

ANNUAL REPORT OF
JINDAL ITF LIMITED
FOR THE FINANCIAL YEAR
2010-11

NOTICE

JINDAL ITF LIMITED

Notice is hereby given that the ***Fourth Annual General Meeting*** of the shareholders of the Company will be held at the Registered Office of the Company at 28, Shivaji Marg, New Delhi – 110 015 on Thursday, the 29th September, 2011 at 11:00 AM to transact the following business :

AS ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet of the Company for the Financial Year ended on 31st March, 2011 and Profit and Loss account ended on that date together with Schedules and Notes on Accounts and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Savitri 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/-

**INDRESH BATRA
DIRECTOR**

New Delhi
Dated: 6th August, 2011

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 ITF LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Fourth Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year 2010-11.

Business Overview

Jindal ITF Ltd. has entered into futuristic business initiatives focusing on integrated logistics services, coordinating all the logistical activities taking place in a value chain to provide optimum benefits to the user. Jindal ITF Ltd. intends to focus on water infrastructure, shipbuilding and water transportation businesses, rail wagon manufacturing and Urban Infrastructure by being end to end waste management company. Each of these strategic businesses is housed in distinct wholly-owned Special Purpose Vehicles (SPVs)/companies as under:

JITF Water Infrastructure Ltd provides “total water solutions” for potable water, desalination, moving water inland, and waste water management.

JITF Waterways Ltd. is focusing on logistics and domestic cargo movement. The strategy is to build a waterborne transportation backbone.

With JITF Urban Infrastructure Limited, the Company has ventured into the urban infrastructure segment and has already bagged the prestigious project of Municipal Solid Waste to Power Project in Delhi, under open bidding.

Jindal Rail Infrastructure Ltd. is aimed at fabrication for transportation sector and the Company is currently setting up a wagon manufacturing facility at Karjan in Gujarat, with an installed capacity of 3000 wagons p.a. with a project cost of Rs. 150 Cr.

Your Directors are hopeful that the businesses would ultimately yield good results in future.

Financial Results

| Particulars | Current Year (Rs.) | Previous Year (Rs.) |
|---|---------------------------|----------------------------|
| Paid up Capital | 789,824,460 | 789,824,460 |
| Share application money pending allotment | 2,821,300,025 | 892,800,025 |
| Reserves & Surplus | 1,578,646,920 | 1,578,646,920 |
| Investment | 6,921,291,875 | 3,252,991,875 |
| Current Assets, Loans & Advances | 279,273,521 | 2,401,296 |
| Current Liabilities | 41,250,965 | 2,082,348 |
| Miscellaneous Expenditure (to the extent not written off) | 12,148 | 24,297 |
| Profit/ (Loss) carried to balance-sheet | (30,422,769) | (7,936,285) |

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.

Issuance of Compulsorily Convertible Debentures

Your Company has raised Rs. 200 Crore by issuing 20 Compulsorily Convertible Debentures (CCDs) of face value of Rs 10 crores each amounting to Rs. 200 Crores to IFCI @ 9.25%. CCD's are compulsorily convertible within five years with call option by the promoter of the Company (Jindal Saw Limited) to buy back CCD's at premium of 1% of the paid up value of the CCD;s .The CCD's also carry put option by the financial institution to require the promoter fo buy back CCD's upto the tenure period of CCD's

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

i) Foreign Exchange Earning and Outgo

No foreign exchange was earned during the year under review. The particulars regarding foreign exchange outgo during the year are as under:

| | Current Year | Previous Year |
|----------------------|---------------------|----------------------|
| Subscription Fee | Nil | 1,15,590 |
| Legal & Professional | 476,453 | Nil |

ii) Conservation of Energy and Technology Absorption

The Company is conscious of the need to keep all the cost elements at the barest minimum level including the energy cost. It is also aware of the responsibility to conserve energy in an overall energy shortage situation.

Directors

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

Particulars of Employees

None of the employees of the Company is covered under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Directors Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, for the Financial Year ended on 31st March, 2011, 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.

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 ITF Limited

Sd/-

Sd/-

Sminu Jindal
Director

Indresh Batra
Director

Place : New Delhi
Dated : 06.08.2011

AUDITORS' REPORT

To

The Members of Jindal ITF Limited

1. We have audited the attached Balance Sheet of JINDAL ITF LIMITED as at 31st March, 2011 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report is in agreement with the books of accounts;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and the 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - 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 31st March 2011.
 - b) In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.
 - c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

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

Sd/-
per G. K. Aggarwal
Partner
Membership No. 086622
New Delhi
Date: 6th August, 2011

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

Re: JINDAL ITF 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 year. 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.
- (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) (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 year, 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) In our opinion, the Company has an internal audit system commensurate with the size and the nature of the business. However the same needs to be enlarged.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (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 year. Accordingly, paragraphs (ix) (b) and (c) of the Order are not applicable.
- (x) The Company's accumulated losses at the year end, i.e. as at March 31, 2011 is not more than fifty per cent of its net worth. The Company has incurred cash loss during the financial year ended March 31, 2011 and in the immediately preceding previous period.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has taken application money for issue of Compulsory Convertible debentures. The repayment of which is not yet due. The company has not taken any term loan from bank 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.

N.C. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

- (xiv) According to the records of the Company examined by us and the information and explanations given to us, the Company, during the year, has not dealt with/traded in shares, securities and other investments.
- (xv) 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.
- (xvi) Based on information and explanations given to us by the management, the Company, during the year, has not taken any term loan. The money of Compulsory Convertible debentures received is used for the purpose for which loan is taken except temporary deployment of funds.
- (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, during the year, has not raised money by way of public issue.
- (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) 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

New Delhi
Date: 6th August, 2011

Jindal ITF Limited
Balance Sheet as at March 31, 2011

| | Schedules | AS AT 31.03.2011 Rs. | AS AT 31.03.2010 Rs. |
|--|-----------|----------------------------|----------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 789,824,460 | 789,824,460 |
| Share Application Money, pending allotment | | 2,821,300,025 | 892,800,025 |
| Reserves and Surplus | 2 | 1,578,646,920 | 1,578,646,920 |
| Unsecured Loan | 3 | 2,000,000,000 | - |
| Total | | 7,189,771,405 | 3,261,271,405 |
| APPLICATION OF FUNDS | | | |
| Fixed assets | | | |
| Gross block | 4 | 22,650 | - |
| Less : Depreciation | | 593 | - |
| Net block | | 22,057 | - |
| Investments | 5 | 6,921,291,875 | 3,252,991,875 |
| Current Assets, Loans and Advances | | | |
| Sundry Debtors | 6 | 16,512,000 | - |
| Cash and bank balances | 7 | 151,899,000 | 1,880,765 |
| Loan & Advances | 8 | 110,862,521 | 520,531 |
| | | 279,273,521 | 2,401,296 |
| Less : Current Liabilities & Provisions | | | |
| Current Liabilities | 9 | 41,250,965 | 2,082,348 |
| Net Current Assets | | 238,022,556 | 318,948 |
| Miscellaneous Expenditure | | | |
| (to the extent not written off or adjusted) | 10 | 12,148 | 24,297 |
| | | 12,148 | 24,297 |
| Debit balance in profit and loss account | | 30,422,769 | 7,936,285 |
| Total | | 7,189,771,405 | 3,261,271,405 |
| Significant Accounting Policies & Notes to Accounts | 14 | | |

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
Firm Registration No: 003273N

For and on behalf of the Board of Directors of
Jindal ITF Limited

Sd/-
per G.K. Aggarwal
Partner
Membership No. 086622
Place: New Delhi
Date: 6th August, 2011

Sd/-
Indresh Batra
Director

Sd/-
Sminu Jindal
Director

Jindal ITF Limited**Profit and Loss Account for the year ended March 31, 2011**

| | Schedules | For the Year Ended 31.03.11 Rs. | For the Period Ended 31.03.10 Rs. |
|--|-----------|---------------------------------------|---|
| INCOME | | | |
| Sale of Goods | | 16,512,000 | - |
| Other income | | - | - |
| Total | | 16,512,000 | - |
| EXPENDITURE | | | |
| Purchase of goods for resale | | 16,395,185 | - |
| Administrative and other expenses | 11 | 15,557,949 | 4,095,394 |
| Financial expenses | 12 | 7,032,608 | 11,787 |
| Depreciation | | 593 | - |
| Preliminary Expenses written off | 10 | 12,149 | 15,186 |
| Total | | 38,998,484 | 4,122,367 |
| Loss for the year | | 22,486,484 | 4,122,367 |
| Loss brought forward from previous period | | 7,936,285 | 3,813,918 |
| Loss carried to Balance Sheet | | 30,422,769 | 7,936,285 |
| Earning per share: | 13 | | |
| Basic and Diluted (Nominal value of shares Rs. 10) | | (0.28) | (0.10) |
| Significant Accounting Policies & Notes to Accounts | 14 | | |

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

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

For and on behalf of the Board of Directors of
Jindal ITF Limited

Sd/-
per G.K. Aggarwal
Partner
Membership No. 086622
Place: New Delhi
Date: 6th August, 2011

Sd/-
Indresh Batra
Director

Sd/-
Sminu Jindal
Director

Jindal ITF Limited
Schedules to the Accounts

| | AS AT 31.03.2011 Rs. | AS AT 31.03.2010 Rs. |
|---|----------------------------|----------------------------|
| Schedule 1: Share Capital | | |
| Authorised | | |
| 8,00,00,000 equity shares of Rs. 10/- each | 800,000,000 | 800,000,000 |
| Subscribed, Issued and paid up | | |
| 7,89,82,446 equity shares of Rs. 10/- each fully paid up (Out of above, 7,89,81,646 equity shares of Rs. 10 each are held by Jindal Saw Limited, the Holding Company.) | 789,824,460 | 789,824,460 |
| | 789,824,460 | 789,824,460 |
| Schedule 2: Reserves and Surplus | | |
| Securities Premium Account | | |
| As per last Balance Sheet | 1,578,646,920 | 834,206,000 |
| Addition during the year | - | 744,440,920 |
| | 1,578,646,920 | 1,578,646,920 |
| Schedule 3: Unsecured Loan | | |
| Compulsorily Convertible Debentures (CCD;s) –Pending allotment (9.25% CCD's of face value of Rs 10 crores each.) CCD's are compulsorily convertible within five years with call option by the promoter of the Company (Jindal Saw Limited) to buy back CCD's at premium of 1% of the paid up value of the CCD;s .The CCD's also carry put option by the financial institution to require the promoter to buy back CCD's upto the tenure period of CCD's CCD's also have an conversion clause into equity shares in the event of IPO by the company or any its subsidiaries so as to get an IRR of 14% per annum on CCD's | 2,000,000,000 | - |
| | 2,000,000,000 | - |
| Schedule 5: Investments | | |
| LONG TERM-NON TRADE (AT COST) | | |
| A. Investment in Equity shares of Subsidiary Companies | | |
| Unquoted | | |
| 5,000 Equity shares of Rs.10 each of JITF Water (Naya Raipur) Limited | 50,000 | 50,000 |
| 49,300 Equity shares of Rs.10 each of JITF Infralogistics Limited | 493,000 | 493,000 |
| 107,76,770 Equity shares of Rs.10 each of Jindal Intellicom Limited | 108,754,470 | 108,754,470 |
| 65,39,600 Equity shares of Rs.10 each of Jindal Rail Infrastructure Limited | 195,202,000 | 195,202,000 |
| 56,29,300 Equity shares of Rs.10 each of JITF Shipyards Limited | 167,893,000 | 167,893,000 |
| 6702633 Equity shares of Rs.10 each of JITF Urban Infrastructure Limited | 137,792,990 | 137,792,990 |
| 33,23,313 Equity shares of Rs.10 each of JITF Water Infrastructure Limited | 98,713,390 | 98,713,390 |
| 5,84,12,633 Equity shares of Rs.10 each of JITF Waterways Limited | 1,751,392,990 | 1,751,392,990 |
| 50,000 (Previous period Nil) Equity shares of Rs.10 each of JITF Urban Infrastructure Service Limited | 500,000 | - |
| | 2,460,791,840 | 2,460,291,840 |
| B. Equity Share Application Money in: | | |
| Jindal Rail Infrastructure Limited | 178,000,000 | 42,500,000 |
| JITF Shipyards Limited | 169,700,000 | 100,200,000 |
| JITF Urban Infrastructure Limited | 416,300,010 | 61,000,010 |
| JITF Water Infrastructure Limited | 4,500,015 | 15 |
| JITF Waterways Limited | 3,692,000,010 | 589,000,010 |
| | 4,460,500,035 | 792,700,035 |
| Aggregate value of unquoted investment | 6,921,291,875 | 3,252,991,875 |

Jindal ITF Limited
Schedules to the Accounts
Schedule 4: Fixed Assets

(Amount in Rs.)

| FIXED ASSETS | Gross Block | | | Depreciation | | | Net Block | |
|----------------------|------------------|---------------|------------------|------------------|------------|------------------|------------------|------------------|
| | As at 01.04.2010 | Additions | As at 31.03.2011 | As at 01.04.2010 | Additions | As at 31.03.2011 | As at 31.03.2011 | As at 31.03.2010 |
| Furniture & Fixtures | - | 22,650 | 22,650 | - | 593 | 593 | 22,057 | - |
| Total | - | 22,650 | 22,650 | - | 593 | 593 | 22,057 | - |

Jindal ITF Limited
Schedules to the Accounts

| | AS AT 31.03.2011 Rs. | AS AT 31.03.2010 Rs. |
|---|----------------------------|----------------------------|
| Schedule 6 : Sundry Debtors | | |
| (Unsecured, considered good) | | |
| Others | 16,512,000 | - |
| | 16,512,000 | - |
| Schedule 7: Cash and Bank Balances | | |
| Cash on hand | 10,073 | 2,592 |
| Balances with scheduled banks: | | |
| - On current accounts | 151,888,927 | 1,878,173 |
| | 151,899,000 | 1,880,765 |
| Schedule 8: Loan & Advances | | |
| (Unsecured, considered good) | | |
| Advance recoverable in cash or in kind or for which value to be received | 110,862,521 | 520,531 |
| | 110,862,521 | 520,531 |
| Schedule 9: Current Liabilities | | |
| Sundry Creditors | 28,204,457 | 75,874 |
| Other Liabilities | 13,046,508 | 2,006,474 |
| | 41,250,965 | 2,082,348 |
| 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 | 28,204,457 | 75,874 |
| Schedule 10: Miscellaneous expenditure | | |
| (to the extent not written off or adjusted) | | |
| Preliminary Expenses | 24,297 | 39,483 |
| Less: Written off during the year | 12,149 | 15,186 |
| | 12,148 | 24,297 |

Jindal ITF Limited**Schedules to the Accounts**

| | For the Year Ended 31.03.2011 | For the Period Ended 31.03.10 |
|---|--|----------------------------------|
| | Rs. | Rs. |
| Schedule 11: Administrative and Other Expenses | | |
| Rates & Taxes | 23,081 | 2,313,093 |
| Legal and professional charges | 14,497,455 | 1,021,056 |
| Businesss Promotion | 549,509 | 159,708 |
| Communication Expenses | 69,440 | 16,295 |
| Office Maintenance Expenses | 141,790 | - |
| Printing & Stationary | 58,554 | 389,375 |
| Subscription Fee | - | 110,926 |
| Miscellaneous Expenses | 124,365 | 69,499 |
| Auditors' Remuneration: | | |
| - Audit Fees | 93,755 | 15,442 |
| | 15,557,949 | 4,095,394 |
| Schedule 12: Financial Expenses | | |
| Interest on Debentures | 1,520,548 | - |
| Bank charges | 5,512,060 | 11,787 |
| | 7,032,608 | 11,787 |
| Schedule 13: Earnings per share (EPS) | | |
| Loss for the year | 22,486,484 | 4,122,367 |
| Weighted average number of equity shares in calculating basic loss per share: | | |
| Number of shares outstanding for 455 days | | 41,760,400 |
| Number of shares outstanding for 365 days | 78,982,446 | |
| Number of shares outstanding for 1 day | | 37,222,046 |
| Weighted average number of equity shares in calculating Basic EPS | 78,982,446 | 41,842,207 |
| Basic and Diluted Earning per share | 0.28 | 0.10 |

JINDAL ITF LIMITED

SCHEDULE 14: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. Nature of Operations

Jindal ITF Limited is a Company incorporated on 18th September, 2007 with the main object to carry on the business of Infrastructure development, promoters, builders, colonizers, architects etc. 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) Investments

Long term investments are stated at cost. 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.

(c) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, if any.

(d) Miscellaneous Expenditure

Preliminary Expenses i.e Initial Share issue expenses are amortized in five years from the Commencement of Business.

(e) Taxation

Deferred tax is accounted at the current rate of tax to the extent of temporary timing differences that originate in one year and are capable of reversal in one or more subsequent years. However, no deferred tax asset is created where there is no virtual certainty as to the sufficient future taxable profit.

3. Related Party Transaction

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

(i) Holding Company

Jindal Saw Limited

(ii) Subsidiary Companies

- JITF Water Infrastructure Limited (Formerly Known as Jindal Water Infrastructure Limited)
- JITF Waterways Limited (Formerly Known as Jindal Waterways Limited)
- JITF Shipyards Limited (Formerly Known as Jindal Shipyard Limited)
- JITF Urban Infrastructure Limited (Formerly Known as Jindal Urban Infrastructure Limited)
- JITF Infralogistics Limited (Formerly Known as Jindal Infralogistics Limited)
- Jindal Intellicom Limited
- Jindal Rail Infrastructure Limited
- JITF ESIPL CETP (Sitarganj) Limited (Indirect) (Formerly Known as Jindal ESIPL CETP (S) Limited)
- Timarpur-Okhla Waste Management Company Private Limited (Indirect)
- JITF Water Infra (Naya Raipur) Limited (Indirect) (Formerly Known as Jindal Water Infra (Naya Raipur) Limited)
- JITF Urban Infrastructure Services Limited (Indirect) (Formerly Known as Jindal Urban Infrastructure Services Limited)
- Intellicom Insurance Advisors Limited

JINDAL ITF LIMITED

SCHEDULE 14: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

- (iii) **Fellow Subsidiaries Companies**
- Hexa Securities & Finance Company Limited
 - IUP Jindal Metals & Alloys Limited
 - SV Trading Limited
 - Jindal Saw USA, LLC
 - Jindal Saw Holding FZE
 - Jindal Saw Middle East FZC (Indirect)
 - Jindal Saw Gulf LLC (Indirect)
 - Ralael Holding Limited (Indirect)
 - Jindal Saw Italia S.r.l (Indirect)
 - Hexa Tradex Limited

(b). **Transactions** **Figures in '000'**

| Description | Holding Company | | Subsidiary Company | | Total | |
|---------------------------------------|-----------------|-----------------|--------------------|-----------------|--------------|-----------------|
| | Current Year | Previous Period | Current Year | Previous Period | Current Year | Previous Period |
| Share Capital including share premium | | | | | | |
| Jindal Saw Limited | Nil | 1,116,661 | Nil | Nil | Nil | 1,116,661 |
| Purchase of Material (Pipe) | | | | | | |
| Jindal Saw Limited | 16,395 | Nil | Nil | Nil | 16,395 | Nil |
| Sale of Material (Pipe) | | | | | | |
| JITF Water Infrastructure Limited | Nil | Nil | 16,512 | Nil | 16,512 | Nil |
| Share application money received | | | | | | |
| Jindal Saw Limited | 1978,500 | 769,739 | Nil | Nil | 1978,500 | 769,739 |
| Share application money repaid | | | | | | |
| Jindal Saw Limited | 50,000 | Nil | Nil | Nil | 50,000 | Nil |
| Investment in equity shares of: | | | | | | |
| Jindal Intellicom Limited | Nil | Nil | Nil | 97,900 | Nil | 97,900 |
| JITF Shipyards Limited | Nil | Nil | Nil | 8,400 | Nil | 8,400 |
| JITF Waterways Limited | Nil | Nil | Nil | 912,600 | Nil | 912,600 |
| Others | Nil | Nil | 500 | 176,270 | 500 | 176,270 |
| Investment as share | | | | | | |

JINDAL ITF LIMITED
SCHEDULE 14: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

| | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| application money in: | Nil | Nil | | | | |
| Jindal Rail Infrastructure Limited | | | 135,500 | 22,500 | 135,500 | 22,500 |
| JITF Urban Infrastructure Limited | Nil | Nil | 355,300 | 51,000 | 355,300 | 51,000 |
| JITF Shipyards Limited | Nil | Nil | | | | |
| JITF Waterways Limited | Nil | Nil | 69,500 | 100,100 | 69,500 | 100,100 |
| Others | Nil | Nil | 3103,000 | 569,000 | 3103,000 | 569,000 |
| | | | 4,500 | Nil | 4,500 | Nil |
| Balance as on 31.03.2011 | | | | | | |
| Share Capital | | | | | | |
| Jindal Saw Limited | 2,368,463 | 2,368,471 | Nil | Nil | 2,368,463 | 2,368,471 |
| Amount Recoverable from | | | | | | |
| JITF Water Infrastructure Limited | Nil | Nil | 16,512 | Nil | 16,512 | Nil |
| JITF Urban Infrastructure Service Limited | Nil | Nil | 29 | Nil | 29 | Nil |
| Amount Payable to Jindal Saw Limited | 16,395 | Nil | Nil | Nil | 16,395 | Nil |
| Share application money | | | | | | |
| Jindal Saw Limited | 2821,300 | 892,800 | Nil | Nil | 2821,300 | 892,800 |
| Investment in equity shares of: | | | | | | |
| Jindal Intellicom Limited | Nil | Nil | 108,754 | 108,754 | 108,754 | 108,754 |
| JITF Shipyards Limited | Nil | Nil | 167,893 | 167,893 | 167,893 | 167,893 |
| JITF Waterways Limited | Nil | Nil | 1,751,393 | 1,751,393 | 1,751,393 | 1,751,393 |
| Others | Nil | Nil | 432,752 | 432,252 | 432,752 | 432,252 |
| Investment as share application money in: | | | | | | |
| Jindal Rail Infrastructure Limited | Nil | Nil | 178,000 | 42,500 | 178,000 | 42,500 |
| JITF Urban Infrastructure Limited | Nil | Nil | 416,300 | 61,000 | 416,300 | 61,000 |
| JITF Shipyards Limited | Nil | Nil | 169,700 | 100,200 | 169,700 | 100,200 |
| JITF Waterways Limited | Nil | Nil | 3692,000 | 589,000 | 3692,000 | 589,000 |
| Others | Nil | Nil | | | | |

JINDAL ITF LIMITED

SCHEDULE 14: 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 | <i>Registration Details</i> | | | |
| | Registration No : | 168338 | State Code: | 55 |
| | Balance Sheet Date: | 31/03/2011 | | |
| II | Capital Raised During The Year (Amount in Rs. Thousands) | | | |
| | Public Issue | - | Rights Issue | - |
| | Bonus Issue | - | Private Placement | - |
| | Share Application money | 1928,500 | | |
| III | Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands) | | | |
| | Total Liabilities | 7,189,771 | Total Assets | 7,189,771 |
| | <i>Sources of Funds</i> | | | |
| | Paid-Up Capital | 789,824 | Reserves and Surplus | 1,578,647 |
| | Secured Loans | 2,000,000 | Unsecured Loans | - |
| | Share Application Money | 2,821,300 | | |
| | <i>Application of Funds</i> | | | |
| | Net Fixed Assets | 22 | Investments | 6,921,292 |
| | Net Current Assets | 238,023 | Miscellaneous Expenditure | 12 |
| | Accumulated Losses | 30,423 | | |
| IV | Performance of Company (Amount in Rs. Thousands) | | | |
| | Turnover (Sales and other income) | 16,512 | Total Expenditure | 38,998 |
| | Profit Before Tax | (22,486) | Profit After Tax | (22,486) |
| | Earnings Per Share - Basic Rs. | (0.28) | Dividend Rate % | - |
| | Earnings Per Share – Diluted Rs. | (0.28) | | |
| V | Generic names of principal products/services of the Company (As per monetary Terms)* | | | |
| | Item Code No. (ITC Code) | NA | Product Description | NA |

**Not applicable as the Company has yet to recognize sales.*

For and on behalf of the Board of Directors of Jindal ITF Limited

| | |
|-------------------------------------|--------------|
| Sd/- | Sd/- |
| Indresh Batra | Sminu Jindal |
| Director | Director |
| Place: New Delhi | |
| Dated: 6 th August, 2011 | |

Jindal ITF Limited
Cash Flow Statement for the year ended March 31, 2011

| | For the Year Ended 31.03.2011 Rs. | For the Period Ended 31.03.10 Rs. |
|---|---|---|
| A. CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Profit/(loss) Before Income taxes | (22,486,484) | (4,122,367) |
| Adjustment for: | | |
| Depreciation | 593 | |
| Miscellaneous expenditure written off | 12,149 | 15,186 |
| Interest and finance charges paid | 7,035,548 | - |
| Operating profit before working capital changes | (15,438,194) | (4,107,181) |
| Adjustment for: | | |
| (Increase)/Decrease in Loan & Advances | (126,853,990) | (518,480) |
| Increase/(Decrease) in Trade and other Payables | 39,168,617 | 2,060,508 |
| Cash generated from operations | (103,123,567) | (2,565,153) |
| Net cash Inflow/ (Outflow) from operating activities | (103,123,567) | (2,565,153) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of fixed assets(net) | (22,650) | - |
| Investments made in subsidiary companies | (3,668,300,000) | (1,882,050,000) |
| Net cash Inflow/ (Outflow) from investing activities | (3,668,322,650) | (1,882,050,000) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from Issue of Shares (Including Share Premium) | - | 1,116,661,380 |
| Proceeds from Share Application Money | 1,928,500,000 | 769,738,620 |
| Proceeds from Issue of Debentures | 2,000,000,000 | - |
| Interest and finance charges paid | (7,035,548) | - |
| Net cash Inflow/ (Outflow) from financing activities | 3,921,464,452 | 1,886,400,000 |
| Net increase in cash and cash equivalents | 150,018,235 | 1,784,847 |
| Cash and cash equivalents (opening balance) | 1,880,765 | 95,918 |
| Cash and cash equivalents (closing balance) | 151,899,000 | 1,880,765 |
| | 150,018,235 | 1,784,847 |

As per our report of even date

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

For and on behalf of the Board of Directors of
Jindal ITF Limited

Sd/-
per G.K. Aggarwal
Partner
Membership No. 086622
Place: New Delhi
Date: 6th August, 2011

Sd/-
Indresh Batra
Director

Sd/-
Sminu Jindal
Director