
Auditors' Report

**TO THE BOARD OF DIRECTORS
RALAEL HOLDINGS LIMITED**

We have audited the attached Balance Sheet of RALAEL HOLDINGS LIMITED, as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the period ended on that date annexed thereto as per the Indian Generally Accepted Accounting Principles (Indian GAAP). 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.

1. 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 and we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of accounts have been kept by the Company so far as appears from our examination of the books.
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement maintained by the Company as per Indian Generally Accepted Accounting Principles dealt with by this report are in agreement with the books of accounts.
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Indian GAAP.
 - e. On the basis of the information and according to the explanations given to us, the said accounts, read with the notes thereon, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,
 - ii. In the case of the Profit and Loss Account, of the Loss of the Company for the period ended on that date, and
 - iii. In the case of Cash Flow Statement of the Cash Flows of the Company for the period ended on that date.

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

S/D
(G.K. Aggarwal)
Partner
M.No.:086622

Place : NEW DELHI
Dated: 27-07-2011

RALAEI HOLDINGS LIMITED
BALANCE SHEET AS AT MARCH 31, 2011

DESCRIPTION	SCHEDULE	AS AT MARCH 31, 2011 (EURO)	AS AT MARCH 31, 2011 (Rs.)
<u>SOURCES OF FUNDS</u>			
SHAREHOLDERS FUNDS			
Share Capital	1	1,000	63,240
Share Application Money pending allotment		22,497	1,422,727
		<u>23,497</u>	<u>1,485,967</u>
Total		<u>23,497</u>	<u>1,485,967</u>
<u>APPLICATIONS OF FUNDS</u>			
INVESTMENTS			
	2	10,000	632,400
CURRENT ASSETS, LOANS & ADVANCES			
Cash and Bank Balances	3	2,331	147,383
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities		-	-
		<u>2,331</u>	<u>147,383</u>
NET CURRENT ASSETS			
		<u>2,331</u>	<u>147,383</u>
PROFIT & LOSS ACCOUNT			
		11,166	706,184
Total		<u>23,497</u>	<u>1,485,967</u>

Significant Accounting Policies and Notes to the Accounts 6

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

S/D
G.K. Aggarwal
PARTNER
M.No. 086622
PLACE : NEW DELHI
DATED : 27.07.2011

S/D
P.R. Jindal
Director

RALAEEL HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2011

DESCRIPTION	SCHEDULE	For the period ended March 31, 2011 (EURO)	For the period ended March 31, 2011 (Rs.)
INCOME			
EXPENDITURE			
Administrative & Other Expenses	4	10,997	680,478
Finance Expenses	5	169	10,486
		<u>11,166</u>	<u>690,964</u>
Profit/(Loss) before Taxation		(11,166)	(690,964)
Less: Provision for Taxation		-	-
Profit/(Loss) after Taxation		(11,166)	(690,964)
Foreign Currency Translation Reserve			(15,220)
Balance Carried to Balance Sheet		<u>(11,166)</u>	<u>(706,184)</u>
Earning Per Share			
Basic on Face Value of EURO 1 each		(11.17)	(706.18)
Diluted on Face Value of EURO 1 each		(0.48)	(30.05)

Significant Accounting Policies and Notes to the Accounts

6

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

S/D
G.K.Aggarwal
PARTNER
M.No. 086622
PLACE : NEW DELHI
DATED : 27.07.2011

S/D
P.R.Jindal
Director

RALAEI HOLDINGS LIMITED**DESCRIPTION****AS AT
MARCH 31, 2011
(EURO)****AS AT
MARCH 31, 2011
(Rs.)****SCHEDULE "1"****SHARE CAPITAL****AUTHORISED**

5000 Equity Shares of Euro 1 each

5,000

316,200

5,000**316,200****ISSUED, SUBSCRIBED AND PAID UP**

1000 Equity Shares of Euro. 1 each

(Entire Share Capital Held by Jindal Saw Middle East FZC)

1,000

63,240

1,000**63,240****SCHEDULE "2"****Investments**

Jindal Saw Italia Srl

10,000

632,400

10,000**632,400****SCHEDULE "3"****CASH AND BANK BALANCES**

Balance with Scheduled banks :-

Current Account

2,331

147,383

2,331**147,383**

RALAEI HOLDINGS LIMITED**DESCRIPTION****For the
period ended
March 31, 2011
(EURO)****For the
period ended
March 31, 2011
(Rs.)****SCHEDULE "4"****ADMINISTRATIVE AND OTHER EXPENSES**

Legal & Professional Fees

6,877

425,545

Preliminary Expenses w/off

4,120

254,933

10,997**680,478****SCHEDULE "5"****FINANCE EXPENSES**

Bank Charges

169

10,486

169**10,486**

RALAEEL HOLDINGS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2011

PARTICULARS	For the period ended March 31, 2011 (EURO)	For the period ended March 31, 2011 (Rs.)
A. CASH INFLOW (OUTFLOW) FROM THE OPERATING ACTIVITIES		
NET PROFIT (LOSS) BEFORE TAX	(11,166)	(690,964)
Adjustments for:		
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	(11,166)	(690,964)
Adjustments for:		
Foreign Currency Translation Reserve	-	(15,220)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u>(11,166)</u>	<u>(706,184)</u>
B. CASH INFLOW (OUTFLOW) FROM INVESTMENT ACTIVITIES		
Investment made during the period	(10,000)	(632,400)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	<u>(10,000)</u>	<u>(632,400)</u>
C. CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES		
Proceeds from Share Capital Including Share Application Money	23,497	1,485,967
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	<u>23,497</u>	<u>1,485,967</u>
NET CHANGE IN CASH & CASH EQUIVALENT	2,331	147,383
Opening balance of Cash and Cash equivalent	-	-
Closing balance of Cash and Cash equivalent	<u>2,331</u>	<u>147,383</u>

NOTE:

1. Cash and Cash Equivalen includes Cash and Bank Balances only.

As per our report of even date attached

For N.C. AGGARWAL & CO.

Chartered Accountants

Firm Registration No. 003273N

S/D

G.K.Aggarwal

PARTNER

M.No. 086622

PLACE : NEW DELHI

DATED : 27-07-2011

and on behalf of the Board of Directors

S/D

P.R.Jindal

Director

RALAEI HOLDINGS LIMITED

SCHEDULE – "6"

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India. The Company follows the Mercantile System of Accounting and recognises Income & Expenditure on Accrual basis.

ii) FOREIGN EXCHANGE TRANSACTIONS

Foreign currency transactions are recorded at the exchange rate prevailing at the date of transaction. Monetary foreign currency assets and liabilities are translated at the year end exchange rates. All exchange differences are dealt with in the Profit and Loss Account.

iii) CONVERSION INTO INDIAN RUPEES

Company being non-integral subsidiary of holding company, all the revenue items are converted at the average rate prevailing during the period. All assets and liabilities are converted at rates prevailing at the end of the period. Any exchange Gain arising on conversion is recognized in the exchange fluctuation reserves and in case of loss, the same is charged to profit and loss appropriation account and carried to balance of accumulated losses.

iv) INVESTMENTS

Long-term investments are stated at cost. When there is a decline other than temporary in their value, 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.

iv) USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognized in the period in which the results are known/materialized.

2 NOTES TO ACCOUNTS

i) Related Party Disclosure:

A. Holding Co.

- i) Jindal Saw Middle East FZC (Direct)
- ii) Jindal Saw Holdings FZE (Indirect)
- iii) Jindal Saw Limited (Indirect)

B. Subsidiary Company

- i) Jindal Saw Italia Srl

C. Fellow Subsidiaries:

1. Direct

- i) Jindal Saw Gulf LLC

2. Indirect

- ii) Hexa Securities & Finance Co. Ltd
- iii) Jindal ITF Ltd.
- iv) IUP Jindal Metal & Alloys Ltd.
- v) Hexa Tradex Limited (w.e.f. 28th October 2010)
- vi) Jindal Intellicom Limited (formerly known as Jindal Intellicom Pvt. Ltd.)
- vii) JITF Water Infrastructure Ltd. (formerly known as Jindal Water Infrastructure Ltd.)
- viii) JITF Urban Infrastructure Ltd. (formerly known as Jindal Urban Infrastructure Ltd.)
- ix) JITF Shipyards Ltd. (formerly known as Jindal Shipyards Ltd.)
- x) Jindal Rail Infrastructure Ltd.
- xi) JITF Waterways Ltd. (formerly known as Jindal Waterways Ltd.)
- xii) JITF Infralogistics Ltd. (formerly known as Jindal Infralogistics Ltd.)
- xiii) JITF Water Infra (Naya Raipur) Ltd. (formerly known as Jindal Water Infra (Naya Raipur) Ltd.)
- xiv) JITF ESIPL CETP (Sitaganj) Ltd. (formerly known as Jindal ESIPL CETP (Sitaganj) Ltd.)
- xv) Timarpur-Okhla Waste Management Co: Pvt. Ltd.
- xvi) JITF Urban Infrastructure Services Ltd. (wef 6th July 2010)
- xvii) Intellicom Insurance Advisors Ltd. (w.e.f. 9th August 2011)
- xviii) Jindal Saw USA LLC
- xix) S.V.Trading Ltd.

D. Transactions:

- i) With Holding Co. (Jindal Saw Middle East FZC)

S. No.	Particulars	Current Period Ending on 31.3.2011	
		EURO	INR
	Share Capital	1,000	63,240
	Share Application Money Received	22,497	1,422,727

- i) With Subsidiary Co. (Jindal Saw Italia S.R.L)

S. No.	Particulars	Current Period Ending on 31.3.2011	
		EURO	INR
	Investment Made	10,000	632,400

- ii) Earning Per Share (EPS) Basic and Diluted computed in accordance with Accounting Standard 20 "Earning per Share"

Particulars	Current Period Ending on 31.3.2011	
	EURO	INR
Profit/(Loss) After Tax	(11,166)	(706,184)
No. of Equity shares issued for Basic EPS	1,000	1,000
No. of Equity shares issued for Diluted EPS	23,497	23,497
Basic Earning Per Share	(11.17)	(706.18)
Diluted Earning Per Share	(11.17)	(706.18)

iii) The Company is incorporated in NAVIS on 9th day of August, 2010. The Company is wholly owned subsidiary of Jindal Saw Limited. The accounts have been prepared and audited for the purpose of attachment to the accounts of the Holding Company to comply with the provisions of the Indian Companies Act, 1956.

For N.C. AGGARWAL & CO.
Chartered Accountants
Firm Registration No. 003273N

For and on behalf of the Board of Directors

sid
G.K. Aggarwal
PARTNER
M.No. 086622
PLACE : NEW DELHI
DATED : 27.07.2011

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P.R. Jindal
Director