS

4. Based on the information available with the Company, the Sundry Creditors in Schedule "12" includes (a) Rs. 53.83 Lacs (Previous year Rs. 154.30 Lacs) to Small Scale Industrial Undertakings (b) Rs. 92,704.38 Lacs (Previous Year Rs. 33,166.19 Lacs) to other creditors. There is no amount outstanding to SSI suppliers which is due for more than 30 days beyond the credit period. The amount outstanding to SSI suppliers as on 30th September, 2006 is within the credit period and names are as follows:
- Ajanta Footware Co., ANK Seals Pvt. Ltd., Air Fridge Industries, Ambica Engg. Co., Aeron Industrial Springs, Atul Carbide Tools, Bright Industries, Bharat Chains & Lifting Tackles, Charang Refractories, Chadha Industries Pvt. Ltd., Disha Auto Components Pvt. Ltd., Duplex Engineering Works, Everest Transmission, Electronics & Engg. Co., Flexibles (India), Fabco Universal Co., G.R.R. Industries, Goswami Machine Tools, G E Industries, Grindwell Engineers, Hi-Tech Engineers, Jindal Syatem Pvt. Ltd., Jain Metal Foundry, J.P. Industries, Kanwal Ind. Corp., Key Industries, Logic Control P Ltd., Mansfield Cable Co., Maruti Industries, Metro Gases, Nasa Enterprises, Noopur Industries, OIL SEAL MFG. P.LTD, Precision Industrial & Equipment, Pioneer Industrial Corporation, Pioneer Industrial Equipment, Precision Tools & Knifes, Prathamesh Elektro Produkts, Prathoma Switchgears Pvt Ltd., Precision Industries, Parakh Rubber House, R.K.Plant, Rahul Engineering Enterprises, Ratna Industries, Rohan Industries, Rohelkhand Engines & Machines Pvt. Ltd., Super Industrial Works, Shakti Brushes & Electrical Syndicate, Shakti Engineering Works, Speedage Engineers (I) Pvt. Ltd., Super Industrial Works, S.M. Industries, S.V. Hitech, Saico Engg. & Fabricators, Sankalp Industries, Santo Enterprises, Sea Linkers Pvt. Ltd., Shree Mauli Engineering, Shree Swami Samartha Industries, Shreerag Engineering & Auto Pvt. Ltd., Standard Acid & Alkali, Swami Engineering Sinnar, Super Industrial Works, Techno Trak Engineers, Techno-Aid Enterprises, Valency Compounds Services - Ahmednagar, Vishal Industries, V R Coating Pvt. Ltd.
5. (a) The Company has unquoted investments of Rs. 7043.72 Lacs (Previous Year Rs. 2911.92 Lacs) in Subsidiary Companies, which have accumulated losses as per the latest available Balance Sheet and certain other unquoted investment where the fair value (amount unascertained) is lower than the cost, considering the long term strategic investments and future prospects, such diminution, in the opinion of the management, has been considered to be of temporary nature and hence no provision for the same is considered necessary.
- (b) An amount of Rs. 4246.24 Lacs (Previous Year Rs. 863.99 Lacs) is outstanding from Subsidiary companies, which have accumulated losses. Having regard to the long- term involvement & future prospects, no provision is considered necessary towards these outstanding.
6. Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any, which is not likely to be material, will be adjusted at the time of confirmation.
7. Due to the change in the Custom's Tariff in the last Union Budget (2006), there is no commercial benefit derived on account of duty free import of raw materials and sale of finished goods against DTA entitlement at concessional rate of custom duty in Domestic Tariff Area by the Export Oriented Unit of the Company. As such DTA sale entitlement in respect of exports made during the year 2005-06 has not been valued and recognized as operational income. Further, outstanding DTA entitlement as on the last balance sheet date (30.09.2005) aggregating to Rs. 2,122.63 Lacs has been reversed and added to Raw Material Consumption for the year. In future, if due to change in Government policies this entitlement starts yielding commercial benefits, the Company will start recognizing the same in its accounts.
8. The Stores and Spares consumed and Salaries & Wages incurred for repairs and maintenance of Plant and Machinery and shed and Building have not been allocated to the respective repairs and maintenance accounts.
9. In the opinion of the Board, the realisable value of Current assets, loans & advances, in the ordinary course of business, would not be less than the amount at which they are stated.
10. During the year Company has issued 12,50,000 GDS (Green Shoe Option) @USD 7.99 per GDS represented by equal No of equity shares of Rs.10/- each. The total amount received of Rs. 4238.89 Lacs has been utilized towards repayment of Term Loans and Working Capital Borrowings and issue expenses. The Company has also issued JPY 9090000000 0.75% Foreign Currency Convertible Bonds during the year. The Balance is lying with SBI London in Fixed Deposit account.
11. Capital work in progress includes Advance against capital goods and inventories of capital nature.

FINANCIAL STATEMENTS

12. (i) The amount of foreign exchange fluctuation amounting to Rs.569.87 Lacs (Debit) (Previous Year Rs. 1870.59 lacs – Credit) is included under the relevant heads of expenditure and income.
- (ii) The amount of foreign exchange fluctuation capitalized towards Fixed Assets is Rs. 519.86 Lacs (Credit).
13. Profit for the year includes Prior Period Adjustment of Rs. 5.78 Lacs (Debit) and Rs. 0.31 Lacs (Credit) (Previous Year – Rs. 97.34 Lacs (Debit) Rs. 28.12 Lacs (Credit)).
14. Profit or Loss on sale of raw material, stores and spares is not ascertained or shown separately and sale proceeds have been credited to the respective consumption accounts.
15. Related Party Transactions.

A. List of Related Parties & Relationship (As identified by the Management)**(a) Parties where control exists**

- | | |
|--------------------------------------|--------------|
| 1. Hexa Securities & Finance Co. Ltd | |
| 2. Jindal Enterprises LLC. | Subsidiaries |
| 3. IUP Jindal Metals & Alloys Ltd | |

(b) Associate Enterprises

- | | |
|------------------------------------|-----------|
| 1. Jindal United Steel Corporation | Associate |
|------------------------------------|-----------|

(c) Key Management Personnel

- | | |
|---------------------|--|
| 1. Sminu Jindal | Managing Director |
| 2. H.S. Chaudhary | Whole Time Director |
| 3. H. S. Bedi | Director–Technical |
| 4. O.P. Sharma | Director–Marketing |
| 5. Sunil Trehan | Directo–Spun Pipes Division |
| 6. V.S. Konnur | President & CEO, Seamless Tube Division |
| 7. K. Chandrayya | Director (Works), IPU |
| 8. Vikram Puri | Vice President–Corporate Human Resources |
| 9. Vinay Gupta | Vice President–Finance |
| 10. Narender Mantri | Vice President–Finance |

FINANCIAL STATEMENTS

B Transactions

Description	(Rs. in Lacs)			
	Subsidiaries	Associate	Key Management Personnel	Total
Purchase of Material/Services	—	—	—	—
	4,400.39	—	—	4,400.39
Sale of Fixed Assets	965.98	—	—	965.98
	—	4.17	—	4.17
Sale of Material/Services	104.44	55.32	—	159.76
	—	—	—	—
Interest Paid	—	—	3.81	3.81
	—	—	3.49	3.49
Toll Charges (Paid)	2,434.33	34,823.28	—	37,257.61
	—	15,286.89	—	15,286.89
Toll Charges (Received)	294.71	—	—	294.71
	—	—	—	—
Rent	—	53.98	—	53.98
	—	53.57	—	53.57
Remuneration Paid	—	—	228.84	228.84
	—	37.72	182.23	219.95
Reimbursement Received	16.18	—	—	16.18
	—	—	—	—
Investment during the year	—	—	—	—
	3,951.31	—	—	3,951.31
Loan Given During the Year	3,484.74	—	—	3,484.74
	—	—	—	—
Outstanding Balance as on 30.09.2006				
Receivable for services/material	14.81	2,328.41	—	2,343.22
	454.67	—	—	454.67
Creditors	955.29	13.42	—	968.71
	—	536.08	—	536.08
Investment outstanding	7,043.72	—	—	7,043.72
	7,043.72	—	—	7,043.72
Loans & Advances Outstanding	4,249.33	—	9.43	4,258.76
	863.99	—	—	863.99
Advances taken for Machinery	—	—	—	—
	1,002.80	—	—	1,002.80
Financial Guarantees	1,929.48	—	—	1,929.48
	5,524.51	—	—	5,524.51

Note: Unbold figures pertain to previous year.

FINANCIAL STATEMENTS

16. The Company has only one business segment 'Iron & Steel Products' as primary segment. The Secondary segment is Geographical, the information of which is given hereunder:

Particulars	Within INDIA (Rs. in Lacs)	Outside INDIA (Rs. in Lacs)	Total (Rs. in Lacs)
1. Gross Revenue	162,121.34	244,027.61	406,148.95
	81,992.35	157,289.68	239,282.03
Less: Excise Duty	20,582.38	—	20,582.38
	7,920.39	—	7,920.39
Net Revenue	141,538.96	244,027.61	385,566.57
	74,071.96	157,289.68	231,361.64
2. Segment Assets*	259,108.11	97,424.96	356,533.07
	190,652.85	37,594.82	228,247.67
3. Capital	19,849.97	—	19,849.97
Expenditure*	18,185.31	—	18,185.31

*The company's manufacturing facilities are located in India.

Note:

- Unbold figures pertain to previous year.
- Segments have been indentified in line with AS on Segment Reproting (AS-17) taking into account the organisational structure and nature of product and differential risk and return of these segments.

17. Disclosure as per amendment to clause 32 of the Listing Agreement.

Details of Inter Corporate Loans:

Description Name of the Company	Amount outstanding as on 30.09.2006 (Rs. in Lacs)	Maximum balance outstanding during the year. (Rs. in Lacs)
(a) Loans to Subsidiaries		
(i) Hexa Securities & Finance Co. Ltd	800.74	4,308.99
	863.99	1245.99
(ii) Jindal Enterprise LLC	3,445.50	5,174.65
	—	—
(b) Loans & Advances Where There is no Repayment Schedule		
(i) Stainless Investments Ltd	944.33	954.55
	890.42	890.42

Note:

- Unbold figures pertain to previous year.

18. (a) Auditors' Remuneration

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
1. Audit Fee	8.42	6.34
2. Tax Audit Fee	1.68	1.38
3. Taxation Matters	2.12	—
4. Certification /others	4.26	2.95
5. Out of pocket expenses	2.10	2.72
Total	18.58	13.39
(b) Directors' Remuneration		
1. Salary including allowances etc.	39.35	25.16
2. Commission	24.60	13.40
3. Contribution to P.F. etc.	3.64	2.21
4. Perquisites (as per Income Tax Rules)	8.49	3.46
Total	76.08	44.23

FINANCIAL STATEMENTS

19. Detail of Pre operative expenses Pending allocation on completion of the Mundra & Nasik, cock project is as under:

Detail of Pre-operative Expenses

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Raw material Consumption	—	5,445.59
Power & Fuel	185.32	554.69
Salary, Wages & Other Benefits	66.68	1,030.92
Contribution to PF & other Funds	4.90	35.97
Workman & Staff Welfare	3.98	61.39
Rent, Rates and Taxes	0.32	8.73
Insurance Expenses	2.49	—
Travelling & Conveyance	58.85	69.14
Interest and Bank Charges*	1,189.48	1,260.86
Miscellaneous Expenses	40.47	763.24
Depreciation	—	19.08
	1,552.49	9,249.61
Less:		
Govt Grant	—	22.96
Sales Value of Goods produced during trial period	—	2,891.77
Inter unit transfer	—	1,879.03
	1,552.49	4,455.85
Add: Preoperative Expenses brought forward	162.30	1,672.48
	1,714.79	6,128.33
Less; Capitalised during the year	138.30	5,966.03
Preoperative Expenses Carried Over	1,576.49	162.30

* Net of Interest Received Rs. 644.02 Lacs

20. Computation of Net Profit Under Section 349 Read with Section 198 of the Companies Act, 1956.

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Profit before Tax	26,333.80	15,148.42
Add:		
– Managerial Remuneration	76.08	44.23
– Director Sitting Fees	3.70	3.00
Net Profit for the year	26,413.58	15,195.65
Commission @ 1% to Whole Time Director	264.14	151.96
Maximum Commission payable restricted to 100% of salary as approved by shareholders	24.60	13.40
Commission paid	24.60	13.40

21. Earning Per Share (EPS) computed in accordance with Accounting Standard 20 "Earning Per Share"

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Basic and Diluted		
Profit after tax	17,620.09	10,073.26
Less: Preference dividend including tax thereon	870.57	24.53
Profit attributable to Equity Shareholders	16,749.52	10,048.73
No of Shares issued for Basic	48,316,363	39,224,472
No of Shares issued for Diluted	50,453,247	48,364,308
Basic EPS (Rs.)		
(For the Year of face value of Rs. 10/- each)	34.67	25.62
Diluted EPS (Rs.)		
(For the Year of face value of Rs. 10/- each)	33.20	20.78

FINANCIAL STATEMENTS

22. Additional Information Pursuant to Paragraph 3 & 4 of Part II of the Schedule VI of The Companies Act, 1956.

(A) INSTALLED CAPACITY AND PRODUCTION

Description	Unit	Installed Capacity		Production	
		Current Period	Previous Year	Current Period	Previous Year
(a) Iron & Steel Pipes	MT	1,400,000	1,250,000	644,101	323,892
(b) Anti-Corrosion Coating on Pipes	Sq.Mtr	10,000,000	7,000,000	3,089,977	1,154,554
(c) Cold Rolled Strips (Thinner Gauge)	MT	—	6,000	1,753	8,200
(d) Steel Plates	MT	—	—	223,006	201,749
(e) Pig Iron	MT	200,000	200,000	100,521	79,670
(f) Bevelling and End Finishing	MT	40,000	40,000	—	—
(g) Chemfering	MT	50,000	50,000	—	—

Notes:

1. The above production also includes goods manufactured for outside parties on job work basis as follows:

	Unit	Current Year	Previous Year
(i) Steel Pipes	MT	198	894
(ii) Cold Rolled Strips:Thinner Gauge	MT	1,593	7,094

2. The above production includes goods manufactured by third parties.

	Unit	Current Year	Previous Year
(i) Steel Pipes	MT	147,063	39,816
(ii) Steel Plates	MT	223,006	201,749

3. Captive Consumption of Steel Plates

Unit	Current Year	Previous Year
MT	—	452

4. Above Production includes production before start of Commercial production.

5. The above production of Anti Corrosion of Pipes includes the coating done for Steel Pipes Division.

6. Licensed capacity is not applicable in view of the Company's production having been delicensed as per the Liberalised Licensing Policy announced by the Govt. of India.

7. Installed capacity is as certified by the management.

(B) RAW MATERIAL CONSUMPTION / SOLD

Description	Unit	Current Year		Previous Year	
		Qty	Amount (Rs. in Lacs)	Qty	Amount (Rs. in Lacs)
(i) Raw Material Consumed					
Steel Plates/Coils	MT	267,254	87,050.09	241,311	74,883.61
Steel Slabs	MT	503,988	119,280.19	285,341	70,059.51
Round/billets	MT	56,056	14,158.73	41,182	11,488.42
Coating Material*			9,595.64		1,308.34
Coal/Coke	MT	329,139	13,212.37	116,604	11,615.81
Iron Ore	MT	399,002	12,286.53	180,058	5,422.12
Value of DTA sale Entitlement & advance license utilised			2,122.63		90.51
Others			9,874.05		8,664.54
			267,580.23		183,532.86
Less: Transferred to Preoperative Exp.			—		5,445.59
Net Consumption			267,580.23		178,087.27
(ii) TRADING GOODS PURCHASE					
Steel pipes	MT	4,523	3,241.74		
Others			496.26		
			3,738.00		
Total			271,318.23		178,087.27

*Quantity of consumption of coating material has not been given since their unit of measurement are different.

FINANCIAL STATEMENTS

(C) Quantitative Information of Finished Goods Stocks

Description	Unit	Opening Stock As on 01.10.2004		Closing Stock As on 30.09.2005 and Opening Stock As on 01.10.2005		Closing Stock As on 30.09.2006	
		Qty	Amount (Rs. in Lacs)	Qty	Amount (Rs. in Lacs)	Qty	Amount (Rs. in Lacs)
Finished Goods:							
Iron & Steel Pipes	MT	6,608	1,900.39	24,779	10,703.06	73,451	31,882.09
Steel Plates	MT	8,660	2,540.77	25,465	7,819.66	30,436	9,912.80
Pig Iron	MT	—	—	8,396	1,102.35	5,611	870.18
Others	MT	—	86.81	—	218.94	—	105.99
			<u>4,527.97</u>		<u>19,844.01</u>		<u>42,771.06</u>

(D) Sales

Description	Unit	Current Year		Previous Year	
		Qty	Amount (Rs. in Lacs)	Qty	Amount (Rs. in Lacs)
Iron & Steel Pipes	MT	599,754	280,768.78	304,827	140,396.64
Steel Plates/Coils	MT	218,035	78,440.76	192,009	72,298.82
Pig Iron	MT	103,306	17,111.87	71,275	12,588.15
Scrap			10,116.00		5,875.40
Others			873.61		1,530.02
TOTAL			<u>387,311.02</u>		232,689.03
Less: Sales value of goods produced during trial period			—		2,891.77
			<u>387,311.02</u>		<u>229,797.26</u>

(E) C.I.F. Value of Imports

Description	Current Year Amount (Rs. in Lacs)	Previous Year Amount (Rs. in Lacs)
Raw Material	94,313.06	91,681.40
Stores & Spares	1,007.04	610.27
Capital Goods	3,156.09	1,853.56

(F) Break up of the Consumption of Raw Materials and Stores and Spares into Imported and Indigeneous

	% age	Current Year (Rs. in Lacs)	% age	Previous Year (Rs. in Lacs)
(a) Raw Material		0		
Imported	43	113,696.30	39	72,155.47
Indigeneous	57	151,761.30	61	111,286.88
	100	<u>265,457.60</u>	100	<u>183,442.35</u>

exclude DTA entitlement utilised Rs 2122.63 lacs (Previous Year Rs.90.51 Lacs)

(b) Stores & Spares

	% age	Current Year (Rs. in Lacs)	% age	Previous Year (Rs. in Lacs)
Imported	9	679.21	9	412.86
Indigeneous	91	7,077.52	91	4,095.39
	100	<u>7,756.73</u>	100	<u>4,508.25</u>

FINANCIAL STATEMENTS

(G) Expenditure in Foreign Exchange

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
(i) Travelling	91.53	50.98
(ii) Interest & Bank Charges	1,402.90	320.78
(iii) Commission on Sale	1,747.42	1,742.95
(iv) Fees and Subscription	5.05	11.22
(v) Legal & Professional	100.12	25.04
(vi) Advertisement	3.06	10.48
(vii) Expresses of Overseas Branch	137,457.63	92,153.64
(viii) Others	3.83	16.39

(H) Earning in Foreign Exchange

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
(i) F.O.B. Value of Exports	95,967.45	59,800.77
(ii) Interest	402.06	138.15
(iii) Revenue of Overseas Branch	148,254.85	94,351.10

(I) Remittance of Foreign Currency on Account of Dividend

	Current Year 2004-05	Previous Year 2003-04
(a) Financial year to which dividend relates		
(b) No. of NRI shares holders	12	19
(c) No. of shares held	9,733,600	9,736,100
(d) Net amount of dividend remitted – (Net of Tax) (Rs. in Lacs)	389.34	243.40

23. Previous years figures have been regrouped/re-arranged, wherever necessary and practical.

24. Schedule 1 to 22 are annexed and form integral part of Balance Sheet and Profit and Loss Account.

As per our report of even date attached.

N. C. AGGARWAL

Partner

M.No. 05951

For & On behalf of

N. C. AGGARWAL & CO.

Chartered Accountants

Place : New Delhi

Dated : 28th November, 2006

P. R. JINDAL

Vice Chairman

SUNIL JAIN

Company Secretary

SMINU JINDAL

Managing Director

H. S. CHOUDHARY

Wholetime Director

NARENDER MANTRI

Vice President (Finance)

BALANCE SHEET ABSTRACT AND COMPANIES BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration no.	23979	State Code 20	Balance Sheet	30.09.2006
II. Capital raised during the year (Rs. in thousands)				
Public issue		12,500		
Bonus Issue		Nil		
Rights Issue		Nil		
Private placement		Nil		
III. Position of mobilisation and deployment of funds (Rs. in thousands)				
Total Liabilities		24,883,904	Total Assets	24,883,904
Sources of Funds:				
Paid up Capital		1,483,647	Reserves and Surplus	8,718,029
Deferred Tax Liability		766,164	Optionally Convertible Warrants	116,526
Secured Loan		7,196,283	Un-secured loans	6,603,255
Application of Funds:				
Net fixed Assets		8,817,485	Investments	964,720
Net Current Assets		15,101,699	Misc. Expenditure	Nil
Accumulated losses		Nil		
IV. Performance of the company (Rs. in thousands)				
Gross Turnover		40,614,895	Total expenditure	39,353,882
Net Turnover		38,556,657		
Profit before Tax		2,633,380	Profit after tax	1,762,009
Earning per share (Rs) – Equity basic		34.67		
Earning per share (Rs) – Equity diluted		33.20		
Dividend Rate		50%		
V. Generic name of three principal products of the Company				
Product description			Item Code No	
(I) Steel Pipe			7304.90 / 7305.90	
(ii) Cold Rolled Strips			7219.20 / 7220.20	

FINANCIAL STATEMENTS

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER, 2006

PARTICULARS

	For the Year 2005-06 (Rs. in Lacs)	For the Year 2004-05 (Rs. in Lacs)
A. Cash Inflow (outflow) from the Operating Activities		
Net Profit Before Tax and Extraordinary Activity	26,333.80	15,148.42
Adjustments for		
Add/(Less)		
Depreciation	5,190.13	3,542.16
Effect of unrealised Foreign Exchange Fluctuation	3.39	
Other income(Dividend)	(187.22)	(206.19)
(Profit)/loss on Sale of Investment	(1.21)	(173.42)
Interest Paid	12,220.20	7,216.53
(Profit)/loss on Sale of Fixed Assets	(711.60)	11.09
Interest Received	(1,884.91)	(502.25)
Operating Profit Before Working Capital Changes	40,962.58	25,036.34
Adjustments for:-		
Inventories	(44,787.88)	(47,442.47)
Sundry Debtors	(41,917.19)	7,693.17
Other Current Assets	1,545.70	(4,707.65)
Current Liabilities	63,809.17	(15,798.54)
Cash Generated from Operations	19,612.38	(35,219.15)
Tax Paid	(2,476.59)	(3,003.70)
Net Cash Inflow/ (Outflow) from Operating Activities	17,135.79	(38,222.85)
B. Cash Inflow/(Outflow) from Investment Activities		
(Increase)/Decrease in Long Term Investment	(24.72)	(4,021.54)
Capital Expenditure	(19,849.97)	(18,185.31)
Sale proceeds of Fixed Assets	1,296.89	61.91
Loan to Subsidiary	(3,382.25)	
Inter Corporate Loan	(53.91)	90.37
Interest Received	2,718.34	227.89
Proceeds from Sale of Current Investments(net of Purchases)	1.21	173.42
Dividend Received	65.13	197.12
Net Cash Inflow/(Outflow) from Investing Activities	(19,229.28)	(21,456.14)
C. Cash Inflow/(Outflow) from Financing Activities		
Dividend paid	(3,076.49)	(1,087.55)
Interest paid	(13,477.40)	(8,158.28)
Proceeds from Eq. Share Cap.including Share Premium	4,363.89	28,531.81
Proceeds from Optionally Convertible Warrants	1,165.26	—
Share Issue Expenses	(611.11)	(1,251.58)
Proceeds from Pref. Share Capital	—	10,000
Working Capital loans from Banks	18,852.32	3,896.60
Increase/(Decrease) in Secured Loan	(4,302.78)	9,257.35
Increase/(Decrease) in FCCBs	35,886.30	—
Increase/(Decrease) in Fixed Deposits	(31.45)	1,055.90
Increase/(Decrease) in Unsecured Loan	(12,662.66)	29,137.56
Net Cash Inflow/(Outflow) Used in Financing Activities	26,105.88	71,381.81
Net Changes in Cash & Cash Equivalent	24,012.39	11,702.82
Cash and cash equivalent (opening balance)	15,085.91	3,383.09
Cash and cash equivalent (Closing balance)	39,098.30	15,085.91

Notes:

- Increase in secured and unsecured loans are shown net of repayments.
- Purchase of fixed assets includes movements of Capital Work-in-progress between the beginning and end of the year.
- Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached.

N. C. AGGARWAL

Partner

M.No. 05951

For & on behalf of

N. C. AGGARWAL & CO.

Chartered Accountants

Place : New Delhi

Dated : 28th November, 2006

P. R. JINDAL

Vice Chairman

SMINU JINDAL

Managing Director

H. S. CHOUDHARY

Wholtime Director

SUNIL JAIN

Company Secretary

NARENDER MANTRI

Vice President (Finance)

FINANCIAL STATEMENTS

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary company.

(a) Subsidiary Company	Hexa Securities & Finance Co. Ltd.	Jindal Enterprises L.L.C	IUP Jindal Metals & Alloys Ltd.
(b) Holding Company's Interest	Holds 100% of 2,55,00,000 Equity Shares of Rs. 10/- each	Holds 100% of 1000 Equity Shares of US\$1000 each	Holds 73% of 1,00,00,000 Equity Shares of Rs. 10/- each
(c) Financial Year of the Company ended on	30th September, 2006	30th June, 2006	31st March, 2006
(d) Net aggregate amount of subsidiary Company's Profit (Loss) not dealt within the Company's Account			
(i) For the Subsidiary Company's financial year ended 30th Sept, 2006	Profit Rs. 72.48 Lacs	Loss US\$863,232	Loss Rs. 65.20 Lacs
(i) For the Subsidiary Company's previous financial periods, since it became the holding Company's Subsidiary	Loss Rs. 2321.32 Lacs	Loss US\$7,532,103	NIL
(e) Net aggregate amount of the subsidiary Company's Profit/Loss dealt within the Company's account.			
(i) For the subsidiary Company's financial period ended 30 th Sept, 2006	NIL	NIL	NIL
(ii) For the subsidiary Company's previous financial period since it became the holding Company's Subsidiary	NIL	NIL	NIL
(f) Holding Company's interest as at 30.09.2006 incorporating changes since close of financial year/period of Subsidiary Company in pursuance of Section 212 (5) of the Companies Act, 1956.	No change	No change	No change

P. R. JINDAL
Vice Chairman

Place : New Delhi
Dated : 28th November, 2006

S MINU JINDAL
Managing Director

SUNIL JAIN
Company Secretary

H. S. CHOUDHARY
Wholetime Director

NARENDER MANTRI
Vice President (Finance)

HEXA SECURITIES & FINANCE COMPANY LTD.**DIRECTORS' REPORT**

Your Directors are pleased to present the 12th Annual Report together with the Audited Statement of Accounts for the year ended 30th September, 2006.

1. FINANCIAL RESULTS & DIVIDEND

During the year under report, the Company has earned income amounting to Rs. 72.48 Lacs. However, due to accumulated losses of earlier years, the Directors do not recommend any dividend.

2. AUDITORS' REPORT

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

3. AUDITORS

M/s Amod Agrawal & Co. Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

4. DIRECTORS

Shri Raj Kamal Agarwal retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

5. 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:

- (a) That in the preparation of the annual accounts for the financial year ended 30th September, 2006 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 at the end of the financial year and of the profit and loss of the Company for the year 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.

- (d) That the Directors had prepared the accounts for the financial year ended 30th September, 2006 on a 'going concern' basis.

6. AUDIT COMMITTEE

Your Company has an Audit Committee comprising of the following Directors:

- (i) Shri Ranjit Malik,
- (ii) Shri Arvind Kiran Aggarwal and
- (iii) Shri Raj Kamal Agarwal

7. OTHER INFORMATION

There are no activities of the Company which required to be reported U/s 217(1)(e) of the Companies Act, 1956 regarding conservation of energy, technology, absorption etc. The Company did not earn any foreign exchange nor spent during the year under review. There is no employee in the Company whose particulars are required to be disclosed U/s 217(2A) of the Companies Act, 1956.

By Order of the Board of Directors

For HEXA SECURITIES & FINANCE CO. LTD.

(RAJ KAMAL AGARWAL) (RANJIT MALIK)
Director Director

Place: New Delhi

Date: 24th November, 2006

AUDITORS' REPORT

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

TO THE MEMBERS' OF HEXA SECURITIES & FINANCE COMPANY LIMITED

We have audited the attached Balance Sheet of HEXA SECURITIES & FINANCE CO. LIMITED as at 30th September, 2006 together with annexed Profit and Loss Account and the Cash Flow Statement for the year 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 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:
- 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;
 - In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of books.
 - 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.
 - 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.
 - 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 30th September, 2006 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.

- In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2006.
- In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
- In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

AMOD AGRAWAL

Prop.

M.No. 90561

For and On behalf of

AMOD AGRAWAL & CO.

Chartered Accountants

Place : New Delhi

Dated : 24th November, 2006

ANNEXURE TO AUDITORS' REPORT

REFERRED TO IN PARAGRAPH (A) IN OUR REPORT OF EVEN DATE FOR THE YEAR ENDED 30.09.2006.

1. The Company does not have any fixed assets and hence, the question of verification thereof does not arise.
2. (a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4 (iii)(b) to (d) of the Order is not applicable.
(b) (i) The Company has taken unsecured interest free loan from its holding company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of said holding company and the year end balance of such loan is Rs. 4308.99 Lacs and Rs. 800.74 Lacs respectively.
(ii) In our opinion and according to information and explanations given to us, the interest free demand loan with relevant terms and conditions on which loan has been taken are not, prima facie, prejudicial to the interest of the Company.
(iii) In respect of the aforesaid loan, the amount (principal as well as interest) is repayable on demand, and the question of irregularity on payment does not arise.
(iv) The aforesaid loan is repayable on demand and therefore the question of overdue amounts does not arise.
3. In our opinion and according to information and explanations given to us, the internal control system with regard to purchase and sale of investments is adequate and commensurate with the size of the company and the nature of its business. There was no purchase and sale of inventories.
4. (a) In our opinion and according to the information and explanations given to us, there are no particulars of contracts or arrangements required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
(b) In our opinion and according to the information and explanations given to us, as there are no transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, paragraph 4(v) (b) of the order is not applicable.
5. 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.
6. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
7. (a) The Company is regular in depositing with the appropriate authorities' undisputed statutory dues i.e. Income Tax etc. There is no arrears as at 30th September, 2006 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 is no statutory dues of Income Tax which have not been deposited on account of any dispute.
8. *The accumulated losses of the Company as at 30th September, 2006 is more than fifty per cent of its net worth.* The Company has not incurred cash losses in the current financial year and the immediately preceding financial year.
9. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions. The Company has not taken any loan from banks and debenture holders.
10. 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.
11. According to the information and explanations given to us, the company has not given guarantee for loan taken by others from financial institutions, the terms and conditions of which are prima facie, not prejudicial to the interest of the company.
12. The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares and other investments and that timely entry have been made therein. All shares and other securities have been held by the Company in its own name.
13. 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.
14. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
15. The Company has not issued any debentures. Accordingly paragraph 4(xix) of the order is not applicable.
16. The Company has not raised any money by Public issue during the year. Accordingly paragraph 4(xx) of the order is not applicable.
17. 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 course of our audit.

AMOD AGRAWAL

Prop.

M.No. 90561

For and on behalf of

AMOD AGRAWAL & CO.

Chartered Accountants

Place : New Delhi

Dated : 24th November, 2006

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

BALANCE SHEET

HEXA SECURITIES & FINANCE COMPANY LIMITED

DESCRIPTION	SCHEDULE	As At 30.09.2006 (Rs.)	As At 30.09.2005 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
(A) Share Capital	A	255,000,000	255,000,000
(B) Reserves and Surplus	B	5,641,000	4,191,000
LOAN FUNDS			
(A) Unsecured Loans	C	599,338,925	625,399,315
TOTAL		859,979,925	884,590,315
APPLICATION OF FUNDS			
Investments	D	575,279,938	609,766,658
Current Assets , Loans & Advances			
(A) Cash and Bank Balances	E	4,180,265	131,422
(B) Loans and Advances	F	55,836,140	60,569,248
		60,016,405	60,700,670
Current Liabilities & Provisions			
(A) Current Liabilities	G	1,650,783	18,009,297
		1,650,783	18,009,297
Net Current Assets		58,365,622	42,691,373
Profit and Loss Account		226,334,365	232,132,284
Total		859,979,925	884,590,315
Notes to the Accounts	H		

As per our Report of even date attached

AMOD AGRAWAL

Prop.

M.No. 90561

For and On behalf of the

AMOD AGRAWAL & CO.

Chartered Accountants

RAJ KAMAL AGARWAL

RANJIT MALIK

Directors

Place : New Delhi

Dated : 24th November, 2006

PROFIT AND LOSS ACCOUNT

HEXA SECURITIES & FINANCE COMPANY LIMITED

DESCRIPTION	SCHEDULE	Year Ended 30.09.2006 (Rs.)	Year Ended 30.09.2005 (Rs.)
I. INCOME			
Interest Received (TDS of Rs. 9,76,258/-, Previous Rs. 1,761,264/-)		4,350,526	7,848,772
Dividend Received		27,086,955	26,685,443
Profit on sale of Investment		—	8,658,892
Interest on 10% OCD		—	8,907,634
Total (I)		31,437,480	52,100,741
II. EXPENDITURE			
Registration & Filing Fee		1,500	3,102
Legal & Professional Exp		55,610	36,520
Bank Interest & Finance Charges		3,418	4,154
Loss on sale of Investment		4,462,192	—
Interest on Intercompany Loan		19,650,155	31,681,949
Miscellaneous Expenses		1,535	1,385
Audit Fee		15,152	14,877
Total (II)		24,189,562	31,741,987
Profit / (Loss) Before Tax(I-II)		7,247,919	20,358,754
Less : Provision For Taxation		—	(13,000)
: Previous Year Tax Adjustments		—	610,634
Profit (Loss) After Tax		7,247,919	20,956,388
Less: Transfer to Statutory Reserve		(1,450,000)	(4,191,000)
Less: Previous Year's Loss Brought Forward		(232,132,284)	(248,897,672)
(Loss) Carried To Balance Sheet		(226,334,365)	(232,132,284)
Basic Earning per Share		0.28	0.82
Diluted Earning per Share		0.28	0.82
Notes to the Accounts	H		

As per our Report of even date attached

AMOD AGRAWAL

Prop.

M.No. 90561

For and On behalf of the

AMOD AGRAWAL & CO.

Chartered Accountants

RAJ KAMAL AGARWAL

RANJIT MALIK

Directors

Place : New Delhi

Dated : 24th November, 2006

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

SCHEDULE FORMING PART OF THE BALANCE SHEET HEXA SECURITIES & FINANCE COMPANY LIMITED

DESCRIPTION	As At 30.09.2006 (Rs.)	As At 30.09.2005 (Rs.)
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
26000000 Equity Shares of Rs. 10/- each	260,000,000	260,000,000
Issued Subscribed & Paid Up		
25500000 equity shares of Rs. 10/- each fully paid up	255,000,000	255,000,000
	255,000,000	255,000,000
SCHEDULE - B		
RESERVES & SURPLUS		
Statutory Reserve	5,641,000	4,191,000
	5,641,000	4,191,000
SCHEDULE - C		
UNSECURED LOANS		
Long Term Loans	117,738,804	200,000,000
Loan from Holding Company	80,074,315	86,399,315
Inter Corporate Loans	271,525,806	339,000,000
Zero Coupon Optionally Convertible Bonds	130,000,000	—
	599,338,925	625,399,315

Note :-

Zero Coupon 1300000 Optionally Convertible Bonds of Rs. 100/- each aggregating to Rs. 1300 Lacs issued on 1st October, 2005 have an option to convert into one equity share of Hexa Securities & Finance Co. Ltd. of Rs. 10/- each at rate of Rs.80/- per share after 7 years i.e.on 01st October,2012.

SCHEDULE – D

LONG TERM INVESTMENTS IN SHARES (AT COST)

PARTICULARS	As At 30.09.2006			As At 30.09.2005		
	Face Value	No. of Shares	Amount (Rs.)	Face Value	No. of Shares	Amount (Rs.)
Quoted						
JSW Steel Limited	10/-	1,752,056	380,107,280	10/-	1,455,098	332,594,000
JSW Steel Ltd (Warrants) *			—		296,958	—
Nalwa Sons Investments Ltd.	10/-	125,729	30,352,042	10/-	125,729	30,352,042
Jindal Stainless Ltd.	2/-	2,315,800	81,458,829	2/-	2,315,800	81,458,829
Jindal Steel & Power Limited	5/-	617,548	74,540,741	5/-	617,548	74,540,741
The Associated Cement Companies Ltd.	10/-	2	698	10/-	2	698
Dr.Reddy's Laboratories Ltd.	5/-	4	1,729	5/-	2	1,729
Electrosteel Castings Ltd.	10/-	2	695	10/-	2	695
Gujarat Ambuja Cement Ltd.	2/-	15	837	2/-	2	837
Hindustan Lever Ltd.	1/-	2	297	1/-	2	297
Infosys Technologies Ltd.	5/-	2	4,223	5/-	2	4,223
Maharashtra Seamless Ltd.	5/-	4	643	10/-	2	643
Maruti Udyog Ltd.	5/-	2	946	5/-	2	946
Man Industries Ltd	10/-	2	181	10/-	2	181
ONGC Ltd.	10/-	2	1,684	10/-	2	1,684
PSL Holdings Ltd.	10/-	2	323	10/-	2	323
Ranbaxy Laboratories Ltd.	5/-	4	2,510	5/-	2	2,510
Reliance Energy Ltd.	10/-	2	1,130	10/-	2	1,130
Reliance Industries Ltd.	10/-	2	1,079	10/-	2	1,079
Satyam Computers Ltd.	2/-	2	839	2/-	2	839
State Bank of India	10/-	2	1,313	10/-	2	1,313
The Tata Iron & Steel Co. Ltd.	10/-	2	780	10/-	2	780
Tata Motors Ltd.	10/-	2	1,056	10/-	2	1,056
Welspun Gujarat Stahl Rohren Ltd.	5/-	2	83	5/-	2	83
TOTAL			566,479,938			518,966,658
Unquoted						
Lord Krishna Bank Ltd.	10/-	150,000	1,800,000	10/-	150,000	1,800,000
TOTAL			1,800,000			1,800,000
Share Application Money						
Perfect Latex Pvt. Ltd.			7,000,000			—
			7,000,000			—
OCD (Optionally Convertible Debentures)						
Unquoted						
10% OCD Jindal Transworld P.Ltd			—	100/-	890,000	89,000,000
			—			89,000,000
GRAND TOTAL			575,279,938			609,766,658
Aggregate Market Value of Quoted Investment			1,849,714,167			1,738,523,548
Aggregate Value of Quoted Investments			566,479,938			518,966,658

* 296958 Warrants were converted into 296958 Equity Shares of Rs. 10/- each at a price of Rs. 160/- per share

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

DESCRIPTION	As At 30.09.2006 (Rs.)	As At 30.09.2005 (Rs.)
SCHEDULE - E		
CASH AND BANK BALANCES		
Cash in Hand	6,567	8,486
Balance with Scheduled Bank in Current Account	4,173,698	122,936
	4,180,265	131,422
SCHEDULE - F		
LOANS AND ADVANCES		
Advances recoverable in cash or for value to be received considered good	9,880,780	—
Prepaid Taxes (Net of Provision)	4,658,606	3,187,943
Inter Corporate Deposits	31,750,000	41,890,598
Interest Receivable	9,546,754	15,490,707
	55,836,140	60,569,248
SCHEDULE - G		
CURRENT LIABILITIES		
T.D.S Payable	305,669	187,036
Audit Fee Payable	42,702	27,550
Interest Accrued but not due	1,302,412	17,794,711
	1,650,783	18,009,297

SCHEDULE - H

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) GENERAL

Accounting Policies not specifically referred to are in consonance with generally accepted accounting principles.

(b) BASIS OF ACCOUNTING

All income and expenditure have been accounted for on accrual basis.

(c) INVESTMENTS

Long Term Investment has been stated at cost.

- All investments held by the Company has been shown as long term investment as in the opinion of the management the same is held for long term purposes. Any fall in the Market Value of long-term investment has not been provided since in the opinion of management such fall is temporary in nature.
- Schedules 'A' to 'H' are annexed to and form an integral part of the Balance Sheet and Profit and Loss Account.
- The Company has given an undertaking to Financial Institutions for loan taken by JSW Steel Limited (Formerly Jindal Vijaynagar Steel Limited) not to dispose off the investment in JSW Steel Ltd till repayment of loan by JSW Steel Limited.

SIGNATURE TO SCHEDULE 'A' TO 'H'
As per our Report of even date attached

AMOD AGRAWAL

Prop.

M.No. 90561

For and On behalf of the

AMOD AGRAWAL & CO.

Chartered Accountants

RAJ KAMAL AGARWAL

RANJIT MALIK

Directors

Place : New Delhi

Dated : 24th November, 2006

HEXA SECURITIES & FINANCE COMPANY LIMITED

CASH FLOW STATEMENT

For the year ended 30th September, 2006

PARTICULARS	Current Year Rs. in Lacs (2005-06)	Previous Year Rs. in Lacs (2004-05)
A. CASH INFLOW (OUTFLOW) FROM THE OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND ORDINARY ACTIVITY	72.48	203.59
Adjustments for:		
Other Current Assets	(39.37)	(100.84)
Current Liabilities	(163.59)	169.15
	<u>(202.96)</u>	<u>68.31</u>
CASH GENERATED FROM OPERATIONS	<u>(130.48)</u>	<u>271.90</u>
Tax Paid	(14.71)	(29.85)
NET CASH FROM OPERATING ACTIVITIES	<u>(145.19)</u>	<u>242.05</u>
B. CASH INFLOW/ (OUTFLOW) FROM INVESTMENT ACTIVITIES		
(Increase)/Decrease in Investment	344.87	14.00
Loan & Advances	101.41	(39.81)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	<u>446.28</u>	<u>(25.81)</u>
C. CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		
Increase/(Decrease) in unsecured loan	(197.35)	(115.81)
Increase/(Decrease) in unsecured loan - Holding Company	(63.25)	(99.90)
NET CASH INFLOW/(OUTFLOW) USED IN FINANCING ACTIVITIES	<u>(260.60)</u>	<u>(215.71)</u>
NET CHANGES IN CASH & CASH EQUIVALENT	<u>40.49</u>	<u>0.53</u>
Cash and cash equivalent (Opening Balance)	1.31	0.78
Cash and Cash equivalent (Closing Balance)	<u>41.80</u>	<u>1.31</u>

Notes:

1. Increase in secured and unsecured loans are shown net of repayments.
2. Previous year's figures have been regrouped wherever necessary.

AUDITOR'S REPORT

As per our Report of even date attached

For Amod Agrawal & Co.
Chartered Accountants

Place : New Delhi
Dated : 24th November, 2006

RAJ KAMAL AGARWAL
RANJIT MALIK
Directors

For and on behalf of the
Board of Directors

AMOD AGRAWAL
Prop.
M.No. 90561
For and On behalf of the
AMOD AGRAWAL & CO.
Chartered Accountants

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

HEXA SECURITIES & FINANCE COMPANY LIMITED

BALANCE SHEET ABSTRACT AND COMPANIES BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

(I) Registration no	62930	State Code 55	Balance Sheet	30.09.2006
(II) Capital raised during the year		(Rs. in Thousands)		
Public Issue		Nil		
Bonus Issue		Nil		
Rights Issue		Nil		
Private placement		Nil		
(III) Position of mobilisation and deployment of funds (Rs.in Thousands)				
Total liabilities		859,980	Total Assets	859,980
Sources of Funds:				
Paid up Capital		255,000	Reserves and Surplus	5,641
Secured Loan		—	Un-Secured Loans	599,339
Application of Funds:				
Net Fixed Assets		—	Investments	575,280
Net Current Assets		58,366	Misc. Expenditure	—
Accumulated Losses		226,334		
(IV) Performance of the Company (Amount in Rs.in Thousands)				
Gross Turnover		31,437	Total Expenditure	24,189
Net Turnover		31,437		
Profit before Tax		7,248	Profit after Tax	7,248
Earning per Share (Rs.) Equity		0.28		
Dividend Rate		Nil		
(V) Generic name of three principal products of the Company				
Product description		Item Code No		
NA		NA		

JINDAL ENTERPRISES, LLC

d.b.a. Jindal Stainless Corporation
Baytown, Texas

We have audited the accompanying balance sheets of Jindal Enterprises, LLC. d.b.a Jindal Stainless Corporation as of 30th June, 2006 and 2005, and the related statements of income, changes in members' equity, and cash flows for the years then ended. 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 the United States.

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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jindal Enterprises, LLC., d.b.a. Jindal Stainless Corporation as of June 30, 2006 and 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Null – Lairson P.C. CPA's

October 30, 2006
Houston, Texas

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

BALANCE SHEET

As of 30th June, 2006 and 2005

JINDAL ENTERPRISES, LLC

Assets	2006		2005	
	US\$	Rs. in Lacs	US\$	Rs. in Lacs
Current				
Cash and cash equivalents	109,894	50.65	36,158	15.74
Accounts Receivable:				
Trade	39,152	18.05	35,257	15.35
Allowance for doubtful accounts	(33,127)	(15.27)	(33,127)	(14.42)
Receivables from related parties	1,200,770	553.43	182,484	79.44
Interest receivable from related companies	1,796,854	828.17	1,325,435	576.99
Other receivables	50,685	23.36	43,685	19.02
Inventories	196,598	90.61	—	—
Prepaid finance charges	904,838	417.04	250,000	108.83
Deposits and prepaid	498,842	229.92	36,000	15.67
Total Current Assets	4,764,506	2,195.96	1,875,892	816.62
Property and Equipment	19,757,004	9,106.00	6,902,236	3,004.72
Accumulated depreciation	(1,271,937)	(586.24)	(970,446)	(422.46)
Total Property and Equipment	18,485,067	8,519.76	5,931,790	2,582.26
Other Assets				
Notes receivable - U.S Denro Steels, Inc	16,348,744	7,535.14	21,565,184	9,387.86
Notes receivable from related company	1,300,000	599.17	1,300,000	565.92
Total other Assets	17,648,744	8,134.31	22,865,184	9,953.79
Total Assets	40,898,317	18,850.03	30,672,866	13,352.67
Liabilities and Member's Equity				
Current Liabilities				
Accounts payable	5,061,781	2,332.97	1,640,721	714.25
Accrued liabilities and other accruals	82,246	37.91	4,842	2.11
Interest payable others	—	—	39,079	17.01
Interest payable to related party	1,369,220	631.07	1,024,575	446.02
Customer deposits	300,037	138.29	—	—
Payable to related parties	1,642,542	757.05	1,044,992	454.91
Current portion of long-term debt	11,700,000	5,392.53	9,600,000	4,179.12
Total Current Liabilities	20,155,826	9,289.82	13,354,209	5,813.42
Long-term Debt, Net of Current Portions:				
Notes payable to financial institutions	15,000,000	6,913.50	12,950,000	5,637.46
Notes and loans payable to related parties	13,137,826	6,055.22	10,900,760	4,745.37
Total long-term Debt	28,137,826	12,968.72	23,850,760	10,382.83
Total Liabilities	48,293,652	22,258.54	37,204,969	16,196.25
Member's Equity				
Stated Capital	1,000,000	460.90	1,000,000	435.33
Retained Deficit	(8,395,335)	(3,869.41)	(7,532,103)	(3,278.91)
Total Member's Equity	(7,395,335)	(3,408.51)	(6,532,103)	(2,843.59)
Total Liabilities and Member's Equity	40,898,317	18,850.03	30,672,866	13,352.67

See Notes to Financial Statements.

STATEMENT OF INCOME

For the year ended 30th June, 2006 and 2005

JINDAL ENTERPRISES, LLC

	2006		2005	
	US\$	Rs. in Lacs	US\$	Rs. in Lacs
Assets				
Net Sales	1,211,684	558.47	51,090	22.24
Cost of Sales	1,667,087	768.36	28,060	12.22
Gross Profit	(455,403)	(209.89)	23,030	10.03
Selling, General, and Administrative Expenses	214,414	98.82	499,117	217.28
Total Selling, General and Administrative Expenses	214,414	98.82	499,117	217.28
Operating Income	(669,817)	(308.71)	(476,087)	(207.25)
Other Income (Expenses)				
Interest Income	1,222,163	563.29	1,121,871	488.38
Miscellaneous Income				
Interest Expenses	(1,415,578)	(652.44)	(1,287,778)	(560.60)
Total Other Income (Expenses), Net	(193,415)	(89.15)	(165,907)	(72.22)
Net Income/(loss) before Equity Interest in Subsidiary	(863,232)	(397.86)	(641,994)	(279.48)
Income Before income Taxes	(863,232)	(397.86)	(641,994)	(279.48)
Income Tax expenses (See Note - 9)				
Net Income/(Loss)	(863,232)	(397.86)	(641,994)	(279.48)

STATEMENT OF CHANGES IN MEMBER'S EQUITY

	Member's stated Capital		Retained Earnings		Total Member's Equity	
	US\$	Rs. in Lacs	US\$	Rs. in Lacs	US\$	Rs. in Lacs
Balance at 30th June, 2004 as previously reported	1,000,000	435.33	(7,033,960)	(3,062.06)	(6,033,960)	(2,626.73)
Prior Period Adjustment- Interest calculated using incorrect interest rate in prior years			143,851	62.62	143,851	62.62
Balance at 30th June, 2004 as restated	1,000,000	435.33	(6,890,109)	(2,999.44)	(5,890,109)	(2,564.11)
Net Income / (Loss) as restated in 2006			(641,994)	(279.48)	(641,994)	(279.48)
Balance at 30th June, 2005 as restated	1,000,000	435.33	(7,532,103)	(3278.91)	(6,532,103)	(2843.59)
Net Loss			(863,232)		(863,232)	
Balance at 30th June, 2006	1,000,000	460.90	(8,395,335)	(3,869.41)	(7,395,335)	(3,408.51)

See Notes to Financial Statements.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOW

Year Ended 30th June, 2006 and 2005

JINDAL ENTERPRISES, LLC

Assets	2006		2005	
	US\$	Rs. in Lacs	US\$	Rs. in Lacs
Cash Flows From Operating Activities:				
Net income	(863,232)	(397.86)	(748,127)	(325.68)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	301,490	138.96	230,075	100.16
Allowance for doubtful accounts				
Changes in operating assets and liabilities:				
Accounts receivable:				
Trade	(3895)	(1.80)	67	0.03
Related Parties	(1,489,705)	(686.61)	(379,326)	(165.13)
Notes Receivables	(7,000)	(3.23)	—	—
Inventories	(196,598)	(90.61)	—	—
Increase in Prepaid expenses and other	(1,117,680)	(515.14)	(259,247)	(112.86)
Increase in Accounts Payable	3,421,060	1,576.77	(70,183)	(30.55)
Increase in Accrued Liabilities	77,405	35.68	1,128	0.49
Increase in Accounts Payable to affiliate	597,550	275.41	615,159	267.79
Increase in Deposits	300,037	138.29	—	—
Increase in Interest Payable	(39,079)	(18.01)	(49,021)	(21.34)
Increase in Interest Payable - Related Parties	344,645	158.85		
Net cash provided (used) by operating activities	1,324,998	610.69	(659,475)	(287.09)
Cash Flows From Investing Activities:				
Capital Expenditures	(12,854,768)	(5,924.76)	—	—
Net cash used in investing activities	(12,854,768)	(5,924.76)	—	—
Cash Flows From Financing Activities:				
Net proceeds from loans from financial institutions	15,000,000	6,913.50	14,000,000	6,094.55
Proceeds from borrowings related parties	2,237,066	1,031.06	(2,800,000)	(1,218.91)
Payments on notes payable to financial institutions	(10,850,000)	(5,000.77)	(10,850,000)	(4,723.28)
Payments received on notes receivable	5,216,440	2,404.26	—	—
Payments on advances/notes payable to related parties	—	—	—	—
Net cash used in Financing activities	11,603,506	5,348.06	350,000	152.36
Net increase (decrease) in cash and cash equivalents	73,736	33.98	(309,475)	(134.72)
Cash and cash equivalents at beginning of year	36,158	16.67	345,633	150.46
Cash and cash equivalents at end of year	109,894	50.65	36,158	15.74
Supplemental Cash Flow Information:				
Interest paid	1,110,012	511.60	806,477	351.08

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

30th June, 2006 and 2005

JINDAL ENTERPRISES, LLC**Note 1 – Organization****Organization and Operations**

Jindal Enterprises, LLC, d.b.a. Jindal Stainless Corporation (“the Company”) is a Texas Limited Liability Company which was organized in October 1997. The Company is a single member LLC which is 100 percent owned by Jindal Saw Ltd., formerly known as Saw Pipes Ltd., India. The Company owns 49 percent, of U.S Denro Steels, Inc. d.b.a. Jindal United Steel Corporation (US Denro Steels, Inc.). The Company owns a stainless steel processing facility and U.S Denro Steels, Inc. operates a steel plate manufacturing facility located in Baytown, Texas. During the year, the Company installed pipe double joining and pipe coating facilities and started operations in the last quarter of the fiscal year.

The Company engages in business activities which involve various risks, and the Company’s future success is dependent upon a number of factors which include, among others, generating sufficient revenues, the market demand and price for the Company’s products, the price of raw materials and obtaining the necessary funds. The Company is dependent upon support from its parent Company and related group Companies for continuing operations.

Note 2 - Summary of Significant Accounting Policies

The financial statements are prepared under accounting principals generally accepted in the United States of America. The following notes describe the significant accounting policies.

Investments Recorded on Equity Basis

US Denro Steels, Inc. d.b.a. Jindal United Steel Corporation is recorded as an investment on the balance sheet. The percentage of income or loss increases or decreases the investment in U.S Denro Steels, Inc. investment account on the Company’s books. No intercompany transactions have been eliminated in the financial statements.

The investment in U.S Denro Steels, Inc. has been reduced to zero on the balance sheet based on the Company’s share of US Denro Steels, Inc.’s loss. However, due to the fact that the Jindal Enterprises LLC is not liable for the debts of US Denro Steels, Inc. the investment is not reduced below zero. When the equity interest in US Denro Steels, Inc. is positive, then the Company will again record the investment in US Denro Steels, Inc.

Revenue Recognition

Revenue is recognized generally when the product is shipped to the customer. The revenue from the sale of goods is recognized when the following has been satisfied:

1. the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
2. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
3. the amount of revenue can be measured reliably;
4. it is probable that the economic benefits associated with the transaction will flow to the Company, and;
5. the costs incurred, or to be incurred in respect of the transaction, can be measured reliably.

Property, Equipment, and Depreciation

Property and equipment are stated at cost. Except for machinery and equipment used in production, depreciation is calculated over the estimated useful lives of the assets using the straight-line method. The Company uses straight line depreciation method for machinery and equipment in manufacturing and processing operations and for certain other manufacturing equipment. Expenditures for renewals and improvements are capitalized; repairs and maintenance are charged to expense as incurred.

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be fully recoverable. Based on periodic assessments of the realizability of its long-term assets and the analysis of undiscounted future cash flows for its long-term assets, no impairment of long-term asset needs to be recognized by the Company.

Federal Income Taxes

The Company has elected to be taxed as a Corporation under the federal tax laws. The Company records Income taxes pursuant to the liability method. Deferred tax assets and liabilities are recorded based upon differences between the financial statement and tax bases of assets and liabilities and the available tax carry forwards. A deferred tax valuation allowance is recorded to state deferred tax assets at the estimated net realizable value.

Allowance for Doubtful Accounts

Bad debts are provided by using the allowance method based upon historical experience and management’s evaluation of outstanding accounts receivable at the balance sheet date for receivables that may not be fully collectible. Management’s evaluation also includes potential non-payment due to product claims by customers.

Inventories

Inventories are valued at the lower of cost or market, with cost determined using the first-in, first out (FIFO) methods.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

Advertising Costs

Advertising costs are expensed when incurred.

Fair Value of Financial Instruments

The Company considers the fair value of all financial instruments to not be materially different from their carrying values at 30th June, 2006 and 2005, based on management's estimate of the Company's ability to borrow funds under terms and conditions similar to those applicable to the Company's existing debt.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to a concentration of credit risk, consist principally of cash and accounts receivable. The Company maintains cash balances at financial institutions, which may at times be in excess of federally insured levels. The Company has not incurred losses related to these balances to date. The Company has concentrations of credit risk with respect to accounts receivable. Although the Company does not currently foresee credit risk associated with these receivables, repayment is dependent upon the financial stability of those entities.

Note 3 – Receivables Related Parties

The receivable from related parties as of 30th June, 2006 and 2005, are as follows:

	2006		2005	
	USD	Rs. (in Lacs)	USD	RS. (in Lacs)
Receivables due from related parties				
Jindal SAW Ltd. US Branch	1,084,778	499.97	—	—
Jindal US Steel (US Denro)	31,515	14.53	91,957	40.03
Sawpipes USA	37,500	17.28	43,550	18.96
Minerals and Metals	46,977	21.65	46,977	20.45
Total receivables due from related parties	1,200,770	553.43	182,484	79.44

Note 4 – Interest Receivable Related Parties

The interest receivable from related parties as of 30th June, 2006 and 2005, are as follows:

	2006		2005	
	USD	Rs. (in Lacs)	USD	RS. (in Lacs)
Interest receivable related parties				
Jindal US Steel (US Denro)	1,555,054	716.72	1,144,085	498.05
St. James	241,800	111.45	181,350	78.94
Interest receivable related parties	1,796,854	828.17	1,325,435	576.99

Note 5 - Inventories

The Company did had supplies inventory of \$196,598 (Rs. 90.61 Lacs) and \$-0-(Rs. Nil) as of 30th June, 2006 and 2005.

Note 6 – Property, Plant and Equipment

At 30th June, 2006 and 2005, property, plant and equipment consisted of the following:

	Balance June 30, 2005		Additions		Adjustments/ Retirements		Balance June 30, 2006		Estimated Useful Lives (Years)
	USD	Rs. (in Lacs)	USD	Rs. (in Lacs)	USD	Rs. (in Lacs)	USD	Rs. (in Lacs)	
Buildings			1,947,594	897.64	—	—	1,947,594	897.64	15
Machinery and Equipment	6,902,236	3,181.24	10,907,174	5,027.11	—	—	17,809,410	8,208.35	30
Total Property and Equipment	6,902,236	3,181.24	12,854,768	5,924.75	—	—	19,757,004	9,105.99	
Less Accumulated Depreciation	(970,446)	(447.27)	(301,490)	(138.95)	—	—	(1,271,937)	(586.22)	
Net Property and Equipment	5,931,790	2,733.97	12,553,278	5,785.80	—	—	18,485,067	8,519.77	

Depreciation expense was \$301,490 (Rs.138.95 Lacs) and \$230075 (Rs.100.15 Lacs) for the years ended 30th June, 2006 and 2005, respectively.

Note 7 – Payables to Related Parties

The payables to related parties as of 30th June, 2006 and 2005 are as follows:

	2006		2005	
	USD	Rs. (in Lacs)	USD	Rs. (in Lacs)
Payables to related parties				
Jindal SAW Ltd. India	443,639	204.47	—	—
Jindal US Steel (US Denro)	1,190,805	548.85	1,044,992	454.91
Sawpipes USA	8,098	3.73	—	—
Total payables to related parties	1,642,542	757.05	1,044,992	454.91

Note 8 - Debt

At 30th June, 2006 and 2005 debt consisted of borrowings on term loan facilities from banks, debt owed to related Companies, and long term advances from U.S. Denro Steels, Inc.

The Company's debt is further described below.

Notes Payable to Banks

The Company has balance on notes payable from ICICI Bank UK and Bank of India as of 30th June, 2006.

As of 30th June, 2006, the Company has a loan of \$4.2 million (Rs.1935.78 Lacs) from the Bank of India. The loan carries interest at 2.0 percent over 3 month Libor with payments through 30th June, 2007. The loan is secured by a secured interest in inventory and equipment and a guarantee from Jindal Saw Ltd., formerly known as Saw Pipes Ltd, India.

In January 2006, the Company obtained two term loans from ICICI Bank UK Limited for \$10,000,000 (Rs.4609.00 Lacs) and \$5,000,000 (Rs. 2304.50 Lacs) for purchase of plant equipment. The interest rate is 1.3% over LIBOR and 0.7% over for each note respectively. The Notes have payment terms through 2011. The Company also has a note from September 2004 with an outstanding balance as of 30th June, 2006 of \$8.75 million (Rs. 4032.87 Lacs). Under the terms of the agreement note payment of \$1.25 million (Rs. 576.12 Lacs) is due every February and August until the note is paid in full. The interest rate is 125 basis points per annum over LIBOR.

In June 2005, the Company obtained a \$4.0 million (Rs. 184.36 Lacs) term loan from Barclays Bank PL. The loan was due in December 2005. The loan is guaranteed by Saw Pipes Ltd., India. The interest rate per annum is 2 percent over LIBOR. The loan was paid in full in December 2005.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

The notes payable as of 30th June, 2006 and 2005 consisted of the following:

	2006		2005	
	USD	Rs. (in Lacs)	USD	Rs. (in Lacs)
Note payable to ICICI Bank UK	22,500,000	10,370.25	10,000,000	4,353.25
Notes Payable to Barclays Bank PL	—	—	4,000,000	1,741.30
Note payable to Bank of India	4,200,000	1,935.78	8,550,000	3,722.03
Total Debt	26,700,000	12,306.03	22,550,000	9,816.58
Less- current portion	(11,700,000)	(5,392.53)	(9,600,000)	(4,179.12)
Long-term debt, net of current portion	15,000,000	6,913.50	12,950,000	5,637.46

Notes Payable and Long-Term Advances due to Related Parties

The Company has borrowed \$6.6 million (Rs.3041.94Lacs) from a related company. The note is currently classified as long term debt and does not have a due date. The Interest is being accumulated at LIBOR plus 1 percent simple interest per annum adjusted every six months on 1st January and 1st July. The interest payable on this loan was \$1,369,220 (Rs. 631.07 Lacs) and \$1,024,575 (Rs. 446.02 Lacs) as of 30th June, 2006 and 2005 respectively.

As of 30th June, 2006 and 2005, the Company has a long-term advance from US Denro Steels, Inc. of \$0 (Rs. NIL Lacs) and \$2,164,421 (Rs. 942.23Lacs) respectively.

The Notes Payable to Related Parties at 30th June, 2006 and 2005 was comprised of the following:

	2006		2005	
	USD	Rs. (in Lacs)	USD	Rs. (in Lacs)
Notes payable to related parties:				
Notes payable to Minerals and Metals	6,600,000	3,041.94	6,600,000	2,873.15
Long term advances from Jindal Steel India	5,323,751	2,453.71	922,264	401.48
Loan from other group companies	1,214,075	559.56	1,214,075	528.51
Total Notes and Loans related parties	13,137,826	6,055.21	8,736,339	3,803.14
Long term advances from US Denro Steels Inc.	—	—	2,164,421	942.23
Total Debt related party Notes and Loans	13,137,826	6,055.21	10,900,760	4,945.37
Less-current portion				
Long-term debt, net of current portion	13,137,826	6,055.21	10,900,760	4,945.37

Long term advance to related party represents amounts the Company owes to a related party in India for guarantee fees, advances on equipment purchases and bank charges paid by the related party on various loans. The \$5,323,751 (Rs. 2453.71 Lacs) and \$922,264 (Rs. 401.48 Lacs) for the year ended 30th June, 2006 and 2005, respectively, has been classified as a long term liability. The Loan from other group companies of \$1,214,075 for both 30th June, 2006 and 2005 has been classified as long term liabilities.

Future Payments on Debt

Future payments for debt outstanding at 30th June, 2006, are due as follows:

	Bank of India		ICICI Bank UK		Others		Total	
	USD	Rs. (in Lacs)	USD	Rs. (in Lacs)	USD	Rs. (in Lacs)	USD	Rs. (in Lacs)
Fiscal year ending 30th June,								
2007	4,200,000	1,935.78	7,500,000	3,456.75			11,700,000	5,392.53
2008			5,000,000	2,304.50			5,000,000	2,304.50
2009			5,000,000	2,304.50			5,000,000	2,304.50
2010			3,750,000	1,728.37			3,750,000	1,728.37
2011			1,250,000	576.12			1,250,000	576.12
Thereafter					13,137,826	6,055.21	13,137,826	6,055.21
	4,200,000	1,935.78	22,500,000	10,370.24	13,137,826	6,055.21	39,837,826	18,361.23

Note 9 – Income Taxes:

The Company has elected to file as a Corporation for federal tax purposes. The Company's deferred tax liabilities, deferred tax assets and deferred tax asset valuation allowances at 31st December, 2006 and 2005 is as follows:

	2006		2005	
	USD	Rs. (in Lacs)	USD	Rs. (in Lacs)
Deferred Tax Assets/Benefits related to:				
Net Operating Loss carry forward	1,665,252	767.51	1,339,998	583.33
Book Depreciation over Tax Expense			53,743	23.10
Allowance for doubtful Accounts	10,932	5.03	10,932	4.76
Interest not currently deductible	570,763	263.06	420,604	183.10
Total Deferred Tax Assets/Benefits	2,236,015	1,030.57	1,814,345	789.53
Deferred Tax Liability related to:				
Interest Income related party	513,168	236.51	377,548	164.36
Accelerated Depreciation on Assets	1172	.54		
Total Deferred tax liability	513,168	236.51	377,548	164.36
Less- Deferred tax valuation allowance	(1,722,847)	(794.06)	(1,436,797)	(625.03)
Net Deferred assets/benefits (liability)				

For financial reporting purposes, the deferred tax valuation allowance was established to fully reserve the Company's net deferred tax assets due to its history of losses. No tax provisions were made for current taxes for the fiscal year ended 30th June, 2006 and 2005.

At 30th June, 2006, the Company had net operating loss carry forwards of approximately \$5.8 million (Rs. 2673.22 Lacs) for federal and state income tax purposes which expires varies dates through 2026. Current federal income tax regulations with respect to changes in ownership could limit the utilization of the Company's net operating loss carry forward. Utilization of the net operating loss carry forward is dependent upon the Company making taxable income in future years.

Note 10 – Related Party Transactions:

The Company has transactions with related parties including companies affiliated through common ownership of the shareholders of the Company. The Company has transactions mainly with US Denro (Jindal United Steel) and Jindal Saw Ltd, India US Branch.

During the year ended 30th June, 2006, the Company started coating and joining pipe for Jindal SAW Ltd India US Branch. The Company charges a processing fee to Jindal SAW Ltd, India US Branch. The following table summarizes the transactions and balances for the year ending 30th June, 2006 between Jindal SAW Ltd, India and the Company:

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

	2006		2005	
	USD	Rs. (in Lacs)	USD	Rs. (in Lacs)
Jindal SAW Ltd India				
Sales during the year	1,108,848	511.06	—	—
Receivables at year end	1,084,778	499.97	—	—
Purchases during year	—	—	—	—
Balance due on advances received	5,323,751	2,453.71	922,264	401.48
Payables at year end,	443,639	204.47	—	—

The Company owns 49 percent of US Denro Steel. As of 30th June, 2006 and during the year then ended the Company had the following balances and transaction with US Denro Steels, Inc:

	2006		2005	
	USD	Rs. (in Lacs)	USD	Rs. (in Lacs)
US Denro (Jindal United Steel)				
Sales during the year				
Interest Income recorded for the year	1,137,145	524.11	1,052,398	458.13
Receivables at year end	31,515	14.53	91,957	40.03
Notes Receivables at year end	16,348,744	7,535.14	21,565,184	9,387.86
Interest Receivables at year end	1,555,054	716.72	1,144,085	498.04
Balance due on advances received	—	—	2,164,421	942.22
Payables at year end,	1,190,805	548.84	1,044,992	454.91

The Company has payables and advances from other related group Companies of \$1,214,075 (Rs. 559.56 Lacs) and \$1,214,075 (Rs. 528.51 Lacs) as of 30th June, 2006 and 2005, respectively.

The Company for the years ended 30th June, 2006 and 2005 had a long term advance of \$6.6 million (Rs. 3041.94 Lacs) from a related group Company. The interest accrued during the year ended 30th June, 2006 and 2005 on the loan amounts was \$326,820 (Rs. 150.63 Lacs) for each year. Total interest due to this related group Company was \$1,369,220 (Rs. 631.07 Lacs) and \$1,024,575 (Rs. 466.51 Lacs) as of 30th June, 2006 and 2005.

The Company has a notes receivable, due 30th June, 2007, from a related company for \$1.3 million (Rs. 599.17 Lacs) as the balance due in consideration for the sale of US Denro Steels, Inc. stock in prior years. The Company has interest receivable of \$241,800 (Rs. 111.44 Lacs) and \$181,350 (Rs. 78.94 Lacs) on the amount for the years ending 30th June, 2006 and 2005, respectively. Interest income recorded on the note was \$60,450 (Rs. 27.86 Lacs) each year.

The Company also leases building space including utilities from US Denro Steels, Inc. Total rental expense was \$-0- and \$5,000 (Rs. 2.17 Lacs) for the year ended 30th June, 2006 and 2005.

Note 11 – Prior Period Adjustment

During the year ended 30th June, 2006, the Company determined that it had been calculating the interest payable on a Note Payable to a related party incorrectly. The Company recalculated the interest using the correct amounts and recorded an adjustment to decrease interest payable by \$249,984 (Rs. 108.82 Lacs) for the fiscal years 2003 to 2005. A prior period adjustment was recorded to retained earnings for the period ending 30th June, 2004. The Retained Earnings was restated for the year ending 30th June, 2004 by \$143,851 (Rs. 62.62 Lacs) to \$6,890,109 (Rs. 2999.44 Lacs). The net loss for the year ending 30th June, 2005 was adjusted by \$106,133 (Rs. 46.20 Lacs) from \$748,127 (Rs. 325.681 Lacs) to \$641,994 (Rs. 279.48 Lacs).

Note: Indian Rupee equivalent of figures have been arrived at by applying the year end interbank exchange rates US\$ 1=Rs. 46.09 (Previous Year US\$ 1=Rs. 43.5325) and do not form part of the reports of Jindal Enterprises, LLC as made out in accordance with the Laws of the country of incorporation.

IUP JINDAL METALS & ALLOYS LIMITED

To,

The Members,

Your Directors are pleased to present the 2nd Annual Report, together with Audited Annual Accounts of the Company for the year ending 31st March, 2006.

Financial Results & Review of Operations

During the year under review the project was under implementation stage and commercial production commenced on 1st February, 2006 after the trial run. Therefore, the Profit and Loss account has been prepared for the period from 1st February, 2006 to 31st March 2006. The salient features of the company's financial results are as under:

Particulars	(Rs. in Lacs)
Net Sales	1,200.92
Profit before Interest & Depreciation	(0.14)
Less :	
– Interest	47.52
– Depreciation	45.46
Profit/(Loss) Before Tax	(93.13)
Provision for Tax	27.93
Net Profit/(Loss) after tax	<u>(65.20)</u>

Dividend

The Company has commenced the commercial operations from February, 2006 and there is operating loss during this period. Thus, dividend is not recommended.

Fixed Deposits

During the year under review the company has not invited or accepted deposits under Section 58A of the Companies Act, 1956. There are no unclaimed or unpaid deposits lying with the company. As on 31st March, 2006 there is no overdue deposits of the company.

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 year ending 31st March 2006, 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 2006 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 year ending 31st March, 2006 on a going concern basis.

Directors

Sh. P.R. Jindal & Ms. Sminu Jindal retire by rotation and being eligible offers themselves for reappointment. During the year under review, Dr. Mahendra Malu & Mr. Neeraj Kumar resigned from the Directorship of the company.

The Board of Directors at their meeting held on 5th April, 2006 appointed Mr. Indresh Batra as Managing Director and Mr. Mukesh Kumar as Whole Time Director of the company for a period of five years.

In the Board Meeting held on 6th July, 2006, Mr. Pascal Payet-Gaspard was appointed as Additional Director of the Company as nominee of Imphy Uguine Precision, France and Mr. Francis Vassort, resigned from the Directorship of the company.

Auditors & Their Report

Consequent upon the resignation of M/S RSM & Co., auditors of the Company, the Board subject to your approval in the ensuing Annual General Meeting recommended appointment of M/S N.C. Aggarwal & Co., Chartered Accountants, New Delhi as new Auditors of the Company, M/S N. C. Aggarwal & Co., Chartered Accountants, New Delhi have furnished a certificate to the effect that their appointment, if made, would be within the limits prescribed u/s 224 (1-B) of the Companies Act, 1956. You are requested to consider their appointment.

The Directors place on record deep appreciation for the assistance and guidance extended by M/S RSM & Co. during their tenure as Auditors of the Company.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

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)

DIRECTORS' REPORT

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the statement annexed hereto.

Personnel

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, there is no employee in receipt of remuneration in excess of the limits prescribed in the said Section & Rules.

Acknowledgement

The Board of Directors is grateful to concerned Departments of Central and State Governments and Company's Bankers for their timely help and co-operation. The Directors also wish to place on record their appreciation for the contribution made by the employees of the Company at all levels in the efficient & smooth operation of the Company.

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

Place : New Delhi
Date : 29th August, 2006

(INDRESH BATRA)
Managing Director

(MUKESH KUMAR)
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) More north light in daytime at the plant because of design of the plant and use of transparent sheets at roof in the plant.
- (2) Equipment is added to recuperate the waste heat on Annealing 2 and Annealing 3 to heat the incoming air to the blower.
- (3) Used heat recovery unit for cooling of office and control room of equipments. Heat recovery unit works on exhaust gases of gas-operated genset.
- (4) Started using of chemicals for improving the hardness/scale level in the water to improve the heat transfer & hence to reduce the losses.

(b) Additional Investment and Proposal for Reduction of Consumption of Energy:

- (1) Installation of furnace temperature control system on two nos. of annealing furnaces.
- (2) Spray of hot water on ammonia cylinders used for generation of cracked ammonia to reduce the wastage of ammonia gas.

(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 of 89542 units on commissioning of chilling plant.

FORM "A"**Form for disclosure of particulars with respect to Conservation of Energy****Consumption per Unit of Production****Power & Fuel Consumption (Two Months only)**

	Current Year	
(I) Gas		
Purchased units (SCM)		319,467
– used in DG Set	290,363	
– used in Furnace	29,104	
Total Amount (Rs.)		2,721,219
Rate per Unit (Rs.)		8.52
(II) Electricity		
(a) Purchased		Nil
(b) Own Generation Through D.G.Set		
Generated Units		700,363
Unit per SCM of Gas		2.41
Cost per Unit (Rs.)		3.76
Consumption per Tonne of Production		
Gas (SCM/TON)		307.710

DIRECTORS' REPORT

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

FORM "B"

Form of disclosure of particulars with respect to technology absorption for 2005-2006.

1. Specific areas in which Research & Development is being carried out:
 - Replaced imported emulsion oil (Dubois 45C) by EP-67 an Indian substitute from Hindustan Petroleum.
 - Developed 301 (17/7) grade in various thicknesses and hardness for domestic and export market.
2. Benefits Derived:
 - Low cost import substitute and savings in outflow of foreign currency.
 - Development of new markets.
3. Future Plan of Action:
 - To develop JSL Tube grade and Ferritic Grades of stainless steel.
 - Installation of water softening plant.
 - Installation of acid heating system.
4. Expenditure on R & D:
 - Nil
5. Foreign Exchange:

	2005-2006 (Rs. in Lacs)	2004-2005 (Rs. in Lacs)
(a) Earnings	66.29	—
(b) Outgo	1007.66	1661.99

Note: Since this is the first period of operation of the Company therefore, no previous year's figures are available.

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

Place : New Delhi
Date : 29th August, 2006

(INDRESH BATRA)
Managing Director

(MUKESH KUMAR)
Director

**TO THE MEMBERS OF
IUP JINDAL METALS AND ALLOYS LIMITED**

1. We have audited the attached Balance Sheet of **IUP JINDAL METALS AND ALLOYS LIMITED** as at 31st March, 2006 and also the Profit and Loss account and the Cash Flow Statement of the Company for the period ended on that date, annexed thereto (together referred to as "financial statements"). 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from the material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, ('the order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act'), and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we 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, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of these books;
 - (c) The Balance Sheet and the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the Balance Sheet and the Profit and Loss account and the 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;

- (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2006 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the notes thereon, give the information required by the Act in 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, 2006;
 - (ii) In the case of the Profit & Loss account, of the loss of the Company for the period ended on that date; and
 - (iii) In the case of the Cash Flow statement, of the cash flows of the Company for the period ended on that date.

For **RSM & Co.**
Chartered Accountants

VILAS Y. RANE
Partner (F-33220)

Place : Mumbai
Date : 29th August, 2006

AUDITORS' REPORT

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. (a) As informed to us, the Company is in the process of compiling its fixed assets register to show full particulars including quantitative details and situation of fixed assets.
- (b) The Company has not carried out physical verification of its fixed assets during the period. However, we have been informed that the physical verification of fixed assets will be carried out once the fixed assets register is compiled.
- (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) (i) Inventory has been considered as per book balance and as verified by the management. As per programme, finished goods, WIP, raw material and stores have been physically verified at the period end. In the opinion of the management on completion of physical verification and reconciliation between physical stock and book balance, there will not be material discrepancy in view of adequate security arrangements and controls.
- (ii) Company is using integrated ERP package for stores/material accounting, which is in the process of implementation. Further, overheads allocation has been made as per the management perception.
- (b) Provision/adjustment for obsolete, non-moving, shortages, damaged inventories will be accounted for as and when assessed/determined. In the opinion of the management, there will be no material impact on the accounts.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Hence, provisions of paragraphs 4 (iii) (a) to 4 (iii) (g) of the Order are not applicable to the Company.
4. In our opinion and according to information and explanations given to us, there are internal control procedures, which need to be further strengthened to make the same commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods.
5. (a) According to the information and explanations given to us, particulars of contracts or arrangements that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
- (b) In respect of the transactions entered in the register maintained under section 301 of the Companies Act, 1956, we are informed that these transactions are in respect of specific nature for which no prevailing market prices are available. Further, there are no transactions of similar nature with other parties and hence we are unable to comment whether the prices at which such transactions are made are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
7. As informed to us, the internal audit function is carried out by the Group Internal Auditors. The scope needs to be enlarged to make it commensurate with the size and the nature of the business of the company.
8. The Central Government has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. As informed to us the Company is in the process of compiling such records.
9. (a) The Company is generally regular in depositing with appropriate authorities applicable undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax and other material statutory dues to the extent applicable to it.
- (b) According to the information and explanations given to us, there were no undisputed amounts payable remaining outstanding as on 31st March, 2006 in respect of income tax, wealth tax, sales tax and service tax for a period of more than six months from the date on which they became payable.

- (c) According to the records of the Company, there are no dues of sales tax, income tax, wealth tax and service tax, which have not been deposited on account of any dispute.
10. As the Company has been registered for a period of less than five years, the provisions of paragraph 4(x) of the Order are not applicable.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
12. In our opinion and 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. The Company has not given guarantee for loans taken by others from banks or financial institutions.
16. On the basis of the records examined by us, and relying on the information complied by the Company for co-relating the funds raised to the end use of term loans, we have to state that, the Company has applied the term loans for the purposes for which they were obtained.
17. In our opinion, and on the basis of our examination and according to the information and explanations given to us, the Company has not used the funds borrowed on short-term basis during the period for long-term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued debentures and accordingly provisions of paragraph 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money through a public issue during the period.
21. To the best of our knowledge and belief and according to

the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

For **RSM & Co.**

Chartered Accountants

VILAS Y. RANE

Partner (F-33220)

Place : Mumbai

Date : 29th August, 2006

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

IUP JINDAL METALS & ALLOYS LIMITED

BALANCE SHEET, AS AT MARCH 31ST, 2006

Particulars	Schedules	As At 31.03.2006 (Rs.)	As At 31.03.2005 (Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	100,000,000	500,000
Share application money pending allotment		—	290,339,046
Reserves and Surplus	B	466,000,000	2,330,000
		566,000,000	293,169,046
Loan Funds			
Secured Loans	C	251,638,366	—
		817,638,366	293,169,046
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	635,849,887	—
Less: Depreciation		4,546,118	—
Net Block		631,303,769	—
Capital Work in Progress		37,536,064	276,430,284
Pre-operative Expenditure pending Allocation	E	—	15,507,610
		668,839,833	291,937,894
Deferred Tax Asset (net)		3,033,372	—
Current Assets, Loans & Advances			
Inventories	F	216,402,621	—
Sundry Debtors		81,470,289	—
Cash and Bank Balances		2,516,130	17,645,490
Loans and Advances		56,877,481	1,957,565
		357,266,521	19,603,055
Less: Current Liabilities & Provisions	G		
Liabilities		216,627,689	19,155,853
Provisions		1,393,307	—
		218,020,996	19,155,853
Net Current Assets		139,245,526	447,202
Miscellaneous Expenses (to the extent not written off or adjusted)		—	783,950
Profit and loss account – debit balance		6,519,636	—
		817,638,366	293,169,046

Notes to accounts and significant
accounting policies

O

Schedules 'A' to 'N' form an integral part of the accounts

As per our report of even date attached

For RSM & Co.

Chartered Accountants

VILAS Y. RANE

(Partner)

Membership No. F-33220

Place : New Delhi

Date : 29th August, 2006

For IUP Jindal Metals & Alloys Limited

INDRESH BATRA
Managing Director

RAJU TOLANI
Director

HARVINDER CHUGH
Company Secretary & Financial Controller

IUP JINDAL METALS & ALLOYS LIMITED

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31st, 2006

Particulars	Schedules	For the period ended 31.03.2006 (Rs.)	For the period ended 31.03.2005 (Rs.)
INCOME			
Sales and Operational Income		136,549,812	—
Less: Excise Duty		16,457,947	—
Net Sales		120,091,865	—
Other Income	H	569,424	—
	(A)	120,661,289	—
EXPENDITURE			
Cost of Raw Material Consumed		145,168,289	—
Increase/(decrease) in Stock	I	(58,551,840)	—
Excise Duty on Stocks		5,348,574	—
Manufacturing Expenses	J	14,291,085	—
Selling Expenses	K	422,260	—
Personnel Expenses	L	7,651,477	—
Administrative & other Expenses	M	6,345,778	—
Depreciation		4,546,118	—
Finance Costs	N	4,752,450	—
	(B)	129,974,191	—
(Loss)/Profit for the year before Tax		(9,312,902)	—
Less/(Add):			
Provision for Tax			
– current Tax		—	—
– deferred Tax Credit (refer note B8 of schedule O)		(3,033,372)	—
– fringe Benefit Tax		240,106	—
(Loss)/Profit after Tax carried to Balance Sheet		(6,519,636)	—
Basic and diluted Earnings per share (in Rs.)-Face value Rs. 10 each		(0.98)	—

Notes to Accounts and Significant

Accounting Policies

O

Schedules 'A' to 'N' form an integral part of the accounts

As per our report of even date attached

For RSM & Co.

Chartered Accountants

VILAS Y. RANE

(Partner)

Membership No. F-33220

Place : New Delhi

Date : 29th August, 2006

For IUP Jindal Metals & Alloys Limited

INDRESH BATRA
Managing Director

RAJU TOLANI
Director

HARVINDER CHUGH
Company Secretary & Financial Controller

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

IUP JINDAL METALS & ALLOYS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31st, 2006

SCHEDULE A - SHARE CAPITAL

Particulars	As At 31.03.2006 (Rs.)	As At 31.03.2005 (Rs.)
Authorised		
10,000,000 equity shares (Previous Year 10,000,000) of Rs. 10 each	100,000,000	100,000,000
Issued Subscribed & Paid up		
10,000,000 equity shares (Previous Year 50,000) of Rs. 10 each fully paid up (Out of the above 7,299,940 shares are held by Jindal Saw Limited and 2,700,000 shares by Imphy Ugine Precision, France)	100,000,000	500,000
Total	100,000,000	500,000

SCHEDULE B - RESERVES AND SURPLUS

Share Premium Account	466,000,000	2,330,000
Total	466,000,000	2,330,000

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) (Amount repayable in one year - Rs. 37,500,000)	135,000,000	—
Working Capital Loan (secured by way of first charge on the Hypothecation of the Current Assets extended by first charge on the Fixed Assets)	116,638,366	—
Total	251,638,366	—

IPU JINDAL METALS AND ALLOYS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31st, 2006

SCHEDULE D - FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As At 01.04.2005 (Rs.)	Additions (Rs.)	Deductions (Rs.)	As At 31.03.2006 (Rs.)	Upto 31.03.2005 (Rs.)	For the Year (Rs.)	On Sale/ Deletions (Rs.)	Upto 31.03.2006 (Rs.)	As At 31.03.2006 (Rs.)
Tangible Assets:									
Land	—	14,663,760	—	14,663,760	—	—	—	—	14,663,760
Buildings factory	—	111,729,715	—	111,729,715	—	567,465	—	567,465	111,162,250
Plant & machinery	—	487,151,403	—	487,151,403	—	3,813,168	—	3,813,168	483,338,235
Office equipments	—	1,706,914	—	1,706,914	—	4,994	—	4,994	1,701,920
Electrical equipments	—	18,107,190	—	18,107,190	—	141,424	—	141,424	17,965,766
Furniture and fixtures	—	112,615	—	112,615	—	885	—	885	111,730
Computers	—	1,314,490	—	1,314,490	—	14,206	—	14,206	1,300,285
Intangible Assets									
Computer Software	—	1,063,800	—	1,063,800	—	3,976	—	3,976	1,059,824
Total	—	635,849,887	—	635,849,887	—	4,546,118	—	4,546,118	631,303,769
Previous Year	—	—	—	—	—	—	—	—	—

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

IUP JINDAL METALS & ALLOYS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31st, 2006

SCHEDULE E - PRE-OPERATIVE EXPENDITURE

Particulars	As At	
	31.03.2006 (Rs.)	31.03.2005 (Rs.)
Amount brought forward (A)	15,507,610	—
Add: incurred during the year		
Training/seminar expenses	3,740,572	9,391,741
Staff cost	5,863,523	1,391,112
Finance charges	1,909,071	1,026,495
Travelling & conveyance	905,494	369,474
Insurance	240,152	2,082,286
Other expenses	1,041,084	1,246,502
Expenditure during trial run		
Raw material consumption	240,181,938	
Stores and spares consumption	14,104,159	
Other trial run expenses	14,186,356	
	268,472,453	
Less: Sales during trial run period	121,059,621	
Closing stock as at 31.01.2006	135,271,209	
Total (B)	12,141,623	
Total C = (A+B)	25,841,519	15,507,610
Less:		
Amount charged to P&L A/c	1,391,339	—
Amount capitalized:		
– under plant & machinery	35,047,453	
– under electrical equipments	435,163	
– under building	3,817,306	
Amount transferred to CWIP:		
– under plant & machinery	177,062	
– under building	480,806	
Total (D)	657,868	
Amount carried forward (C - D)	41,349,129	15,507,610

IUP JINDAL METALS & ALLOYS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31st, 2006

SCHEDULE F - CURRENT ASSETS, LOANS AND ADVANCES

Particulars	As At 31.03.2006 (Rs.)	As At 31.03.2005 (Rs.)
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventories		
(as certified by the management)		
Work in progress	156,332,790	—
Finished goods	35,157,973	—
Scrap	2,332,287	—
Consumables and spares	12,347,719	—
Raw material in transit	10,231,853	—
	216,402,621	—
Sundry Debtors		
(Unsecured and considered good)		
Debts outstanding:		
– for more than six months	—	—
– for less than six months	81,470,289	—
	81,470,289	—
Cash and Bank Balances		
Cash in hand	19,273	314
Balances with schedule banks:		
– in current accounts.	349,487	372,176
– in fixed deposit A/c (against margin money)	2,147,370	17,273,000
	2,516,130	17,645,490
Loans & Advances		
(Unsecured and considered good)		
Advances recoverable in cash or kind or for value to be received	1,465,709	1,831,287
Balances with excise, sales and other authorities	55,223,015	—
Tax deducted at source	188,757	126,278
	56,877,481	1,957,565
Total	357,266,521	19,603,055

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

IUP JINDAL METALS & ALLOYS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31st, 2006

SCHEDULE G - CURRENT LIABILITIES AND PROVISIONS

Particulars	As At 31.03.2006 (Rs.)	As At 31.03.2005 (Rs.)
Current Liabilities		
Sundry creditors (refer note B9 of schedule N)		
– to small scale industries*	7,065,060	—
– to others	187,735,647	8,022,188
Other liabilities	21,826,981	11,133,665
Sub-Total	216,627,689	19,155,853
Provisions		
Provision for leave encashment	1,348,071	—
Provision for fringe benefit tax (net of advance fringe benefit tax)	45,236	—
Sub-Total	1,393,307	—
Total	218,020,996	19,155,853

* as per the information available with the management
(Refer note B13 of schedule O)

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31st, 2006

	For the period ended 31.03.2006 (Rs.)	For the period ended 31.03.2005 (Rs.)
SCHEDULE H - OTHER INCOME		
Interest on fixed deposit	100,208	—
Sale of scrap	40,445	—
Exchange gain	97,341	—
DEPB incentive	331,430	—
Total	569,424	—
SCHEDULE I - INCREASE/(DECREASE) IN STOCK		
A. Opening Stock		
(I) Work-in-progress	104,018,534	—
(ii) Finished goods	29,362,024	—
(iii) Scrap	1,890,651	—
	135,271,209	—
B. Closing Stock		
(I) Work-in-progress	156,332,790	—
(ii) Finished goods	35,157,973	—
(iii) Scrap	2,332,287	—
	193,823,049	—
Increase/(decrease) in stock	(58,551,840)	—
SCHEDULE J - MANUFACTURING EXPENSES		
Power & fuel	2,721,219	—
Water	67,500	—
Laboratory expenses	5,510	—
Freight & cartage	289,574	—
Store & spares (Others)	4,579,490	—
Job work charges	6,627,792	—
Total	14,291,085	—

**SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31st, 2006
SCHEDULE K - SELLING EXPENSES**

Particulars

	For the period ended 31.03.2006 (Rs.)	For the period ended 31.03.2005 (Rs.)
Sales Promotion	25,611	—
Discount on Sales	320,410	—
Short/excess recovery account	130	—
Carriage outwards	75,069	—
Packing Expenses	1,040	—
Total	422,260	—

SCHEDULE L - PERSONNEL EXPENSES

Salaries, wages and bonus and other allowances	6,191,592	—
Contribution to provident and other funds	194,701	—
Staff welfare	1,265,184	—
Total	7,651,477	—

**SCHEDULE M - ADMINISTRATIVE AND
OTHER EXPENSES**

Vehicle running and maintenance	41,405	—
Printing and stationery	66,367	—
Rent	37,000	—
Travelling and conveyance	983,774	—
Repair & maintenance:		
– plant and machinery	175,393	—
– others	91,295	—
Rates and taxes	67,550	—
Insurance	961,558	—
Legal and professional expenses	184,535	—
Payment to auditors:		
– Audit fees	150,000	—
– Taxation & other matters	125,000	—
Preliminary expenses written off	783,950	—
Pre-operative expenses written off	1,391,339	—
Gratuity	318,002	—
Miscellaneous expenses	968,611	—
Total	6,345,778	—

SCHEDULE N - FINANCE COSTS

Interest on:

Term loans	2,024,726	—
Cash credit	1,619,233	—
Others	484,429	—
	4,128,388	—

Others:

Bank charges	200,534	—
Bank guarantee commission	423,528	—
	624,062	—
Total	4,752,450	—

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

IUP JINDAL METALS & ALLOYS LIMITED SCHEDULE FORMING PART OF THE ACCOUNTS FOR PERIOD ENDED MARCH 31st, 2006 SCHEDULE O – SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES

Company Background

IUP Jindal Metals and Alloys Limited ("the Company") is a Joint Venture ("JV") between M/s Jindal Saw Limited & M/s Imphy Ugine Precision ("IUP"), France. This JV is in the ratio of 73:27 between M/s Jindal Saw Limited & M/s Imphy Ugine Precision respectively.

The Company has set up a modern plant at Bahadurgarh, near New Delhi, India for developing relevant skills and a cost-effective facility for cold rolling and finishing activities. The Company started its commercial production from the 1st day of February 2006.

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.

The Management evaluates all recently issued or revised accounting standards on an ongoing basis.

2. Revenue

- (i) Revenue in respect of sale of goods is recognised 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 recognised in books after due consideration of certainty of utilisation.
- (iii) Material returned/rejected are 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 till the date of installation. Cost of fixed assets is further adjusted by the amount of CENVAT credit availed and VAT credit wherever applicable and fluctuation in foreign exchange rate.

(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, as amended up to date. Intangible assets are written off over a period of three years from the year of their purchase/acquisition.
- (ii) Assets costing less than or equal to Rs. 5000/- are depreciated fully in the year of purchase.

4. Pre operative expenditure

Expenditure incurred during construction period is carried forward as "pre-operative expenditure pending allocation" and will be capitalised/amortised in the year in which commercial production begins. The amount to be capitalised or amortised will be determined in accordance with the accepted accounting principles.

5. Borrowing Costs

Borrowing Costs that are attributable to the acquisition for 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.

6. 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 weighted average basis.

Work in progress and finished goods: 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.

7. 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, except in respect of liabilities for acquisition of fixed assets (imported from abroad), where such exchange differences are adjusted in the carrying cost of the respective fixed assets.
- (iv) Non-monetary items outstanding at the balance sheet date are reported using the exchange rate at the date of the transaction.

8. Retirement benefits

- (i) *Gratuity*: Liabilities in respect of gratuity to the employees are covered under the group gratuity scheme with the Life Insurance Corporation of India.
- (ii) *Leave Encashment*: Liabilities in respect of accumulated leaves to the credit of employees are determined on the basis of their current salaries.
- (iii) *Provident Fund*: Contribution to recognised provident fund is made at pre-determined rates and accounted on accrual basis.

9. Impairment of fixed assets

At the balance sheet date, the Company assesses 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.

10. Earnings 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.

11. 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 recognised 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 realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits.

12. Contingent liabilities

Contingent liabilities are not provided for in the accounts but are separately disclosed by way of a note.

13. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

B. NOTES TO ACCOUNTS

1. Contingent liabilities not provided for:

Particulars	<i>(Rs. in '000)</i>	
	For the period ended March 31, 2006	For the period ended March 31, 2005
Letter of credits	12,000	30,800
Bank Guarantee	18,039	17,273
Custom Duty saved on goods imported under EPCG license	60,118	60,947
Total	90,157	109,020

2. Capital commitments

Particulars	<i>(Rs. in '000)</i>	
	For the period ended March 31, 2006	For the period ended March 31, 2005
Estimated amounts of contracts remaining to be executed on capital account and not provided for	16,331	159,300

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 Board, the realisable 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. Capital work in progress includes machinery in transit of Rs. NIL Lacs, (previous year Rs. 76.69 Lacs).

6. Expenditure in foreign currency

Particulars	<i>(Rs. in '000)</i>	
	For the period ended March 31, 2006	For the period ended March 31, 2005
Miscellaneous matters – foreign travel expenses etc.	235	NIL
Total	235	NIL

7. Auditors' remuneration:

Particulars	<i>(Rs. in '000)</i>	
	For the period ended March 31, 2006	For the period ended March 31, 2005
Audit fees	150	100
Certification/others	125	19
Out of pocket expenses	—	—
Total	275	119

8. Deferred tax

The Company estimates deferred tax credit/(charge) using the applicable rate of taxation on the impact of timing differences for the current year. The components of net deferred tax asset for the period ended 31st March, 2006 and for the period ended 31st March, 2005 are as follows:

Particulars	(Rs. in '000)	
	For the period ended March 31, 2006	For the period ended March 31, 2005
Deferred Tax Liability		
Excess of depreciation allowable under Income Tax Act, 1961 and depreciation provided in accounts.	13,266	—
Total (A)	13,266	—
Less: Deferred Tax Asset		
Provision for Leave Encashment	454	—
Provision for Gratuity	—	—
Provision for Bonus	365	—
Disallowance Under Section 40(a)	163	—
Unabsorbed Depreciation and Business Losses	15,106	—
Provision for Doubtful Debts	—	—
Others	211	—
Total (B)	16,299	—
Net Deferred Tax Asset/Liability	3,033	—

9. Sundry creditors includes creditors for capital goods Rs. 26,526 ('000).

10. Related party disclosure

Particulars	(Rs. in '000)									
	Holding Company		Associate		Key Management Personnel		Enterprises controlled by Key Management Personnel & their relatives		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Transactions during the year										
Sales	—	—	—	—	—	—	70,961	—	70,961	—
Purchase of goods	238	—	15,578	—	—	—	462,587	—	478,403	—
Issue of equity shares	72,500	499.4	27,000	—	—	0.6	—	—	995,00	500
Purchase of capital good	100,280	—	—	1,528,200	—	—	260	—	100,540	1,528,200
Job charges paid	12,521	—	—	—	—	—	—	—	12,521	—
Employees salary	1,377	—	—	—	—	—	—	—	1,377	—
Gratuity	829	—	—	—	—	—	—	—	829	—
Travelling expenses	151	—	—	—	—	—	—	—	151	—
Training fees	—	—	3,741	9,391	—	—	—	—	3,741	9,391
Technical fees	—	—	8,735	—	—	—	—	—	8,735	—
Interest	—	—	—	—	—	—	4,491	—	4,491	—
Bank charges	158	—	—	—	—	—	—	—	158	—
TOTAL	188,054	499.4	55,054	1,537,591	—	0.6	538,299	—	781,407	1,538,091
<i>Balances receivable at the period end</i>	—	—	—	—	—	—	1,903	—	1,903	—
<i>Balances due at the period end</i>	1,381	—	—	—	—	—	163,887	—	165,268	—

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

Names of related parties

Holding Company	1. Jindal Saw Limited
Associate	1. Imphy Ugine Precision ("IUP"), France
Fellow Subsidiary	1. Hexa Securities & Finance Co. Ltd 2. Jindal Enterprises LLC.
Key Management Personnel	1. Mr.P.R.Jindal (Director) 2. Mr.Indresh Batra (Managing Director) 3. Ms.Sminu Jindal (Director)
Enterprises over which key management personnel and their relatives exercise significant influence with whom transactions have taken place during the year.	1. Jindal Stainless Limited

11. Earnings per share:

Particulars	(Rs.in '000)	
	For the period ended March 31, 2006	For the period ended March 31, 2005
(a) Profit after tax available for equity shareholders (A)	(6,520)	N.A.
(b) Calculation of weighted average number of equity shares		
Number of equity shares at the beginning of the year	50,000	N.A.
Number of equity shares outstanding at the end of the year	10,000,000	N.A.
Number of basic/weighted average equity shares outstanding during the year for calculation of basic and diluted earning per share (B)	6,683,333	
(c) Nominal value of equity share	10	N.A.
(d) Basic and diluted earning per equity share (C) = (A)/(B)	(0.98)	N.A.

12. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 (as certified by management)

(a) Raw material consumed

Particulars	(Rs.in '000)			
	For the period ended March 31, 2006		For the period ended March 31, 2005	
	Qty. (MT)	Value	Qty.(MT)	Value
Cold rolled stainless steel*	1,286.196	144,470	NIL	NIL
Nickel alloys	0.592	698	NIL	NIL
Total	1,286.788	145,168	NIL	NIL

* excludes consumption during trial run of 2204 MT worth Rs. 240,182 ('000).

(b) Quantitative information of finished goods stocks and sales

Particulars	Opening Stock		Production		Sales		Closing Stock	
	Qty.(MT)		Qty.(MT)		Qty.(MT)		Qty.(MT)	
	2006	2005	2006	2005	2006	2005	2006	2005
Cold rolled stainless steel	233	—	1,038*	—	1,006	—	265	—
Nickel alloys	—	—	0.592	—	0.578	—	0.014	—

*excludes produced and sold during trial run 1,188 MT and 955 MT respectively

(c) Particulars in respect of goods manufactured, licence capacity, installed capacity and actual production

Particulars	Unit	For the period ended	For the period ended
		March 31, 2006	March 31, 2005
Installed capacity (annually)	MT	18,000	NIL
Actual production*	MT	1,038	NIL

*excludes produced during trial run 1,188 MT

(d) Value of imported and indigenous raw material, stores and spares (including booked under packing expenses and machinery repairs) consumed and the percentage of each to the total consumption

(Rs. in '000)

Particulars	Percentage of Total consumption		Value (2 months)	
	For the period ended	For the period ended	For the period ended	For the period ended
	March 31, 2006	March 31, 2005	March 31, 2006	March 31, 2005
Raw material				
Imported	0.48%	NIL	698	NIL
Indigenously obtained*	99.52%	NIL	144,470	NIL
Total	100%	NIL	145,168	NIL
Stores and spares (Including booked under packing expenses and machinery repair)				
Imported	0.14%	NIL	83	NIL
Indigenously obtained	99.86%	NIL	60,127	NIL
Total	100%	NIL	60,210	NIL

* excludes consumption during trial run of 2204 MT worth Rs. 240,182 ('000).

(e) Value of imports calculated on CIF basis

Particulars	For the period ended	For the period ended
	March 31, 2006	March 31, 2005
Raw material	15,578	NIL
Stores & spares	10,967	NIL
Capital goods	65,698	169,800

(f) Earnings in foreign currency

Particulars	For the period ended	For the period ended
	March 31, 2006	March 31, 2005
F.O.B. value of exports	6,629	NIL

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS - SUBSIDIARY COMPANIES

13. Sundry creditors include Rs. 40.58 Lacs (Previous year Nil) payable to small scale industrial undertakings. To the extent of information available to the Company, the names of small scale undertakings to whom the Company owes sums remaining outstanding for more than 30 days as at March 31, 2006 are as below:

Automation Engineers A. B. Pvt. Ltd	A. P. Polyplast Pvt. Ltd
A. K. Engineering Works	Associated Industrial Furnace P. Ltd,
Airfilt Technologies (P) Ltd	Agarwal Packaging Industries
Bamrah Engineering Works	Bhagwan Machine Tools (Regd.)
Concept Enviro Chem (I) (P) Ltd	Control Technique India Pvt Ltd
Coil Company Pvt. Ltd	D.B. Engineering Co
D.B.Engineering Pvt. Ltd	Dee Tee Industries Ltd
Dura-Line India Pvt. Ltd	G.R.R Industries
Globe Engineering Co	Gloreal Filtration Systems Pvt. Ltd
Green City Enterprises	Himachal Environmental Engg.Co P.Ltd
Jain Metal Foundry	Molsieve Design Ltd
Mukeria Engineers & Marketing P Ltd	Parvati Air Conditioning
Rastogi Canvas Co.	Reliable Control & Services
Revex Plasticisers P. Ltd	Shalcot Mechanique P Ltd
Super Steel Industries,	Sai Enviro Care Systems
S.V. International	Shri Sai Industries
Star Continental Industries	Vigasa Industries P Ltd
Vasudev Enterprises	Yash Engineering
Hydmark Applicon	

14. Segment information

A. Segment reporting policies (identification of segments)

The Company is engaged in the manufacturing of cold rolled stainless steel with TR finish and Nickel Alloys with TR finish as primary segment. The analysis of geographical segments is based on the areas in which the Company operates.

B. Geographical segments

The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced:

Sales by geographical market

Particulars	(Rs. in '000)	
	For the period ended March 31, 2006	For the period ended March 31, 2005
Export sales	6,708	NIL
Domestic sales (including excise duty and cess recoverable)	129,842	NIL
Total	136,550	NIL

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.

15. A statement showing the balance sheet abstract and the Company's general business profile in terms of Part IV of Schedule VI to the Companies Act, 1956 is attached herewith.

16. The Company started its commercial production from the 1st day of February 2006. Accordingly, the Profit & Loss Account pertains to the period of two months from February 1, 2006 to March 31, 2006 and hence previous year figures are not available.

For **RSM & Co.**

Chartered Accountants

VILAS Y. RANE

(Partner)

Membership No. F-33220

Place : New Delhi

Date : 29th August, 2006

For **IUP Jindal Metals & Alloys Limited**

INDRESH BATRA

Managing Director

RAJU TOLANI

Director

HARVINDER CHUGH

Company Secretary & Financial Controller

IUP JINDAL METALS & ALLOYS LIMITED

CASH FLOW STATEMENT

Particulars

		For the period ended 31.03.2006 (Rs.)	For the period ended 31.03.2005 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and extraordinary item		(9,312,902)	—
Adjustment for			
Depreciation	4,546,118		
Preliminary expenses written off	783,950		
Interest expense	4,752,450		
Interest received	(100,208)	9,982,310	—
Operating Profit before working capital changes:		669,408	—
(Increase) / Decrease in Sundry Debtors	(81,470,289)		
(Increase) / Decrease in inventories	(216,402,621)		
(Increase) / Decrease in loans and advances	(54,919,916)		
Increase / (Decrease) in trade payables	198,865,142		
Fringe benefit tax	240,106	(154,167,790)	—
Cash generated from Operating Activities		(153,498,382)	—
Income tax paid		—	—
Net cash from operating activities		(153,498,382)	—
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets / capital work-in-progress	(380,384,257)		
Addition of Intangibles	(1,063,800)		
Interest received	100,208		
Net cash used in Investing Activities		(381,347,849)	—
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital (including premium)	272,830,954		
Term loan from bank	135,000,000		
Working capital loan from bank	116,638,366		
Interest paid	(4,752,450)		
Net cash from Financing Activities		519,716,871	—
(Decrease) / increase in cash and cash equivalents (A+B+C)		(15,129,360)	—
Cash and cash equivalents at beginning of the year		17,645,490	—
Cash and cash equivalents at end of the year		2,516,130	—
Increase/(Decrease) in cash and cash equivalent during the year		(15,129,360)	—

For RSM & Co.

Chartered Accountants

VILAS Y. RANE

(Partner)

Membership No. F-33220

Place : New Delhi

Date : 29th August, 2006

For IUP Jindal Metals & Alloys Limited

INDRESH BATRA

Managing Director

RAJU TOLANI

Director

HARVINDER CHUGH

Company Secretary & Financial Controller

JINDAL SAW LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF JINDAL SAW LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JINDAL SAW LIMITED AND ITS SUBSIDIARIES

We have examined the attached Consolidated Balance Sheet of Jindal Saw Limited ("the Company") and its subsidiaries as at 30th September, 2006, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended.

1. 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 have conducted our audit in accordance with generally accepted audit standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of subsidiaries (Hexa Securities & Finance Company Limited, Jindal Enterprises LLC and IUP Jindal Metals & Alloys Ltd.) whose financial statements reflect total assets (net) of Rs. 18788.51 Lacs and total revenues of Rs. 1413.19 Lacs and net cash outflows of Rs. 61.07 Lacs. These financial statements have been audited by other auditors whose reports have been furnished to us and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the respective auditors.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Jindal Saw Ltd., and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 30th September, 2006;
- (b) In case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

N. C. AGGARWAL

Partner

M.No. 05951

For & On behalf of

N. C. AGGARWAL & CO,

Chartered Accountants

Place : New Delhi

Dated : 28th November, 2006

FINANCIAL STATEMENTS

JINDAL SAW LTD.

CONSOLIDATED BALANCE SHEET

DESCRIPTION	SCHEDULE No.	As At Sept. 30,2006 (Rs. in Lacs)	As At Sept. 30,2005 (Rs. in Lacs)
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	14,836.47	14,711.47
Optionally Convertible Warrants		1,165.26	—
Reserves and Surplus	2	80,311.40	64,511.18
		96,313.13	79,222.65
MINORITY INTEREST			
Deferred Tax Liability (Net)	3	1,510.60	—
		7,631.31	5,988.21
LOAN FUNDS			
Secured Loans	4	86,785.24	67,128.78
Unsecured Loans	5	75,387.27	52,663.11
		162,172.51	119,791.89
Total		267,627.55	205,002.75
APPLICATION OF FUNDS			
FIXED ASSETS:			
Gross Block	6	110,491.16	86,334.47
Less: Depreciation		24,991.31	19,804.00
Net Block		85,499.85	66,530.47
Capital Work in Progress		15,462.75	11,768.69
Pre-operative Expenses		1,576.49	317.39
		102,539.09	78,616.55
INVESTMENTS			
	7	8,356.28	8,676.43
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	139,667.44	92,624.91
Sundry Debtors	9	76,082.02	33,346.66
Cash and Bank Balances	10	39,215.91	15,264.59
Loans and Advances	11	24,799.46	26,584.10
		279,764.83	167,820.26
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	12	114,077.69	46,404.51
Provisions	13	8,954.96	3,713.82
		123,032.65	50,118.33
NET CURRENT ASSETS			
		156,732.18	117,701.93
MISCELLANEOUS EXPENDITURE			
(to the extent not written off)	14	—	7.84
Total		267,627.55	205,002.75
NOTES TO THE ACCOUNTS			
	23		

As per our report of even date attached.

N. C. AGGARWAL

Partner

M.No. 05951

For & On behalf of

N. C. AGGARWAL & CO.

Chartered Accountants

Place : New Delhi

Dated : 28th November, 2006

P. R. JINDAL

Vice Chairman

SUNIL JAIN

Company Secretary

SMINU JINDAL

Managing Director

H. S. CHOUDHARY

Wholetime Director

NARENDER MANTRI

Vice President (Finance)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

DESCRIPTION	SCHEDULE No.		For the Year 2005-06 (Rs. in Lacs)		For the Year 2004-05 (Rs. in Lacs)
INCOME					
Sales and Operational Income	15	408,061.14		239,304.90	
Less: Excise Duty		<u>20,746.96</u>	387,314.18	<u>7,920.39</u>	231,384.51
Other Income	16		2,812.70		1,797.76
Increase/(Decrease) in Stock	17		31,744.44		<u>19,037.65</u>
			421,871.32		<u>252,219.92</u>
EXPENDITURE					
Raw Material Consumed/Sold			272,823.40		178,087.27
Manufacturing Expenses	18		70,510.19		27,939.58
Payments to and Provisions for Employees	19		8,382.36		4,107.17
Selling Expenses	20		22,845.95		9,501.06
Finance Expenses	21		12,901.75		9,846.45
Administrative & Other Expenses	22		3,842.56		4,076.19
Depreciation		5,788.31		4,070.16	
Less: Transfer to Revaluation Reserve		<u>417.62</u>	5,370.69	<u>419.82</u>	3,650.34
			396,676.90		<u>237,208.06</u>
Profit before Taxation			25,194.42		15,011.86
Provision for Income Tax					
– Current Tax		7,044.97		3,794.33	
– Deferred Tax Liability		1,643.10		1,330.44	
– Fringe Benefit Tax		102.40		42.50	
– Prior Period Tax Adjustment		<u>(118.19)</u>	8,672.28	<u>(99.90)</u>	5,067.37
Provision for Wealth Tax			13.50		1.80
Profit After Taxation			16,508.64		<u>9,942.69</u>
Less: Minority Interest in (Profit)/Loss			17.60		
Profit Brought Forward			14,260.47		8,269.46
Debenture Redemption Reserve Written Back			500.00		625.00
Translation Exchange Difference (Net)			(227.92)		<u>326.15</u>
Disposable Profit			31,058.79		<u>19,163.30</u>
APPROPRIATIONS					
Interim Dividend paid on Preference shares			763.49		—
Corporate Tax on Above			107.08		—
Proposed Dividend:					
– on Equity Shares			2,418.22		1,884.58
– on Preference Shares			—		21.51
Corporate Tax on Proposed Dividends			346.17		267.33
Dividend Paid			50.00		—
General Reserve			2,500.00		1,250.00
Debenture Redemption Reserve			937.50		1,437.50
Statutory Reserve			14.50		41.91
Balance Carried to Balance Sheet			23,921.83		<u>14,260.47</u>
			31,058.79		<u>19,163.30</u>
Basic Earning per Share (In Rs.) of Rs. 10/- each			32.37		25.28
Diluted Earning per Share (In Rs.) of Rs. 10/- each			31.00		20.51

NOTES TO THE ACCOUNTS

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As per our report of even date attached.

N. C. AGGARWAL

Partner

M.No. 05951

For & On behalf of

N.C. AGGARWAL & CO.

Chartered Accountants

Place : New Delhi

Dated : 28th November, 2006

P. R. JINDAL

Vice Chairman

SMINU JINDAL

Managing Director

H. S. CHOUDHARY

Wholetime Director

SUNIL JAIN

Company Secretary

NARENDER MANTRI

Vice President (Finance)

FINANCIAL STATEMENTS

JINDAL SAW LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

DESCRIPTION	As At Sept. 30, 2006 (Rs. in Lacs)	As At Sept. 30, 2005 (Rs. in Lacs)
SCHEDULE "1"		
SHARE CAPITAL		
AUTHORISED		
(i) 10,00,00,000 Equity Shares of Rs. 10/- each	10,000.00	10,000.00
(ii) 1,00,00,000 Redeemable Preference Shares of Rs. 100/- each	10,000.00	10,000.00
	20,000.00	20,000.00
ISSUED AND SUBSCRIBED		
(i) 4,83,65,108 (Previous Year 4,71,15,108) Equity Shares of Rs. 10/- each	4,836.51	4,711.51
(ii) 1,00,00,000 7.85% Redeemable Non Convertible Cumulative Preference Shares of Rs. 100/- each	10,000.00	10,000.00
	14,836.51	14,711.51
PAID UP		
(i) 4,83,64,308 (Previous Year 4,71,14,308) Equity Shares of Rs. 10/- each Add : Forfeited Capital 800 Equity Shares of Rs. 10/- each (partly paid up Rs. 5 each)	4,836.43 0.04	4,711.43 0.04
	4,836.47	4,711.47
(ii) 1,00,00,000 7.85% Redeemable Non Convertible Cumulative Preference Shares of Rs. 100/- each	10,000.00	10,000.00
	14,836.47	14,711.47

1. OF THE ABOVE EQUITY SHARES

- 20,08,000 were allotted pursuant to contract without payment being received in cash.
- 66,13,936 were allotted pursuant to Schemes of Amalgamation without payment being received in cash.
- 2,57,96,172 were allotted as bonus shares by capitalising Reserves and Share Premium.
- 650 have been held in abeyance and not allotted as a result of attachment orders by Govt. authorities, lost share certificates and other disputes.

2. During the year 12,50,000 shares have been issued as underlying shares to the Global Depository Shares (GDS), (each representing one share) issued pursuant to the option exercised by the initial purchasers of GDS issued in the previous year.

3. Options on Un-issued Share Capital.

- Share Warrant holders holding 24,12,542 warrants have rights to get their warrants converted into equity shares of Rs. 10/- at the rate of Rs. 483/- for each warrant within a period of 18 months from the date of issue i.e. 6th May, 2006.
- Foreign currency convertible bond holders holding bonds for JPY 9,090,000,000 can convert the same on or after 12th July, 2006 upto 24th June, 2011 into newly issued equity shares of Rs. 10/- each at an initial conversion price of Rs. 675/- per share with a fixed rate of exchange on conversion of JPY 2.533=Re.1.00

4. Preference shares are to be redeemed in three yearly installments in the ratio of 30:30:40 at the end of fifth, sixth and seventh year from the date of allotment i.e. 22nd September, 2005. These also carry put/call option at the end of 5th Year.

SCHEDULE "2"

	As At Sept. 30, 2005 (Rs. in Lacs)	Additions/created during the year	Deductions	As At Sept. 30, 2006 (Rs. in Lacs)
RESERVES AND SURPLUS				
(i) Capital Reserve	9.50	—	—	9.50
(ii) Capital Redemption Reserve	1,500.00	—	—	1,500.00
(iii) General Reserve	17,163.06	2,500.00	—	19,663.06
(iv) Debenture Redemption Reserve	2,375.00	937.50	500.00	2,812.50
(v) Share Premium Account	27,048.94	4,215.59	611.11*	30,653.42
(vi) Statutory Reserve	41.91	14.50	—	56.41
(vii) Revaluation Reserve	2,112.30	—	417.62	1,694.68
(viii) Profit and Loss Account	14,260.47	16,783.82	7,122.46	23,921.83
Total	<u>64,511.18</u>	<u>24,451.41</u>	<u>8,651.19</u>	<u>80,311.40</u>
Previous year	<u>30,345.55</u>	<u>41,364.86</u>	<u>7,199.23</u>	<u>64,511.18</u>

* Utilized for Share/Convertible Bond Issue Expenses

DESCRIPTION

SCHEDULE "3"

DEFERRED TAX LIABILITY

A. Deferred Tax Liability

Difference between book and tax depreciation

Total Deferred Tax Liability

B. Deferred Tax Assets

- (i) Disallowance under Income Tax Act
- (ii) Provision for Diminution in investment
- (iii) Long Term Capital Loss

Total Deferred Tax Assets

Deferred Tax Liability (Net) A-B)

As At Sept. 30, 2006 (Rs. in Lacs)	As At Sept. 30, 2005 (Rs. in Lacs)
<u>7,733.29</u>	6,742.94
<u>7,733.29</u>	<u>6,742.94</u>
<u>101.98</u>	30.27
—	28.95
—	695.51
<u>101.98</u>	754.73
<u>7,631.31</u>	<u>5,988.21</u>

SCHEDULE "4"

SECURED LOANS

A. Redeemable Non-Convertible Debentures

B. Term Loan

- (i) From Banks
- (ii) From Financial institutions

C. Working Capital Loans from Banks

D. External Commercial Borrowing

E. Deferred Sales Tax Loan

<u>15,000.00</u>	25,000.00
<u>35,441.20</u>	22,614.38
<u>400.00</u>	2,350.25
<u>31,251.27</u>	10,963.77
<u>4,692.77</u>	6,176.01
—	24.37
<u>86,785.24</u>	<u>67,128.78</u>

Notes:

- A. (1) Debentures referred to in A above are secured by pari-passu charge by way of English mortgage on the company's specific immovable properties located in the State of Gujarat and by way of equitable mortgage of Company's other immovable properties and hypothecation of moveable Fixed Assets in favour of Debenture Trustees.
- (2) Debentures referred to the A above are privately placed and consist of:
 - (i) 9.75% Debenture of Rs. 100/- each aggregating to Rs. 7500.00 Lacs are redeemable in three equal Annual instalments commencing from 1st October, 2007.
 - (ii) 7.75% Debenture of Rs.10,00,000/- each aggregating to Rs. 7500.00 Lacs are redeemable in three equal Annual instalments commencing from 25th March, 2008.
 - (iii) Debentures referred to in (ii) above are also secured by personal guarantee of directors.

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- B. (1) Term Loans from Banks include Loans of Rs.93.94 Lacs (Previous Year Rs.118.20 Lacs) for purchase of vehicles and secured by way of hypothecation of vehicles.
- (2) Term Loans from Banks include loans of Rs. 34,747.44 Lacs (Previous Year Rs. 21,852.02 Lacs) which are secured by way of mortgage of Company's immovable properties and hypothecation of moveable assets (save and except book debts) both present and future, except those charged in favour of Company's bankers for securing Working Capital Facilities.
- (3) Term Loans from Banks/Financial Institutions include loans of Rs. 14437.50 Lacs (Previous Year Rs. 7281.55 Lacs) for which Director(s) personal Guarantee has been provided.
- (4) Term Loans from Financial Institutions & others include a House Property loan of Rs. 599.82 Lacs (Previous Year Rs. 644.16 Lacs) which is secured by way of exclusive charge on the Company's House Property situated in Delhi.
- (5) Term Loans from Financial Institutions & others include a loan of Rs.400.00 Lacs (Previous Years Rs.1800.00 Lacs), which is secured by way of charge subservient to 1st & 2nd charge holders on entire movable and immovable properties of the Company.
- C. Working Capital Loans are secured/to be secured by hypothecation of finished goods, raw-materials, work-in-progress, stores and spares, book debts and to be secured by second charge in respect of other moveable and immovable properties of the Company.
- D. Deferred Sales Tax Loan is secured by way of second pari passu charge on immovable assets and hypothecation of moveable assets at the Company's Kosi Kalan Unit (in UP)
- E. External Commercial Borrowings of Rs. 4692.77 Lacs (Previous Years Rs. 6176.01 Lacs) are secured by way of mortgage of Company's immovable properties and hypothecation of moveable assets (save and except book debts) both present and future, except those charged in favour of Company's bankers for securing Working Capital Facilities. These are also guaranteed by Director(s).

SCHEDULE "5" UNSECURED LOANS

DESCRIPTION	As At Sept. 30, 2006 (Rs. in Lacs)	As At Sept. 30, 2005 (Rs. in Lacs)
(i) Fixed Deposits	4,004.48	4,035.93
(ii) Deferred Sales Tax loan	5,326.69	2,188.35
(iii) Unsecured Loans from Banks	2,875.92	5,625.01
(iv) Foreign Currency Convertible Bonds	35,449.46	—
(v) External Commercial Borrowing	18,376.00	17,608.00
(vi) Commercial Paper	—	13,000.00
(vii) Intercompany Loans	9,354.72	10,205.82
	75,387.27	52,663.11

Notes:

- (i) Deferred Sales Tax loan and Unsecured Loan of Rs.8202.61 lacs (Previous Year Rs.7813.36 Lacs) from Banks are guaranteed by one of the Directors.
- (ii) Unsecured loans from Banks/Commercial Paper includes amount of Rs. 1750.92 Lacs (Previous Year Rs. 14250.00 Lacs) payable within one year.
- (iii) External Commercial Borrowings of \$40 Million are repayable on 1st July, 2010.
- (iv) The Foreign Currency Convertible Bonds (FCCB) are convertible at any time on or after 12th July, 2006 and up to the close of business on 24th June, 2011 by holders of the Bonds into newly issued equity shares of Rs. 10 each of the company at the option of the Bondholder, at an initial conversion price of Rs. 675 per share with a fixed rate of exchange on conversion of JPY 2.533 = Re. 1.00 Unless previously converted redeemed or repurchased and cancelled, the bonds will mature on 1st July, 2011 at 117.928% of their principal amount.

SCHEDULE "6" - FIXED ASSETS

(Rs. in Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.10.05	Additions	Deduction/ Adjustments	As At 30.09.06	UPTO 30.09.05	During the Year	Deduction/ Adjustment	UPTO 30.09.06	As At 30.09.06	As At 30.09.05
Tangible Assets:										
Land										
– Free hold	439.06	845.10	—	1,284.16	—	—	—	—	1,284.16	439.06
– Lease hold	394.17	—	—	394.17	78.78	6.46	—	85.24	308.93	315.39
Buildings	9,478.85	3,668.02	—	13,146.87	1,416.33	248.94	—	1,665.27	11,481.60	8,062.52
Plant & Machinery	74,907.39	20,451.42	1,022.04	94,336.77	17,984.43	5,420.95	577.73	22,827.65	71,509.12	56,922.97
Vehicles	686.71	86.10	63.02	709.79	212.46	66.75	23.27	255.94	453.85	474.24
Furniture & Fixtures	428.29	169.47	—	597.76	112.00	43.64	—	155.64	442.12	316.29
Intangible Assets:										
Computer Software	—	21.64	—	21.64	—	1.57	—	1.57	20.07	—
TOTAL	86,334.47	25,241.75	1,085.06	110,491.16	19,804.00	5,788.31	601.00	24,991.31	85,499.85	66,530.47
Previous Year	50,914.25	35,510.24	90.02	86,334.47	15,731.14	4,089.24	16.38	19,804.00	66,530.47	

Note:

A) Gross Block includes the following amount on account of revaluation made on 31st March, 1996 of Pipe Division at A-1, UPSIDC Indl. Area, Kosi Kalan at Net current Residual Replacement Value.

(i) Land

Freehold 7.38

Leasehold 143.59

(ii) Building 548.34

(iii) Plant & Machinery 3,916.96

DESCRIPTION	As At Sept. 30, 2006 (Rs. in Lacs)	As At Sept. 30, 2005 (Rs. in Lacs)
SCHEDULE "7"		
INVESTMENTS		
(i) Quoted Shares	7,376.12	6,900.99
(ii) Unquoted Shares	737.21	667.21
(iii) Intestments in Debentures/Bonds/Units-quoted	—	890.00
(iv) Govt & Trust Securities	242.95	218.23
Total	8,356.28	8,676.43
Aggregate Market Value of Quoted Investments	35,768.87	33,582.75

SCHEDULE "8"

INVENTORIES

(As taken valued and certified by the management)

(i) Stores and Spares	4,399.94	2,842.82
(ii) Loose Tools	51.57	38.32
(iii) Finished goods	43,122.64	19,844.01
(iv) Work in Progress	16,319.10	7,488.46
(v) Raw Material*	73,139.99	60,764.99
(vi) Scrap	2,634.20	1,646.31
	139,667.44	92,624.91

* Includes Raw Material in Transit of Rs.10536.96 Lacs (Previous Year Rs. 4,936.29 Lacs)

FINANCIAL STATEMENTS

DESCRIPTION	As At Sept. 30, 2006 (Rs. in Lacs)	As At Sept. 30, 2005 (Rs. in Lacs)
SCHEDULE "9"		
SUNDRY DEBTORS		
(Unsecured, considered good)		
(i) Exceeding six months		
(a) Considered good	17,047.66	9,048.68
(b) Considered doubtful	15.27	14.42
– Less provision for doubtful debts	(15.27)	(14.42)
(ii) Others	59,034.36	24,297.98
	76,082.02	33,346.66
SCHEDULE "10"		
CASH AND BANK BALANCES		
(i) Cash on hand	14.18	21.57
(ii) Bank Balance With Scheduled banks		
– In Current Accounts	1,253.44	1,197.67
– In Fixed Deposit Account*	37,948.29	13,760.54
(iii) Bank Balance With Unscheduled banks		
– In Current Accounts** (JP Morgan Chase Bank, New York)	—	284.81
	39,215.91	15,264.59
*This includes balance of unutilized money out of FCCB issue amounting to Rs. 34,669.28 Lacs (Previous Year Nil).		
** Balance of unutilized money out GDS issue.		
SCHEDULE "11"		
LOANS AND ADVANCES		
(Unsecured, considered good)		
(i) Advances recoverable in cash or in kind or for value to be received c Considered Good	7,579.02	7,591.58
(ii) Earnest money and Security deposits	2,319.56	1,690.09
(iii) Balance with Excise, Customs and Port Authorities etc.	1,743.62	53.89
(iv) Inter Corporate Loans	10,277.77	11,919.55
(v) Interest Accrued on Investments	103.39	1.97
(vi) Prepaid Expenses	1,147.13	1,939.00
(vii) Export Benefits/Govt. Grants Receivables	1,628.97	3,388.02
	24,799.46	26,584.10
SCHEDULE "12"		
CURRENT LIABILITIES		
(i) Sundry Creditors	95,745.55	34,114.95
(ii) Acceptances	3,549.62	3,420.37
(iii) Advance from Customers	553.52	1,689.89
(iv) Interest Accrued but not due	1,698.81	1,211.21
(v) Other Liabilities	12,406.35	5,868.76
(vi) Unpaid Dividend	123.84	99.33
	114,077.69	46,404.51

DESCRIPTION	As At Sept. 30, 2006 (Rs. in Lacs)	As At Sept. 30, 2005 (Rs. in Lacs)
SCHEDULE "13"		
PROVISIONS		
(i) For Taxation (Net of Prepaid Taxes)	5,862.60	1,345.04
(ii) For Proposed Dividend & Corporate tax thereon	2,757.38	2,173.42
(iii) Others	334.98	195.36
	8,954.96	3,713.82
SCHEDULE "14"		
MISCELLANEOUS EXPENDITURE (to the extent not written off)		
(i) Preliminary Expenses	—	7.84
	—	7.84
	For the year 2005-06 (Rs. in Lacs)	For the year 2004-05 (Rs. in Lacs)
SCHEDULE "15"		
SALES AND OPERATIONAL INCOME		
(i) Sales	388,676.93	229,797.26
(ii) Job Charges	11,104.77	4,864.24
(iii) Export/Deemed Export Benefits/Govt.Grants	8,279.44	4,643.40
	408,061.14	239,304.90
SCHEDULE "16"		
OTHER INCOME		
(i) Dividend on Long Term investment	458.09	473.04
(ii) Profit On Sales of Investments	—	260.01
(iii) Previous Year's Adjustments (Net)	106.55	—
(iv) Miscellaneous Receipts	878.52	318.25
(v) Provision for diminution in Investment W/back	—	1.67
(vi) Foreign Exchange Fluctuation (Net)	1,369.54	744.79
	2,812.70	1,797.76
SCHEDULE "17"		
INCREASE / (DECREASE) IN STOCK		
OPENING STOCK		
Finished Goods	19,844.01	4,527.97
Work-in-progress	7,488.46	5,080.47
Scrap	1,646.31	332.69
	28,978.78	9,941.13
Add: Stock Transfer during Trial Run Period	1,352.72	—
	30,331.50	9,941.13
CLOSING STOCK		
Finished Goods	43,122.64	19,844.01
Work-in-progress	16,319.10	7,488.46
Scrap	2,634.20	1,646.31
	62,075.94	28,978.78
Increase/(Decrease) in Stock	31,744.44	19,037.65

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DESCRIPTION	For the Year 2005-06 (Rs. in Lacs)	For the Year 2004-05 (Rs. in Lacs)
SCHEDULE "18"		
MANUFACTURING EXPENSES		
(i) Stores and Spares	7,866.71	4,508.25
(ii) Power and Fuel	7,425.57	3,717.09
(iii) Outsourcing	50,377.15	17,979.75
(iv) Other Manufacturing Expenses	3,630.14	1,086.85
(v) Repair and Maintenance:		
– Plant and Machinery	940.80	533.10
– Building & Others	269.82	114.54
	70,510.19	27,939.58
SCHEDULE "19"		
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
(i) Salary, Wages and other Benefits	7,526.43	3,544.93
(ii) Contribution to Provident and other Funds	403.53	222.92
(iii) Workmen and Staff Welfare	452.40	339.32
	8,382.36	4,107.17
SCHEDULE "20"		
SELLING EXPENSES		
(i) Commission on Sales	2,524.23	2,148.23
(ii) Advertisement	54.10	67.67
(iii) Forwarding charges (net of recoveries of Rs. 2303.25 Lacs (Previous Year Rs. 2636.62 Lacs)	18,927.16	6,742.64
(iv) Other Selling Expenses	1,340.46	542.52
	22,845.95	9,501.06
SCHEDULE "21"		
FINANCE EXPENSES		
(i) Interest on Fixed Deposits	378.02	310.44
(ii) Interest on Debentures	2,360.55	876.44
(iii) Interest on Term Loans	4,443.92	3,253.30
(iv) Interest on Bank Borrowings	5,133.78	2,784.81
(v) Bank and Finance charges	2,286.51	2,861.11
(vi) Interest to Others	776.05	932.50
	15,378.83	11,018.60
Less: Interest Received:		
(i) Gain from Derivative Transactions	958.64	—
(ii) Interest on Bonds and Debentures	147.17	108.87
(iii) Other Interest on Loans, Advances and Deposit	1,371.27	1,063.28
	2,477.08	1,172.15
	12,901.75	9,846.45

DESCRIPTION	For the Year 2005-06 (Rs. in Lacs)	For the Year 2004-05 (Rs. in Lacs)
SCHEDULE "22"		
ADMINISTRATIVE AND OTHER EXPENSES:		
(i) Rent	155.64	130.33
(ii) Rates & Taxes	364.33	214.63
(iii) Insurance	317.83	284.90
(iv) Postage, Telegrams & Telephones	292.98	178.49
(v) Travelling & Conveyance	795.26	506.24
(vi) Legal & Professional	285.95	397.61
(vii) Vehicle Upkeep & Maintenance	197.07	120.63
(viii) Director's Meeting Fees	3.70	3.00
(ix) Donations	151.62	115.05
(x) Miscellaneous Expenses	1,048.98	718.25
(xi) Liquidated Damages	6.58	
(xii) Auditor's Remuneration	22.03	13.54
(xiii) Cost Auditor's Remuneration	1.50	3.91
(xiv) Preliminary/Deferred Revenue Expenses W/off	7.84	—
(xv) Bad Debts	15.52	1,309.30
(xvi) Loss on Sale of Fixed Assets (Net)	132.32	11.09
(xvii) Loss on Sale of Investments (Net)	43.41	—
(xviii) Previous Year's Adjustment (Net)	—	69.22
	3,842.56	4,076.19

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE "23"

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY; THREE SUBSIDIARIES

1. Principles of consolidation.

The consolidated financial statements relate to Jindal Saw Limited (The Company) and its subsidiaries. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transaction resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21-'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- In the case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the exchange fluctuation reserves.
- All subsidiaries of the Company are subsidiaries since inception of their business activities. Hence there is no capital reserve or goodwill arising on consolidation.
- The subsidiary companies considered in the consolidated financial statements are:-

Name of the Company	Country of Incorporation	% Shareholding / Voting Power	Date of Financial Statements
Subsidiaries Company			
Hexa Securities & Finance Company Ltd., (HSFCL)	India	100%	30th September, 2006
Jindal Enterprises L.L.C (JELLC)	USA	100%	30th June, 2006
IUP Jindal Metals & Alloys Ltd. (IUP Jindal)	India	73%	31th March, 2006

2. Contingent Liabilities

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
(a) Counter Guarantee given to Company's Bankers for Guarantee given by them on behalf of the Company	31,101.98	28,223.62
(b) Letter of Credit Outstanding (Net of Liabilities provided in the books)	65,780.28	39,128.22
(c) Disputed Excise duty	14.14	6.40
(d) Disputed Sales Tax	1,052.85	530.73
(e) Liability in respect of Corporate Guarantee (for 100% EOU Unit at Mundra)	5,699.77	1,976.41
(f) Bank Guarantee given to Custom Authority for export obligation for export under EPCG Scheme	601.18	399.73
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances).	24,003.69	2,171.91

- The Company has certain unquoted investment where the fair value (amount unascertained) is lower than the cost, considering the long-term strategic investments and future prospects, such diminution, in the opinion of the management, has been considered to be of temporary nature and hence no provision for the same is considered necessary. However, one of the subsidiary of 'the Company' has reduced its investment to zero in one of its affiliate on account of negative net worth in it, 'the Company' has recorded the said investment as per audited financial statements of the said subsidiary. Due to the fact that the said subsidiary is not liable for the debts of the said affiliate the investment is not reduced below zero. 'The Company' will reinstate the said investment in the affiliate once the accumulated losses are completely wiped out.
- One of the subsidiaries of 'the Company' has extended loans to an affiliate, which has negative net worth. The Management is of the opinion that the said loan is for strategic purpose and considering future prospects of the affiliate the said loan is good and recoverable, hence no provision for the same is made.
- Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any, which are not likely to be material, will be adjusted at the time of confirmation.

7. The Stores and Spares consumed and Salaries & Wages incurred for repairs and maintenance of Plant and Machinery and shed and Building have not been allocated to the respective repairs and maintenance accounts.
8. In the opinion of the Board, the realisable value of Current assets, loans & advances, in the ordinary course of business, would not be less than the amount at which they are stated.
9. Capital work in progress includes Advance against capital goods and inventories of capital nature.
10. Profit for the year includes Prior Period Adjustment of Rs.5.78 Lacs (Debit) and Rs.0.31 Lacs (Credit) (Previous Year – Rs. 97.34 Lacs (Debit) Rs. 28.12 Lacs (Credit).
11. Profit or Loss on sale of raw material, stores and spares is not ascertained or shown separately and sale proceeds have been credited to the respective consumption accounts.
12. Since certain subsidiaries are in the same line of business which function in a different regulatory environment, certain policies such as in respect of depreciation etc. differ. The notes on accounts and accounting policies followed by the subsidiaries and holding company are disclosed in their respective financial statements annexed in this annual report.
13. Per Share (EPS) Basic and Diluted computed in accordance with Accounting Standard 20 "Earning per Share"

Description	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Profit after tax	16,508.64	9,942.69
Less: Preference dividend including tax thereon	870.57	24.53
Profit attributable to Equity Shareholders	15,638.07	9,918.16
Weighted average No. of Shares for basic	48,316,363	39,224,472
Weighted average No. of Shares for diluted	50,453,247	48,364,308
Basic EPS (Rs.)	32.37	25.28
Diluted EPS (Rs.)	31.00	20.51

14. Details of Pre-operative Expenses pending allocation on completion of the projects is as under:

Detail of Pre-operative Expenses	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Raw Material	2401.82	5,445.59
Power & Fuel	185.32	554.69
Store & Spares	282.91	—
Salary, Wages & Other Benefits	162.72	1,044.47
Contribution to PF & other Funds	4.90	35.97
Workman & Staff Welfare	3.98	61.39
Rent, Rates and Taxes	.32	8.73
Traveling & Conveyance	67.90	72.83
Insurance Expenses	4.90	—
Auditors Remuneration	—	1.00
Interest and Bank Charges*	1,208.57	1,271.12
Miscellaneous Expenses	36.96	889.83
Depreciation	—	19.08
	4,360.30	9,404.70
Less:		
Government Grants	—	22.96
Sale Value of Goods produced during Trial Period	1,210.60	2,891.77
Closing Stock	1,352.72	—
Inter unit transfer	—	1,879.03
	1,796.98	4,610.94
Add: Preoperative Expenses brought forward	317.39	1,672.48
	2,114.37	6,283.42
Less; Capitalized during the year	537.88	5,966.03
Preoperative Expenses Carried Over	1,576.49	317.39

* Net of Interest Received Rs. 644.02 Lacs

FINANCIAL STATEMENTS

15. Related Parties Transactions

A List of Related Parties & Relationship (As identified by the Management)

(a) Associate Enterprises

1. Jindal United Steel Corporation

(b) Key Management Personnel

- | | |
|---------------------|--|
| 1. Sminu Jindal | Managing Director |
| 2. H. S. Chaudhary | Whole Time Director |
| 3. H. S. Bedi | Director – Technical |
| 4. O. P. Sharma | Director – Marketing |
| 5. Sunil Trehan | Director – Spun Pipes Division |
| 6. V. S. Konnur | President & CEO, Seamless Tube Division |
| 7. K. Chandrayya | Director (Works) IPU |
| 8. Vikram Puri | Vice President – Corporate Human Resources |
| 9. Vinay Gupta | Vice President – Finance |
| 10. Narender Mantri | Vice President – Finance |

B Transactions	(Rs. in Lacs)			
	Description	Associate	Key Management Personnel	Total
Purchase of material	—	—	—	—
		4,400.39	—	4,400.39
Sale of material	55.32	—	—	55.32
	4.17	—	—	4.17
Interest Paid	—	3.81	3.81	3.81
	146.34	3.49	—	149.83
Interest Received	524.11	—	—	524.11
	471.23	—	—	471.23
Toll Charges	34,823.28	—	—	34,823.28
	15,286.89	—	—	15,286.89
Rent	53.98	—	—	53.98
	55.81	—	—	55.81
Remuneration Paid	—	228.84	228.84	228.84
	37.72	182.23	—	219.95
Outstanding Balance as on 30th September, 2006				
For Services/Material receivable	2,342.94	—	—	2,342.94
	—	—	—	—
Creditors	562.26	—	—	562.26
	536.08	—	—	536.08
Loans & Advances given	8,251.86	9.43	9.43	8,261.29
	10,591.26	—	—	10,591.26
Loans and advances taken (Including interest accrued)	548.84	—	—	548.84
	5,353.66	—	—	5,353.66

Note: Unbold Figures Pertain to Previous Year

16. Segment Information:

(A) Primary Business Segment

Particulars	(Rs. In Lacs)			
	Iron and Steel Products	Investment	Unallocable	Total
1. Segment Revenue				
– External Turnover	408,061.13	—	—	408,061.13
	239,304.90	—	—	239,304.90
Less: Excise Duty	20,746.96	—	—	20,746.96
	7,920.39	—	—	7,920.39
Net Turnover	387,314.17	—	—	387,314.17
	231,384.51	—	—	231,384.51
2. Segment Result Before Interest, Extra Ordinary Items and Taxes	38,240.26	225.51	(369.59)	38,096.18
	19,772.07	352.87	4,733.37	24,858.31
Less: Interest Expenses(Net)	—	(153.03)	(12,748.72)	(12,901.75)
	—	149.29	9,697.16	9,846.45
Profit before Extra Ordinary Items and Taxes	38,240.26	72.48	(13,118.32)	25,194.42
	19,772.07	203.58	(4,963.79)	15,011.86
Extra Ordinary Items	—	—	—	—
	—	—	—	—
Profit before Taxes	38,240.26	72.48	(13,118.32)	25,194.42
	19,772.07	203.58	(4,963.79)	15,011.86
Current Tax including Fringe Benefit Tax	—	—	7,029.18	7,029.18
	—	—	3,736.93	3,736.93
Provision / (Withdrawn) of Deferred Tax	—	—	1,643.10	1,643.10
	—	—	1,330.44	1,330.44
Wealth Tax	—	—	13.50	13.50
	—	—	1.80	1.80
Net Profit after Tax	38,240.26	72.48	(21,804.10)	16,508.64
	19,772.07	203.58	(10,032.96)	9,942.69
3. Other Information				
Segment Assets	327,011.68	6,259.79	53,090.57	386,362.03
	217,080.82	6,704.67	26,636.69	250,422.18
Segment Liabilities	113,209.76	16.51	3,943.77	117,170.05
	45,174.07	180.09	4,764.17	50,118.33
Capital Expenditure	27,160.25	—	1,345.32	28,505.57
	20,373.09	—	771.08	21,144.17
Depreciation	5,252.27	—	118.42	5,370.69
	3,573.69	—	76.65	3,650.34
Non Cash Expenses Other than Depreciation	15.52	—	—	15.52
	1,309.30	—	—	1,309.30

FINANCIAL STATEMENTS

(B) Secondary Business Segment

Particulars	(Rs. In Lacs)		
	Within India	Outside India	Total
1. Gross Revenue	163,424.26	244,636.87	408,061.13
	81,992.34	157,312.56	239,304.90
Less: Excise Duty	20,746.96	—	20,746.96
	7,920.39	—	7,920.39
Net Revenue	142,677.30	244,636.87	387,314.17
	74,071.95	157,312.56	231,384.51
2. Segment Assets*	269,722.45	116,639.58	386,362.03
	199,829.58	50,592.60	250,422.18
3. Segment Liabilities	62,848.73	54,321.32	117,170.05
	34,258.22	15,860.11	50,118.33
4. Capital Expenditure*	22,580.81	5,924.76	28,505.57
	21,144.17	—	21,114.17

* The Company's operating facilities are located in India

Notes:

- Figures unbold pertain to previous year.
- Segments have been identified in line with AS on Segment Reporting (AS-17) taking into account the organisational structure, nature of product and differential risk and returns of these segments.
- Total Unallocable Assets exclude

Investments	2,603.48
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- Total Unallocable Liabilities exclude

Secured Loans	86,785.24
Unsecured Loans	75,387.27
Deferred Tax Liability	7,631.31
- Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Parent Company's financial statement. Previous year / rearranged wherever considered necessary.

JINDAL SAW LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER, 2006
PARTICULARS

	For the Year 2005-06 Rs. in Lacs	For the Year 2004-05 Rs. in Lacs
A. Cash Inflow(outflow) From the Operating Activities		
Net Profit Before Tax and Ordinary Activity	25,194.42	15,011.86
Adjustments for		
Add/(Less)		
Depreciation	5,370.69	3,650.34
Effect of unrealised Foreign Exchange Fluctuation	3.39	—
Misc.expenses written off during the year	7.84	—
Other income (Dividend)	(458.09)	(473.04)
Interest Paid	13,092.32	8,157.49
Loss on Sale of Fixed Assets	132.32	11.09
Loss on Sale of Investments	43.41	
Foreign Exchange Fluctuation	(227.92)	326.15
Interest Received	(2,433.58)	1,172.15
Operating Profit Before Working Capital Changes	40,724.80	25,511.74
Adjustments for:		
Inventories	(47,042.53)	(47,442.47)
Sundry Debtors	(42,735.36)	7,693.24
Other Current Assets	171.01	(4,904.71)
Current Liabilities	67,300.69	(16,693.14)
Cash Generated from Operations	18,418.61	(35,835.34)
Tax Paid	(2,525.12)	(2,999.24)
Net Cash from Operating Activities	15,893.49	(38,834.58)
B. Cash Inflow/(Outflow) from Investment Activities		
(Increase)/Decrease in Investment	1,848.35	(56.23)
Capital Expenditure	(28,505.57)	(21,144.17)
Sale proceeds of Fixed Assets	351.74	61.91
Proceeds from Sale of Current Investments (Net of Purchases)	(43.41)	
Loan & Advances	1,641.78	(882.98)
Interest Received	3,171.54	1,309.56
Dividend Received	336.00	463.97
Net Cash Inflow/(Outflow) from Investing Activities	(21,199.57)	(20,247.94)
C. Cash Inflow/(Outflow) from Financing Activities		
Dividend Paid Including Tax	(3,076.49)	(1,087.55)
Interest Paid	(14,457.31)	(8,804.35)
Proceeds from Eq. Share Cap. Including Share Premium	4,340.59	28,555.11
Share Issue Expenses	(611.11)	(1,251.58)
Proceeds from Preference Share Capital	—	10,000.00
Proceeds from Optionally Convertible Warrants	1,165.26	—
Proceeds from Foreign Currency Convertible Bonds	35,886.30	—
Working Capital Loans from Banks	20,018.70	3,896.60
Increase/(Decrease) in Secured Loan	(463.33)	8,119.86
Increase/(Decrease) in Fixed Deposits	(31.45)	1,055.90
Increase/(Decrease) in Unsecured Loan	(13,513.76)	30,416.28
Net Cash Inflow/(Outflow) Used in Financing Activities	29,257.40	70,900.27
Net Changes in Cash & Cash Equivalent	23,951.32	11,817.75
Cash and Cash Equivalent (Opening balance)	15,264.59	3,446.84
Cash and Cash Equivalent (Closing balance)	39,215.91	15,264.59

Notes:

- Increase in Secured and Unsecured Loans are shown Net of Repayments.
- Purchase of Fixed Assets includes movements of Capital Work-in-progress between the beginning and end of the year.
- Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached.

N. C. AGGARWAL

Partner
M.No. 05951

For & On behalf of

N. C. AGGARWAL & CO.

Chartered Accountants

Place : New Delhi

Dated : 28th November, 2006

P. R. JINDAL

Vice Chairman

SUNIL JAIN

Company Secretary

H. S. CHOUDHARY

Wholetime Director

SMINU JINDAL

Managing Director

NARENDER MANTRI

Vice President (Finance)

BOARD OF DIRECTORS



Smt. Savitri Devi Jindal
Chairperson



Shri P. R. Jindal
Vice Chairman



Ms. Sminu Jindal
Managing Director



Shri Indresh Batra
Vice Chairman, U.S. Operations



Dr. R.K. Agarwal



Shri A. J. A. Tauro



Shri Devi Dayal
IAS Retd.



Shri Kuldip Bhargava



Dr. S. K. Gupta



Shri. H. S. Chaudhary
Whole Time Director



JINDAL



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