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Annual Report  
2009-2010  
(15 months)

**JINDAL RAIL  
INFRASTRUCTURE LIMITED**

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## NOTICE

### **JINDAL RAIL INFRASTRUCTURE LIMITED**

Notice is hereby given that the *Third Annual General Meeting* of the shareholders of the Company Jindal Rail Infrastructure Limited will be held at the Registered Office of the Company at 28, Shivaji Marg, New Delhi – 110 015 on Saturday, the 24<sup>th</sup> July, 2010 at 10.00 A.M. to transact the following business :

#### **AS ORDINARY BUSINESS**

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

**BY ORDER OF THE BOARD OF DIRECTORS**

SD/-

**R. N. AGA  
WHOLE-TIME DIRECTOR**

NEW DELHI  
12<sup>th</sup> July, 2010

#### **NOTE:**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy in order to be effective must be received by the Company not less than 48 hours before the meeting.

# JINDAL RAIL INFRASTRUCTURE LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Third Annual Report of the Company together with the Audited Statement of Accounts comprising of Balance Sheet as at 31<sup>st</sup> March, 2010.

### Overall Review - Projects

The JRIL factory for manufacture of 3000 freight wagons per year is being set up in Vadodara district of Gujarat. The site is located just south of Karjan Railway station. The Mumbai-New Delhi main railway line is to the west of the plot and NH-8 Mumbai-New Delhi Highway is to the east. The land measuring about 225 bighas is presently under aggregation. About 210 bighas has already been acquired.

The construction of factory is in full swing. The civil construction work of RCC columns and erection of PEB Structures and roofing have been completed. The main Plant Building is expected to be ready to receive the machinery and plant by July 2010.

The factory is being equipped with state of art manufacturing technology utilizing robotics, powered fixtures & special purpose machines. The factory is expected to be completed by October, 2010. It is expected that the factory will be able to manufacture wagons of superior quality on consistent basis. To begin with the factory will employ about 300 workers. A core Project Team comprising Chief Executive Officer, Chief Operations Officer and Senior Managers/ Managers of various disciplines are already in position.

Your Directors are hopeful that with superior productivity and quality, business will ultimately yield good results in future.

### Financial Results

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Paid up Capital	65,403,000	33,636,330
Share application money, pending allotment	42,500,000	20,000,010
Reserves & Surplus	129,806,000	66,272,660
Secured Loan	231,902,206	NIL
Fixed Assets	146,006,699	70,537,171
Depreciation	8,197	NIL
Capital Work in Progress	153,351,471	NIL
Investment	104,003,156	11,764,706
Current Assets	93,385,264	30,898,158
Current Liabilities	70,843,310	2,124,206
Pre operative Expenditure pending allocation	43,256,123	8,373,171
Miscellaneous Expenditure (to the extent not written off)	460,000	460,000

### **Dividend**

Commercial operations have not yet been started, therefore, no dividend is being recommended.

### **Fixed Deposits**

The Company has not accepted any Deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.**

As the Company has not yet commenced operational activities, the prescribed details as required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 have not been provided.

### **Directors**

In terms of the provisions of Section 256 of the Companies Act, 1956, Ms. Sminu Jindal shall retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

### **Directors Responsibility Statement**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, for the fifteen month period ended 31<sup>st</sup> March, 2010, your Directors report as under:-

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures (if any);
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

### **Auditors**

M/s. N.C. Aggarwal & Company, Chartered Accountants, Auditors of the Company will retire at the forthcoming Annual General Meeting, and are eligible for re-appointment.

### Increase of Authorized Capital

In order to mobilize funds for making investments in various infrastructure development companies, the Company has raised its Authorized to Rs.6.6 crores from Rs. 5 crores w.e.f. 26<sup>th</sup> March 2010.

### Particulars of Employees

Persons employed for part of the fifteen month period ended 31<sup>st</sup> March, 2010 who were in receipt of remuneration for any part of the financial year, which in aggregate was not less than Rs. 2 lacs per month:-

S. No.	Name	Age (in yrs)	Qualification	Designation	Date of Commencement of Employment	Yrs. of Experience	Gross Remuneration (Rs. Per month)	Particulars of Last
1.	Mr. A.K. Khosla	51	MBA,	COO	1.12.2009	28	4,37,517	Indian
			B.E. (Mech, EE & E&C)					Railways

Persons employed for part of the fifteen month period ended 31<sup>st</sup> March, 2010 who were in receipt of remuneration for any part of the financial year, which in aggregate was not less than Rs. 2 lacs per month:-

#### Notes:

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

### Acknowledgement

The Board of Directors of the Company wish to place on record their thanks and appreciation to all the staff members and executives for their contribution to the operations of the company. The Directors also place on record their sincere thanks to the shareholders for their continued support, co-operation and confidence in the Management of the Company.

On behalf of the Board of Directors of  
**Jindal Rail Infrastructure Limited**

SD/-

SD/-

**Indresh Batra**  
Director

**R. N. Aga**  
Whole-time Director

New Delhi  
Dated: 12<sup>th</sup> July, 2010

**AUDITORS' REPORT**

**To**  
**The Members of Jindal Rail Infrastructure Limited**

1. We have audited the attached Balance Sheet and Cash Flow Statement of JINDAL RAIL INFRASTRUCTURE LIMITED as at 31<sup>st</sup> March, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, so far as applicable to the company.
4. Further as required under section 227(4A) of the Companies Act, 1956, we report as follows:-
  - i) 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;
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
  - iii) The Balance Sheet and Cash Flow Statement dealt with by this report is in agreement with the books of accounts;
  - iv) In our opinion, the Balance Sheet and Cash Flow Statement complies with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
  - v) On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

**N. C. AGGARWAL & CO.**

- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and a fair view in conformity with the accounting principles generally accepted in India;
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010.
- b) In the case of Cash Flow Statement, of the cash flows of the company for the period ended 31<sup>st</sup> March 2010.

For N.C. Aggarwal & Co.  
Chartered Accountants  
Firm Registration No. 003273N

SD/-

per G. K. Aggarwal  
Partner

Membership No. 086622

Place: New Delhi

Date: 12<sup>th</sup> July, 2010

Annexure referred to in paragraph 3 of our report of even date

Re: JINDAL RAIL INFRASTRUCTURE LIMITED

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have been physically verified by the management during the period. 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 period and the going concern status of the Company is not affected.
- (ii) (a) The Company does not hold any inventories of finished goods, stores, spare parts and raw materials. Accordingly, paragraphs (ii) (b) and (c) of the Order are not applicable.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly paragraphs (iii) (a), (b), (c) and (d) of the Order, are not applicable.
- (e) The Company has not taken any loans from parties listed under the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs (iii) (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to information and explanations given to us, having regards 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 nature of its business with regards to purchases of inventories, fixed assets and with regard to the sale of goods and services. During the course our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations provided by the management, during the period, no contracts or arrangements with the parties referred to in section 301 of the Act have been entered into. Accordingly, paragraph (v) (b) of the Order is not applicable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) To the best of our knowledge and as explained, the Company, during the period, is not required to have an internal audit system commensurate with the size and nature of its business, as the Capital and the turnover does not exceed the limit prescribed in this regard at the commencement of the financial year concerned.
- (viii) To the best of our knowledge and as explained, since production of the products of the Company has not been started as yet, the question of maintenance of cost records does not arise.
- (ix) (a) To the best of our knowledge and as explained, no statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess were arise during the period. Accordingly, paragraphs (ix)(a) and (b) of the Order are not applicable.

# N. C. AGGARWAL & CO.

- (x) The Company does not have any accumulated losses as at the end of the financial period. Since the operational activity of the Company has not been commenced and hence no profit and loss account is prepared. Consequently no cash loss has been incurred during the financial period ended March 31, 2010.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of due to the banks and financial institutions.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) 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.
- (xiv) According to the records of the Company examined by us and the information and explanations given to us, the Company, during the period, has not dealt with/traded in shares, securities and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term and conditions on which the Company has taken term loan from banks are not prime facie, prejudicial to the interest of the company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not obtained any short term loan. Hence para (xvii) of the order is not applicable.
- (xviii) The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act.
- (xix) No debentures have been issued during the period, hence clause (xix) of Order is not applicable
- (xx) There has not been any public issue made during the period, hence clause (xx) of the Order is not applicable.
- (xxi) 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.

For N.C. Aggarwal & Co.  
Chartered Accountants  
Firm Registration No. 003273N  
SD/-  
per G. K. Aggarwal  
Partner  
Membership No. 086622  
Place: New Delhi  
Date: 12<sup>th</sup> July, 2010

**Balance Sheet**  
**Jindal Rail Infrastructure Limited**  
**Balance Sheet as at March 31, 2010**

Particulars	Schedule	AS AT	AS AT
		31.03.2010	31.12.2008
		Rs.	Rs.
<b><u>SOURCES OF FUNDS</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	1	65,403,000	33,636,330
Share Application Money, pending allotment		42,500,000	20,000,010
Reserves and Surplus	2	129,806,000	66,272,660
<b>Loan Funds</b>			
Secured Loan	3	231,902,206	-
<b>Total</b>		<b>469,611,206</b>	<b>119,909,000</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets</b>			
Gross block	4	146,006,699	70,537,171
Less : Depreciation		8,197	-
<b>Net block</b>		<b>145,998,502</b>	<b>70,537,171</b>
Capital work in Progress (Including Capital Advances)		153,351,471	-
Pre-Operative Expenditure, Pending Allocation	5	43,256,123	8,373,171
		<b>342,606,096</b>	<b>78,910,342</b>
<b>Investments</b>	6	<b>104,003,156</b>	<b>11,764,706</b>
<b>Current Assets, Loans and Advances</b>			
Cash and Bank Balances	7	43,307,679	29,137,447
Loans and Advances	8	50,077,585	1,760,711
		<b>93,385,264</b>	<b>30,898,158</b>
Less : Current Liabilities & Provisions	9	70,843,310	2,124,206
<b>Net Current Assets</b>		<b>22,541,954</b>	<b>28,773,952</b>
<b>Miscellaneous Expenditure</b>			
(to the extent not written off or adjusted)	10	460,000	460,000
		<b>460,000</b>	<b>460,000</b>
<b>Total</b>		<b>469,611,206</b>	<b>119,909,000</b>
<b>Significant Accounting Policies &amp; Notes to Accounts</b>			
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The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date  
For N. C. Aggarwal & Co.  
Chartered Accountants

For and on behalf of the Board of Directors of  
Jindal Rail Infrastructure Limited

SD/-  
per G.K. Aggarwal  
Partner  
Membership No. 086622  
Place: New Delhi  
Date: 12th July, 2010

SD/-  
Indresh Batra  
Director

SD/-  
R.N.Aga  
Whole-time Director

**Jindal Rail Infrastructure Limited**  
**Cash Flow Statement for the period ended March 31, 2010**

	For the period ended March 31, 2010 Rs.	For the period ended December 31, 2008 Rs.
<b>A. CASH FLOWS FROM CHANGE IN WORKING CAPITAL:</b>		
Depreciation (Included in POP)	8,197	-
Interest Income (Included in POP)	(1,184)	-
Dividend Received (Included in POP)	(737,998)	-
Interest and finance charges (Included in POP)	6,255,911	-
<b>Operating profit before working capital changes</b>	<b>5,524,926</b>	
Adjustment for:		
(Increase) /Decreased in Loan and Advances	(48,316,874)	(1,760,711)
Increase/(Decreased) in Trade and other Payables	68,719,104	2,008,593
<b>Cash earned from change in working capital</b>	<b>25,927,156</b>	<b>247,882</b>
<b>Net cash earned from/ (used in) operating activities</b>	<b>25,927,156</b>	<b>247,882</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	1,184	-
Dividend Received	737,998	-
Purchase of fixed assets(net)	(263,703,951)	(75,720,830)
Investments	(92,238,450)	(11,764,706)
<b>Net cash (used in) investing activities</b>	<b>(355,203,219)</b>	<b>(87,485,536)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Issue of Shares	75,300,000	99,408,990
Proceeds from Share Application Money	42,500,000	14,941,010
Proceeds from Loan received	231,902,206	-
Interest and finance charges	(6,255,911)	-
<b>Net cash from financing activities</b>	<b>343,446,295</b>	<b>114,350,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>14,170,232</b>	<b>27,112,346</b>
<b>Cash and cash equivalents (opening balance)</b>	<b>29,137,447</b>	<b>2,025,101</b>
<b>Cash and cash equivalents (closing balance)</b>	<b>43,307,679</b>	<b>29,137,447</b>
	<b>14,170,232</b>	<b>27,112,346</b>

As per our report of even date

For N. C. Aggarwal & Co.  
Chartered Accountants

SD/-  
per G.K. Aggarwal  
Partner  
Membership No. 086622  
Place: New Delhi  
Date: 12th July, 2010

For and on behalf of the Board of Directors of Jindal Rail  
Infrastructure Limited

SD/-  
Indresh Batra  
Director

SD/-  
R.N.Aga  
Whole-time Director

**Balance Sheet****Jindal Rail Infrastructure Limited****Schedules to the Accounts**

	AS AT 31.03.2010 Rs.	AS AT 31.12.2008 Rs.
<b>Schedule 1: Share Capital</b>		
<b>Authorised</b>		
66,00,000 (Previous period 50,00,000) equity shares of Rs. 10/- each	66,000,000	50,000,000
<b>Subscribed, issued and paid up</b>		
65,40,300 (Previous period 33,63,633) equity shares of Rs. 10/- each fully paid up. (Out of above 65,39,600 (Previous period 33,62,933) equity shares of Rs. 10/- each are held by Jindal ITF Limited, the Holding Company).	65,403,000	33,636,330
<b>Schedule 2: Reserves and Surplus</b>		
<b>Securities Premium Account</b>		
As per Last Balance Sheet	66,272,660	-
Received during the period	63,533,340	66,272,660
	129,806,000	66,272,660
<b>Schedule 3: Secured Loan</b>		
<b>Term Loan from Bank</b>		
231,902,206	231,902,206	-
(Secured by way of Equitable Mortgage of Land and Building, Hypothecation of movable fixed assets both, present or future, which are not charged by any other lenders; pari passu charge on book debts, receivables, and Corporate guarantees of Jindal ITF Ltd. )		
	231,902,206	-

**Balance Sheet**  
**Jindal Rail Infrastructure Limited**  
**Schedules to the Accounts**  
**Schedule 4: Fixed Assets**

FIXED ASSETS	Gross Block			Depreciation			Net Block	
	As at 01.01.2009	Additions	As at 31.03.2010	As at 01.01.2009	Additions	As at 31.03.2010	As at 31.03.2010	As at 31.12.2008
Land	70,537,171	75,084,408	145,621,579	-	-	-	145,621,579	70,537,171
Computer	-	269,430	269,430	-	7,369	7,369	262,061	-
Office Equipment	-	115,690	115,690	-	828	828	114,862	-
<b>Total</b>	<b>70,537,171</b>	<b>75,469,528</b>	<b>146,006,699</b>	<b>-</b>	<b>8,197</b>	<b>8,197</b>	<b>145,998,502</b>	<b>70,537,171</b>

(Amount in Rs.)

**Balance Sheet****Jindal Rail Infrastructure Limited****Schedules to the Accounts**

	AS AT 31.03.2010 Rs.	AS AT 31.12.08 Rs.
<b><u>Schedule 5: Pre-Operative Expenditure, Pending Allocation</u></b>		
Opening Balance	8,373,171	689,512
Consultancy charges towards design and drawing & Other Professional Service	10,580,301	7,060,804
Business Promotion	2,923,733	-
Travelling & Conveyance Exp.	1,690,898	520,994
Communication Expenses	160,936	48,841
Interest on Term Loan	6,255,911	-
Depreciation	8,197	-
Rates & Taxes	1,190,554	11,712
Salary and Allowances	5,370,968	-
<u>Auditors' Remuneration:</u>		
- Audit Fees	12,000	6,000
Bank Charges	4,190,678	-
Charity & Donation	2,100,000	-
Miscellaneous Expenses	1,137,958	50,664
	<b>43,995,305</b>	<b>8,388,527</b>
<b>Less:</b>		
Dividend on Current Investments	737,998	15,356
Interest on deposits (Tax Deducted at Source Nil)	1,184	-
	<b>43,256,123</b>	<b>8,373,171</b>

**Balance Sheet****Jindal Rail Infrastructure Limited****Schedules to the Accounts**

	AS AT 31.03.2010 Rs.	AS AT 31.12.2008 Rs.
<b>Schedule 6: Investments</b>		
<b>Long Term Investment (at cost)</b>		
<b>Unquoted- Trade</b>		
Share Subscription Money in Bharuch Dahej Railway Company Limited	-	11,764,706
100,00,000 Equity shares of Rs.10 each of Bharuch Dahej Railway Company Ltd.	<b>100,000,000</b>	-
<b>Current Investment (at cost)</b>		
<b>Unquoted- Non Trade</b>		
Reliance Liquid Fund	4,003,156	-
3997.804 (Previous period Nil) units , including 3.152 (previous period Nil) units received as dividend at par value of Rs. 1001.3389 each, of Reliance Money Manager Fund-Institutional Option-daily dividend reinvestment option are purchased during the period.		
	<b>104,003,156</b>	<b>11,764,706</b>
Aggregate value of unquoted current investment	<b>4,003,156</b>	-
<b>The following investments were purchased and sold during the period:</b>		
1701298.166 (Previous period 981403.109) units , including 528.895 (previous period 190.068) units received as dividend at par value of Rs. 15.2872 each, of Reliance Liquid Fund-Treasury Plan-Institutional Option-daily dividend reinvestment option are purchased and sold during the period.		
147120.596 (Previous period 878322.170) units , including 883.282 (previous period 728.323) units received as dividend at par value of Rs. 17.0955 each, of Reliance Medium Term Fund-daily dividend reinvestment option are purchased and sold during the period.		
<b>Schedule 7: Cash and Bank Balances</b>		
Cash on hand	15,159	2,221
<b>Balances with scheduled banks:</b>		
- On current accounts	43,292,520	29,135,226
	<b>43,307,679</b>	<b>29,137,447</b>
<b>Schedule 8: Loan And Advances</b>		
<b>(Unsecured, Considered Good)</b>		
Advances recoverable in cash or in kind or for which value to be received	35,598,746	804,464
Balance with Central Excise/Service Tax Authority	14,085,655	956,247
Security Deposit	392,000	-
Interest accrued but not due	1,184	-
	<b>50,077,585</b>	<b>1,760,711</b>

**Balance Sheet****Jindal Rail Infrastructure Limited****Schedules to the Accounts**

	AS AT 31.03.2010 Rs.	AS AT 31.12.2008 Rs.
<b>Schedule 9: Current Liabilities and Provisions</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors	69,757,261	1,965,427
Other Liabilities	723,918	158,779
	<b>70,481,179</b>	<b>2,124,206</b>
Dues to micro and small scale industrial undertakings included in Sundry Creditors	-	-
Dues to other than micro and small scale industrial undertakings included in Sundry Creditors	69,757,261	1,965,427
<b>B. Provisions</b>		
Provision for Leave Encashment	340,497	-
Provision for Gratuity	21,634	-
	<b>362,131</b>	<b>-</b>
	<b>70,843,310</b>	<b>2,124,206</b>
<b>Schedule 10: Miscellaneous Expenditure</b> (to the extent not written off or adjusted)		
Preliminary Expenses:	460,000	460,000
Less: Amortized during the period	-	-
	<b>460,000</b>	<b>460,000</b>

**SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

**1. Nature of Operations**

Jindal Rail Infrastructure Limited is a Company incorporated on 25th May, 2007 with the main object to carry on the business in rail infrastructure in and outside India.

**2. Statement of Significant Accounting Policies**

**(a) Basis of preparation**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

**(b) Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and attributable cost of bringing the asset to its working condition for its intended use. All revenue expenditure direct and indirect inclusive of borrowing costs incurred till the date of completion of the project is carried to the pre-operative expenditure.

**(c) Investments**

Long-term investments are stated at cost which inter-alia includes brokerage, commission, stamp duty etc. When there is a decline in their value except temporary decline, the carrying amount is reduced on an individual investment basis and decline is charged to the Profit and Loss account. Appropriate adjustment is made in carrying cost of investment in case of subsequent rise in value of investments.

**(d) Miscellaneous Expenditure**

Preliminary Expenses i.e initial share issue expenses will be amortized in five years after the Commencement of Business.

3. The previous period figures are not comparable with current period figures as previous period figures are for the period from April 01, 2008 to December 31, 2008 as compared to the current period of fifteenth months from January 1, 2009 to March 31, 2010. Since no operational activity has yet commenced, all revenue expenditure incurred during the period are carried to pre-operative expenditure.

**4. Contingent Liabilities**

Particulars	Current Period	Previous Period
Bank Guarantees	55,000	Nil
Letter of Credit Outstanding	8,75,00,000	Nil
<b>Total</b>	<b>8,75,55,000</b>	<b>Nil</b>

**5. Related Parties Transactions**

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

**(i). Holding Company**

Jindal ITF Limited (Direct holding)

Jindal Saw Limited (Indirect holding through Jindal ITF Limited)

**(ii). Fellow Subsidiary Companies**

- Jindal Water Infrastructure Limited
- Jindal Waterways Limited
- Jindal Urban Infrastructure Limited
- Jindal Intellicom Private Limited
- Jindal Shipyards Limited
- Jinal Infralogistics Limited
- Jindal ESIPL CETP (SITARGANJ) Limited (Indirect)

**SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

- Timarpur-Okhla Waste Management Company Private Limited (Indirect)
- Hexa Securities & Finance Company Limited (Indirect)
- IUP Jindal Metals & Alloys Limited (Indirect)
- Highgate Consultants Limited (Indirect) (upto August 12, 2009)
- SV Trading Limited (Indirect)
- Jindal Saw USA, LLC (Indirect)
- Jindal Saw Holding FZE (Indirect)
- Jindal Water Infra (Naya Raipur) Limited (Indirect)
- Jindal Saw Middle Est FZC (Indirect)
- Jindal Saw Gulf LLC (Indirect)

**(b). Transactions**

Description	Holding Company	
	Current Period	Previous Period
Share application money received during the period	2,24,99,990	1,49,41,010
Share Capital including share premium	9,53,00,010	99,408,990
<b>Balance as on 31.3.2010</b>		
Share application money	4,25,00,000	2,00,00,010
Share Capital including share premium	19,52,02,000	9,99,01,990

**6. Gratuity and leave encashment**

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

**Defined Contribution Plan:**

Company's contribution to Provident Fund Rs. 2,46,654/- (Previous Period Rs. Nil)

**Defined Benefits Plan:**

**Gratuity and leave encashment**

Actuarial Assumptions	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	Current Period	Previous Period	Current Period	Previous Period
Discount Rate (per annum)	0.07	Nil	0.07	Nil
Future salary increase	0.05	Nil	0.05	Nil
Expect return on plan assets	0.09	Nil	0.00	Nil
Mortality rate	LIC (1994-96) Ultimate Mortality Table		LIC (1994-96) Ultimate Mortality Table	

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

**SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

Reconciliation of present value of obligation	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	Current Period	Previous Period	Current Period	Previous Period
	(Amount in Rs.)		(Amount in Rs.)	
Present value of Gratuity obligation at the beginning of the Period	Nil	Nil	Nil	Nil
Current Service Cost	63,978	Nil	340,497	Nil
Past Service Cost	Nil	Nil	Nil	Nil
Actuarial (gain)/ loss	Nil	Nil	Nil	Nil
Benefits paid	Nil	Nil	Nil	Nil
Present value of obligation at the end of the Period	63,978	Nil	340,497	Nil
Net (Asset)/Liability recognized in the Balance Sheet as at Period end	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	(Amount in Rs.)		(Amount in Rs.)	
Present value of obligation at the end of the Period	63,978	Nil	340,497	Nil
Fair value of plan assets at end of the Period	42,344	Nil	Nil	Nil
Excess of actual over estimated	1,866	Nil	Nil	Nil
Net present value of funded obligation recognized as (asset)/liability in the Balance Sheet	21,634	Nil	340,497	Nil
Expenses recognised in the Profit and Loss Account	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	(Amount in Rs.)		(Amount in Rs.)	
Current Service Cost	63,978	Nil	340,497	Nil
Interest Cost	Nil	Nil	Nil	Nil
Actual return on plan assets	(1,866)	Nil	Nil	Nil
Actuarial (gain)/loss recognised in the period	Nil	Nil	Nil	Nil
Past Service Cost	Nil	Nil	Nil	Nil
Benefit Paid	Nil	Nil	Nil	Nil
Total expenses recognised in the Profit and Loss Account for the Period	65,316	Nil	340,497	Nil

**7. Foreign Currency Expenditure**
**Figures in Rs.**

	Current Period	Previous Period
Traveling Expenses (Capitalized to Pre-operative expenditure, pending allocation)	72,921	24,000
Subscription fees	10,464	Nil
<b>Total</b>	<b>83,385</b>	<b>24,000</b>

**SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

8. Previous period figures have been regrouped/ re- arranged to make them comparable with the Current Period's figures.

As per our report of even date.

For N. C. Aggarwal & Co.  
Chartered Accountants

For and on behalf of the Board of Directors of  
Jindal Rail Infrastructure Limited

SD/-  
per G. K. Aggarwal  
Partner  
Membership No. 086622  
Place: New Delhi  
Date: 12<sup>th</sup> July, 2010

SD/-	SD/-
Indresh Batra	R.N.Aga
Director	Whole-time Director

**SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956

**Balance Sheet Abstract and Company's General Business Profile**

**I Registration Details**

Registration No :	163946	State Code:	55
Balance Sheet Date:	31/3/2010		

**II Capital Raised During The Period (Amount in Rs. Thousands)**

Public Issue	-	Rights Issue	-
Bonus Issue	-	Private Placement	95,300
Share Application money	1,17,800		

**III Position of Mobilization And Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	469,611	Total Assets	469,611
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**Sources of Funds**

Paid-Up Capital	65,403	Reserves and Surplus	129,806
Secured Loans	231,902	Unsecured Loans	-
Share Application Money	42,500		

**Application of Funds**

Net Fixed Assets	3,42,606	Investments	104,003
Net Current Assets	22,542	Miscellaneous Expenditure	460
Accumulated Losses	-		

**IV Performance of Company (Amount in Rs. Thousands)**

Turnover (Sales and other income)	-	Total Expenditure	-
Profit Before Tax	-	Profit After Tax	-
Earnings Per Share - Basic Rs.	-	Dividend Rate %	-
Earnings Per Share - Diluted Rs.	-		

**V Generic names of principal products/services of the Company (As per monetary Terms)\***

Item Code No. (ITC Code)	NA	Product Description	NA
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*\*Not applicable as the Company has yet to recognize sales.*

For and on behalf of the Board of Directors of Jindal Rail Infrastructure Limited

SD/-

SD/-

Indresh Batra

R.N.Aga

Director

Whole-time Director

Place: New Delhi

Date: 12<sup>th</sup> July, 2010