

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

NOTICE

JINDAL RAIL INFRASTRUCTURE LIMITED

Notice is hereby given that the **Fourth 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 Tuesday the 27th September, 2011 at 2.00 P.M. 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 Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Ravindra Nath Aga 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.

AS SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Probal Ghosal who was appointed as an Additional Director by the Board under section 260 of the Companies Act, 1956 and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received Notice in writing, under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as Director of the Company.”

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-
MEGHA GUPTA
COMPANY SECRETARY

NEW DELHI
Date: 14th June, 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.
2. Explanatory Statement under Section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the Meeting is annexed hereto.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 4

The Board of Directors of the Company had appointed Mr. Probal Ghosal as an Additional Director as per section 260 of the Companies Act, 1956 w.e.f. 31.03.2011 and as such he holds office upto the date of this Annual General Meeting. A notice under Section 257 of Companies Act, 1956 has been received by the Company from a member signifying his intention to propose the candidature of Mr. Probal Ghosal for appointment as Director in this behalf.

None of the Directors except Mr. Probal Ghosal himself is concerned or interested in the Resolution.

The Board of Directors recommends passing of the proposed resolution as an Ordinary Resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

**MEGHA GUPTA
COMPANY SECRETARY**

NEW DELHI

Dated: 14th June, 2011

JINDAL RAIL INFRASTRUCTURE 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 comprising of Balance Sheet as at 31st March, 2011.

Financial Results

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Paid up Capital	65,403,000	65,403,000
Share application money, pending allotment	178,000,000	42,500,000
Reserves & Surplus	129,806,000	129,806,000
Secured Loan	636,532,471	231,902,206
Fixed Assets	153,904,606	146,006,699
Depreciation	284,255	8,197
Capital Work in Progress	609,751,405	153,351,471
Investment	100,000,000	104,003,156
Current Assets	97,667,156	93,385,264
Current Liabilities	92,545,099	70,843,310
Pre operative Expenditure pending allocation	140,787,658	43,256,123
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.

i) Foreign Exchange Earning and Outgo

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

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

	Current Year	Previous Year
Traveling Expenses (Capitalized to Pre-operative expenditure, pending allocation)	283,133	72,921
Subscription fees	Nil	10,464
Bank Charges	70,998	Nil
Professional Fees	54,37894	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

Mr. Probal Ghosal was appointed as additional director w.e.f. 31.03.2011.

In terms of the provisions of Section 256 of the Companies Act, 1956, Mr. Ravindra Nath Aga 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
Jindal Rail Infrastructure Limited

Sd/-

Sd/-

R. N. Aga
Whole-time Director

Indresh Batra
Director

Place: New Delhi

Dated: 14th June, 2011

AUDITORS' REPORT

To

The Members of Jindal Rail Infrastructure Limited

1. We have audited the attached Balance Sheet of JINDAL RAIL INFRASTRUCTURE LIMITED as at 31st March, 2011, 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, 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, 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 Cash Flow Statement, of the cash flows of the company for the year ended 31st March 2011.

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

Sd/-
per G. K. Aggarwal
Partner
Membership No. 086622
New Delhi
Date: 14th June, 2011

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 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, 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, 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'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. 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 year ended March 31, 2011 and in the immediately preceding financial period i.e. March 31, 2010.
- (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.
- (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) 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: 14th June, 2011

Jindal Rail Infrastructure 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	65,403,000	65,403,000
Share Application Money, pending allotment		178,000,000	42,500,000
Reserves and Surplus	2	129,806,000	129,806,000
Loan Funds			
Secured Loan	3	636,532,471	231,902,206
Total		1,009,741,471	469,611,206
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	4	153,904,606	146,006,699
Less : Depreciation		284,255	8,197
Net block		153,620,351	145,998,502
Capital work in Progress (Including Capital Advances)		609,751,405	153,351,471
Pre Operative Expenditure, Pending Allocation	5	140,787,658	43,256,123
		904,159,414	342,606,096
Investments	6	100,000,000	104,003,156
Current Assets, Loans and Advances			
Cash and bank balances	7	49,063,304	43,307,679
Loan and Advances	8	48,603,852	50,077,585
		97,667,156	93,385,264
Less : Current Liabilities & Provisions	9	92,545,099	70,843,310
Net Current Assets		5,122,057	22,541,954
Miscellaneous Expenditure (to the extent not written off or adjusted)	10	460,000	460,000
		460,000	460,000
Total		1,009,741,471	469,611,206
Significant Accounting Policies & Notes to Accounts	11		

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 Rail Infrastructure Limited

Sd/-
per G.K. Aggarwal
Partner
Membership No. 086622
Place: New Delhi
Date: 14th June, 2011

Sd/-
Indresh Batra
Director

Sd/-
R.N.Aga
Whole Time Director

Sd/-
Megha Gupta
Company Secretary

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

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
Schedule 1: Share Capital		
Authorised		
66,00,000 equity shares of Rs. 10/- each	66,000,000	66,000,000
Subscribed, Issued and paid up		
65,40,300 equity shares of Rs. 10/- each fully paid up. (Out of above 65,39,600 equity shares of Rs. 10/- each are held by Jindal ITF Limited, the Holding Company).	65,403,000	65,403,000
Schedule 2: Reserves and Surplus		
Securities Premium Account		
As per Last Balance Sheet	129,806,000	66,272,660
Addition during the year	-	63,533,340
	129,806,000	129,806,000
Schedule 3: Secured Loan		
Term Loan from Bank		
(Secured by way of Equitable Mortgage of Land and Building, Hypothecation of movable fixed assets both, present or future, pari passu charge on book debts, receivables, and Corporate guarantees of Jindal ITF Ltd.)	636,532,471	231,902,206
	636,532,471	231,902,206

Jindal Rail Infrastructure 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
Land	145,621,579	1,075,290	146,696,869	-	-	-	146,696,869	145,621,579
Computer	269,430	1,429,034	1,698,464	7,369	139,183	146,552	1,551,912	262,061
Electrical Equipment	115,690	-	115,690	828	5,495	6,323	109,367	114,862
Vehicle	-	2,064,951	2,064,951	-	101,871	101,871	1,963,080	-
Office Equipment	-	3,113,387	3,113,387	-	22,056	22,056	3,091,331	-
Furniture & Fixture	-	38,611	38,611	-	511	511	38,100	-
Plant & Machinery	-	176,634	176,634	-	6,941	6,941	169,693	-
Total	146,006,699	7,897,907	153,904,606	8,197	276,058	284,255	153,620,351	145,998,502
Previous Period	70,537,171	75,469,528	146,006,699	-	8,197	8,197	145,998,502	-

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

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
Schedule 5: Statement of Pre-operative expenditure, pending allocation		
Opening Balance	43,256,124	8,373,171
Consultancy charges towards design and drawing & Other Professional Service	12,378,768	10,580,301
Business Promotion	155,444	2,923,733
Travelling & Conveyance Exp.	4,916,289	1,690,898
Communication Expenses	301,261	160,936
Interest on Term Loan	47,284,800	6,255,911
Depreciation	276,059	8,197
Rates & Taxes	44,387	1,190,554
Rent	959,400	-
Repair & Maintenance	1,941,382	-
Electricity	2,820,918	-
Salary and Allowances	18,345,618	5,370,968
<u>Auditors' Remuneration:</u>		
- Audit Fees	18,000	12,000
Bank Charges	913,598	4,190,678
Charity & Donation	500	2,100,000
Miscellaneous Expenses	7,605,610	1,137,958
	141,218,158	43,995,305
Less:		
Dividend on Current Investments	430,500	737,998
Interest on deposits (Tax Deducted at Source Nil)	-	1,184
	140,787,658	43,256,124

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

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
Schedule 6: Investments		
Long Term Investment (at cost)		
Unquoted- Trade		
10,000,000 Equity shares of Rs.10 each of Bharuch Dahej Railway Company Ltd.	100,000,000	100,000,000.00
Current Investment (at cost)		
Unquoted- Non Trade		
Reliance Liquid Fund	-	4,003,156
Nil (Previous period 3997.804) units , including Nil (previous period 3.152) 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.		
	100,000,000	104,003,156
Aggregate value of unquoted current investment	-	4,003,156
The following investments were purchased and sold during the year:		
49048.17(Previous period Nil) units , including 112 (previous period Nil) units received as dividend at par value of Rs. 1001.3715 each, of Money Manager Fund Institutional Option - Daily Dividend option are purchased and sold during the year.		
3280988.46 (Previous period Nil) units , including 10321.11 (previous period Nil) units received as dividend at par value of Rs. 15.284 each, of Reliance Liquid fund - Treasury Plan - Institutional Option - Daily Dividend option are purchased and sold during the year.		
10515307.20 (Previous period Nil) units , including 16042.15 (previous period Nil) units received as dividend at par value of Rs. 10.0007 each, of Principal Cash Management Fund option are purchased and sold during the year.		
Schedule 7: Cash and Bank Balances		
Cash on hand	17,924	15,159
Balances with scheduled banks:		
- On current accounts	48,890,380	43,292,520
- Fixed Deposits	155,000	-
	49,063,304	43,307,679
Schedule 8: Loans And Advances		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for which value to be received	46,321,468	35,598,746
Balance with Central Excise/Service Tax Authority	-	14,085,655
Security Deposit	2,276,631	392,000
Interest Accrued but not due	5,753	1,184
	48,603,852	50,077,585

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

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
Schedule 9: Current Liabilities and Provisions		
A. Current Liabilities		
Sundry Creditors	90,016,353	69,757,261
Other Liabilities	1,512,542	723,918
	91,528,895	70,481,179
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	90,016,353	69,757,261
B. Provisions		
Provision for Leave Encashment	1,016,204	340,497
Provision for Gratuity	-	21,634
	1,016,204	362,131
	92,545,099	70,843,310
Schedule 10: Miscellaneous Expenditure (to the extent not written off or adjusted)		
Preliminary Expenses:	460,000	460,000
	460,000	460,000

JINDAL RAIL INFRASTRUCTURE LIMITED

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. Current Investment is valued at lower of cost or market value.

(d) 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.

(e) 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 determined at the year end.

(f) Miscellaneous Expenditure

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

3. Contingent Liabilities

Particulars	Current Year	Previous Period
Bank Guarantees	155,000	55,000
Letter of Credit Outstanding	8,129,910	8,75,00,000
Total	8,284,910	8,75,55,000

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 Limited)

JINDAL RAIL INFRASTRUCTURE LIMITED

SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

- 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
- 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 (Indirect) (Formerly Known as Jindal Water Infra (Naya Raipur) Limited)
- 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)
- HexaTradex Limited
- Ralael Holding Limited (Indirect)
- Jindal Saw Italia S.r.l (Indirect)

(iii) Key Management Personnel

1. Mr. R. N. Aga (Whole Time Director)
2. Mr. A. K. Khosla (Chief Operating Officer)

(b). Transactions

Description	Holding Company	
	Current Year	Previous Period
Share application money received during the year	135,500,000	22,499,990
Share Capital including share premium	Nil	95,300,010
Remuneration paid to A.K.Khosla	4,818,508	Nil
Balance as on 31.3.2011		
Share application money	178,000,000	42,500,000
Share Capital including share premium	195,202,000	195,202,000

5.

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. 928,535/- (Previous Period Rs. 2,46,654)

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.

JINDAL RAIL INFRASTRUCTURE LIMITED
SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

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.)	
Present value of Gratuity obligation at the beginning of the Year	63,978	Nil	340,497	Nil
Current Service Cost	249,300	63,978	460,331	340,497
Interest Cost	5,118	Nil	27,240	Nil
Past Service Cost	Nil	Nil	Nil	Nil
Actuarial (gain)/ loss	72,304	Nil	(141,779)	Nil
Benefits paid	Nil	Nil	(14,565)	Nil
Present value of obligation at the end of the Year	390,700	63,978	671,724	340,497
Net (Asset)/Liability recognized in the Balance Sheet as at Year end	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	Current Year	Previous Period	Current Year	Previous Period
	(Amount in Rs.)		(Amount in Rs.)	
Present value of obligation at the end of the Year	390,700	63,978	671,724	340,497
Fair value of plan assets at end of the Year	573,201	42,344	Nil	Nil
Funded Status/Difference	182,501	-		
Excess of actual over estimated	21,204	1,866	Nil	Nil
Net present value of funded obligation recognized as (asset)/liability in the Balance Sheet	(182,501)	21,634	671,724	340,497
Expenses recognised in the Profit and Loss Account	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	Current Year	Previous Period	Current Year	Previous Period
	(Amount in Rs.)		(Amount in Rs.)	
Current Service Cost	249,300	63,978	460,331	340,497
Interest Cost	5,118	Nil	27,240	Nil
Actual return on plan assets	(3,811)	(1,866)	Nil	Nil
Actuarial (gain)/loss recognised in the year	51,100	Nil	(141,779)	Nil
Past Service Cost	Nil	Nil	Nil	Nil
Benefit Paid	Nil	Nil	(14,565)	Nil
Total expenses recognised in the Profit and Loss Account for the Year	301,707	65,316	331,227	340,497

*Does not include short term leave liability of Rs. 344,480/- (Previous Period Rs.Nil)

6. CIF Value of Import	Current Year	Previous Period
Capital Goods	4,835,750	Nil

JINDAL RAIL INFRASTRUCTURE LIMITED

SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Balance Sheet Abstract and Company's General Business Profile

I	<i>Registration Details</i>			
	Registration No :	163946	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	135,500		
III	Position of Mobilisation And Deployment of Funds (Amount in Rs. Thousands)			
	Total Liabilities	10,09,741	Total Assets	10,09,741
	<i>Sources of Funds</i>			
	Paid-Up Capital	65,403	Reserves and Surplus	129,806
	Secured Loans	636,532	Unsecured Loans	-
	Share Application Money	178,000		
	<i>Application of Funds</i>			
	Net Fixed Assets	904,159	Investments	100000
	Net Current Assets	5,122	Miscellaneous Expenditure	460
	Accumulated Losses	-	Deferred Tax Assets	-
IV	Performance of Company (Amount in Rs. Thousands)			
	Turnover (Sales and other income)	-	Total Expenditure	-
	Loss Before Tax	-	Loss 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

**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/-

Indresh Batra R.N.Aga
Director Whole Time Director

Sd/-
Megha Gupta
Company Secretary

Place :New Delhi
Dated 14th June,2011

Jindal Rail Infrastructure 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 CHANGE IN WORKING CAPITAL:		
Depreciation (Included in preoperative)	276,059	8,197
Interest Income (Included in preoperative)	-	(1,184)
Dividend Received (Included in preoperative)	(430,500)	(737,998)
Interest and finance charges (Included in preoperative)	47,284,800	6,255,911
Operating profit before working capital changes	47,130,359	5,524,926
Adjustment for:		
(Increase) /Decrease in Loan and Advances	1,473,734	(48,316,874)
Increase/(Decrease) in Trade and other Payables	21,701,789	68,719,104
Cash earned from change in working capital	70,305,882	25,927,156
Net cash Inflow/(Outflow) from operating activities	70,305,882	25,927,156
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	-	1,184
Dividend Received	430,500	737,998
Purchase of fixed assets(net)	(561,829,377)	(263,703,951)
Investments	4,003,156	(92,238,450)
Net cash Inflow/(Outflow) from investing activities	(557,395,721)	(355,203,219)
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	-	75,300,000
Proceeds from Share Application Money	135,500,000	42,500,000
Proceeds from Loan received	404,630,265	231,902,206
Interest and finance charges	(47,284,800)	(6,255,911)
Net cash Inflow/(Outflow) from financing activities	492,845,465	343,446,295
Net increase in cash and cash equivalents	5,755,625	14,170,232
Cash and cash equivalents (opening balance)	43,307,679	29,137,447
Cash and cash equivalents (closing balance)	49,063,304	43,307,679
	5,755,625	14,170,232

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: 14th June, 2011

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

Sd/-
Megha Gupta
Company Secretary