



JINDAL SAW LIMITED

The Company was incorporated on October 31, 1984 under the Companies Act, 1956 and received its certificate of commencement of business on November 28, 1984 from the Registrar of Companies Delhi & Haryana. In the year 1997 company shifted its registered office from NCT of Delhi to the State of Uttar Pradesh.

The Company changed its name from SAW Pipes Limited to Jindal Saw Limited with effect from January 11, 2005.

Registered Office: A1, UPSIDC Industrial Area, Nandgaon Road, Kosi Kalan District Mathura, 281403 (U.P.) Tel: +91 (5662)-232001-3 Fax: +91(5662)-232577

Corporate Office: Jindal Centre, 12, Bhikaiji Cama Place, New Delhi – 110066 **Tel:** +91 (11)26188345, 26188360 **Fax:** +91 (11)26170691 **Website:** www.jindalsaw.com

Contact person and compliance officer: Mr. Sunil Jain; **Email:** Sunil.Jain@jindalsaw.com

PRIVATE PLACEMENT OF SECURED, NON-CONVERTIBLE, REDEEMABLE DEBENTURES BY JINDAL SAW LIMITED (THE “COMPANY”) OF FACE VALUE RS. 10,00,000 EACH AGGREGATING RS. 300 CRORES (THE “ISSUE”)

GENERAL RISKS

Investment in debt and debt related securities involve a degree of risk and investors should not invest any funds in the debt instruments, unless they can afford to take the risks attached to such investments. For taking an investment decision, the investors must rely on their own examination of the Company and this Issue including the risks involved. The Debentures have not been recommended or approved by Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this document.

CREDIT RATING

“CARE AA” by Credit Analysis and Research Limited (pronounced as “Double A”) for Rs. 300 crores, with respect to timely payment of interest and principal on the instrument. The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to suspension, revision or withdrawal at any time by the assigning rating agency. The rating agency has a right to revise, suspend or withdraw the rating at any time on the basis of factors such as new information or unavailability of information or other circumstances which the Credit Rating Agency believes may have an impact on its rating. For further details including in respect of the rationale for the credit rating, please refer to section titled “Credit Rating & Rationale Thereof” mentioned elsewhere in this Disclosure Document.

LISTING

The Debentures are proposed to be listed on the wholesale debt market segment of the National Stock Exchange of India Limited (“NSE” or the “Stock Exchange”). The NSE has given its ‘in-principle’ approval to list the Debentures.

ISSUE PROGRAMME

ISSUE OPENING DATE

[April 06, 2011]

ISSUE CLOSING DATE

[April 06, 2011]

The Company reserves the right to close this Issue earlier from the aforesaid date or change the Issue time-table including the Date of Allotment (as defined hereinafter) at its sole discretion, without giving any reasons or prior notice. This Issue will be open for subscription at the commencement of banking hours and close at the close of banking hours.

This Issue shall be subject to the terms and conditions of this Disclosure Document filed with the Stock Exchange and other documents in relation to this Issue.

Note: This Disclosure Document is strictly for a private placement and is only an information brochure intended for private use. Nothing in this Offer Document shall constitute and/or deem to constitute an offer or an invitation to an offer to the Indian public or any section thereof to subscribe for or otherwise acquire the Debentures in general. This Offer Document should not be construed to be a prospectus or a statement in lieu of prospectus under the Companies Act. This Disclosure Document and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly and specifically through a communication by the Company and only such recipients are eligible to apply for the Debentures. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. Further, since the Issue is being made on a private placement basis, the provisions of Section 60 of the Companies Act shall not be applicable and accordingly, a copy of this Offer Document has not been filed with the RoC or the SEBI. Therefore, as per the applicable provisions of law, copy of this Offer Document has not been filed or submitted to the SEBI for its review and/or approval.

TEAM FOR THIS ISSUE

SOLE ARRANGER



Axis Bank Limited

Axis Bank Ltd.
Axis House, Debt Capital Markets, Level 8, North Wing,
Bombay Dyeing Mills Compound, Pandurang Bhudkar Marg,
Worli, Mumbai-400 025

RATING AGENCY

Credit Analysis and Research Limited

710, Surya Kiran, 19
K.G. Marg
New Delhi 110 001
Tel: +91 11 2371 6199
Fax: +91 11 2331 8701
Email: Swati.agrawal@carerating.com
Kapil.sachdeva@carerating.com
Website: www.careratings.com
Contact Persons: Ms. Swati Agrawal,
Mr. Kapil Sachdeva

TRUSTEES

Axis Trustees Services Limited

Axis Bank Ltd.
Axis Trustee Services Ltd
2nd Floor - E, Axis House,
Bombay Dyeing Mill Compound,
Panduranga Budhkar Marg,
Worli, Mumbai - 400 025
Contact Person: Neelesh Baheti

Registrar to Issue

RCMC Share Registry (P) Ltd.
B-106, Sector-2,
Noida (U.P.)
Ph. # 0120-4015880
Fax # 0120-4015839

Collecting Banker

Axis Bank Limited

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DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Disclosure Document.

General terms

Term	Description
“Jindal Saw Ltd. or Jindal Saw” or the “Company” or the “Issuer”	Jindal Saw Limited a public limited company incorporated under the Companies Act, 1956 and having its registered office at A1, UPSIDC Industrial Area, Nandgaon Road, Kosi Kalan District Mathura, 281403 (U.P.) .
“we”, “us”, “our”	Unless the context otherwise requires, the Company, its Subsidiaries, and joint ventures.

Company related terms

Term	Description
Articles of Association	The articles of association of the Company.
Auditors	M/s N. C. Aggarwal & Co. Chartered Accountants, the statutory auditors of the Company
Board of Directors/Board	The board of directors of the Company or a duly constituted committee thereof.
Director(s)	Director(s) on the Board, as appointed from time to time.
Promoter(s)	Mr P. R. Jindal, the Jindal Family, and persons or entities controlled by them (directly or indirectly), and who are the Promoters of the Issuer (as defined in Regulation 2(h) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997).
Registered Office	The registered office of the Company, presently located at A1, UPSIDC Industrial Area, Nandgaon Road, Kosi Kalan District Mathura, 281403 (U.P.)
Subsidiaries	The subsidiaries of the Company, being, Hexa Securities & Finance Co. Ltd. , IUP Jindal Metals and Alloys Ltd., Jindal ITF Ltd., S.V. Trading Ltd, Jindal Saw USA LLC, Jindal Intelicom Pvt. Ltd., JITF Water Infrastructure Ltd., JITF Urban Infrastructure Ltd., JITF Shipyards Ltd., Jindal Rail Infrastructure Ltd., JITF Waterways Ltd., JITF Infra-logistics Ltd., JITF ESIPL CETP (Sitarganj) Ltd. Timarpur- Okhla Waste Management Company Pvt. Ltd., Jindal Saw Holdings FZE, Jindal Saw Middle East FZC, Jindal Saw Gulf LLC, JITF Water Infra (Naya Raipur) Limited, JITF Urban Infrastructure Services Limited; Hexa Tradex Limited.

Issue related terms

Term	Description
Allot/Allotment/Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue.
Application Form	The form in which an investor can apply for subscription to the Debentures.
Beneficial Owner(s)	Holder(s) of the Debentures in dematerialized form as defined under Section 2 of the Depositories Act.
Business Day	All days except Saturday, Sunday on which the Registered Office is open for business in Mumbai.
Coupon Payment Date	Date of payment of interest on the Debentures.
Credit Rating Agency	Credit Analysis and Research Limited.
Date of Allotment	The date on which Allotment for this Issue, is made.
Debentureholder(s)	The investors who are Allotted Debentures.
Deemed Date of Allotment	April 08, 2011 for the issue vide this disclosure document
Trustees	Trustee for the Debentureholders, in this case being Axis Trustees Services Limited.
Debenture Trustee Regulations	Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993, as amended
Depository(ies)	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
ECS	Electronic Clearing Service.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI.
Issue	Issue by way of private placement of the Debentures by the Issuer.
ISIN	International Securities Identification Number.
Sole Arranger	Axis Bank Limited
Maturity Date	The date on which repayment of principal amount in respect of the Debentures shall be made.

Term	Description
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended.
NEFT	National Electronic Funds Transfer.
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the FEMA Regulations.
Overseas Corporate Body/OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA Regulations. OCBs are not permitted to invest in this Issue.
Pay-in Date	Unless the context otherwise requires, the date on which the Debentureholders shall make payment, either in whole or in part, as may be applicable, for subscription to the Debentures.
Record Date	The date prior to the Maturity Date on which the determination of the persons entitled to receive interest in respect of the Debentures (i.e., persons whose names are registered in the Register of Debentureholders or Depositories record) shall be made.
Registered Debentureholder	The Debentureholder whose name appears in the Register of Debentureholders or in the beneficial ownership record furnished by Depositories for this purpose.
Register of Debentureholders	The register maintained by the Company containing the name of Debentureholders entitled to receive interest in respect of the Debentures on the Record Date, which shall be maintained at the Registered Office.
Registrar/Registrar to the Issue	Registrar to the Issue, in this case being RCMC Share Registry (P) Ltd.
RTGS	Real Time Gross Settlement.
Disclosure Document	This disclosure document dated in relation to this Issue.
Working Days	All days except Saturday, Sunday on which scheduled commercial Banks are open for business in Mumbai.

Conventional and General Terms, Abbreviations and References to Other Business Entities

Abbreviation	Full form
BSE	Bombay Stock Exchange Limited.
CARE	Credit Analysis and Research Limited.
CDSL	Central Depository Services (India) Limited.
IPO	Initial public offering.
Companies Act	The Companies Act, 1956 as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant/DP	A depository participant as defined under the Depositories Act.
Equity Shares	Equity shares of the Company of face value of Rs. 10 each.
FEMA	Foreign Exchange Management Act, 1999.
FEMA Regulations	Rules and Regulations issued by the RBI under the FEMA.
Fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
GoI	Government of India
HNI	High networth individual.
HUF	Hindu Undivided Family.
ISIN	International Securities Identification Number.
IT Act	The Income Tax Act, 1961, as amended from time to time.
LOA ISIN	Letter of Allotment ISIN.
NCR	National Capital Region of Delhi.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
p.a.	per annum.
PAN	Permanent Account Number.
PAC	Persons acting in concert.
PSC	Production Sharing Contract.
RBI	The Reserve Bank of India.
RoC	The Registrar of Companies, Maharashtra, located at Mumbai.
Rs.	Rupees.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Regulations	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time.

DISCLAIMER

General Disclaimer

This Disclosure Document is neither a prospectus nor a statement in lieu of prospectus and is prepared in accordance with SEBI Regulations. This Disclosure Document does not constitute an offer to the public generally to subscribe for or otherwise acquire the Debentures to be issued by the Company. The document is for the exclusive use of the investors to whom it is delivered and it should not be circulated or distributed to third party (ies). The Company certifies that the disclosures made in this document are generally adequate and are in conformity with the SEBI Regulations. This requirement is to facilitate investors to take an informed decision for making investment in this Issue.

This Issue is being made strictly on a private placement basis and is not intended to be circulated to more than 49 persons. Nothing in this Disclosure Document shall constitute and/or deem to constitute an offer or an invitation to an offer to the Indian public or any section thereof to subscribe for or otherwise acquire the Debentures. This Disclosure Document should not be construed to be a prospectus or a statement in lieu of prospectus under the Companies Act.

This Disclosure Document and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly and specifically through a communication by the Company and only such recipients are eligible to apply for the Debentures. Furthermore, NRIs, OCBs, FIIs and other persons resident outside India are not eligible to apply for or hold the Debentures. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue.

This Disclosure Document has been prepared in conformity with the SEBI Regulations. Therefore, as per the applicable provisions, a copy of this Disclosure Document has not been filed or submitted to the SEBI for its review and/or approval. Further, since this Issue is being made on a private placement basis, the provisions of Section 60 of the Companies Act shall not be applicable and accordingly, a copy of this Disclosure Document has not been filed with the RoC or the SEBI.

Disclaimer of SEBI

This Disclosure Document has not been filed with SEBI and has not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Disclosure Document. It is to be distinctly understood that this Disclosure Document should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the Object for which this Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Disclosure Document. This Issue being made on private placement basis, filing of this Disclosure Document is not required with SEBI. However, SEBI reserves the right to take up at any point of time, with the Company, any irregularities or lapses in this Disclosure Document.

Disclaimer of the Sole Arranger

It is hereby declared that the Company has exercised due-diligence to ensure complete compliance of prescribed disclosure norms in this Disclosure Document. The role of the Sole Arranger in the assignment is confined to marketing and placement of the Debentures on the basis of this Disclosure Document as prepared by us. The Sole Arranger has neither scrutinized nor vetted nor have they done any due-diligence for verification of the contents of this Disclosure Document. The Sole Arranger shall use this Disclosure Document for the purpose of soliciting subscription(s) from eligible investors in the Debentures to be issued by us on private placement basis. It is to be distinctly understood that the use of this Disclosure Document by the Sole Arranger should not in any way be deemed or construed to mean that this Disclosure Document has been prepared, cleared, approved or vetted by them; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Disclosure Document.

Disclaimer of the Company

The Company certifies that the disclosures made in this Disclosure Document are generally adequate and in conformity with the SEBI Regulations. Further, the Company accepts no responsibility for statements made otherwise than in this Disclosure Document or any other material issued by or at the instance of the Company

and anyone placing reliance on any source of information other than this Disclosure Document would be doing so at his own risk.

Disclaimer in respect of Jurisdiction

This Issue is made in India to investors as specified under clause “Who Can Apply” of this Disclosure Document, who shall be specifically approached by the Company. This Disclosure Document does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts of New Delhi. This Issue is made in India to persons resident in India. This Disclosure Document does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

Disclaimer of the Stock Exchange

As required, a copy of this Disclosure Document has been submitted to the NSE for hosting the same on its website. It is to be distinctly understood that such submission of this Disclosure Document with NSE or hosting the same on its website should not in any way be deemed or construed that this Disclosure Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Disclosure Document; nor does it warrant that this Debentures will be listed or continue to be listed on NSE; nor does it take responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company. Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Cautionary Note

This Disclosure Document is not intended to provide the sole basis of any credit decision or other evaluation and should not be considered as a recommendation that any recipients of this Disclosure Document should invest in the Debentures. Each potential investor should make its own independent assessment of the investment merit of the Debentures and the Company. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such investor’s particular circumstance. This Disclosure Document is made available to potential investors on the strict understanding that it is confidential. Recipients shall not be entitled to use any of the information otherwise than for the purpose of deciding whether or not to invest in the Debentures.

No person including any employee of the Company has been authorized to give any information or to make any representation not contained in this Disclosure Document. Any information or representation not contained herein must not be relied upon as having being authorized by or on behalf of the Company. Neither the delivery of this Disclosure Document at any time nor any statement made in connection with this Issue shall under the circumstances imply that any information/ representation contained herein is correct at any time subsequent to the date of this Disclosure Document.

The distribution of this Disclosure Document or the Application Forms and the offer, sale, pledge or disposal of the Debentures may be restricted by law in certain jurisdictions. This Disclosure Document does not constitute an offer to sell or an invitation to subscribe to the Debentures in any jurisdiction to any person to whom it is unlawful to make such offer or invitation in such jurisdiction. Persons into whose possession this Disclosure Document comes are required by the Company to inform themselves about and observe any such restrictions. The sale or transfer of these Debentures outside India may require regulatory approvals in India, including without limitation, the approval of the RBI.

GENERAL INFORMATION

Registered Office

Jindal Saw Limited
A-1, UPSIDC Indl. Area,
Nandgaon Road, Kosi Kalan,
Distt. Mathura (U.P.) – 281 403
Tel. # 05662-232001-3
Fax # 05662-232577

Registration number:

20-23979

Corporate Office:

Jindal Centre,
12, Bhikaiji Cama Place,
New Delhi – 110066
Tel: +91 (11)26188345, 26188360
Fax: +91 (11)26170691

Address of the Registrar of Companies

The Registrar of Companies
U.P. & Uttrakhand,
10/499 B, Allenganj, Khalasi Line,
Kanpur – 208 001
Tel. # 0512-352304
Fax # 0512-291769

Board of Directors

Name and Designation	Address
Smt. Savitri Devi Jindal - Chairperson Promoter – Non Executive	Jindal House Delhi Road, Hisar – 125 005
Sh. P. R. Jindal - Vice Chairman Promoter – Non Executive	6, Prithvi Raj Road New Delhi - 110 011
Ms. Sminu Jindal- Managing Director Promoter – Executive	6, Prithvi Raj Road New Delhi - 110 011
Sh. Indresh Batra- Managing Director Promoter – Executive	A-5, Anand Niketan , New Delhi – 110021
Sh. A. J. A. Tauro- Director Independent- Non Executive	303, Symphony Apartments , Sturrock Road , Mangalore – 575 001
Sh. Devi Dayal- Director I.A.S. (RETD.) Independent- Non Executive	B-192 A, Sector – 44, Noida (U.P.)
Dr. S. K. Gupta- Director Independent- Non Executive	6 th Floor , East Wing , Raheja Towers M. G. Road OAD, Bangalore – 560 001
Sh. Kuldip Bhargava- Director Independent- Non Executive	Anand Bhawan, Hisar – 125 001 (Haryana)
Dr. Raj Kamal Agarwal- Director Independent- Non Executive	B-1/80, Janakpuri , New Delhi I – 110 058
Sh. H. S. Chaudhary- Whole Time Director- Executive	A-1, UPSIDC INDL. Area , Nandgaon Road, Kosi Kalan, Distt. Mathura (U.P.) – 281 403

Company Secretary and Compliance Officer

Mr. Sunil Jain
Company Secretary
Flat No. 551
Pocket-GH-13,
Paschim Vihar,
New Delhi – 110 087

Tel. # 011- 41462220
Email : sunil.jain@jindalsaw.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of Debentures, interest on application money etc in the respective beneficiary account or refund orders, etc.

HISTORY, CAPITAL STRUCTURE AND CERTAIN CORPORATE MATTERS

Summary- Jindal Saw Limited

Jindal SAW Limited, part of USD \$ 12 billion O.P. Jindal Group is a well established market leader in providing total pipe solutions to the industry. After starting the operations in 1984, it now enjoys market leadership in the manufacturing and coating of SAW pipes to the energy transportation sector in India and abroad. It has since diversified into other specialized pipes to cover the entire range of pipe products.

Today, Jindal Saw is one of India's leading companies in the pipe sector manufacturing a wide range of pipes and tubes of different grades and dimensions for various applications in a range of industries, including to the energy and petrochemicals industry, oil and gas transportation, oil refineries, mechanical, structural, automobile and general engineering, urban and cross-country water transportation, sanitation and sewage transportation. The Company's product portfolio includes LSAW and HSAW pipes, hot milled and cold milled carbon steel, alloy steel and stainless steel seamless tubes and pipes and DI pipes of various grades and dimensions. It also produces connector casings and induction bends used in drilling and pipeline connections. In addition, the Company provides various kinds of external and internal anti-corrosion coatings and concrete weight coatings for pipes and tubes. The Company has an innovative and process driven business environment with the quality commitments in place, as is depicted by its ISO 9001, ISO 14001 and ISO 18001 certifications.

With almost two million MTPA name plate capacities for all the products, the state-of-the-art manufacturing facilities of the Company are located at four places in India, Kosi Kalan in UP, Mundra in Gujarat, Nasik in Maharashtra and Bellary in Karnataka.

The Company has executed mine lease agreement with the Government of Rajasthan primarily for conversion of low grade Iron ore to 65% FE content Iron ore. The mine lease agreement is for a period of 30 years. The mines are in district Bhilwara in Rajasthan. Part of the production of 65% FE grade concentrate shall be consumed for in-house production of Ductile Iron Pipes and balance shall be consumed in production of pallets.

The Company, through its 100% subsidiary Jindal ITF Limited has ventured into businesses like water and waste water management, urban waste management, coastal and inland water transport, and rail wagon manufacturing. Of these businesses, water/waste water management and costal/inland water transport have started generating revenue. These businesses being in infrastructure segment, has huge long term potential considering the expected growth of Indian economy.

Jindal Saw has also formed a joint venture names IUP Jindal Metals & Alloys Ltd., with IUP, the specialty grade divisions of Arcelor Group. Arcelor Group is the largest steel manufacturer in Europe and second largest globally to produce specialty grade and alloy grade thin flat stainless steel products. Jindal Saw holds majority equity in the JV company.

Jindal Saw through its UAE subsidiary is setting up a Ductile Iron (DI) Pipe manufacturing facility in Abu Dhabi, UAE. This ductile iron pipe facility is designed to manufacture 300,000 MTPA ductile iron pipes. The plant shall be capable to produce pipes from DN 250 to 2200 MM. This plant is being set up at a cost outlay of app. USD 60 million which is expected to commence operations in FY 11-12.

Management

Profile and background of Management and Board of Directors

Name	Designation	Brief Profile
Ms Savitri Devi Jindal	Chairperson	Ms Savitri Devi Jindal is the wife of the late Mr. O.P. Jindal, founder of the Jindal Organization. She joined the Company's Board of Directors in April 2005
Mr. P R Jindal	Vice Chairman	Mr P R Jindal holds a bachelors degree in arts and is the son of the late Mr. O.P. Jindal. A Bachelors of Arts graduate, he has more app. 40 years experience in the Steel Industry. A person with tremendous vision and purpose and a hands on approach, in 1984, he embarked on a journey to pioneer the production of SAW Pipes in India, using U-O-E Technology. This resulted in the setting up of Saw Pipes Limited, (now known as Jindal Saw Ltd.) in 1984 with its first state-of-the-art plant in Kosi Kalan in U.P. Since then the Company has grown multi-fold and has diversified its product line, offering total pipe solutions across a wide array of sectors like energy, water & sewage transportation and industrial application by establishing a plant for manufacturing seamless tubes at Nashik and a 100 per cent. EOU Saw Pipes plant at Mundra. Guided by Mr PR. Jindal's vision, the Company has also set up a major 'green-field' Integrated Pipe Manufacturing facility-complex this year at Mundra, Gujarat. The Company has moved further and today boasts of multi-location, globally spread state-of-the-art, fully operational plants to become one of the major Total Pipe Solution Companies' globally, catering to prestigious clients across the world
Ms. Sminu Jindal	Managing Director	Ms. Sminu Jindal, daughter of Mr. P.R. Jindal, is the Company's Managing Director. Ms Jindal holds a postgraduate degree in business administration with specialization in finance, from the Fore School of Management, New Delhi and an undergraduate degree in Commerce from the Shri Ram College of Commerce, University of Delhi. Ms. Jindal joined the Company in 1992. She has been featured as a corporate leader in Business Today's ranking of India's top 50 business families. For the year 2002, the Institute of Marketing and Management awarded her for "excellence as the top woman entrepreneur"
Mr. Indresh Batra	Managing Director	Mr. Batra has a versatile work experience and has insistently worked towards making Company's erstwhile US operations viable and valuable. He was the President & CEO of Jindal Texas Works. He is now responsible for spearheading Jindal SAW's new business venture, Jindal ITF (Infrastructure, Transportation & Fabrication) Ltd. An Economics graduate from Delhi University, Mr. Batra pursued postgraduate degree in Management and AMP from Harvard Business School. He is on the Board of Directors of Indo-American Chambers of Commerce of Greater Houston. He is also the founder of Corporate Social Responsibility initiatives by the name Swayam for people with disabilities (www.svayam.com)
Mr. A.J.A. Tauro	Independent Non-Executive Director	Mr Tauro holds a bachelors degree in economics. Prior to joining the Company's Board of Directors in 1996, Mr. Tauro was a member of the Indian Audit and Accounts Service of the Government of India. He has also been the Chairman and Managing Director of Madras Refineries Limited and Indian Oil Corporation Limited and has served on various committees established by the Government of India for the oil and gas industry. He is the Chairman of the Audit Committee.
Mr. Devi Dayal	Independent Non-Executive Director	Mr Devi Dayal holds a masters degree in philosophy and a bachelors degree in law from the Allahabad University. Prior to joining the Company, Mr. Dayal served in the Indian Administrative Service for a period of 35 years. Mr. Dayal retired in 2001 as the Secretary (Banking), Ministry of Finance. He is a Member of the Audit Committee.
Mr. Kuldip Bhargava	Independent whole-time Director	Mr. Bhargava is an industrialist with over 30 years of experience in managing companies in the steel rolling, casting, fabrication and tube making industries. Holds a bachelors degree in arts and was appointed as a Director on the Company's Board in 2001. He is a Member of the Audit Committee.
Dr. S K Gupta	Independent Director	Dr. Gupta is a B.Sc (Met.Engg), Ph.D (Tech) and D.Sc (Tech) and served as Managing Director of Rourkela Steel Plant of Steel Authority of India Limited and Director of MECON Limited, Rastriya Ispat Nigam Limited, Mishra Dhatu Nigam Ltd., Industrial Development Bank of India and Hindustan Zinc Limited
Dr. R K Agarwal	Independent Director	Dr Agarwal is a leading medical practitioner in Delhi, joined the Board with effect from January 2006. He is also a member of the Directors' Audit Committee
Mr. H S Chaudhary	Whole-time Director	Mr Chaudhary, a full-time Director, holds a bachelors degree in arts. Mr. Chaudhary has more than 25 years of experience in project planning and implementation. He has served in several companies within the Jindal Organisation in various capacities.

RECENT DEVELOPMENT: DEMERGER OF INVESTMENT BUSINESS UNDERTAKING

Currently, the business of the Jindal Saw Limited is being carried out in following distinct undertakings:

- a. Pipe manufacturing business undertaking engaged in business of manufacturing and trading of Large Diameter Pipes, Seamless Tubes, and Ductile Iron Pipes (DI Pipes) etc..
- b. Infrastructure Management and Allied Businesses undertaking which has presence in water, waste water and solid waste management, Coastal and inland water transportation, rail wagon manufacturing, manufacturing of stainless steel and nickel alloy precision foils etc through subsidiaries and special purpose vehicles (SPV)
- c. Investment business undertaking (“Investment Undertaking”) –engaged in investment business that includes
- d. Investments in shares and other securities of group companies and granting of loans and advances to group companies.

The business activities are carried out directly and / or through the Company’s subsidiaries.

Each of these activities is distinct and diverse in its business characteristics, growth trajectories; risk profiles and require entirely different approaches. The Board of Directors of the Company DECIDED that the Investment Undertaking of the Company should be transferred and vested into a wholly owned subsidiary of the Company named Hexa Tradex Limited (“Transferee”) by way of demerger, to achieve the following benefits for the Company and the Transferee:

- a. Demerger of the Investment Undertaking would enable the Company to focus and enhance its core pipe manufacturing, infrastructure, transportation and fabrication business operations by streamlining operations and optimizing costs;
- b. The demerger will enable both the Company and the Transferee to rationalize and streamline their management, processes and finances to their respective advantage;
- c. The demerger is in the interest of shareholders and will enable both companies to achieve and fulfill their objectives more efficiently and offer opportunities to the management of both the Company and the Transferee to vigorously pursue growth and expansion opportunities.

The demerger of Investment Undertaking would result in issuance of equity shares to the shareholders of the Company by the Transferee, thereby, resulting in unlocking and maximizing shareholder value. Further, pursuant to the scheme, shares of Transferee Company will get listed on the Bombay Stock Exchange and National Stock Exchange.

The shareholding of Transferee Company pursuant to the proposed demerger of the Investment Undertaking would be the mirror image of the existing shareholding of Jindal Saw Limited (pre-demerger) as the new shares of Transferee Company would be issued to the existing shareholders of Jindal Saw Limited in proportion to their shareholding in Jindal Saw Limited. The demerger will enable investors to separately hold investments which best suit their investment strategies and risk profiles.

Following are the highlights of the Scheme:

1. The Investment Undertaking shall be transferred to the Transferee and shall vest in the Transferee from the appointed date by way of a scheme of amalgamation and demerger under Sections 391-394 of the Indian Companies Act, 1956. The other undertakings shall be retained by the Company.
2. In consideration for the transfer of the Investment Undertaking to the Transferee, Transferee shall issue one equity share of Rs 2/- face value each credited as fully paid up to the equity shareholders (as on record date) of the Company for every 5 (five) equity shares held in the Company as on record date, such that the shareholding of the Transferee mirrors the shareholding of the Company.

Status of the Demerger

1. Board of directors approved the scheme in Nov 2010 meeting
2. Company has received NSE and BSE approval in Jan 2011
3. As per orders of Honb'le High Court of Allahabad, Secured creditors meeting shall be held on 9th April 2011 at the Registered office of the Company at Kosi Kalan
4. The appointed date of demerger is January 1, 2011 and the earliest effective date is July 1, 2011

Shareholders

Shareholding Pattern as at 31 December 2010

Sr.	Category of Shareholders	% Holding
1	Promoters and Promoter Group	46.00
2	Public and Institutions	
A	Indian Mutual funds	8.83
B	Financial Institutions/ Banks	0.08
C	Insurance Companies	2.55
D	Foreign Financial Investors	21.39
3	Public and non Institutions	
A	Body Corporate	13.97
B	Individuals	6.73
C	Others	0.45
	TOTAL	100.00

Top 10 shareholders of the Company

The top 10 shareholders of the Company as on January 14, 2011 are as follows:

List of Top 10 Shareholders				
Sr. No.	Name Of Holder's	Address	Holding As On 14.01.2011	Holding %
1	Nalwa Sons Investments Limited	Jindal Strips Ltd. Delhi Road Hisar	53550000	19.39
2	Sigmatech inc.	Sea Meadow House Blackburne Highway P.o Box 116 Road Town Tortola British Virgin Islands	30120000	10.90
3	Reliance Capital Asset manaGement Ltd.	Reliance Growth Fund Deutsche Bank AG DB House Hazarimal Somani MARG P.o.Box No-1142 Fort Mumbai-400001	24541830	8.88
4	Anbeeco Investments Limited	Griva Digeni 115 , Trident Centre Pc 3101 Limassol Cyprus	13004485	4.71
5	JINDAL Equipment Leasing and Consultancy Serv	37 Najafgarh Road New Delhi-110015	11640000	4.21
6	Cresta Fund Ltd	Deutsche Bank Ag Db House Hazarimal Somani Marg Post Box NO 1142 Fort Mumbai-400001	11367245	4.12
7	Colarado Trading Co Ltd	28 Najafgarh Road New Delhi-110015	8467500	3.07

8	Tiger Global Mauritius Fund	Deutsche Bank Ag Db House Hazarimal Somani Marg Post Box No 1142 Fort Mumbai-400001	7954651	2.88
9	Valiant Mauritius Partners Limited	Deutsche Bank Ag Db House Hazarimal Somani Marg Post Box NO 1142 Fort Mumbai-400001	6724381	2.43
10	Mansarover Investments Limited	Shakti Apartments 86 SFS DDA Flats Phase-II Ashok Vihar Delhi-110052	6449500	2.33

Industry Overview

I. Demand outlook for SAW pipes is favorable

In its *International Energy Outlook 2010* report, the IEA forecasts global marketed energy consumption to grow 49% (for an implied CAGR of 1.4%) in 2007-35. This growth has been projected despite the 2009 fall in demand for crude (2.0%) and gas (1.1%) due to the global economic recession. Energy demand will gradually revive as the economic environment improves. This should support utility and O&G companies' investment in global pipeline infrastructure. In addition, pipelines that carry crude, gas and product are typically the last leg of the oil and gas value chain. This makes spending to transport hydrocarbons from already-developed fields non-discretionary.

Global pipeline capex significant at US\$96bn (74m tonnes)

According to Simdex, the steel tube manufacturers' worldwide guide, which tracks global future pipeline projects, 368,244km of projects are in the pre-construction phase. This should create demand for pipes over the next five years. This is estimated to result in pipe demand of 74m tonnes (conversion assumption is 200m tonnes/km) or potential market sales of US\$96bn (assuming US\$1,300/tonnes) over the next five years. Asia, North America and the Middle East have the highest number of projects. In fact, 29,293km of projects (or 8% of the current total) were added in a September 2010 Simdex update, indicating an ongoing increase in global pipe investment.

New hydrocarbon sources to drive capex

There has been significant investment in pipeline infrastructure globally over the past few years, driven by a structural shift to natural gas, new crude and gas discoveries and development, planned LNG projects that require new connectivity, and the development of shale gas in the US. This trend should continue as new hydrocarbon sources (conventional and unconventional) and industrialization in Asia boost pipeline infrastructure demand.

Big impetus for Indian gas infrastructure

There is significant impetus for gas infrastructure investment in India. The current length of domestic gas transmission pipelines is around 10,800km. GAIL (Gas Authority of India) has a 7,000km network; RGTIL (Reliance Gas Transportation Infrastructure Ltd) has 1,375km; and GSPL's (Gujarat State Petronet Ltd) trunk pipeline network is 1,573km. Significant pipeline infrastructure expansion is planned given the large gas discoveries by ONGC (Oil & Natural Gas Corp), RIL (Reliance Industries Ltd), GSPC (Gujarat State Petroleum Corp), future LNG terminal construction and latent gas demand. As indicated by GAIL, it plans to add 7,000 km of pipelines by 2013. As indicated in the TABLE below, 12,978 km of pipelines could be added, creating potential pipe demand of 2.6m tonnes over the next one to three years. While this would be positive, the potential is much lower than domestic SAW pipe capacity of 6m tonnes. This is likely to keep EBITDA margins for domestic market at a competitive level of app. US\$70-120/tonne as compared to international SAW pipe margins of US\$170-240 per tonne over the next one to three years.

II. Seamless pipe recovery is on the way

Demand for seamless pipes is driven by oil and gas exploration drilling (OCTG), and applications like boilers, autos and other industrial segments. Seamless pipe margins depend on an increase in exploratory drilling and industrial capex coupled with supply capacity.

Global seamless pipe demand is expected to increase gradually. Demand should be driven by US shale gas drilling, the start of previously shelved/deferred upstream projects and an improvement in the global economy. Stable crude prices should improve confidence about spending, leading to a marginal improvement in oil and gas drilling investment.

Domestic demand for seamless pipes is more stable; ONGC and Oil India's (national oil companies' spending is less sensitive to short-term commodity prices) should maintain their planned capex due to NELP (National Exploration Licensing Policy) commitments, monetizing new discoveries and re-development plans. The trend of drilling 300-400 wells per year is expected to be maintained, and to result in pipe demand of 500,000 - 700,000 tonnes per year. Besides, the power industry and automobile industry also consumes app. 300,000 to 5,00,000 tonnes seamless pipes per year.

Jindal Saw expects the demand of its seamless pipe segment to improve on the back of improvement in yield, induction of high technology (PQF mill from SMS Germany) and also the Company's strong hold in the Middle East Market. The Company sells L Saw pipes to the O&G industry and they are buyers for the seamless pipes as well.

TABLE: Potential domestic pipe opportunity (one to three years)*

Planned pipeline	Project cost (Rs bn)	Length (km)	Estimated completion	Current status
GAIL				
Kochi-Mangalore/Bangalore pipeline	32.6	1,114	Mar/Dec-12	Route survey completed
Dabhol-Bangalore pipeline	50.1	1,389	Mar/Dec-12	Route survey completed; Tender for pipe laying awarded (media reports)
Jagdishpur-Haldia pipeline	76.0	2,050	Mar-12/Jan-13	Route survey in progress
RGTEL				
Kakinada-Haldia pipeline	N/A	928	Dec-12	ROU acquisition/statutory approvals in progress
Kakinada-Nellore-Chennai pipeline	N/A	577	Dec-12	ROU acquisition/statutory approvals in progress
Chennai-Tuticorin pipeline	N/A	585	Dec-12	ROU acquisition/statutory approvals in progress
Chennai-Bangalore-Mangalore pipeline	N/A	660	Dec-12	ROU acquisition/statutory approvals in progress
GSPL proposed pipeline				
Mehsana-Bhatinda pipeline	N/A	1,670	N/A	EOI to PNGRB
Bhatinda-Jammu-Srinagar pipeline	N/A	740	N/A	EOI to PNGRB
Surat-Paradip pipeline	N/A	1,680	N/A	EOI to PNGRB
Mallavaram-Vijaipur-Bhilwara pipeline	N/A	1,585	N/A	EOI to PNGRB
Potential pipeline in kms		12,978		
Assumed conversion of MT/KM		200		
Estimated pipeline tonnage required over 1-3 years		2.60		

* Details and project status of pipelines as per latest available data. Source: Company data

III. Ductile iron pipes—an attractive opportunity

A significant focus on water infrastructure: The Indian ductile iron (DI) market is an attractive opportunity due the government's focus on water infrastructure investment. This should continue to support robust demand for DI pipes.

20% growth in investment: Investment in water supply infrastructure has increased significantly, especially after the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched in 2006. Based on the same we expect a 20-25% YoY growth. Estimated spend in FY11 is two-thirds of the 11th Five-Year Plan's projection. Seven states (Rajasthan, Karnataka, Tamil Nadu, Bihar, Haryana, Gujarat and West Bengal in that order) are budgeted to undertake two-thirds of the total spend of all states combined in FY10. About 40% of the spending in the sector is accounted for by state governments.

India DI market: Based on the government initiatives in the water sector and urbanization of the country, the demand for DI pipes is expected to expand at a similar pace of 20-25%. It is estimated that the current DI market size is above 10,00,000 tones per annum. The key producers of DI pipes are Electrosteel Castings, Jindal Saw, Jai Balaji, Electrotherm and Tata Metaliks.

Industry risks

Raw material price volatility: Steel constitutes around 65-70% of the total cost of pipe manufacturing. Although Indian companies are largely converters, they can be exposed to volatile steel prices. The adverse movement in steel prices could impact the profitability. However, Jindal Saw follows the policy of booking the

API grade steel upon receipt of the pipe order which restricts the risk of raw material cost escalation to a larger extent.

Foreign exchange fluctuations: Volatile foreign exchange impacts pipe companies, as income and costs are largely foreign currency denominated (exports make up a large portion of sales). In FY09-10, many companies were affected by net payable positions and inventory write-downs. Jindal Saw is currently exposed to certain foreign exchange derivative transactions with a negative mark to market position. The Company is proactively managing the position on regular basis and now follows a policy to hedge its net foreign exchange positions through forward contracts only.

Higher competition: The pipe industry is highly competitive, especially in India, and this is more evident in commodity and less specialized pipes. This may cap margin expansion. However, competition is lower in highly specialized pipe production and for companies that have a large number of accreditations. Jindal Saw having followed the diversified portfolio model has successfully mitigated this risk.

Crude prices/pipeline capex: Lower crude and gas prices and volatile demand may impact global pipeline capital expenditures. This could affect order accretion and pipe demand for Indian companies (as most are significant exporters).

Other risks: Higher freight costs and adverse regulations on pipeline investments could pose a threat and risk to the pipe companies.

Overview of Manufacturing Business

Jindal Saw has diversified from a single product Company to a multi-product Company, manufacturing large diameter submerged arc pipes and spiral pipes and bends for the energy transportation sector; carbon, alloy and stainless steel seamless pipes and tubes manufactured by conical piercing process used for industrial applications; and DI pipes for water and sewage transportation. Besides these, the Company also provides various value added products like pipe coatings, bends and connector castings to its clients. The Company is also expanding its capacities in HSAW pipes and DI pipes segment, targeted towards domestic and export demand. This enables it to have relatively lower dependence on the oil and gas sector. In India, the Company has name plate capacities of 1.50 million MTPA of LSAW & HSAW, 2.50 lac MTPA of billet rolling in Seamless pipe segment and 2.50 lac MTPA of ductile iron pipe manufacturing. The Company's exports are approximately 50% of the gross sales and to various parts of the globe, with a major portion to the middle east.

Going forward, Jindal Saw plans to further leverage its presence in DI pipes through setting up a Greenfield project in United Arab Emirates for the middle-eastern and other regions. This will allow the Company to focus on the global markets for ductile iron pipe business as well.

In January 2011, the Company also announced the execution of Mining Lease Agreement with the State of Rajasthan for Iron Ore Mines in district Bhilwara. The lease is for a period of 30 years (thirty years). The total area under the lease is 1556.78 Hectares. Based on the initial estimates, the mines have app. 180 million tons of reserves/resources of various categories of Iron Ores.

The meltdown in globe during 2008 to 2010 has seen weakness in demand for SAW pipes. However, with event of downside in the energy sector, Company's product portfolio offers flexibility in terms of target industry and application. Company's HSAW segment caters to energy as well as water transportation sector mainly to domestic market. Indian energy and water transportation sector was among the least affected sector during recession period. Ductile iron pipe finds application for transportation of water and sewage system, which did not lost its momentum, rather propelled its expansion plan. Seamless pipe was also affected by slowdown in oil and gas CAPEX as well as downturn in auto sector. Company's seamless pipe division meets demand from auto, power and oil and gas segment. Auto and Power contributes 35-40% of revenue from seamless division of the Company. Overall Company's product portfolio is diversified to auto, power, water and sewage, and oil and gas segment which mutually balances the upturns and downturns in any of these segments.

The recent few months have seen the hardening of the oil prices and pick-up in demand of all the pipes in all the segments. The Company is participating in various pipe line projects and expects the order book to improve over a period of time.

Jindal Saw Limited, India's main products and services and their principal applications are set out in the table below:

Products and Services	Applications
Large Diameter SAW Pipes	
LSAW pipes	Onshore and offshore oil and gas transportation
HSAW pipes	Cross-country water and sewage transportation, transportation of gases at low pressures, transportation of crude and refined petroleum products
Seamless Tubes	
Hot mill tubes and pipes	Oil country tubular goods applications, petroleum industries and refineries, boilers, automobile engineering, mechanical and general engineering, heat exchangers and low temperature applications
Cold mill tubes and pipes	Food and beverages industry, refrigeration industry, heat exchangers, boilers, cryogenic applications, automotive engineering
Others	
DI pipes	Urban and rural water transportation and supply, urban and rural sewage transportation
Pig iron	Castings
Coatings	
Three layer polyethylene/polypropylene coating	Anti-corrosion protective coating
Fusion bond epoxy coating	Anti-corrosion protective coating
Coal tar-enamel/bitumen coating	Protective coating
Concrete weight coating	Protective weighted coating for under-sea pipes
Internal epoxy coating	Anti-corrosion protective coating to ensure pipe life and to ensure a smooth flow of liquids inside the pipe
Internal cement mortar linings	Protective coating for pipes used to transport potable water
Monel sheathing	Anti-seawater corrosion metal coating for pipes used in offshore activities

Key Investment Considerations

- 1. Diversified pipe manufacturer with strong market positioning:** The Company has a well diversified pipe portfolio which enables it to capitalize the opportunities in global infrastructure. The Company is a leading player in the domestic Submerged Arc Welded (SAW) pipes industry and has a wide product range for both LSAW and HSAW range of pipes. In addition, Jindal SAW is a major player in the Ductile Iron and Seamless pipes segment. It also enjoys accreditation from various large global players, with proven track record of deliveries. It currently has an order book of more than USD 1000 Million to be executed in the next 3-4 quarters.
- 2. Healthy Balance Sheet:** As at September 30, 2010, Jindal SAW had an estimated gross debt amount of USD 120 million. In addition, the Company also had cash/ cash equivalent making the Net Debt / EBITDA ratio to below 1. While MTMs on Derivative positions are still running at a negative of app. USD 130 million, this amount can be easily funded out of Jindal SAW's cash-flows, over a period of time.
- 3. Backward integration into iron ore mine will provide cost competitiveness in the coming years:** The Company currently purchases iron ore from local market, for manufacturing ductile iron pipes. With the iron-ore mine allotment in Rajasthan, the Company shall be self sufficient to meet its demand of iron ore for production of DI pipes. The Company is setting up a beneficiation plant at a capex of INR 1.6 bn to improve the mine's average iron ore content from low grade to 65%. This is expected to boost the EBITDA margins of the Company.
- 4. Capacity expansion in ductile iron in India and the Middle East will help win water and sewerage project orders:** The plant in Abu Dhabi should help it capture greater market share in the fast-developing Middle East market. In India, with growing urbanization, there is huge potential growth in the water and sewage industries. The 11th five year plan earmarked INR 540bn to provide water supply coverage to 100% of the urban population. The Company is the only pipe manufacturer capable to provide full pipe solution by supplying H Saw and Ductile Iron Pipes for the water and sewage applications.

5. **Drill Pipe Facility in Baytown USA to increase business potential of seamless business:** Jindal Saw is nearing completion of its drill pipe facility in Bay Town, Texas USA to manufacture drill pipes. These pipes are used in drilling the wells by oil & gas companies. The revenue and profitability for these pipes is higher. Upon commencement of operations in early FY 11-12, this can boost the turnover and profitability of the seamless segment.
6. **Diversification:** Jindal SAW has diversified into the infrastructure business with investments in waste water treatment projects, waste based power projects, shipping and wagon manufacturing, through a separate subsidiary Jindal ITF (JITF). These businesses are expected to be benefitted from the boom in Indian infrastructure spends. Jindal Saw expects these businesses to start contributing to the Net profit levels from FY 11-12.
7. **Demerger of investment undertaking and separate listing of demerged entity:** The Company is also engaged in investment business by way of making investments in shares & other securities as well as other financing activities of group companies and strategic investments in new ventures. These activities are carried out directly and/or through its NBFC subsidiary. The Company plans to demerge this business in a separate entity and give direct ownership to its shareholders. The demerger is being done through a court process.
8. **World class clientele:** Jindal Saw has more than 20 years of experience in providing SAW pipes to the oil and gas sector has helped it maintain a leadership position in this sector despite entry of other players in India. India clients include the top tier of oil & gas and EPC companies such as BPCL, IOC, ONGC, GAIL, Reliance Industries, Oil India, and Larsen & Toubro. In addition to domestic sales, Jindal Saw has a strong presence in the export market including the U.S., West Asia, and Africa which accounts for almost 50% of its revenues. It is the preferred supplier to global clients due to its stringent quality standards, which have been certified by the American Petroleum Institute. The Company's roster of global clients include among others Shell, British Gas, Bechtel, Centre Point Energy, Saudi Arabian Oil Company, Oman Gas Company Gulf South Pipeline company, USA, CNPC China, and Saipem (Italy).

Share Capital Details

The Share capital as at March 31, 2010 is set forth below.

Particulars	Amount (Rs. In Lacs)
A. Authorised Capital	
50,00,00,000 Equity Shares of Rs 2/- each	10,000.00
1,00,00,000 Preference Shares of Rs. 100/- each	10,000.00
TOTAL	20,000.00
B. Issued, Subscribed and Paid-Up Equity Share Capital:	
27,36,14,735 Equity Shares of Rs 2 /- each	5472.34(*)
C. Share Premium Account	72,554.84

(*) Including Rs 0.04 lac on account of forfeited shares

The above does not include **amount of 7.85% Redeemable Non Convertible Cumulative Preference shares** of Rs. 100/- each aggregating to Rs. 10,000 lacs which have also been repaid in full in September 2010.

Paid up Capital after this Issue and Share Premium Account

This Issue will not have any impact on the paid up capital of the Company. This Issue will not have any impact on the share premium of the Company.

Past issues of the Company

Equity share capital history of the Company:

Sr No.	Security Description	Date of allotment	No. of Shares	Issue price Nominal Value Premium	Distinctive Numbers	ISIN Code
1	Equity Shares (IPO)	10.09.1986	3992000	10/- NIL	1-3992000	INE324A01016
2	Equity Shares	10.09.1986	2008000	10/- NIL	3992001-6000000	INE324A01016
3	Equity Shares	17.03.1990	1970936	10/- NIL	6000001-7970936	INE324A01016
4	Equity Shares	05.10.1993	4643000	10/- NIL	7970937-12613936	INE324A01016
5	Equity Shares	15.03.1994	6190318	10/- NIL	12613937-18804254	INE324A01016
6	Equity Shares	29.06.1994	570000	10/- 440/-	18804255-19374254	INE324A01016
7	Equity Shares	16.02.1995	19146004	10/- NIL	19374255-38520258	INE324A01016
8	Equity Shares	16.11.1995	2500	10/- NIL	38520259-38522758	INE324A01016
9	Equity Shares	26.02.1997	456500	10/- NIL	38522759-38979258	INE324A01016
10	Equity Shares	21.07.1998	200	10/- NIL	38979259-38979458	INE324A01016
11	Equity Shares	20.09.2005	8135000	10/- 340/-	38979459-47114458	INE324A01016
12	Equity Shares	17.10.2005	1250000	10/- 340/-	47114459-48364458	INE324A01016
13	Equity Shares	05.11.2007	102352	10/- 665/-	48364459-48466810	INE324A01016
14	Equity Shares	05.11.2007	2412542	10/- 473/-	48466811-50879352	INE324A01016
15	Equity Shares	05.12.2007	263191	10/- 665/-	50879353-51142543	INE324A01016
16	Equity Shares	05.01.2008	731087	10/- 665/-	51142544-51873630	INE324A01016
17	Equity Shares	09.02.2008	248570	10/- 665/-	51873631-52122200	INE324A01016
18	Equity Shares	18.09.2009	2600897	10/- 809/-	52122201-54723097	INE324A01016
19*	Equity Shares	09.04.2010	289511	2/- 133/-	328615486-28904996	INE324A01024
20	Equity Shares	23.04.2010	1810762	2/- 133/-	328904997-30715758	INE324A01024
21	Equity Shares	28.05.2010	511763	2/- 133/-	330715759-31227521	INE324A01024

2.	Shares issued for consideration other than cash
3.	Equity Shares are allotted as fully paid up to the shareholders of Swastik Foils Ltd. as per Scheme of Amalgamation order dated 3 rd August / 11 th September, 1989 of the Hon'ble High Court of Delhi.
4.	Equity Shares are allotted as fully paid up to the Shareholders of Swastik Udyog Ltd. as per Scheme of Amalgamation order dated 17.8.1993 and 27.8.1993 of the Hon'ble High Courts of Punjab & Haryana and Delhi.
5.	Ist Bonus in the Ratio 2:1
6.	Private Placement
7.	IInd Bonus in the Ratio 1:1
8.	Allotment of IInd Bonus shares kept in Abeyance
9.	Allotment of Ist & IInd Bonus shares kept in Abeyance
10.	Allotment of Ist & IInd Bonus shares kept in Abeyance
11.	Shares representing Global Depository Shares
12.	Shares representing Green Shoe Option of Global Depository Shares
13.	Shares have been allotted on conversion of FCCBs
14.	Shares have been allotted on conversion of warrants allotted to the Promoters on Preferential Basis.
15.	Shares have been allotted on conversion of FCCBs.
16.	Shares have been allotted on conversion of FCCBs.
17.	Shares have been allotted on conversion of FCCBs.
18.	Shares have been allotted on preferential basis to Anbecco Investments Ltd., Cyprus on conversion of CCDs.
19.	Shares have been allotted on conversion of FCCBs.
20.	Shares have been allotted on conversion of FCCBs.
21.	Shares have been allotted on conversion of FCCBs.

* With effect from 11th December, 2009 the face value of equity shares of `10/- each was sub-divided into equity shares of `2/- each.

(b) Preference share capital history of the Company

The Company had issued 1, 00, 00,000 7.85% Redeemable Non Convertible Cumulative Preference shares of Rs. 100/- each aggregating to Rs. 10,000 lacs. These were allotted on 22nd September, 2005. The same were redeemable in three yearly installments in the ratio of 30:30:40 at the end of 5th, 6th and 7th year from the allotment date. These carried put/call option at the end of the 5th year from the date of allotment. The Company exercised the call option at the end of 5th year and repaid the full amount of Rs. 10,000 lacs in September 2010.

(c) History of convertible debentures or other debt securities issued by the Company and which are outstanding as on date

In June 2006, the Company issued Foreign Currency Convertible Bonds (FCCB) which are convertible at any time upto the close of business on 24th June, 2011 by holders of the Bonds into newly issued equity shares of Rs. 2/- each of the Company at the option of the Bondholder, at a base conversion price of Rs. 135/- per share with a fixed rate of exchange on conversion of JPY 2.533 = Rs. 1.00 after adjustments as per terms & conditions of issue of bonds. Unless previously converted, redeemed or purchased and cancelled, the Bonds will mature on 1st July, 2011 at 117.928% of their principal amount.

Confirmations

There has been no default in payment of due interest or redemption in relation to debt securities issued by the Company or borrowings availed by the Company prior to the date of this Disclosure Document. Further, the Company has not issued any debt securities for consideration other than cash prior to the date of this Disclosure Document.

There are no other debt securities that have been issued by the Company at a premium or discount or pursuant to any option.

Present Financial Indebtedness

The Company has availed of certain secured and unsecured credit facilities from various lenders. The secured and unsecured loans outstanding as at September 30, 2010 have been utilized for financing working capital requirements and also for acquisition of certain fixed assets.

Set forth below is a brief summary of the Company's aggregate secured and unsecured borrowings as of March 31, 2010:

Category of Lender	Outstanding Amount (Rs. In Lacs)
Secured	
Term Loan from Banks	7,159.49
Working Capital Loan from Banks	1,759.41
Total Secured Loan (A)	8,918.90
Unsecured	
Fixed Deposits from Public	3,519.73
Deferred Sales Tax Loans	7,180.03
External Commercial Borrowings (*)	21,193.83
Foreign Currency Convertible Bonds	32,893.39
Total Unsecured Loans (B)	64,786.98
Total Borrowings (A+B)	73,705.88

Debt Equity Ratio*(Rs. in Lacs)*

Particulars	Pre-Issue		Post Issue of present Debentures of Rs. 300 crs (@)
	(Audited as on March 31, 2010) (Rs. In Lacs)	(Unaudited as on Dec 31, 2010) (Rs. In Lacs)	
Long Term Debt:			
Secured and Unsecured (Other than working capital loans from banks)	71,946.47	65,791.00	1,27,291
Total Debt	7,1946.47	65,791.00	1,27,291
Shareholders' Fund			
Share Capital (*)	5,472.34	5,525.00	5,525.00
Reserve & Surplus (excluding Revaluation Reserve)	3,48,161.23	3,90,026.00	3,90,026
Net Worth	3,53,633.57	3,95,551.00	3,95,551
Long Term Debt/ Net Worth	0.203	0.166	0.3218

(@) Including approximately Rs 31,500 lacs (USD 70 million) on account of proposed mobilization of foreign currency loans to be utilized as per the purposes approved by Reserve Bank of India.

OBJECTS OF THE ISSUE

The activities for which funds are being raised by the Company through this Issue are:

(a) General corporate purposes (collectively, referred to herein as the “Objects”).

The proceeds of this Issue, after deducting the expenses associated with this Issue (“**Net Proceeds**”), shall be utilized towards the Objects mentioned above and for no other purpose. The Company may undertake such activities as may be necessary for the purposes of the Objects. The Company undertakes that the Net Proceeds shall not be utilized for subscription or purchases of shares and debentures.

The management, in response to the competitive and dynamic nature of the industry in which the Company operates, will have the discretion to revise its business plan from time to time. The funding requirements and deployment of the Net Proceeds are based on current conditions and are subject to change in light of changes in external circumstances or in the financial condition, business or strategy. The Company may have to revise its estimates from time to time on account of modifications in the terms of the debt facilities availed by it and intended to be re-financed from the Net Proceeds depending on a number of factors which may not be in the control of the management, including variations in interest rate structures, repayment of certain debt facilities mentioned herein, changes in the financial condition and the prevailing economic/ commercial conditions.

Further, the Company may also reschedule the capital expenditure programs involving proposed utilization of the Net Proceeds and increasing or decreasing capital expenditure for any of the Objects. For instance, it may also reallocate expenditure to the other activities, in the case of delays in the existing plans or proposed activities. In certain cases, the delays may be caused due to external factors such as non-receipt of requisite approvals, which consequently, may change the fund requirements. Any such change in the plans may require rescheduling of the expenditure programs, starting projects or capital expenditure programs which are not currently planned, discontinuing existing plans or proposed activities and an increase or decrease in the capital expenditure programs for the Objects, at the discretion of the Company.

In case of variations in the actual utilization of the Net Proceeds, increased fund requirements for any of the Objects may be financed by surplus funds, if any, allocated for the other Objects, subject to applicable law. In case of shortfall/ cost overruns if any, for the Objects, the Company intends to meet the same through a range of options including utilizing the internal accruals, seeking additional debt or equity from lenders or shareholders. Further, in the event that estimated utilization out of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the next Fiscal.

Interim Use of Funds

Pending utilisation for the purposes described above, the Company intends to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposits with banks for the necessary duration and other investment grade interest bearing securities. Such transactions would be at the prevailing commercial rates at the time of investment.

Bridge Financing Facilities

The Company has not raised any bridge loans against the Net Proceeds.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Listing

The Debentures are proposed to be listed on the wholesale debt market segment of the NSE. The NSE has given its 'in-principle' approval to list the Debentures. In case the Company is unable to list these Debentures, the entire subscription amount, including the application money, shall be refunded to the Debentureholders along with interest at the applicable coupon rate.

The Company shall comply with the requirements of the listing agreement to the extent applicable to it on a continuous basis and shall complete all formalities relating to listing of the Debentures.

It is hereby declared that the Company has exercised due-diligence to ensure complete compliance of prescribed disclosure norms in this Disclosure Document. The role of the Sole Arranger in the assignment is confined to marketing and placement of the Debentures on the basis of this Disclosure Document as prepared by the Company.

The Sole Arranger have neither scrutinized nor vetted nor have they done any due-diligence for verification of the contents of this Disclosure Document. The Sole Arranger shall use this Disclosure Document for the purpose of soliciting subscription(s) from eligible investors in the Debentures to be issued by the Company on a private placement basis. It is to be distinctly understood that the use of this Disclosure Document by the Sole Arranger should not in any way be deemed or construed to mean that this Disclosure Document has been prepared, cleared, approved or vetted by them; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Disclosure Document.

Issue of Debentures in Dematerialised Form

The Debentures will be issued in dematerialized form. The Company has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Depository Participant's name, DP-ID and beneficiary account number must be mentioned at the appropriate place in the Application Form. The Company shall take necessary steps to credit the Debentures allotted to the depository account of the investor.

The Company will make the Allotment to investors on the Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money. The Allotted Debentures at the first instance will be credited in dematerialised form on LOA ISIN within two days of the Date of Allotment.

Transferability of Debentures

These Debentures are restricted in their transferability to investors other than such entities provided in Rule 2(b)(iii) of the Companies (Acceptance of Deposits) Rules, 1975, as amended, and companies incorporated under the Companies Act, subject to compliance with applicable laws. In the event the Debentures are issued in physical form, the Company shall use a common form of transfer.

Trading of Debentures over the counter

In the event the Debentures are traded over the counter, such trading shall be reported on the Stock Exchange.

Consents

Axis Trustees Services Limited has given its written consent for its appointment as Trustees to this Issue under Regulation 4(4) of the SEBI Regulations and inclusion of its name in the form and context in which it appears in this Disclosure Document.

Stock Exchange where the Debentures are proposed to be listed

The Debentures are proposed to be listed on the 'wholesale debt market' segment of the NSE. The Company has obtained an in-principle approval from the NSE for listing of said Debentures on its 'wholesale debt market' segment. The Company shall make an application to the NSE to list the Debentures to be issued and Allotted pursuant to this Disclosure Document and complete all the formalities relating to listing of the Debentures within two months from the date of allotment.

In relation to listing of Debentures with NSE, the Company hereby undertakes that:

- It shall comply with conditions of listing of Debentures as may be specified in the listing agreement with NSE.
- Ratings obtained by the Company shall be periodically reviewed by the credit rating agencies and any revision in the rating shall be promptly disclosed by the Company to NSE.
- Any change in the rating shall be promptly disseminated to the Debentureholders in such manner as NSE may determine from time to time.
- The Trustees shall disclose the information to the Debentureholders and the general public by issuing a press release in any of the following events:
 - Default by the Company to pay interest on Debentures or redemption amount; and
 - Revision of rating assigned to the Debentures.

This information shall also be placed on the websites of the Trustees, the Company and NSE.

- The Company, the Trustees and NSE shall disseminate all information and reports on the Debentures including compliance reports filed by the Company and the Trustees regarding the Debentures to the Debentureholders and the general public by placing them on their websites.

Particulars of debt securities issued (a) for consideration other than cash, whether in whole or part, (b) at a premium or discount, or (c) in pursuance of an option

The Company hereby confirms that it has not issued any debt securities or agreed to issue any debt securities for consideration other than cash, whether in whole or in part, at a premium or discount or in pursuance of an option since inception.

Servicing behaviour on existing debt securities and other borrowings

The Company hereby confirms that:

- It has been servicing all its principal and interest liabilities on time and there has been no instance of delay or default since inception; and
- It has neither defaulted in repayment/ redemption of any of its borrowings nor affected any kind of roll over against any of its borrowings in the past.

Undertaking regarding common form of transfer

The Debentures shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the Depositories/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in electronic form. The seller should give delivery instructions containing details of the buyer's Depository Participant account to his Depository Participant. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Company.

The Company undertakes that it shall use a common form/ procedure for transfer of Debentures issued under terms of this Disclosure Document.

Material event, development or change at the time of Issue or subsequent thereto

Other than as disclosed in the section titled “History, Capital Structure and Certain Corporate Matters – History of the Company” mentioned elsewhere in this Disclosure Document, in the opinion of the Board of Directors, there has not arisen, since the date of the last financial statements, any circumstance that materially or adversely affects the profitability of the Company taken as a whole or the value of the consolidated assets or the ability to pay the material liabilities over the next 12 months.

Permission/ consent from prior creditors

The Company hereby confirms that it is entitled to raise monies through this Issue without the consent/ permission/ approval from the Debentureholders, Trustees, its lenders and other creditors.

Material contracts and agreements involving financial obligations of the Company

The Company, in the ordinary course of its business, enters into various agreements, including loan agreements and joint venture agreements, which may contain certain financial obligations and/or provisions which may have an impact on its financial condition. Such contracts or agreements may be provided by the Company for inspection upon request by the Debentureholders, at the Corporate Office from 11.00 am to 1.00 pm on business days from the date of this Disclosure Document, until the date of closure of this Issue.

Contracts, arrangements in relation to the Issue

Mentioned below is an illustrative list of certain contracts, arrangements or documents, entered into by the Company in relation to or pertaining to this Issue, as on date of this Disclosure Document.

- Memorandum and Articles of Association of the Company;
- Annual report of the Company for the year ended March 31, 2010 and audited financials of the Company for Fiscal 2010
- Board Resolution dated authorizing the issue of Debentures offered under the terms of this Disclosure Document;
- Letter of consent from Axis Trustee Services Limited for acting as Trustees for and on behalf of the Debentureholders;
- Copy of letter from application made to the NSE for grant of in-principle approval for listing of the Debentures;
- Letter from NSE conveying its in-principle approval for listing of the Debentures; and
- Letter from CARE conveying the credit rating for the Debentures and the rating rationale pertaining thereto.

SUMMARY TERM SHEET

I. GENERAL TERMS AND CONDITIONS APPLICABLE TO THE DEBENTURES

Issuer	Jindal Saw Limited		
Facility	Secured Rated Listed Non-convertible redeemable debentures (“NCD”) with Separately Transferable Redeemable Principal Parts (STRPPs)		
Rating	“CARE AA” by CARE		
Total Issue Size	Rs. 300 crores		
Face Value /Issue Price of Debenture	Each Debenture shall have a face value of Rs. 30,00,000/- (Rupees Thirty lacs) comprising 3 STRPP of the face value of Rs. 10,00,000/- (Rupees Ten lakhs) each.		
Face Value of STRPP	Rs. 10 lacs (Rupees Ten lacs) each.		
Tenure	6 year		
Tenure / Redemption Maturity	Each Debenture of Rs. 30,00,000/- (Rupees Forty lakhs) each shall comprise of 3 Detachable and Separately Transferable Redeemable Principal Parts (“STRPPs”). The STRPPs/ Debenture Series shall be redeemable at par as under:		
	STRPP/ Debenture Series	Face Value of STRPP	Redemption Date
	Series- I (A)	Rs. 10.00 lacs	At the end of 4th year from the deemed date of allotment
	Series-I (B)	Rs. 10.00 lacs	At the end of 5th year from the deemed date of allotment
	Series-I (C)	Rs. 10.00 lacs	At the end of 6th year from the deemed date of allotment
Put/ Call Option	None		
Coupon	10.75% p.a.		
Interest Payment	Quarterly		
Interest Payment Dates	Quarterly on 31st March , 30th June, 30th September and 31st December every year (inclusive of these dates)		
Issue Opening Date[^]	April 06, 2011		
Issue Closing Date[^]	April 06, 2011		
Pay-in Date[^]	April 06, 2011		
Deemed Date of Allotment[^]	April 08, 2011		
Issue Object/Purpose	General corporate purposes		
Security	Equitable Mortgage on the company’ immovable fixed assets and hypothecation of moveable fixed assets in favour of debenture trustees on First pari-passu basis. The company will be maintaining a minimum Fixed Asset Cover Ratio of 1.25 times during the tenure of the Debentures.		
Time frame for security creation	The Company to create security for NCDs in favour of Trustee within 90 days from the date of allotment. A penal interest of 2% will be charged from the date of allotment till date of security creation if the company fails to create security within the stipulated time. The Debenture holder reserve the right to recall the NCDs in case the security is not created within extended agreed by the Debenture holder.		
Listing	Proposed on the wholesale debt market segment of the NSE.		
Trustee	Axis Trustees Services Limited.		
Issuance Format	The Debentures/ Letters of Allotment shall be issued by the Company in dematerialized form within two Working Days from the Deemed Date of Allotment.		

Depositories	NSDL and CDSL
Registrars	RCMC Share Registry (P) Ltd.
Penal Interest/Liquidated Damages	<p>In case of default in payment in interest, additional interest, principal and/or in case of any other event of default or non creation of security within 90 days period from the date of allotment, an additional interest @ 2% over and above the coupon rate , will be payable by the Issuer immediately for defaulting period.</p> <p>In the event of any default in the regular payment of interest on the NCD on the due dates as stated above, compound interest, at quarterly rests, at the aforesaid rate will become due and payable over the monies due for the period of default.</p>
Settlement	Payment of interest and repayment of principal shall be made by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through RTGS system / e-banking.
Mode of Subscription	Cheque(s)/ demand draft(s) may be drawn in favour of "Jindal Saw Limited" and crossed "Account Payee Only" payable at par at designated centers mentioned elsewhere in this Disclosure Document or remittance through RTGS as per details given in application form.
Record Date	3 days prior to each interest payment and/ or principal repayment date.
Computation of Interest	Interest payable on the Debentures will be calculated on the basis of actual number of days elapsed in a year of 365 or 366 Days as the case may be. i.e Actual/Actual

^ The Company reserves its sole and absolute right to revise the Issue Opening/ Closing/ Pay-In Date(s) without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by Company.

TERMS OF THE ISSUE

Issue Size

The Company proposes to raise Rs. 300 crores through this Issue.

Registration and Government Approvals

This Issue is being made in accordance with extant guidelines for issuance of the Debentures, including the SEBI Regulations, as amended from time to time. The Company can undertake the activities proposed by it in view of the present approvals and no further approval from any government authority is required by it to undertake the proposed activities, save and except those approvals which may be required to be taken in the normal course of business from time to time.

Minimum Subscription

As this Issue is being made on private placement basis, the requirement of minimum subscription is not applicable. Hence, the Company shall not be liable to refund the subscription monies or the proceeds of this Issue in the event of the aggregate proceeds of this Issue falling short of Issue size or a certain percentage of Issue size.

Nature of Debentures

Secured, Redeemable, Non-convertible debentures to be issued on a private placement basis and in dematerialized form. The Company is also offering negative charge on the entire assets of the Company.

Face Value, Issue Price and Effective yield for an investor

Each Debenture has a face value of Rs. 30,00,000 and is issued at par. Since there is no premium or discount on either Issue price or on the redemption value of the Debentures, the effective yield for the investors held to maturity shall be the same as the coupon rate of the Debentures.

Terms of Payment

The face value of the Debentures applied for, shall be required to be paid alongwith the Application Form. Investor(s) need to send in the Application Form and the cheque(s)/ demand draft(s)/ RTGS for the face value of the Debentures applied for.

Deemed Date of Allotment

Interest on Debentures shall accrue to the Debenture holder(s) from and including, which shall be the Deemed Date of Allotment. All benefits relating to the Debentures will be available to the investors from the Deemed Date of Allotment. The actual Allotment may take place on a date other than the Deemed Date of Allotment. The Company reserves the right to keep multiple allotment date(s)/ deemed date(s) of Allotment at its sole and absolute discretion without any notice to the Debentureholders. In case the Issue Closing Date is revised, the Deemed Date of Allotment may also be revised by the Company at its sole and absolute discretion.

Letter(s) of Allotment/ Debenture Certificate(s)/ Refund Order(s) Issue of Letter(s) of Allotment

The beneficiary account of the investor(s) with Depositories/ the Depository Participant will be given initial credit within two Working Days from the Deemed Date of Allotment. The initial credit in the account will be akin to the 'Letter of Allotment'. On completion of the all statutory formalities, such credit in the account will be akin to a Debenture Certificate.

Issue of Debenture Certificate(s)

Subject to the completion of all statutory formalities within 90 days from the Deemed Date of Allotment, or such extended period as may be approved by the appropriate authority(ies), the initial credit akin to a Letter of Allotment in the Beneficiary Account of the investor would be replaced with the number of Debentures Allotted. The Debentures since issued in dematerialized form, will be governed under the provisions of the

Depository Act, 1996, as amended, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended, rules notified by Depositories/ Depository Participant from time to time and other applicable laws and rules notified in respect thereof.

Depository Arrangements

The Company has entered into depository arrangements with the Depositories. The Debentures shall be issued in dematerialized form as per the provisions of Depositories Act, 1996, as amended. Investors can hold the Debentures only in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996, as amended.

Market Lot

The market lot shall be one Debenture of face value of Rs. 10,00,000 each. Since the Debentures are being issued only in dematerialised form, odd lots will not arise either at the time of issuance or at the time of transfer of the Debentures.

Trading of Debenture

The marketable lot for the purpose of trading of Debentures shall be Rs. 30,00,000 per Debenture. Trading of the Debentures would be permitted in dematerialised mode only in standard denomination of Rs. 30,00,000 per Debenture and such trades shall be cleared and settled in the Stock Exchange subject to conditions specified by SEBI. In case of trading in Debentures which has been made over the counter, the trades shall be executed and reported on a recognized stock exchange having a nationwide trading terminal or such other platform as may be specified by SEBI.

Trading of STRPP

The marketable lot for the purpose of trading of STRPP shall be Rs. 10 lakhs per STRPPs. Trading of STRPP would be permitted in demat mode only in standard denomination of Rs.10 lakhs per STRPPs and such trades shall be cleared and settled in recognised stock exchange(s) subject to conditions specified by SEBI. In case of trading in STRPP which has been made over the counter, the trades shall be executed and reported on a recognized stock exchange having a nation wide trading terminal or such other platform as may be specified by SEBI.

Coupon/ Interest Rate

Debentures will carry an interest of 10.75% p.a , payable quarterly on 31st March, 30th June, 30th September and 31st December every year (inclusive of these dates) with a tenure of 6 year from the Deemed Date of Allotment.

The first interest period is defined as the actual number of days falling between the Deemed Date of Allotment to 30 June, 2011. The first interest payment would be made on 30 June 2011. The second and subsequent interest period is defined as the actual number of days in a year as 365 (366 in case of a leap year) on quarterly basis. The last interest period is defined as the actual number of days falling between 31 March 2017 and redemption date i.e. 08, April 2017.

The interest will be paid from the Deemed Date of Allotment (subject to deduction of tax at source at the rates prevailing from time to time under the IT Act, or any other statutory modification or re-enactment thereof, if any) and is payable quarterly. The interest shall be computed on the basis of actual number of days lasted in a year. For this purpose a year would comprise a period of 365 days. In case of leap year, the number of days will be 366 days i.e. Actual/Actual.

If any interest payment date falls on a day which is not a Business Day, the payment of interest will be made on the next day that is a 'Business Day' but without liability for making payment of interest for the intervening period.

Interest Rate in Case of Default

In case of default in payment of interest and/or redemption of the principal amount of the Debentures on the

respective due dates, an additional interest at the rate of 2% per annum, over the coupon rate shall be payable to the Debentureholders for the period of default.

Security

Equitable Mortgage on the company's immovable fixed assets and hypothecation of moveable fixed assets in favour of debenture trustees on First pari-passu basis with minimum Asset cover of 1.25 times.

The Company to create security for NCD, in favour of Trustee within 90 days from the date of allotment. A penal interest of 2% will be charged from the date of allotment till date of security creation if the company fails to create security within the stipulated time. The Debenture holder reserve the right to recall the NCDs in case the security is not created within extended agreed by the Debenture holder.

Computation of Interest

Interest for each of the interest periods shall be calculated, on an 'actual 365 (366 in case of a leap year) days' basis, on the face value of principal outstanding on the Debentures at the Coupon Rate rounded off to the nearest Rupee. i.e. Actual/Actual.

Penal Interest/Liquidated Damages

In case of default in payment in interest, additional Interest, Principal and/or incase of any other event of default, or non creation of security within 90 days period from the date of allotment, an additional interest @ 2% over and above the coupon rate, will be payable by the Issuer immediately for defaulting period.

In the event of any default in the regular payment of interest on the NCD on the due dates as stated above, compound interest, at quarterly rests, at the aforesaid rate will become due and payable over the monies due for the period of default.

Record Date

Record Date of interest shall be at least 3 days prior to each interest payment date and/ or principal repayment date. Interest shall be paid to the person whose name appears as sole/ first in the register of Debentureholders/beneficiaries as provided by the Depositories on the Record Date. In the event of the Company not receiving any notice of transfer at least 3 days before the respective date of payment of interest and/ or principal repayment date, the transferees for the Debentures shall not have any claim against the Company in respect of interest so paid to the registered Debentureholder.

Deduction of Tax at Source

Tax as applicable under the IT Act, or any other statutory modification or re-enactment thereof will be deducted at source. Investor(s) desirous of claiming exemption from deduction of income tax at source on the interest on application money are required to submit the necessary certificate(s), in duplicate, along with the Application Form in compliance with applicable laws.

Interest payable subsequent to the Deemed Date of Allotment will be treated as 'Interest on Securities' as per the provisions under the IT Act. Debentureholders desirous of claiming exemption from deduction of income tax at source on the interest payable on the Debentures should submit tax exemption certificate/ document, under Section 193 of the IT Act and if any, at the Corporate Office/ Registered Office of the Company at least 45 days before the payment becoming due. However, with effective from June 1, 2008, tax will not be deductible at source under the provisions of Section 193 of IT Act, if the following conditions are satisfied:-

- (a) Interest is payable on any security issued by a company;
- (b) Such security is in dematerialized form; and
- (c) Such security is listed in a recognised stock exchange in India.

This Issue fulfils the above conditions. Hence, no tax deductible at source will be deducted on the interest payable. However, in case of any subsequent legislative amendments to Section 193 of the IT Act, the applicability of tax deductible at source will be governed at the time of payment of interest on Debentures. Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors

are advised to consult their own tax consultant(s).

Put Option

No put option shall be available to the Debenturesholder(s).

Call Option

No call option shall be available to the Company.

Redemption

Debenture are redeemable at par in 3 equal annual installments starting at the end of 4th year from the deemed date of allotment. Each debenture will comprise of three detachable, Separately Transferable Redeemable Principal Parts (STRPPs) of Rs. 10 lacs each redeemable at par at the end of 4th, 5th and 6th year respectively. Thus the STRPPs/ Debenture Series shall be redeemable at par as under:

STRPP/ Debenture Series	Face Value of STRPP	Redemption Date
Series- I (A)	Rs. 10.00 lacs	At the end of 4 th year from the deemed date of allotment
Series-I (B)	Rs. 10.00 lacs	At the end of 5 th year from the deemed date of allotment
Series-I (C)	Rs. 10.00 lacs	At the end of 6 th year from the deemed date of allotment

The Debentures will not carry any obligation, for interest or otherwise, after the date of redemption. The Debentures held in the dematerialised form shall be taken as discharged, upon payment of the redemption amount by the Company on maturity to the registered Debentureholders whose name appear in the Register of Debentureholders on the Record Date. Such payment will be a legal discharge of the liability of the Company towards the Debentureholders.

In case the redemption date falls on a day which is not a Business Day, the payment due shall be made on the next 'Business Day'.

Listing

The issuer shall get the NCD listed on WDM Segment of the NSE within two months from the date of allotment and comply with all the RBI and SEBI guidelines applicable to this NCD issue. The issuer shall ensure that all the consents and resolution required to issue the NCD are in place prior to the issue. The issuer should also ensure that any and all regulations pertaining to this are complied with. All documentation including Board resolution, rating etc. to be completed by the issuer.

In case of delisting for a continuous period of 2 months, the company shall either buyback NCD or pay additional 2% interest over the coupon period till the compliance is completed.

Settlement/Payment on Redemption/ Interest

In accordance with the 'simplified listing agreement for debt securities' issued by SEBI pursuant to its circular (bearing reference no. SEBI/IMD/BOND/1/2009/11/05) dated May 11, 2009, the Company shall use the services of ECS, Direct Credit, RTGS or NEFT for payment of interest and redemption or repayment amounts as per applicable norms of the RBI.

However, in case the abovementioned payment facilities cannot be exercised, the Company shall make payment on redemption/ interest payment by way of cheque(s)/ redemption warrants(s)/ demand draft(s) in the name of the Debentureholders whose name appear on the list of beneficial owners as provided by Depository as on the Record Date.

The Company's liability to the Debentureholders towards all their rights, including for payment or otherwise, shall cease and stand extinguished from the date of redemption in all events. Further, the Company shall not be liable to pay any interest or compensation from the date of redemption. Upon the Company dispatching/ crediting the amount to the beneficiary(ies) as specified above in respect of the Debentures, its liability shall stand extinguished.

Effect of Holidays

Should any of dates defined above or elsewhere in this Disclosure Document, excepting the Deemed Date of Allotment, fall on a Saturday, Sunday or a public holiday in Mumbai, the next Working Day shall be considered as the effective date. In case any interest payment date(s) and/or the date(s) of redemption falls on a holiday, interest/ redemption will be paid on the next succeeding Working Day.

List of Beneficial Owners

A list of beneficial owners as provided by the Depositories as on the Record Date shall be considered for payment of interest or repayment of principal amount, as the case may be.

Nomination Facility

In accordance with Section 109 A of the Companies Act, only individuals applying as sole applicant/ joint applicant can nominate, in the prescribed manner, a person to whom his Debentures shall vest in the event of his death. Non-individuals including holders of power of attorney cannot nominate.

Succession

In the event of the demise of the sole/ first holder of the Debentures or the last survivor, in case of joint holders for the time being, the Company will recognize the executor or administrator of the deceased Debentureholder, or the holder of succession certificate or other legal representative as having title to the Debentures.

The Company shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a court in India having jurisdiction in this regard. The Company may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Debentures standing in the name of the deceased Debentureholder on production of sufficient documentary proof or indemnity.

Where a NRI becomes entitled to the Debentureholder by way of succession, the following steps have to be complied with:

- (a) Documentary evidence to be submitted to the legacy cell of the RBI to the effect that the Debenture was acquired by the NRI as part of the legacy left by the deceased holder.
- (b) Proof that the NRI is an Indian national or is of Indian origin.

Such holding by the NRI will be on a non-repatriation basis.

Who Can Apply

Nothing in this Disclosure Document shall constitute and/ or deem to constitute an offer or an invitation to an offer, to be made to the Indian public or any section thereof through this Disclosure Document, and this Disclosure Document and its contents should not be construed to be a 'prospectus' under the Companies Act.

This Disclosure Document and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly through a communication by the Company and only such recipients are eligible to apply for the Debentures. The categories of investors eligible to invest in the Debentures, when addressed directly, include:

- Industrial Finance Corporation of India,
- a State Financial Corporation, Shipping Development Fund Committee,
- Unit Trust of India, Industrial Development Bank of India,
- an Electricity Board constituted under the Electricity (Supply) Act, 1948,
- the Life Insurance Corporation of India,
- Rehabilitation Industries Corporation of India Limited,

- State Trading Corporation of India Limited,
- Minerals and Metals Trading Corporation of India Limited,
- Rural Electrification Corporation Limited,
- Agricultural Finance Corporation Limited,
- Industrial Reconstruction Corporation of India Limited,
- Industrial Credit and Investment Corporation of India Limited,
- National Industrial Development Corporation of India Limited,
- Tamil Nadu Industrial and Investment Corporation Limited,
- State Industrial and Investment Corporation of Maharashtra Limited,
- General Insurance Corporation of India (and its subsidiaries, namely, the National Insurance Company Limited, the New India Assurance Company Limited, the Oriental Fire and General Insurance Company Limited and the United Fire and General Insurance Company Limited),
- Gujarat Industrial Investment Corporation Limited,
- any financial company wholly owned by the Central Government or State Government,
- Oil Industry Development Board,
- Housing Development Finance Corporation Limited,
- Banking company,
- any other financial company (being non-banking company which is a financial institution under Section 45-I(c) of the Reserve Bank of India Act, 1934, as amended) or public financial institutions which may be notified by the GoI in this behalf in consultation with the RBI
- any company, including insurance companies, incorporated under the Companies Act, subject to compliance with applicable laws.

Furthermore, NRIs, OCBs, FIIs and other persons resident outside India are not eligible to apply for or hold the Debentures. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue.

Documents to be provided by investors

Investors need to submit the following documentation, along with the Application Form, as applicable.

- Memorandum and Articles of Association / documents governing their constitution;
- Resolution passed by the shareholders/ board of directors, as applicable, authorising the investment;
- Certified true copy of a power of attorney;
- 'Form 15 AA' for investors seeking exemption from tax deductible at source from interest on the application money;
- Specimen signatures of the authorised signatories duly certified by an appropriate authority;
- Registration certificate issued by SEBI, in case of Mutual Funds;
- Certified copy of PAN card; and
- Bank / demat account number.

Force Majeure

The Company reserves the right to withdraw this Issue prior to the Issue Closing Date in the event of any unforeseen development adversely affecting the economic and regulatory environment. Further, the Company reserves its sole and absolute right to revise the Issue Opening/ Closing/ Pay-In Date(s) without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by Company.

Submission of completed Application Forms

Applications duly completed and accompanied by cheque/ demand draft must be lodged before the closure of

this Issue with Sole Arranger who shall forward the same to the Company.

Acknowledgements

No separate receipts will be issued for the application money. However, the Collecting Banker receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the 'acknowledgement slip' at the bottom of each Application Form.

Application by Mutual Funds

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI.

Right to Accept or Reject Applications

The Company reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. Interest on application money will be paid from the date of realisation of the cheque(s)/ demand drafts(s) till one day prior to the date of refund. The Application Forms that are not complete in all respects and are varying with the commitment letter are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- (a) Number of Debentures applied for is less than the minimum application size;
- (b) The Company's account details not given;
- (c) Details for Issue of Debentures in dematerialised form not given;
- (d) PAN/GIR and IT Circle/Ward/District not given;
- (e) In case of applications under power of attorney by limited companies, corporate bodies etc. relevant documents not submitted; and
- (f) Variation to the commitment letter, if any.

PAN/GIR Number

All applicants should mention their PAN or the GIR number allotted under IT Act and the Income Tax Circle/ Ward/ District. In case where neither the PAN nor the GIR number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

Signatures

Signatures should be made in English and in any of the Indian Languages. Thumb impressions must be attested by a magistrate/ notary public under his/her official seal.

Debenture Redemption Reserve

In accordance with a clarification issued by the Department of Company Affairs, Government of India pursuant to its circular (bearing reference no. 6/3/2001-CL.V) dated April 18, 2002, for manufacturing and infrastructure companies, the adequacy of 'Debenture Redemption Reserve' is defined at 25% of the value of debentures issued on a private placement basis. In terms of extant provisions of Companies Act, the Company is required to create a Debenture Redemption Reserve out of profits, if any, earned by the Company. Further, the Company has also appointed the Trustees to protect the interest of the investors.

The Company shall submit to the Debenture Trustees and the Bank a certificate duly certified by the Auditors certifying that the Issuer has transferred a suitable sum to DRR at the end of each financial year during the currency of the NCD.

Tax Benefits to the Debentureholders

The Debentureholders are advised to consider in their own case, the tax implications in respect of subscription to the Debentures after consulting their own tax advisor/ counsel.

Governing Laws and Jurisdiction

The Debentures are governed by and will be construed in accordance with the Indian law. The Company's obligations under the Debentures shall, at all times, be subject to the directions of the RBI and the SEBI. The Debentureholders, by purchasing the Debentures, agree that the courts of Delhi shall have exclusive jurisdiction with respect to matters relating to the Debentures.

Splitting and Consolidation

As the saleable lot of the Debentures is one, splitting and consolidation of the Debentures is not applicable in the dematerialised mode.

Eligible Holders and Mode of Transfer

The Company will not register any transfers of the Debentures to any NRIs, OCBs, FIIs, or any persons resident outside India, unless appropriate regulatory approvals are obtained. The Company shall not be duty bound to take interest or trust in or over the Debentures. These Debentures are restricted in their transferability to investors other than such entities provided in Rule 2(b)(iii) of the Companies (Acceptance of Deposits) Rules, 1975, as amended, and companies incorporated under the Companies Act, subject to compliance with applicable laws.

The title to Debentures shall pass by execution of duly stamped transfer deed(s) accompanied by the Debenture certificate(s) together with necessary supporting documents. The transferee(s) should deliver the Debenture certificates to the Company for registration of transfer in the Register of Debentureholders at the Corporate Office/ Registered Office. The Company on being satisfied to this effect, will register the transfer of such Debentures in its Register of Debentureholders. The person whose name is recorded in the Register of Debentureholders shall be deemed to be the owner of the Debentures.

Request for registration of transfer, along with the necessary documents, and all other communications, requests, queries and clarifications with respect to the Debentures should be addressed to and sent to the Corporate Office/ Registered Office. No correspondence shall be entertained in this regard at any other branches or any of the offices of the Company. In the event the Debentures are issued in physical form, the Company shall use a common form of transfer.

The request from Registered Debentureholder(s) for splitting/ consolidation of Debenture certificates will be accepted by the Company only if the original Debentures certificate(s) is/ are enclosed along with an acceptable letter of request.

No requests for splits below the market lot will be entertained. Transfer of debentures in dematerialised form would be in accordance to the rules/procedures as prescribed by the Depositories.

Notices

The Company agrees to send notice of all meetings of the Debentureholders specifically stating that the provisions for appointment of proxy as mentioned in Section 176 of the Companies Act shall be applicable for such meeting. The notices, communications and writings to the Debentureholder(s) required to be given by the Company shall be deemed to have been given if sent either by ordinary post, registered post or courier to the Registered Debentureholder(s) at the address of the Debentureholder(s) registered with the Corporate Office/ Registered Office.

All notices, communications and writings to be given by the Debentureholder(s) shall be sent by registered post or by hand delivery to the Company at its Registered Office or to such persons at such address as may be notified by the Company from time to time and shall be deemed to have been received on actual receipt of the same.

Rights of Debenture holders

The Debentureholder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Companies Act. The Debentures shall not confer upon the holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Company.

Modifications of Rights

The rights, privileges, terms and conditions attached to all Debentures may be varied, modified or abrogated with the consent, in writing, of those Debentureholders who hold at least three-fourths of the outstanding amount of Debentures or with the sanction accorded pursuant to a resolution passed at a meeting of the Debentureholders, carried by a majority consisting of not less than three-fourths of the persons voting there upon a show of hands or, if a poll is demanded by a majority representing not less than three-fourths in value of the votes cast on such poll, provided that nothing in such consent or resolution shall be operative against the Company if the same are not accepted in writing by the Company.

Future Borrowings

The Company shall be entitled, from time to time, to make further issue of Debentures, other debt securities (whether *pari passu* or junior to the Debentures) and other instruments and securities to any person or persons including to the public or a section of the public and/or members of the Company and/or to raise further loans, advances and/or avail further financial and/or guarantee facilities from financial institutions, banks and/or any other person(s) without any further approval from or notice to the Debentureholders/ Trustees.

Procedure and Time of Schedule for Allotment and Issue of Certificates

Debentures would be allotted by such persons as are authorized by the Board of Directors from time to time. The Company will execute and dispatch/ credit to the DP account of the allottee, in favour of the allottees or refund letter along with refund amount by the Date of Allotment.

After completion of all legal formalities, the Company will credit the DP account of the allottees within three days of Deemed Date of Allotment or such extended period, subject to obtaining the approvals, if any.

Loss of Interest Cheques/ Refund Cheques

Loss of interest cheques/ refund cheques should be intimated to the Company along with request for duplicate issue. The issue of duplicates in this regard shall be governed by applicable law and any other conditions as may be prescribed by the Company.

Events Of Default

If one or more of the events of default specified in this Section (hereinafter called 'events of default') shall have happened, Debenture Trustees/Debenture holder by a notice in writing to the Company give cure period of 15 days time from the date of the occurrence of such event to set right the event of default, However, if the event of default continues to exist even after the cure period, the default shall be considered from the date of the occurrence of event of default and the Debenture Trustee/Debenture holder may declare all the Debentures outstanding and all accrued interest thereon to be due and upon such declaration the same shall thereupon become due and payable forthwith shall become enforceable (anything in this Agreement to the contrary notwithstanding) and the Debenture Trustees shall be entitled:

1. Cancel any outstanding commitment
2. Accelerate maturity of the Debenture
3. To enter upon and take possession of the assets offered as security; and
4. To transfer the assets offered as security by way of Issue of lease and license or sale;
5. To Invoke the Collateral security
6. To Initiate Legal Action against the Company.
7. Exercise any other rights that the Debenture holder may have under the issue documentation or under Indian law.
8. To charge additional 2% interest over and above the coupon rate

a) **DEFAULT IN REDEMPTION OF DEBENTURES**

Default shall have occurred in the part/ full redemption of the Debentures as and when the same shall have become due and payable.

b) **DEFAULT IN PAYMENT OF INTEREST/PRINCIPAL AMOUNT**

Default shall have been committed by the Company in the payment of any installment of interest/principal on the Debentures and such default shall have continued for a period of thirty days.

c) **DEFAULT IN NON SUBMISSION OF END USE CERTIFICATE/NON COMPLIANCE OF FINANCIAL COVENANTS.**

Default shall have been committed by the Company in case of non compliance of the Financial Covenants mentioned in the Agreement and non submission of end use certificate from the Statutory Auditors/Auditor/Chartered Accountant of the Company within 45 days from the date of first disbursement confirming utilization of the proceeds for the purpose stated at clause 1 of this letter.

d) **ARREARS OF INTEREST**

Interest amounting to at least Rs.5,000/- shall have been in arrears and unpaid for thirty (30) days after becoming due.

e) **DEFAULT IN PERFORMANCE OF COVENANTS AND CONDITIONS**

Default shall have occurred in the performance of any other covenants, conditions or agreements on the part of the Company under this Agreement or any other deed between the Company and the Debenture Trustees and such default shall have continued for a period of thirty (30) days after notice in writing thereof has been given to the Company by the Debenture Trustees.

f) **SUPPLY OF MISLEADING INFORMATION**

Any information given by the Company in its application to the Debenture holder/s for financial assistance by way of subscription to the Debentures is found to be misleading or incorrect in any material respect or any warranty referred in hereinbefore is found to be incorrect.

g) **INABILITY TO PAY DEBTS**

If there is reasonable apprehension that the Company is unable to pay its debts or proceedings for taking it into liquidation either voluntarily or compulsorily may be or have been commenced in respect thereof.

h) **INADEQUATE INSURANCE.**

If the properties and assets offered as security to the Debenture Trustees for the Debentures are not insured and kept insured by the Company or depreciate in value to such an extent that in the opinion of the Debenture Trustees further security to the satisfaction of the Debenture Trustees should be given and such security is not given.

i) **SALE, DISPOSAL AND REMOVAL OF ASSETS.**

If without the prior approval of the Debenture Trustees any material part of land, buildings, structures, plant and machinery of the Company are sold, disposed of, charged, encumbered or alienated or the said buildings, structures, machinery, plant or other equipment are removed pulled down or demolished except for normal maintenance/ replacement.

j) **PROCEEDINGS AGAINST COMPANY.**

The Company shall have voluntarily or involuntarily become the subject of proceedings under bankruptcy or insolvency law.

k) **INABILITY TO PAY DEBTS ON MATURITY**

The Company is unable or has admitted in writing its inability to pay its debts as they mature.

l) **LIQUIDATION OR DISSOLUTION OF COMPANY**

The Company has taken or suffered any action to be taken for its reorganization, liquidation or dissolution.

An act of bankruptcy, insolvency, suspension of payment to creditors or if a petition of bankruptcy or winding up of the issuer is filed and not withdrawn within 30 days of being admitted.

m) APPOINTMENT OF RECEIVER OR LIQUIDATOR.

A receiver or liquidator is appointed or allowed to be appointed of all or any part of the undertaking of the Company and which is not dismissed with 60 days from the date of appointment

n) ATTACHMENT OR DISTRAINT ON PROPERTIES.

If an attachment is levied on the properties or any part thereof and / or certificate proceedings are taken or commenced for recovery of any dues from the Company.

o) EXTRA-ORDINARY CIRCUMSTANCES

If extraordinary circumstances have occurred which make it improbable for the Company to fulfill its obligations under this agreement.

p) COMPANY CEASES TO CARRY ON BUSINESS

If the Company ceases or threatens to cease to carry on its business or gives notice of its intention to do so.

q) LIABILITIES EXCEED THE ASSETS.

If it is certified by an Accountant or a Firm of Accountants appointed by the Debenture Trustees that the liabilities of the Company exceed its assets.

r) SICK UNDERTAKING.

If the Company is declared a sick undertaking under the provisions of the Sick Industrial Undertakings (Special Provisions) Act, 1985 or if a reference has been made to BIFR by a creditor under the said Act and the Company has not resolved the complaint or is nationalised or is under the management of the Central Government.

s) ALTERATION IN PROVISIONS OF MEMORANDUM AND / OR ARTICLES OF ASSOCIATION.

If the Company, shall without the previous consent in writing of the Debenture Trustees and Debenture holders make or attempt to make any alteration in the provisions of its Memorandum and/or Articles of Association which might in the opinion of the Debenture Trustees and Debenture holders detrimentally affect the interests of the Debenture holder/s and shall upon demand by the Debenture Trustees refuse or neglect or be unable to rescind such alteration.

t) REFUSAL TO DISBURSE FUNDS BY OTHER FINANCIAL INSTITUTIONS/BANKS ::

If other Bank(s) or Financial Institution(s) with whom the Company has entered into agreement for financial assistance have refused to disburse its/their loan(s) or any part thereof or have recalled its/their loan(s) under their respective loan agreement(s) with the Company.

u) ABANDONMENT : The Company shall abandon the project or the fund diversion from the stated purpose of assistance.

v) MATERIAL ADVERSE EFFECT : A material adverse effect occurs which includes any change or effect on the business, property, operations, prospects or condition (financial or otherwise) of the company that materially and adversely affects or would materially and adversely affect the ability of the company to perform its obligations under this Agreement

w) BREACH OF REPRESENTATIONS AND WARRANTIES : Breach/Violation of any representations and warranties by the Company given under this agreement.

x) BREACH OF UNDERTAKINGS;

Breach /Violation of any undertaking given by the Company / or the Promoter of the Company.

y) LISTING OF DEBENTURES : Non listing of Debentures within 30 days from the date of subscription of debentures or delisting of debentures during the tenure of debentures.

z) Change in the control of the issuer (caused by either the shareholding of the existing promoters in the issuer going below than the available at the time of sanction or a change in the composition of the majority of the Board of Directors of the Issuer)

za) Failure to comply with the applicable regulations (as amended from time to time) pertaining to this transaction including but not limited to requirements prescribed by Reserve Bank of India, Securities and Exchange Board of India or the Stock Exchange

Zb) Disclosure in the willful default list of RBI.

CREDIT RATING & RATIONALE THEREOF

Credit Analysis and Research Limited (“**CARE**”) has assigned a rating of “**CARE AA**” (pronounced as “Double A”) for the present issue of Debentures by the Company. Instruments carrying this rating are judged to be of the best credit quality, offering highest safety for timely servicing of debt obligations, carrying minimal credit risk. A copy of rating letter from CARE and rationale thereof is enclosed elsewhere in this Disclosure Document.

Other than the credit rating mentioned hereinabove, the Company has not obtained any other credit rating from any other credit rating agency(ies) for the Debentures offered for subscription under the terms of this Disclosure Document.

The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The rating obtained is subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

DEBENTURE TRUSTEE AND TRUST DEED

In accordance with the provisions of Section 117B of the Companies Act and Debenture Trustees Regulations, the Company has appointed Axis Trustees Services Limited to act as trustees (“Trustees”) for and on behalf of the Debentureholders. The address and contact details of the Trustees are as under:

Axis Trustees Services Limited

Axis Bank Ltd.
Axis Trustee Services Ltd
2nd Floor - E, Axis House,
Bombay Dyeing Mill Compound,
Panduranga Budhkar Marg,
Worli, Mumbai - 400 025
Contact Person: Neelesh Baheti

A copy of letter from Axis Trustees Services Limited conveying their consent to act as Trustee is enclosed elsewhere in this Disclosure Document.

The Company hereby undertakes that a trust deed shall be executed by it in favour of the Trustees within three months of the closure of this Issue. The trust deed shall contain such clauses as may be prescribed under Section 117A of the Companies Act and those mentioned in Schedule IV of the Debenture Trustees Regulations. Further the trust deed shall not contain any clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Company in relation to any rights or interests of the Debentureholders, (ii) limiting or restricting or waiving the provisions of the SEBI Act, the SEBI Regulations and circulars or guidelines issued by SEBI, and (iii) indemnifying the Trustees or the Company for loss or damage caused by their act of negligence or commission or omission.

The Debentureholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the Debentureholders. Any payment made by the Company to the Trustees on behalf of the Debentureholders shall discharge the Company *pro tanto* to the Debentureholders. The Trustees shall protect the interest of the Debentureholders in the event of default by the Company in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of the Company. No Debentureholders shall be entitled to proceed directly against the Company unless the Trustees, having become so bound to proceed, fail to do so. In the event of the Company defaulting in payment of interest on Debentures or redemption thereof, any distribution of dividend by the Company shall require approval of the Trustees.

The Trustees shall ensure disclosure of all material events on an on-going basis. The Trustees shall duly intimate the Debentureholders and the general public by issuing a press release on occurrence of any of the following events:

- (a) Default by the Company to pay interest on the Debentures or redemption amount; and
- (b) Revision of credit rating assigned to the Debentures.

Such information shall also be placed on the websites of the Trustees, the Company and the Stock Exchange.

DECLARATION

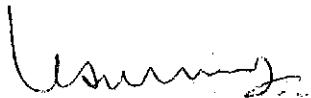
It is hereby declared that this Disclosure Document contains full disclosures in accordance with the SEBI Regulations.

The Company also confirms that this Disclosure Document does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading. This Disclosure Document also does not contain any false or misleading statement.

The Company accepts no responsibility for the statement made otherwise than in this Disclosure Document or in any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his own risk.

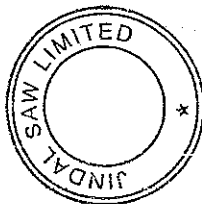
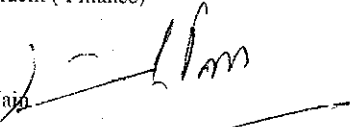
Signed pursuant to the authority granted by Board of Directors of the Company at its meeting held on 31st Jan 2011

For Jindal Saw Limited



Sd/-
Vinay Gupta
Vice President (Finance)

Sd/-
Mr. Sunil Jain



Place: New Delhi
Date: April 06, 2011

UNDERTAKINGS BY THE COMPANY

The Company undertakes that:

- It will provide a compliance certificate duly certified by the Trustees to the Debentureholders, (on a yearly basis), in respect of compliance with the terms and conditions of Issue as contained in this Disclosure Document;
- Every credit rating obtained shall be periodically reviewed by the Credit Rating Agency and any revision in the rating shall be promptly disclosed by the Company to the Stock Exchange. Any change in rating shall be promptly disseminated to Debentureholders and prospective investors in such manner as the Stock Exchange may determine from time to time;
- All information and reports on the Debentures, including compliance reports filed by the Company and the Trustees, shall be disseminated to the Debentureholders and the general public by placing them on the website of the Company and shall through the Trust Deed, request the Trustees to place the same on its website; and
- This Disclosure Document is compliant with all disclosures required to be made for listing of non-convertible debentures on a private placement basis on a recognized stock exchange, as specified in the SEBI Regulations.

Further, in addition to complying with all appropriate Indian laws and regulations pertaining to environmental and social issues, the Company, to the best of its knowledge, is currently in compliance with all environmental and social obligations applicable to it pursuant to its existing credit facilities, loan arrangements, corporate environmental policies, and any regulatory requirements. Such obligations include, but are not limited to, compliance with environmental laws, maintaining environmental licenses, absence of environmental contamination and environmental claims, managing environmental and social risks, and taking such steps as may be required to ensure compliance with various applicable frameworks.

DEBENTURE TRUSTEE CONSENT LETTER



ATSL/CO/10-11/2826
March 30, 2011

The Vice President - Finance
Jindal Saw Ltd.
Jindal Centre, 12, Bhikalji Cama Place
New Delhi - 110066

Kind Attn: Mr. Vinay Gupta

Dear Sir,

Sub: Debenture Trustees to proposed Long Term Non Convertible
Debentures aggregating to Rs. 300 Crores

We Axis Trustee Services Limited hereby consent to act as Debenture Trustees to the abovementioned issue of Debentures and are agreeable to the inclusion of our name as Debenture Trustees in the Information Memorandum and/or application to be made to the Stock Exchange for the listing of Debentures.

Yours truly,
For Axis Trustee Services Limited


Sachin More
Sr Manager

March 31, 2011

Shri Vinay Gupta
Vice President (Finance)
Jindal SAW Ltd.
Jindal Centre, 12, Bhikaiji Cama Place,
New Delhi – 110 066

Confidential

Dear Sir,

Revalidation of Credit Rating

This has reference to your request seeking revalidation of credit rating for Long term NCD issue of your company for an amount of Rs.300 cr.

2. Our Rating Committee has reaffirmed 'CARE AA' [Double A] rating to proposed NCD issue of Rs.300 cr of your company. This rating is applicable for instruments having tenure of more than one year. Instruments with this rating are considered to offer high safety for timely servicing of debt obligations. Such instruments carry very low credit risk. Our rating symbols for various long term instruments and explanatory notes thereon are annexed.
3. Please inform us the details of the issue [Date of issue, name of the investor, amount/s issued interest rates/s, date of maturity] as soon as the issue has been placed
4. Please arrange to get the rating revalidated, in case the proposed bonds issue is not made **within six months** from the date of this letter.
5. The above rating is normally valid for a period of one year from the date of the issue of bonds. A formal surveillance/review of ratings is normally done on the expiry of one year from the date of initial rating / last review of the rating. However, CARE reserves the right to undertake a surveillance / review of the




rating more than once a year (including any time before the expiry of one year from the date of initial rating) if in the opinion of CARE, circumstances warrant such a surveillance/ review.


6. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicise / disseminate such suspension / withdrawal / revision in the assigned ratings in any manner considered appropriate by it, without reference to you.
7. CARE ratings are not recommendations to buy, sell or hold any security.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,


[Kapil Sachdeva]
AGM


[Sudhir Kumar]
Manager

Annexure-I

Rationale

Jindal Saw Limited

Ratings Assigned

Facilities	Amount (Rs. cr)	Ratings¹	Remarks
Long-term Bank Facilities	1,033.34	'CARE AA' (Double A)	Revised from 'CARE AA-' (Double A Minus)
Total Facilities	1,033.34		
Short-term Debt (Including Commercial Paper)	100.00	'PR1+' (PR One Plus)	Reaffirmed
Long-term Non Convertible Debenture	300.00	'CARE AA' (Double A)	Assigned

Rating Rationale

The revision in the ratings takes into account the improvement in the credit profile of Jindal Saw Limited (JSL) emanating from improvement in profitability, liquidity and solvency indicators during FY10 and H1FY11. The ratings continue to derive comfort from JSL's dominant position in Submerged Arc Welded (SAW) steel pipe segment, diversified product range and strong order book position. The ratings are, however, constrained by volatility in the prices of raw materials, project risk associated with the upcoming capex and cyclical nature inherent in the business.

Going forward, ability of JSL to sustain the earnings, effectively implement the ongoing/upcoming projects and the impact of more-than-envisaged commitments towards its subsidiaries as well as outstanding derivative position on the credit profile of the company shall be the key rating sensitivities.

Background

JSL was incorporated in 1984 as SAW Pipes Ltd. It manufactures SAW pipes, ductile pipes and seamless pipes with the aggregate installed capacity of 2.26 MTPA with manufacturing facilities at four locations across India.

JSL is an O.P Jindal group company and Mr P.R.Jindal is the Vice Chairman and his daughter Mrs Sminu Jindal (Managing Director).

¹

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Operations

JSL enjoys a dominant position in longitudinal and helical SAW steel pipe segment owing to large capacities and established domestic and international clientele. JSL's product portfolio is strengthened by its presence across all segments of the pipe industry, as it manufactures ductile iron pipes, seamless tubes, spiral saw pipes, anti-corrosion coated pipes, hot-pulled induction bends and connector casings.

The products manufactured by JSL find application in transportation and exploration of oil & gas, transportation of fluids and in infrastructure projects. The company has 'state-of-the-art' manufacturing facilities at Kosi Kalan (UP), Mundra (Gujarat), Bellary (Karnataka) and Nashik (Maharashtra) with aggregate capacity of 18.40 lakh Tonne Per Annum (t.p.a.) of SAW pipes, 2.2 lakh t.p.a. of seamless tubes and 2 lakh t.p.a. of ductile iron pipes as on March 31, 2010. One of the manufacturing units of JSL at Mundra is a 100% Export Oriented Unit (EOU).

Saw pipes, Seamless Pipes and Ductile Iron Pipes contributed 58%, 16% and 26% respectively in the total revenue of JSL for FY10. The production of SAW pipes was stable during FY10 (as compared to FY09 on annualised basis), whereas production of Seamless Pipes and Ductile Iron Pipes registered significant annualised growth of 60% and 12% respectively on the back of healthy demand for pipes from the Oil and Gas sector. The sales realizations have also been healthy on account of robust demand during FY10.

The major raw material used by JSL is steel plates. The raw material cost forms around 70% of the cost of sales. The higher-grade steel plates required for the production of SAW pipes are mainly imported from Ukraine and Russia. The average raw material cost has shown a declining trend during FY10 on yoy basis.

Major domestic clients for JSL include oil PSUs as well as Engineering, Procurement & Construction (EPC) contractors. The company also exports SAW pipes to Middle East, Libya and SE Asia. As on October 31, 2010, JSL had a healthy order book position of around Rs.3,452 cr. These orders, spread across SAW pipes, seamless tubes and DI pipes, are to be executed by June 2011.

Ongoing and proposed projects

JSL is setting up DI pipes plant at Mundra with a capacity of 2 lakh t.p.a., for producing small diameter pipes for exports requirements. The project is expected to be completed

in FY12. JSL is also planning to enter into a joint venture through its subsidiary Jindal Saw Holdings FZE for setting up a Greenfield DI pipe facility in UAE with capacity of 300,000 t.p.a. The operations are expected to commence in FY12.

Further, JSL is in the process of acquiring iron ore mines in Bhilwada, Rajasthan. The company is planning to set up a beneficiation and pellet plant besides this mine. This backward integration would be helpful to reduce the cost for the DI pipes segment in the coming years.

Besides, JSL intends to invest in expansion/modernisation in new infrastructure business opportunities. Jindal ITF Ltd (JITF), has been established by JSL as its wholly-owned subsidiary, with the main object to carry out infrastructure-related businesses in India, including activities in the domestic shipping, shipbuilding, water infrastructure industries and other infrastructure-related business opportunities. JITF is a holding company which has set up various subsidiaries to execute projects in the aforementioned areas. As on March 31, 2010, JSL has investment in JITF and other related ventures of Rs.327 cr and the proposed investment in JITF is envisaged at Rs.210 cr in the next two years.

The aggregate expenditure estimated on expansion, modernisation projects and investment towards subsidiaries is about Rs.1,360 cr. This is to be funded through a mix of External Commercial Borrowings (ECBs), Non convertible debentures (NCDs) and internal accruals, with debt-equity ratio of 1.07x.

Financial Analysis

JSL had changed its accounting year from January-December to April-March; consequently the FY10 is of 15 months.

The total operational income of JSL increased by 8% during FY10 (annualized) compared to FY09 on account of improved industry demand arising from augmented infrastructure activities in India pertaining to oil, gas and water. Raw material prices have shown declining trend during FY10 and constituted around 61% of the total income as compared to 73% in FY08. The increase in the FY10 margins were mainly on account of savings achieved on raw material costs, higher contribution made by value-added products as well as improved operational efficiency. During FY10, PBDILT has shown an annualized growth of 44%, whereas PAT showed an annualized growth of 69%. The company has been able to register high growth in PAT margins on account of improved

gross margin and lower interest cost, which also led to substantial improvement in interest coverage ratio during FY10.

The overall gearing of JSL has improved from 0.74x as on December 31, 2008 to 0.22x as on March 31, 2010. Healthy cash accruals during the year led to lower utilization of working capital limits further and amalgamation reserve of Rs.400 cr on account of amalgamation of one of the subsidiaries 'Highgate Consulting Ltd.' into JSL also contributed in the increase in net worth. The current ratio of JSL as on March 31, 2010 stood at 2.08x which was also largely driven by high cash balances, indicating JSL's strong liquidity position.

During H1FY11, JSL earned PAT of Rs.253 cr on the operating income of Rs.1,936 cr as compared to PAT of 282 cr on the operating income of Rs. 2,871 cr during H1FY10. The drop in revenues was primarily on account of lower volumes and moderate realizations. Further, in Q2FY11, the dispatches of few batches of large-diameter pipes were withheld on account of heavy rains in north India causing deferment of earnings. The debt-equity ratio stood at 0.14x as on September 30, 2010. Further, the cash and cash equivalents and the liquid investments stood at Rs. 214 cr and Rs 361 cr respectively.

JSL has outstanding foreign currency related derivative exposure in the form of swaps/options for hedging its business-related exposure and the negative Mark-To-Market (MTM) position of all outstanding contracts was USD 132 mn as on September 30, 2010.

Industry

SAW pipes

Pipelines are the most cost-effective means for transporting fluids and are cheaper than rail and roads. SAW pipes are used primarily in the oil & gas sectors and accordingly the prospects depend on the state of pipeline projects in India and abroad. New gas finds from RIL at Krishna Godavari Basin, Cairn Energy at Rajasthan and ONGC would create a huge demand for transportation of gas to plant locations. Major investments are planned for distribution and transportation of gas & oil by oil & gas marketing companies in India. Major players who would benefit from such plans would include JSL, Welspun-Gujarat, Man Industries and PSL Ltd.

CARE Research estimates overall demand of SAW pipes (domestic and global) for Indian players to the tune of 3.89 mn tonne p.a. valuing USD 4.66 bn p.a. over the next five years (FY10-FY14) from the oil & gas segment. Demand from water projects and replacement market will be additional.

Ductile iron pipe

DI pipe finds application in water transportation infrastructure and sanitation projects owing to its superior characteristics with respect to tensile strength, ductility, impact resistance, longer life etc. DI pipe replaced cast iron pipe in developed countries in the field of water supply and sanitation and a similar trend is being observed in India. DI pipe is being preferred for new projects due to its superior performance and negligible price difference. The main customers for DI pipe are Public Works Department (PWD) of State governments, municipal bodies, companies implementing irrigation projects and major contractors. Currently, the major suppliers of DI pipes are JSL and Electrosteel Castings Ltd.

Seamless tubes

Seamless tubes are used in the oil-related as well as non-oil-related industries. With Govt's focus on self-reliance in the oil and gas sector, exploration activities have increased manifold. With participation of private players in exploration activities, the demand of seamless tubes has also increased significantly. The Government focus on building the gas infrastructure coupled with continuous emphasis on infrastructure development and oil & gas exploration activities is likely to augur well for pipe manufacturers.

Prospects

Going forward, JSL's prospects would depend upon the successful implementation of on-going projects, impact of infrastructure-related ventures on the credit profile of JSL as well as the ability of the company to sustain the profitability margins in light of volatility in raw material prices.

Financials

(Rs. cr)

For the year ended/As on,	Dec. 31, 2007	Dec. 31, 2008	Mar. 31, 2010
	<i>(15m, A)</i>	<i>(12m, A)</i>	<i>(15m, A)</i>
Working Results			
Income from Operations	6,792	5,003	6,773

PBILDT	817	701	1,266
Depreciation	72	71	131
Interest	195	198	227
PBT	1,171	464	968
PAT (After def Tax)	876	342	723
Gross Cash Accruals	965	430	854
Financial Position			
Equity Share capital	51	52	55
Net worth	1,966	2,353	3,722
Key Ratios			
Growth			
Growth in Total income (%)	40.12	-7.92	8.29
Growth in PAT [after D.Tax] (%)	297.90	-51.17	69.00
Profitability (%)			
PBILDT/Total Op. income (%)	12.03	14.01	18.69
PAT/Total Op. income (%)	11.82	6.80	10.58
ROCE (%)	31.09	22.27	33.63
Solvency			
Long Term Debt Equity ratio (times)	0.50	0.43	0.22
Overall gearing ratio(times)	0.64	0.74	0.22
Interest coverage(times)	4.20	3.55	5.58
Term debt/Gross cash accruals(years)	1.01	2.33	0.96
Liquidity			
Current ratio(times)	1.98	1.68	2.08
Quick ratio(times)	1.27	0.87	1.48
Turnover			
Avg. Collection Period (days)	63	83	68
Avg. Inventory (days)	97	119	101
Avg. Creditors (days)	61	64	51
Operating cycle (days)	99	139	117

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

Auditors' Report

To

THE MEMBERS OF JINDAL SAW LIMITED

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

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

- 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 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 account as required by law, have been kept by the Company 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, 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 written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified as on 31st March, 2010 from being appointed as director of the company as referred to in clause (g) of sub section (1) of section 274 of the Companies Act 1956.
 - (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 31st March, 2010 and
 - ii) In the case of the Profit and Loss Account, of the Profit for the period ended on that date, and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

N.C. Aggarwal
Partner
M.No. 05951

Place: New Delhi
Dated: 19th July, 2010

N.C. AGGARWAL & CO.
Chartered Accountants

ANNEXURE TO AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH (A) IN OUR REPORT OF EVEN DATE FOR THE PERIOD ENDED 31st March,2010)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) A major portion of the fixed assets, has been physically verified by the Management in accordance with a phased programme of verification adopted by the Company. In our opinion, the frequency of 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 period has physically verified inventories at reasonable intervals and in respect of stores and spares, there is a perpetual inventory system and a substantial part of such stocks has been verified during the period. However, stocks in the possession and custody of third parties and stock in transit as at 31st March,2010 have been verified by the Management with reference to confirmation or statement of account or correspondence of third parties or subsequent receipt of goods. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and 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 bearing demand loan to two subsidiary companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved and period end balance during the period in respect of said subsidiaries is Rs.44987.80 lacs and Rs. 42663.39 lacs respectively. The Company has not given any other loan to any Company or party covered under section 301 of the Companies Act, 1956.
 - (ii) In our opinion and according to information and explanations given to us, the interest bearing demand loans with relevant terms and conditions on which loan has been given are, prima facie, not prejudicial to the interest of the Company.
 - (iii) In respect of the aforesaid loans, the amount are repayable on demand, and hence, the question of irregularity on payment does not arise.
 - (iv) The aforesaid loans 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 major weaknesses in internal control system of the Company.
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 period 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.
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 31st March, 2010 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, Service tax, entry tax, income tax and custom duty 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	Nature of the Dues	Period to which the amount related	Forum where matter is pending	Amount(Rs in lacs)
Gujrat Sales Tax Act.	Sales Tax	2002-03	Hon'ble High Court of Gujrat, Ahmedabad	141.94
Central Sales Tax, Act	Sales Tax	2005-06	Joint Commissioner (Appeals) Rajkot	39.31
The Central Excise Act, 1944	Excise Duty	2005-06	Commissioner, Rajkot	58.97
The Central Excise Act, 1944	Excise Duty	2007-08	Addl. Commissioner, Central Excise Lucknow.	21.20

Chapter V of the Finance Act,1994	Service Tax	2005-06 and 2006-07	CESTAT, New Delhi	1.95
Chapter V of the Finance Act,1994	Service Tax	2003-04	Joint Commissioner Central Excise Rajkot	28.25
The Uttar Pradesh Tax on Entry of Goods,2008	Entry Tax	2008-09 to 2009-10	Hon'ble High Court, Allahabad	496.60

10. The Company has no accumulated losses at the end of the financial period. The Company has not incurred any cash losses during the financial period covered by our audit and in the 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 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 loans 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 term loans have been applied for the purpose for which they were raised, other than temporary deployment pending application.
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. The debentures were, however, paid during the period.
20. The Company has not raised any money through a public issue during the period.
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

Place: New Delhi
Dated: 19th July, 2010.

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

AUDITED FINANCIALS OF THE COMPANY FOR FISCAL 2010

STANDALONE AUDITED FINANCIALS

Balance Sheet As At 31st March, 2010

DESCRIPTION	SCHEDULE	As At 31st March, 2010 Rs. in lacs	As At 31st Dec., 2008 Rs. in lacs
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	15,472.34	15,212.25
Optionally Convertible Warrants		-	2,129.40
Reserves and Surplus	2	348,652.64	217,729.00
		364,124.98	235,070.65
Deferred Tax Liability (Net)		18,580.78	11,061.61
LOAN FUNDS			
Secured	3	8,918.90	72,058.30
Unsecured	4	64,786.98	91,598.28
		73,705.88	163,656.58
Total		456,411.64	409,788.84
APPLICATION OF FUNDS			
FIXED ASSETS :			
	5		
Gross Block		238,257.20	146,870.90
Less : Depreciation		51,602.86	38,343.92
Net Block		186,654.34	108,526.98
Capital Work in Progress		26,667.60	80,045.13
		213,321.94	188,572.11
INVESTMENTS	6	61,987.12	21,531.49
CURRENT ASSETS, LOANS AND ADVANCES			
Interest accrued on investments		-	5.85
Inventories	7	79,026.67	164,298.58
Sundry Debtors	8	79,406.11	118,860.54
Cash and Bank Balances	9	16,560.94	14,081.53
Loans and Advances	10	98,162.55	41,685.37
		273,156.27	338,931.87
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	11	83,285.22	131,345.28
Provisions	12	8,768.47	7,901.35
		92,053.69	139,246.63
NET CURRENT ASSETS		181,102.58	199,685.24
Total		456,411.64	409,788.84
Significant Accounting Policies and Notes to the Accounts	21		

As per our report of even date attached

For N.C. AGGARWAL & CO.
Chartered Accountants

H.S. CHAUDHARY
Wholetime Director

SMINU JINDAL
Managing Director

N.C. Aggarwal
PARTNER
M.No. 005951

SUNIL JAIN
Company Secretary

N.K. AGARWAL
Vice President
(Corp. Accounts & Taxation)

PLACE : NEW DELHI
DATED: 19th July, 2010

Profit And Loss Account For The Period Ended 31st March, 2010

DESCRIPTION	SCHEDULE	Period Ended 31st March, 2010 Rs. in lacs	Year Ended 31st Dec., 2008 Rs. in lacs
INCOME			
Sales and Operational Income	13	697,481.12	516,106.39
Less : Excise Duty		<u>19,734.77</u>	<u>15,787.84</u>
Other Income	14	1,759.51	1,006.57
Increase/(Decrease) in Stock	15	(22,071.90)	19,681.75
Excise Duty on Increase/(Decrease) in Stock		(494.47)	16.01
		<u>656,939.49</u>	<u>521,022.88</u>
EXPENDITURE			
Cost of Material Consumed/Sold		413,744.99	363,347.70
Manufacturing Expenses	16	49,361.18	38,527.74
Employees Remuneration and Benefits	17	20,906.68	13,237.34
Administrative & Other Expenses	18	9,689.39	4,646.77
Selling Expenses	19	34,900.97	30,182.20
Finance Expenses	20	18,418.49	17,584.08
Depreciation		13,495.52	7,466.61
Less: Transfer from Revaluation Reserve		<u>368.57</u>	<u>408.56</u>
		<u>560,148.65</u>	<u>474,583.88</u>
Profit before Taxation		96,790.84	46,439.00
Less: Provision for:			
- Current Income Tax		16,900.00	10,358.01
- Deferred Tax		7,519.17	1,695.00
- Wealth Tax		29.00	48.18
- Fringe Benefit Tax		25.85	105.15
Profit after Taxation		72,316.82	34,232.66
Debenture Redemption Reserve Written Back		1,875.00	1,875.00
Foreign Exchange Translation Difference		6.65	(715.45)
Previous years' Depreciation Written Back		118.23	50.91
Previous year Taxation Adjustment		600.41	(989.00)
Surplus Brought Forward on Amalgamation. (Refer note No.3)		348.85	-
Profit Brought Forward		21,817.12	41,330.39
Amount available for Appropriation		97,083.08	75,784.51
APPROPRIATIONS:			
Interim Dividend paid on Preference Shares		944.15	565.63
Corporate Dividend Tax on above		160.46	96.14
Proposed Dividend:			
on Equity shares		3,452.84	2,606.07
on Preference Shares		34.41	219.37
Corporate Dividend Tax		579.19	480.18
General Reserve		70,000.00	50,000.00
Balance Carried to Balance Sheet		21,912.03	21,817.12
		<u>97,083.08</u>	<u>75,784.51</u>
Earning Per Share (On Face Value of Rs. 2/- Each)			
Basic		27.01	12.49
Diluted		25.12	12.16
Significant Accounting Policies and Notes to the Accounts	21		

As per our report of even date attached

For **N.C.AGGARWAL & CO.**
Chartered Accountants

H.S. CHAUDHARY
Wholetime Director

SMINU JINDAL
Managing Director

N.C.Aggarwal
PARTNER
M.No. 005951

SUNIL JAIN
Company Secretary

N.K.AGARWAL
Vice President
(Corp. Accounts & Taxation)

PLACE : NEW DELHI
DATED: 19th July, 2010

Cash Flow Statement For The Period Ended 31st March 2010

PARTICULARS	Period Ended 31st March, 2010 Rs. in lacs	Year Ended 31st Dec., 2008 Rs. in lacs
A. CASH INFLOW/(OUTFLOW) FROM THE OPERATING ACTIVITY		
NET PROFIT BEFORE TAX AND ORDINARY ACTIVITY	96,790.84	46,439.00
Adjustments for:		
Add/(Less)		
Depreciation	13,126.95	7,058.05
Dividend Received	(0.01)	(52.50)
Interest Paid	19,296.78	16,359.17
(Profit)/Loss on sale of fixed assets	(9.88)	202.55
Provision for Doubtful Debts	989.30	-
Provision for Doubtful Debts Written Bank	(732.29)	(70.14)
Liquidated Damages/ Bad Debts	2,956.30	297.15
Profit on Sale of Long Term Investments	(553.48)	(374.71)
Provision no longer required	-	(126.73)
Foreign Currency Translation Reserve	6.65	(715.45)
Effect of Unrealised/Fluctuation (Gain)/Loss	(1,885.74)	12,205.74
Interest Received	(4,277.25)	(2,171.47)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	28,917.33	32,611.66
Adjustments for:-	125,708.17	79,050.66
Inventories	85,271.91	(47,738.91)
Sundry debtors	35,478.15	(9,362.13)
Other current assets	(510.41)	(5,899.03)
Current liabilities	(47,998.28)	40,124.89
CASH GENERATED FROM OPERATIONS	197,949.55	56,175.48
Tax Paid	(16,902.72)	(17,521.78)
NET CASH FROM OPERATING ACTIVITIES	181,046.83	38,653.70
B. CASH INFLOW/(OUTFLOW) FROM INVESTMENT ACTIVITIES		
(Increase)/Decrease in Investment	(20,446.52)	15,289.02
(Increase)/Decrease in Investment in Subsidiaries	(19,334.50)	(13,748.63)
Capital expenditure	(39,144.38)	(57,045.89)
Sale proceeds of fixed assets	247.88	1,509.55
Loan to subsidiary	(10,361.46)	(8,528.07)
Inter Corporate Loan	(8,013.76)	(1,516.52)
Interest Received	4,283.10	2,850.53
Dividend Received	0.01	52.50
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(92,769.64)	(61,137.51)
C. CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		
Dividend paid including Tax	(4,386.03)	(4,685.66)
Interest paid	(17,569.54)	(19,379.22)
Proceeds from Eq. Share Cap. Including Securities Premium	21,301.34	-
Proceeds from Optionally Convertible Warrant	-	2,129.40
Working Capital loans from banks	(48,544.92)	23,353.68
Increase/(Decrease) in secured loan	(14,594.48)	(10,332.03)
Increase/(Decrease) in Compulsory Convertible Debentures	(22,358.70)	22,358.70
Increase/(Decrease) in fixed deposits	803.78	(574.30)
Increase/(Decrease) in unsecured loan	355.43	(1,063.25)
NET CASH INFLOW/(OUTFLOW) USED IN FINANCING ACTIVITIES	(84,993.12)	11,807.32
NET CHANGES IN CASH & CASH EQUIVALENT	3,284.08	(10,676.49)
Cash and cash equivalent as at 01.01.2009 (opening balance)	14,081.53	26,946.94
Exchange Difference on translation of Foreign Currency cash and cash equivalent	(821.87)	(2,188.92)
Cash and Cash equivalent pursuant to amalgamation (Ref Note No. 4)	17.20	-
Cash and cash equivalent as at 31.03.2010 (Closing balance)	16,560.94	14,081.53

NOTE: 1. Increase in secured and unsecured loans are shown net of repayments.
 2. Purchase of fixed assets includes movements of Capital Work-in-progress between the beginning and end of the year.
 3. Previous period's figures have been regrouped wherever necessary.
 4. The effect of merger, refer Note No. 3 in notes to accounts, is cash neturel.

As per our report of even date attached

For **N.C.AGGARWAL & CO.**
Chartered Accountants

H.S. CHAUDHARY
Wholetime Director

SMINU JINDAL
Managing Director

N.C. Aggarwal
PARTNER
M.No. 005951

SUNIL JAIN
Company Secretary

N.K. AGARWAL
Vice President
(Corp. Accounts & Taxation)

PLACE : NEW DELHI
DATED : 19th July, 2010

CONSOLIDATED AUDITED FINANCIALS

Consolidated Balance Sheet As At 31st March 2010

DESCRIPTION	SCHEDULE	As At 31st March, 2010 Rs. in lacs	As At 31st Dec., 2008 Rs. in lacs
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	15,472.34	15,212.25
Optionally Convertible Warrants		-	2,129.40
Reserves and Surplus	2	353,232.61	265,541.23
		368,704.95	282,882.88
MINORITY INTEREST			
Deferred Tax Liability (Net) (Refer Note no. 21 of Schedule 21)		667.71	957.99
		12,715.55	8,406.38
LOAN FUNDS			
Secured Loans	3	41,912.65	88,612.96
Unsecured Loans	4	66,153.32	93,796.28
		108,065.97	182,409.24
Total		490,154.18	474,656.49
APPLICATION OF FUNDS			
FIXED ASSETS :			
Gross Block	5	294,792.16	186,626.80
Less :Depreciation		57,145.76	41,212.25
Net Block		237,646.40	145,414.55
Capital Work in Progress		36,682.25	81,918.48
		274,328.65	227,333.03
INVESTMENTS	6	32,568.41	7,910.36
GOODWILL ON CONSOLIDATION		2,420.75	-
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	80,708.07	165,338.27
Sundry Debtors	8	84,410.80	126,445.60
Cash and Bank Balances	9	59,915.28	56,638.08
Loans and Advances	10	56,843.85	36,720.85
		281,878.00	385,142.80
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	11	91,838.91	137,579.28
Provisions	12	9,202.72	8,150.42
		101,041.63	145,729.70
NET CURRENT ASSETS		180,836.37	239,413.10
Total		490,154.18	474,656.49
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	21		

As per our report of even date attached

For **N.C.AGGARWAL & CO.**
Chartered Accountants

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PLACE : NEW DELHI
DATED: 19th July, 2010

Consolidated Profit And Loss Account For The Period Ended 31st March, 2010

DESCRIPTION	SCHEDULE	Period Ended 31st March, 2010 Rs. in lacs	Year Ended 31st Dec., 2008 Rs. in lacs
INCOME			
Sales and Operational Income	13	731459.81	552,826.12
Less: Excise Duty		<u>20433.31</u>	<u>17242.49</u>
Other Income	14	2,258.28	1,227.87
Increase/(Decrease) in Stock	15	(21,875.20)	18,648.91
Excise Duty on (Increase) / decrease in stock		<u>(489.99)</u>	<u>89.61</u>
		<u>690,919.59</u>	<u>555,550.02</u>
EXPENDITURE			
Cost of Material Consumed/Sold		422,369.66	381,453.64
Manufacturing Expenses	16	64,335.44	49,157.59
Employees Remuneration and Benefits	17	28,028.91	15,991.70
Administrative & Other Expenses	18	13,312.83	6,482.46
Selling Expenses	19	35,270.69	30,334.32
Finance Expenses	20	22,313.95	19,789.68
Provision towards estimated loss on project activity to be undertaken in future years		-	170.00
Depreciation		16,223.17	8,812.43
Less: Transfer to Revaluation Reserve		<u>368.56</u>	<u>408.56</u>
		<u>601,486.09</u>	<u>511,783.26</u>
Profit before Taxation		89,433.50	43,766.76
Provision for			
- Current Income Tax		17,164.27	10,701.23
- Deferred Tax Liability		4,309.17	262.19
- Wealth Tax		29.44	48.28
- Fringe Benefit Tax		31.76	120.92
		<u>21,534.64</u>	<u>11,132.62</u>
Profit After Taxation		67,898.86	32,634.14
Minority Interest in (Profit)/Loss		74.14	279.90
Debenture Redemption Reserve Written Back		1,875.00	1,875.00
Previous years' Depreciation Written Back		118.23	50.91
Previous years' Taxation Adjustments		600.41	(989.00)
Profit Brought Forward		23,566.93	81,457.82
Adjustment of Misc. Expenditure by subsidiary		-	(7.20)
Disposable Profit		<u>94,133.57</u>	<u>115,301.57</u>
APPROPRIATIONS			
Interim Dividend paid on Preference shares		944.15	565.63
Corporate Tax on Above		160.46	96.14
Proposed Dividend :			
- on Equity Shares		3,452.84	2,606.07
- on Preference Shares		34.41	219.37
Corporate Tax on Proposed Dividends		579.19	480.18
General Reserve		71,237.72	50,000.00
Transferred to Goodwill/Capital Reserve		(4,924.70)	37,603.90
Statutory Reserve		111.17	163.35
Balance Carried to Balance Sheet		<u>22,538.33</u>	<u>23,566.93</u>
		<u>94,133.57</u>	<u>115,301.57</u>
Earning per share (on face value of Rs. 2/ each)			
Basic		25.35	11.87
Diluted		23.62	11.57
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	21		

As per our report of even date attached

For **N.C.AGGARWAL & CO.**
Chartered Accountants

H.S. CHAUDHARY
Wholetime Director

SMINU JINDAL
Managing Director

N.C.Aggarwal
PARTNER
M.No. 005951

SUNIL JAIN
Company Secretary

N.K.AGARWAL
Vice President
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PLACE : NEW DELHI
DATED: 19th July, 2010

Consolidated Cash Flow Statement For The Period Ended 31st March, 2010

PARTICULARS	Period Ended 31st March, 2010 Rs. in lacs	Year Ended 31st Dec., 2008 Rs. in lacs
A. CASH INFLOW/(OUTFLOW) FROM THE OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND ORDINARY ACTIVITY	89,433.50	43,766.76
Adjustments for		
Add/(Less)		
Depreciation	15,854.61	8,403.87
Dividend Received	(57.21)	(65.89)
Interest Paid	10,334.22	8,532.47
(Profit)/Loss on sale of fixed assets	(8.09)	202.70
Adjustment of Misc. Expenditure by subsidiary	-	(20.00)
Provision for Doubtful Debts	1,026.94	207.99
Provision for Doubtful Debts Written Bank	(825.33)	(70.14)
Liquidated Damages/ Bad Debts	3,055.41	297.15
Profit on Sale of Investments	(550.29)	(374.71)
Provision towards estimated loss on project activity to be undertaken in future years	-	170.00
Unrecoverable Advances Written off	616.83	-
Provision no longer required	(345.87)	(188.49)
Effect of Foreign Currency Translation Reserve	(1,052.04)	9,482.56
Effect of Unrealised Foreign Exchange (Gain)/Loss	(1,879.91)	12,206.55
Interest Received	(3,478.33)	(1,728.68)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	112,124.44	80,822.14
Adjustments for-		
Inventories	84,630.20	(46,841.13)
Sundry debtors	38,029.89	(9,707.70)
Other current assets	(2,772.18)	(10,488.26)
Current liabilities	(45,444.19)	35,801.73
CASH GENERATED FROM OPERATIONS	186,568.16	49,586.78
Tax Paid	(17,091.17)	(17,802.43)
NET CASH FROM OPERATING ACTIVITIES	169,476.99	31,784.34
B. CASH INFLOW/(OUTFLOW) FROM INVESTMENT ACTIVITIES		
(Increase)/Decrease in Investment	(24,107.76)	7,834.44
Capital expenditure	(64,081.54)	(65,769.88)
Sale proceeds of fixed assets	209.81	1,588.23
Loan & Advances	(21,248.23)	(744.70)
Interest Received	4,277.87	2,399.72
Dividend Received	57.21	65.89
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(104,892.64)	(54,626.30)
C. CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		
Dividend paid including Tax	(4,386.03)	(4,685.66)
Interest paid	(8,648.29)	(11,568.44)
Proceeds from Eq. Share Cap. Including Securities Premium	21,301.34	-
Proceeds from Optionally Convertible Warrants	-	2,129.40
Working Capital loans from banks	(48,830.91)	22,148.33
Increase/(Decrease) in secured loan	2,145.58	(17,456.42)
Increase/(Decrease) in Compulsory Convertible Debentures	(22,358.70)	22,358.70
Increase/(Decrease) in fixed deposits	803.78	(574.30)
Increase/(Decrease) in unsecured loan	(476.23)	2,962.29
NET CASH INFLOW/(OUTFLOW) USED IN FINANCING ACTIVITIES	(60,449.46)	15,313.90
NET CHANGES IN CASH & CASH EQUIVALENT	4,134.89	(7,528.05)
Cash and cash equivalent as at 01.01.2009 (opening balance)	56,638.08	65,864.17
Exchange difference on translation of Foreign Currency cash and cash equivalent	(857.69)	(2,188.92)
Cash and Cash Equivalent of New subsidiaries on the date of becoming Subsidiaries	-	490.88
Cash and cash equivalent as at 31.03.2010 (Closing balance)	59,915.28	56,638.08

NOTE: 1. Increase in secured and unsecured loans are shown net of repayments.
 2. Purchase of fixed assets includes movements of Capital Work-in-progress between the beginning and end of the period.
 3. Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached

For **N.C.AGGARWAL & CO.**
Chartered Accountants

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