

ANNUAL REPORT OF
JITF SHIPYARDS LIMITED
FOR THE FINANCIAL YEAR
2010-11

NOTICE

JITF SHIPYARDS LIMITED **(Formerly Jindal Shipyards Limited)**

Notice is hereby given that the **Fourth Annual General Meeting** of the shareholders of the Company JITF Shipyards Limited will be held at the Registered Office of the Company at 28, Shivaji Marg, New Delhi – 110 015 on Tuesday, the 27th September, 2011 at 12.00 Noon 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 the Profit and Loss Account ended on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Deepak Goyal who retires by rotation and being eligible offers himself 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
Date: 28th July, 2011

NOTE:

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.

JITF SHIPYARDS LIMITED
(Formerly Jindal Shipyards 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 Financial Year 2010-2011 ended as at 31st March, 2011.

Change of Name

The Company changed its name from Jindal Shipyards Limited to **JITF Shipyards Limited** w.e.f. 28th October, 2010 for better brand building and recognition.

Financial Results

| Particulars | Current Year (Rs.) | Previous Year (Rs.) |
|---|---------------------------|----------------------------|
| Paid up Capital | 56,300,000 | 56,300,000 |
| Share application money pending allotment | 169,700,000 | 100,200,000 |
| Reserves & Surplus | 111,855,218 | 111,600,000 |
| Secured Loans | 25,572,721 | 27,537,007 |
| Fixed Assets | 147,243,621 | 133,474,820 |
| Depreciation | 1,355,406 | 471,680 |
| Pre-operative expenditure Pending Allocation | 22,744,305 | 18,678,259 |
| Current Assets | 121,836,110 | 64,017,798 |
| Current Liabilities | 188,259,089 | 119,466,591 |
| Miscellaneous Expenditure (to the extent not written off) | 279,502 | 372,669 |
| Profit/ (Loss) before taxation | 2,186,485 | (959,648) |

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.

i) Foreign Exchange Earning and Outgo

The particulars regarding foreign exchange outgo and Earning during the year are as under:

| Foreign Currency Expenditure | |
|--|---------------------|
| CIF Value of Import Previous Year | Current Year |
| Material Purchase Nil | 713,812 |

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, Mr. Deepak Goyal shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Directors Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, for the Financial Year 2010-2011 ended 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.

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.

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
JITF Shipyards Limited

Sd/-

Sd/-

Sunil Kumar Jain
Director

Indresh Batra
Director

Place: New Delhi
Dated: 28th July, 2011

AUDITORS' REPORT

To
The Members of JITF Shipyards Limited

1. We have audited the attached Balance Sheet of JITF SHIPYARDS LIMITED (formerly known as Jindal Shipyard Limited) as at 31st March, 2011 and also the Profit and Loss account and 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.
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 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 and Profit and 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 Profit of the Company for the year ended on that date.
 - c) In the case of 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: 28th July, 2011

N.C. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

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

Re: JITF SHIPYARDS LIMITED

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and we are informed that no material discrepancies have been noticed by the management 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) As explained to us, the management during the year has physically verified inventories. In our opinion, the frequency of verification is reasonable.
- (b) According to the information and explanation given to us, the procedures of physical verification of stock 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 records of the inventories. There have been no discrepancies noticed during physical verification of inventories.
- (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 regard to the explanation that some of the items purchased are of special nature and suitable alternative source 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 purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weakness 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, the Company is regular in depositing with the appropriate authorities all 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 etc. where there is applicable. There are no arrears as at 31st March, 2011 for a year of more than six months from the date they become payable.
- (b) According to the information and explanation given to us, there are no dues in respect of statutory dues, which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year. The Company has not incurred cash losses in the current financial year. However, the company has incurred cash losses in the immediately preceding financial period.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to the bank.

N.C. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

- (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 year, 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) According to the information and explanation furnished to us, the term loan taken from bank have been applied for the purpose for which they were received, other than temporary deployment pending application.
- (xvii) 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.
- (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 year; hence clause (xix) of Order is not applicable.
- (xx) There has not been any public issue made during the year, hence clause (xx) of 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

New Delhi
Date: 28th July, 2011

JITF Shipyards Limited (Formerly Known as Jindal Shipyards 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 | 56,300,000 | 56,300,000 |
| Share Application Money, pending allotment | | 169,700,000 | 100,200,000 |
| Reserves and Surplus | 2 | 111,855,218 | 111,600,000 |
| Secured Loans | 3 | 25,572,721 | 27,537,007 |
| Total | | 363,427,939 | 295,637,007 |
| APPLICATION OF FUNDS | | | |
| Fixed assets | | | |
| Gross block | 4 | 147,243,621 | 133,474,820 |
| Less : Depreciation | | 1,355,406 | 471,680 |
| Net block | | 145,888,215 | 133,003,140 |
| Capital Work-in-Progress (Including capital advances) | | 260,938,898 | 141,406,507 |
| Pre Operative Expenditure Pending Allocation | 5 | 22,744,305 | 18,678,259 |
| | | 429,571,418 | 293,087,906 |
| Investments | 6 | - | 56,018,957 |
| Current Assets, Loans and Advances | | | |
| Inventories | | 102,011,614 | 20,831,064 |
| Cash and bank balances | 7 | 5,254,204 | 38,598,088 |
| Loans and advances | 8 | 14,570,292 | 4,588,646 |
| | | 121,836,110 | 64,017,798 |
| Less : Current Liabilities and Provisions | 9 | 188,259,089 | 119,466,591 |
| Net Current Assets | | (66,422,979) | (55,448,793) |
| Miscellaneous Expenditure | | | |
| (to the extent not written off or adjusted) | 10 | 279,502 | 372,669 |
| | | 279,502 | 372,669 |
| Debit Balance in profit & loss account | | - | 1,606,267 |
| Total | | 363,427,939 | 295,637,007 |
| Significant Accounting Policies & Notes to Accounts | 17 | | |

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

Sd/-
per G.K. Aggarwal
Partner
Membership No. 086622
Place: New Delhi
Date: 28th July, 2011

For and on behalf of the Board of Directors of
JITF Shipyards Limited

Sd/-
Indresh Batra
Director

Sd/-
Sunil Kumar Jain
Director

JITF Shipyards Limited (Formerly Known as Jindal Shipyards 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 | | | |
| Other Incomes | 11 | 2,335,996 | 595,501 |
| Increase /(Decrease) in Inventories | | 81,180,550 | 20,831,064 |
| Total | | 83,516,546 | 21,426,565 |
| EXPENDITURE | | | |
| Material Purchase | | 3,802,118 | - |
| Consumption of Material & Manufacturing expenses | 12 | 64,610,388 | 18,856,019 |
| Personnel Expenses | 13 | 8,235,339 | 1,646,558 |
| Administrative and other expenses | 14 | 3,648,978 | 1,082,301 |
| Financial expenses | 15 | 106,550 | 236,488 |
| Depreciation | | 883,727 | 471,680 |
| Preliminary Expenses written off | | 93,167 | 93,167 |
| Total | | 81,380,267 | 22,386,213 |
| Profit /(Loss) For the year before prior period adjustment & taxes | | 2,136,279 | (959,648) |
| Prior Period Adjustments | | 50,206 | - |
| Profit after prior period adjustments but before taxation | | 2,186,485 | (959,648) |
| Provision for Tax | | 325,000 | 3,000 |
| Profit /(Loss) For the year after tax | | 1,861,485 | (962,648) |
| Profit /(Loss) Brought Forward from previous period | | (1,606,267) | (643,619) |
| Profit /(Loss) carried to Balance Sheet | | 255,218 | (1,606,267) |
| Earning per share: | 16 | | |
| Basic and Diluted (Nominal value of shares Rs. 10) | | 0.33 | (0.18) |
| Significant Accounting Policies & Notes to Accounts | 17 | | |

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
JITF Shipyards Limited

Sd/-
per G.K. Aggarwal
Partner
Membership No. 086622
Place: New Delhi
Date: 28th July, 2011

Sd/-
Indresh Batra
Director

Sd/-
Sunil Kumar Jain
Director

JITF Shipyards Limited (Formerly Known as Jindal Shipyards Limited)**Schedules to the Accounts**

| | AS AT 31.03.11 Rs. | AS AT 31.03.10 Rs. |
|--|--------------------------|--------------------------|
| Schedule 1: Share Capital | | |
| Authorised | | |
| 6,000,000 equity shares of Rs. 10/- each | 60,000,000 | 60,000,000 |
| Subscribed and paid up | | |
| 56,30,000 equity shares of Rs. 10/- each fully paid up (Out of above, 56,29,300, Previous period 53,49,300, equity shares of Rs. 10 each are held by Jindal ITF Limited, the Holding Company.) | 56,300,000 | 56,300,000 |
| | 56,300,000 | 56,300,000 |
| Schedule 2: Reserves and Surplus | | |
| Securities Premium Account | | |
| As per last Balance Sheet | 111,600,000 | 106,000,000 |
| Addition during the year | - | 5,600,000 |
| | 111,600,000 | 111,600,000 |
| Profit & Loss Account | 255,218 | - |
| | 111,855,218 | 111,600,000 |
| Schedule 3: Secured Loan | | |
| Term loan from bank | 25,572,721 | 27,537,007 |
| (Loan is secured against first charge by way of Hypothecation of all movable Plant & Machineries and other movable assets and working capital of the company, both present and future. The loan is also having Corporate guarantee of holding company Jindal ITF Limited.) | 25,572,721 | 27,537,007 |

JITF Shipyards Limited (Formerly Known as Jindal Shipyards 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 | Deductions | 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 |
| Leasehold Land | 40,508,742 | 2,200,000 | | 42,708,742 | - | | - | 42,708,742 | 40,508,742 |
| Freehold Land | 85,470,701 | 9,302,244 | 2,241,889 | 92,531,056 | - | | - | 92,531,056 | 85,470,701 |
| Car | 474,465 | | | 474,465 | 22,599 | 45,074 | 67,673 | 406,792 | 451,866 |
| Computer | 433,628 | 13,500 | | 447,128 | 21,189 | 71,520 | 92,709 | 354,419 | 412,439 |
| Office Equipment | 83,700 | 15,200 | | 98,900 | 1,174 | 5,780 | 6,954 | 91,946 | 82,526 |
| Furniture & Fixture | - | 60,000 | | 60,000 | - | 3,309 | 3,309 | 56,691 | - |
| Plant & Machinery | 6,503,584 | 4,419,746 | | 10,923,330 | 426,718 | 758,043 | 1,184,761 | 9,738,569 | 6,076,866 |
| Total | 133,474,820 | 16,010,690 | 2,241,889 | 147,243,621 | 471,680 | 883,726 | 1,355,406 | 145,888,215 | 133,003,140 |
| Previous Period | 119,740,397 | 13,734,423 | - | 133,474,820 | - | 471,680 | 471,680 | 133,003,140 | - |

JITF Shipyards Limited (Formerly Known as Jindal Shipyards Limited)**Schedules to the Accounts**

| | AS AT 31.03.11 Rs. | AS AT 31.03.10 Rs. |
|---|--------------------------|--------------------------|
| Schedule 5: Pre-operative expenditure pending allocation | | |
| Opening Balance | 18,678,259 | 6,337,668 |
| Additions During the year | | |
| Legal & Professional fee | 750,000 | 7,068,445 |
| Business Promotion | - | 87,733 |
| Finance Charges | - | 665,500 |
| Hire Charges & Fuel Expenses | - | 433,011 |
| Miscellaneous Expenses | - | 342,342 |
| Repair & Maintenance Expenses | - | 176,073 |
| Salary and allowances | - | 1,548,327 |
| Security charges | - | 808,107 |
| Interest on Term Loan | 3,230,846 | 1,106,053 |
| Rent | 85,200 | 105,000 |
| | 22,744,305 | 18,678,259 |
| Schedule 6: Investments | | |
| Current Investments- Non- Trade | | |
| Investment with Principal Mutual Fund | - | 56,018,957 |
| Nil (Previous period 55944.054) units , including Nil (previous period 18.932) 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 year | | |
| Aggregate value of current investment | - | 56,018,957 |
| The following investments were purchased and sold during the year. | | |
| Nil (Previous period 3595577.439) units, including Nil (Previous period 12764.994) units received as dividend at Par value Rs. 10.0122 of Principal Floating Rate Fund FMP-Regular option-Daily Dividend Reinvestment were purchased and sold during the year | | |
| Nil (Previous period 100614.837) units, including Nil (Previous period 814.438) units received as dividend at Par value Rs. 10.0200 of Principal Ultra Short Term Fund -Daily Dividend Reinvestment were purchased and sold during the year. | | |
| 56780.62 (Previous period Nil) units, including 836.57 (Previous period Nil) units received as dividend at Par value Rs. 1001.3715 of Reliance Money Manager Fund Institutional Option - Daily Dividend Plan were purchased and sold during the year | | |
| 2936453.18 (Previous period Nil) units, including 34815.52 (Previous period Nil) units received as dividend at Par value Rs. 15.2874 of Reliance Liquid fund - Treasury Plan - Institutional Option - Daily Dividend were purchased and sold during the year. | | |
| Schedule 7: Cash and Bank Balances | | |
| Cash on hand | 10,299 | 708 |
| Balances with scheduled banks: | | |
| - On current accounts | 3,906,405 | 28,445,881 |
| - On Margin Money | 1,337,500 | 10,151,500 |
| | 5,254,204 | 38,598,088 |
| Schedule 8: Loans and Advances | | |
| Unsecured, Considered good | | |
| Advances recoverable in cash or in kind or for which value to be received | 13,888,022 | 4,038,679 |
| Deposits | 351,587 | 346,587 |
| Interest Accrued but not due | 113,602 | 37,446 |
| Advance Taxes | 217,081 | 165,934 |
| | 14,570,292 | 4,588,646 |

JITF Shipyards Limited (Formerly Known as Jindal Shipyards Limited)**Schedules to the Accounts**

| | AS AT 31.03.11 Rs. | AS AT 31.03.10 Rs. |
|---|--------------------------|--------------------------|
| Schedule 9: Current Liabilities & Provisions | | |
| A. Current Liabilities | | |
| Sundry Creditors | 10,116,617 | 17,149,318 |
| Advance for Land | 50,000,000 | - |
| Advance received from Customers | 127,000,000 | 102,000,000 |
| Other Liabilities | 534,932 | 168,066 |
| | 187,651,549 | 119,317,384 |
| 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 | 10,116,617 | 17,149,318 |
| B. Provisions | | |
| Provision for Leave Encashment | 484,572 | 149,207 |
| Provision for Gratuity | 122,968 | - |
| | 607,540 | 149,207 |
| | 188,259,089 | 119,466,591 |
| Schedule 10: Miscellaneous Expenditure | | |
| (to the extent not written off or adjusted) | | |
| Preliminary Expenses | 372,669 | 465,836 |
| Less: Written off during the year | 93,167 | 93,167 |
| | 279,502 | 372,669 |

JITF Shipyards Limited (Formerly Known as Jindal Shipyards Limited)**Schedules to the Accounts**

| | For the Year Ended 31.03.11 | For the Period Ended 31.03.10 |
|--|--------------------------------|----------------------------------|
| | Rs. | Rs. |
| Schedule 11: Other Incomes | | |
| Interest received from bank [Tax Deducted at Sources Rs.9,497/- (Previous period Rs.53,562)] | 126,197 | 385,044 |
| Dividend on Current Investments | 1,371,777 | 210,457 |
| Profit on Sale of Assets | 838,022 | - |
| | 2,335,996 | 595,501 |
| Schedule 12: Consumption of Material & Manufacturing expenses | | |
| Cost of Consumption | | |
| - Material Consumption | 51,729,942 | 16,362,921 |
| Welding, Testing & Labour Charges | 8,392,450 | 846,540 |
| Power & Fuel | 1,581,772 | - |
| Other Manufacturing Expenses | 2,906,224 | 1,646,558 |
| | 64,610,388 | 18,856,019 |
| Schedule 13: Personnel Expenses | | |
| Salary & Allowances | 7,749,091 | 1,449,149 |
| Contribution to Provident Fund | 331,730 | 113,817 |
| Staff Welfare | 154,518 | 83,592 |
| | 8,235,339 | 1,646,558 |
| Schedule 14: Administrative and Other Expenses | | |
| Advertising Expenses | - | 5,000 |
| Travelling and Conveyance | 470,448 | 741,895 |
| Fee & Subscription | 167,790 | 53,600 |
| Communication Expenses | 171,897 | 149,550 |
| Rate and Taxes | 82,362 | 111,753 |
| Auditors' Remuneration: | | |
| - Audit Fees | 18,000 | 12,309 |
| Legal & Professional fee | 1,092,449 | - |
| Business Promotion | 12,500 | - |
| Miscellaneous Expenses | 903,155 | 8,194 |
| Insurance | 730,377 | - |
| | 3,648,978 | 1,082,301 |
| Schedule 15: Financial Expenses | | |
| Bank charges | 106,550 | 236,488 |
| | 106,550 | 236,488 |
| Schedule 16: Earnings per share (EPS) | | |
| Profit /(Loss) for the year | 1,861,485 | (962,648) |
| Weighted average number of equity shares in calculating basic loss per share: | | |
| Number of shares outstanding for 365 days | 5,630,000 | 5,350,000.00 |
| Number of shares outstanding for 2 days | - | 280,000.00 |
| Weighted average number of equity shares in calculating Basic EPS | 5,630,000 | 5,351,231 |
| Basic and Diluted Earning per share | 0.33 | (0.18) |

JITF SHIPYARDS LIMITED (Formerly Known as Jindal Shipyards Limited)

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. Nature of Operations

JITF Shipyards Limited (Formerly known as Jindal Shipyards Limited) is a Company incorporated on 29th March, 2007 with the main object to carry on the business shipbuilding, shipping, navel architecture, marine engineering, and ocean engineering, and to undertake manufacture, repairs, and maintenance jobs for all kinds of ships 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 any 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.

Leasehold land will be amortised after commencement of operation over the tenure of unexpired period of lease.

(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.

Current investments are stated at cost or market value, whichever is less.

(d) Inventories

Inventory of Barge build up in progress is valued at cost keeping in views the milestones of uncertified work. However estimated loss of the project activity to be undertaken in future years is to be provided for..

(e) Foreign Exchange Transactions

Foreign currency transaction during the year recorded at the rate of exchange prevailing at the date of transaction. Current assets, loan other than for financing fixed assets and current liabilities in foreign currency, outstanding at the year end are translated at the rate of exchange prevailing at the close of the year and resultant gains/losses are recognized in profit and loss account of the year except (a) in cases where they are covered by specific forward foreign exchange contracts in which cases these are translated at contracted rate of exchange and resultant gains/losses recognized in profit and loss account over the life of contract .

Gain or loss on reinstatement on the forward exchange transaction or on cancellation of forward exchange contracts, if any, is reflected in the profit and loss account

(f) 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.

(g) Retirement Benefits

(i) Liabilities in respect of gratuity to the employees are accounted for on for on actuarial valuation basis as per determined at the year end.

(ii) Liabilities in respect of accumulated earn leaves to the credit of employees are accounted for on actuarial valuation basis as per

JITF SHIPYARDS LIMITED (Formerly Known as Jindal Shipyards Limited)

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

determined at the year end.

(h) Miscellaneous Expenditure

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

3. Contingent Liabilities (Amount in Rs.)

| Particulars | Current Year | Previous Period |
|-----------------|-------------------|-------------------|
| Bank Guarantees | 10,000,000 | 11,350,000 |
| Total | 10,000,000 | 11,350,000 |

4. 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

- JITF Water Infrastructure Limited (Formerly Known as Jindal Water Infrastructure Ltd)
- JITF Waterways Limited (Formerly Known as Jindal Waterways Limited)
- Jindal Rail Infrastructure Limited
- JITF Urban Infrastructure Limited (Formerly Known as JITF Urban Infrastructure Limited)
- Jindal Intellicom Private Limited
- JITF Infralogistics Limited (Formerly Known as Jindal Infralogistics Limited)
- JITF ESIPL CETP (Sitarganj) Limited (Indirect) (Formerly Known as Jindal ESIPL CETP (Sitarganj) Limited)
- Timarpur-Okhla Waste Management Company Private Limited (Indirect)
- JITF Water Infra (Naya Raipur) Limited (Formerly Known as Jindal Water Infra (Naya Raipur) Limited) (Indirect)
- JITF Urban Infrastructure Services Limited (Formerly Known as Jindal Urban Infrastructure Services Limited)
- Hexa Securities & Finance Company Limited (Indirect)
- IUP Jindal Metals & Alloys Limited (Indirect)
- SV Trading Limited (Indirect)
- Jindal Saw USA, LLC (Indirect)
- Jindal Saw Holding FZE (Indirect)
- Jindal Saw Middle East FZC (Indirect)
- Jindal Saw Gulf LLC (Indirect)
- Intellicom Insurance Advisors Limited (Indirect)
- Hexa Tradex Limited (Indirect)
- Ralael Holding Limited (Indirect)
- Jindal Saw Italia S.r.l (Indirect)

(b). Transactions

Figures in '000'

| Description | Holding Company | | Fellow Subsidiary Company | | Total | |
|---|-----------------|-----------------|---------------------------|-----------------|--------------|-----------------|
| | Current Year | Previous Period | Current Year | Previous Period | Current Year | Previous Period |
| Share application money received Jindal ITF Limited | 69,500 | 100,100 | Nil | Nil | 69,500 | 100,100 |
| Share Capital including share premium Jindal ITF Limited | Nil | 8,400 | Nil | Nil | | 8,400 |

JITF SHIPYARDS LIMITED (Formerly Known as Jindal Shipyards Limited)

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

| | | | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|---------|--|
| Advance received | | | | | | | |
| JITF Waterways Limited | Nil | Nil | 25,000 | 102,000 | 25,000 | 102,000 | |
| Jindal Saw Limited | 50,000 | Nil | Nil | Nil | 50,000 | Nil | |
| Reimbursement of expenditure received | Nil | 19 | Nil | Nil | Nil | 19 | |
| Material Purchase | 925 | Nil | Nil | Nil | 925 | Nil | |
| Jindal Saw Limited | | | | | | | |
| Balance as on 31.3.2011 | | | | | | | |
| Share application money received | | | | | | | |
| Jindal ITF Limited | 169,700 | 100,200 | Nil | Nil | 169,700 | 100,200 | |
| Share Capital including share premium | | | | | | | |
| Jindal ITF Limited | 167,893 | 167,893 | Nil | Nil | 167,893 | 167,893 | |
| Amount Payable | | | | | | | |
| Jindal Saw Limited | 56 | Nil | Nil | Nil | 56 | Nil | |
| Advance Payable | | | | | | | |
| JITF Waterways Limited | Nil | Nil | 127,000 | 102,000 | 127,000 | 102,000 | |
| Jindal Saw Limited | 50,000 | Nil | Nil | Nil | 50,000 | Nil | |

5. Quantitative information of consumption of material being value, size and therefore it is not possible to furnish. However there is no single item exceeding 10% of total material consumed.

6. 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. 361,803/- (Previous Period Rs. 126,904/-)

Defined Benefits Plan:

Gratuity and leave encashment

| Actuarial Assumptions | Gratuity (Funded) | | Leave Encashment (Non-Funded) | |
|------------------------------|--|-----------------|--|-----------------|
| | Current Year | Previous Period | Current Year | Previous Period |
| Discount Rate (per annum) | 0.08 | 0.07 | 0.08 | 0.07 |
| Future salary increase | 0.05 | 0.05 | 0.05 | 0.05 |
| Expect return on plan assets | 0.09 | 0.09 | 0.00 | 0.00 |
| 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.

| Reconciliation of present value of obligation | Gratuity (Funded) | | Leave Encashment (Non-Funded) | |
|---|-------------------|-----------------|-------------------------------|-----------------|
| | Current Year | Previous Period | Current Year | Previous Period |
| | (Amount in Rs.) | | (Amount in Rs.) | |

JITF SHIPYARDS LIMITED (Formerly Known as Jindal Shipyards Limited)

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

| | | | | |
|---|--------------------------|----------|--------------------------------------|---------|
| Present value of Gratuity obligation at the beginning of the Year | 101,837 | - | 149,207 | - |
| Current Service Cost | 121,191 | 56,522 | 183,477 | 83,155 |
| Past Service Cost | | | | - |
| Interest Cost | 8,147 | - | 11,937 | - |
| Actuarial (gain)/ loss | 74,747 | 45,315 | 79,626 | 66,052 |
| Benefits paid | (59,992) | | (70,364) | - |
| Present value of obligation at the end of the Year | 245,930 | 101,837 | 353,883 | 149,207 |
| | | | | |
| Net (Asset)/Liability recognized in the Balance Sheet as at Year end | Gratuity (Funded) | | Leave Encashment (Non-Funded) | |
| | (Amount in Rs.) | | (Amount in Rs.) | |
| Present value of obligation at the end of the Year | 245,930 | 101,837 | 353,883 | 149,207 |
| Fair value of plan assets at end of the Year | 122,962 | 152,043 | - | - |
| Funded status/Difference | (122,968) | (50,206) | - | - |
| Excess of actual over estimated | (2,707) | 4,584 | - | - |
| Net present value of funded obligation recognized as (asset)/liability in the Balance Sheet | 122,968 | - | (353,883) | 149,207 |
| | | | | |
| Expenses recognised in the Profit and Loss Account | Gratuity (Funded) | | Leave Encashment (Non-Funded) | |
| | (Amount in Rs.) | | (Amount in Rs.) | |
| Current Service Cost | 121,191 | 56,522 | 183,477 | 83,155 |
| Interest Cost | 8,147 | - | 11,937 | - |
| Expect return on plan assets | (13,684) | - | | - |
| Actuarial (gain)/loss recognised in the year | 77,454 | (42,011) | 79,626 | 66,052 |
| Past Service Cost | | - | | - |
| Benefit Paid | | - | | - |
| Total expenses recognised in the Profit and Loss Account for the Year | 193,108 | 14,511 | 275,040 | 149,207 |
| Actual return on plan assets | | - | - | - |

*Does not include short term leave liability of Rs. 130,689/- (Previous Period Rs. Nil)

7. Foreign Currency Expenditure

| CIF Value of Import | Current Year | Previous Period |
|---------------------|--------------|-----------------|
| Material Purchase | 713,812 | Nil |

8. Additional information required to be given pursuant to Para 4 Part II of Schedule VI of the Companies Act, 1956 has not been given as there is no such information to be given.

JITF SHIPYARDS LIMITED (Formerly Known as Jindal Shipyards Limited)

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

9. Previous period figure has been regrouped/ re- arranged whenever considered necessary. Current year figures of Profit and Loss account are not comparable with the previous period as the previous period figures are for fifteen months from 1st January, 2009 to 31st March, 2010.

As per our report of even date attached

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

For and on behalf of the Board of Directors of
JITF Shipyards Limited

Sd/-
per G. K. Aggarwal
Partner
Membership No. 086622
Place: New Delhi
Date: 28th July, 2011

Sd/-
Indresh Batra
Director

Sd/-
Sunil Kumar Jain
Director

JITF SHIPYARDS LIMITED (Formerly Known as Jindal Shipyards Limited)

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Balance Sheet Abstract and Company's General Business Profile

| | | | | |
|-----|---|------------|---------------------------|---------|
| I | <i>Registration Details</i> | | | |
| | Registration No : | 161264 | 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 | 69,500 | | |
| III | Position of Mobilisation And Deployment of Funds (Amount in Rs. Thousands) | | | |
| | Total Liabilities | 363,428 | Total Assets | 363,428 |
| | <i>Sources of Funds</i> | | | |
| | Paid-Up Capital | 56,300 | Reserves and Surplus | 111,855 |
| | Secured Loans | 25,573 | Unsecured Loans | - |
| | Share Application Money | 169,700 | | |
| | <i>Application of Funds</i> | | | |
| | Net Fixed Assets | 429,571 | Investments | - |
| | Net Current Assets | (66,423) | Miscellaneous Expenditure | 280 |
| | Accumulated Losses | - | Deferred Tax Assets | - |
| IV | Performance of Company (Amount in Rs. Thousands) | | | |
| | Turnover (Sales and other income) | 83,517 | Total Expenditure | 81,380 |
| | Loss Before Tax | 2,136 | Loss After Tax | 1,861 |
| | Earnings Per Share - Basic Rs. | (0.33) | Dividend Rate % | - |
| | Earnings Per Share – Diluted Rs. | (0.33) | | |
| 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 JITF Shipyards Limited

Sd/-
Indresh Batra
Director

Sd/-
Sunil Kumar Jain
Director

Place: New Delhi
Dated: 28th July, 2011

JITF Shipyards Limited (Formerly Known as Jindal Shipyards Limited)
Cash Flow Statement for the year ended March 31, 2011

| | For the year ended March 31, 2011 Rs | For the period ended March 31, 2010 Rs |
|--|--|--|
| A. CASH FLOWS FROM OPEARTING ACTIVITIES: | | |
| Net Profit/(loss) Before Income taxes | 2,186,485 | (959,648) |
| Adjustment for: | | |
| Depreciation | 883,727 | 471,680 |
| Miscellaneous expenditure written off | 93,167 | 93,167 |
| Interest Income | (126,197) | (385,044) |
| Dividend Received | (1,371,777) | (210,457) |
| Operating profit before working capital changes | 1,665,405 | (990,302) |
| Adjustment for: | | |
| (Increase)/Decrease in Loan and Advances and Inventories | (91,034,893) | (17,835,229) |
| Increase/(Decrease) in Trade and other Payables | 68,792,498 | 113,737,078 |
| Cash generated from operations | (20,576,989) | 94,911,547 |
| Direct taxes paid | (376,147) | (89,562) |
| Net cash Inflow/(Outflow) from operating activities | (20,953,136) | 94,821,985 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest received | 50,041 | 347,598 |
| Dividend Received | 1,371,777 | 210,457 |
| Interest Paid | (3,230,846) | (1,106,053) |
| Purchase of fixed assets(net) | (134,136,392) | (138,354,231) |
| Investment with Principal Mutual Fund | 56,018,957 | (53,515,076) |
| Net cash Inflow/(Outflow) from investing activities | (79,926,463) | (192,417,305) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from Issue of Shares | - | 8,400,000 |
| Proceeds from Share Application Money | 69,500,000 | 100,100,000 |
| Proceeds from Term Loan | (1,964,286) | 27,537,007 |
| Net cash Inflow/(Outflow) from financing activities | 67,535,714 | 136,037,007 |
| Net increase in cash and cash equivalents | (33,343,884) | 38,441,687 |
| Cash and cash equivalents (opening balance) | 38,598,088 | 156,401 |
| Cash and cash equivalents (closing balance) | 5,254,204 | 38,598,088 |
| | (33,343,884) | 38,441,687 |

As per our report of even date

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

Sd/-

per G.K. Aggarwal
Partner
Membership No. 086622
Place: New Delhi
Date: 28th July, 2011

For and on behalf of the Board of Directors of
JITF Shipyards Limited

Sd/-

Indresh Batra
Director

Sd/-

Sunil Kumar Jain
Director