

Surging towards a better tomorrow

ANNUAL REPORT - 2008



JINDAL SAW LTD.
TOTAL PIPE SOLUTIONS





Shri O. P. Jindal
(1930-2005)

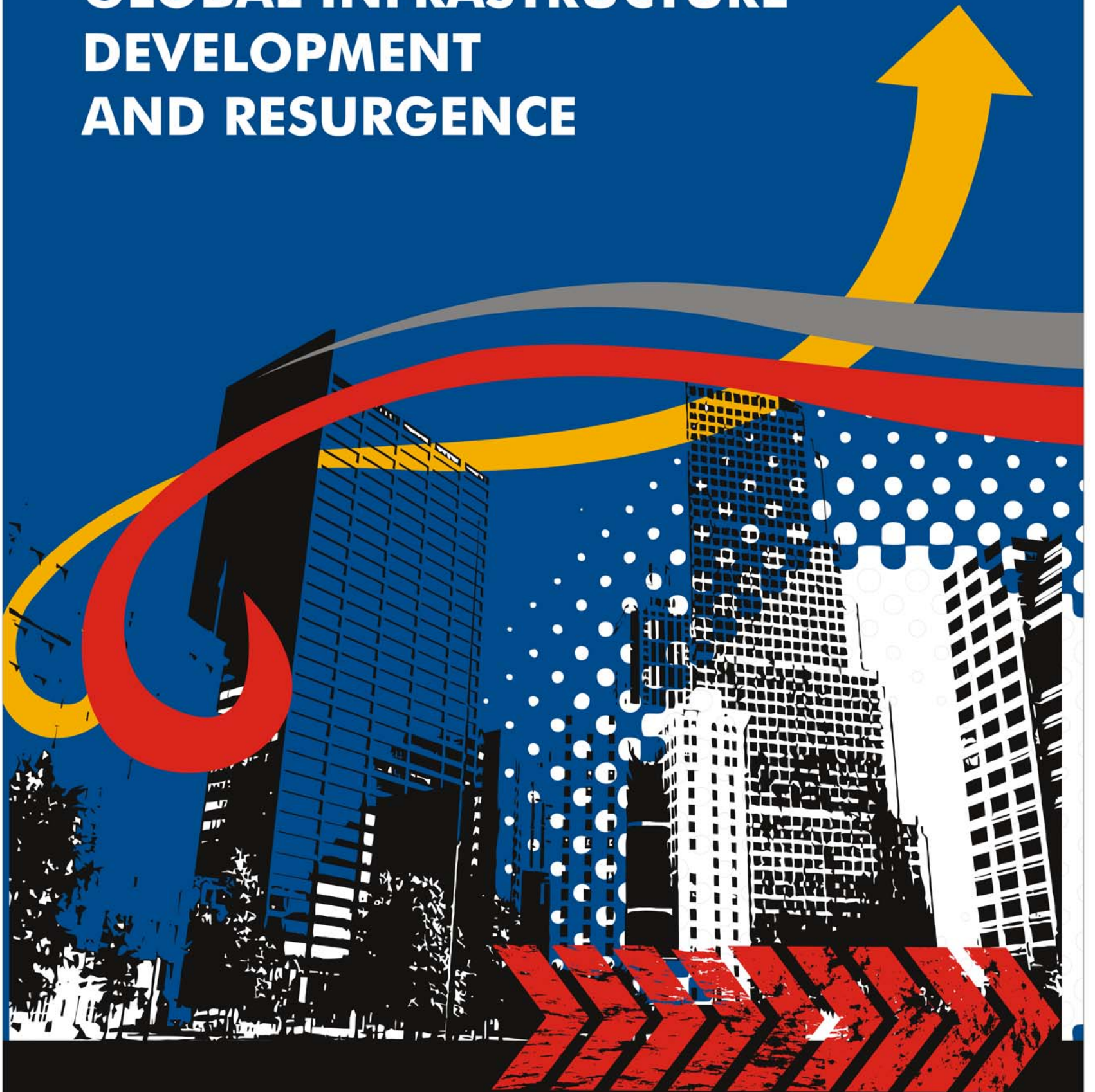
VISION IS IMMORTAL

Best before the biggest.

In an age when an obsession to outgrow others is paramount, our founder chairman Shri O. P. Jindal saw the vital need for focusing on being the best. A rare visionary, he made quality the DNA for the group's growth.

Today, in the unseen presence of its doyen, the group continues its leadership journey, guided at every step by his immortal vision.

INTEGRAL PART OF
**GLOBAL INFRASTRUCTURE
DEVELOPMENT
AND RESURGENCE**





CONTINUING
TO BE A
PILLAR OF
STRENGTH
IN GLOBAL
INFRASTRUCTURE
GROWTH

RESPECT, TRUST & CONFIDENCE

OF OUR STAKEHOLDERS & CLIENTS IS OUR

BIGGEST ASSET



BANDWIDTH TO

STAND

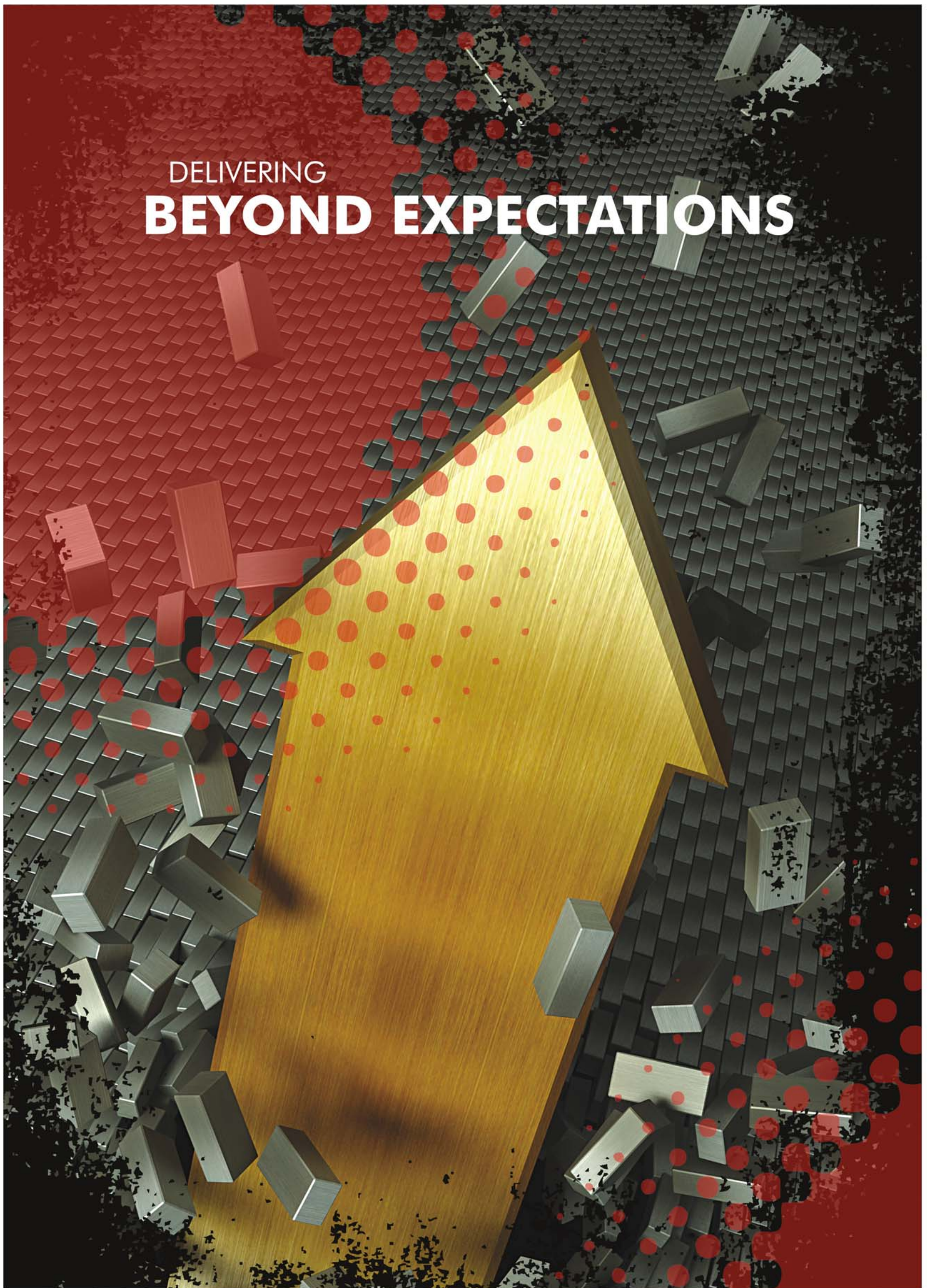


TALL

AGAINST ALL ODDS

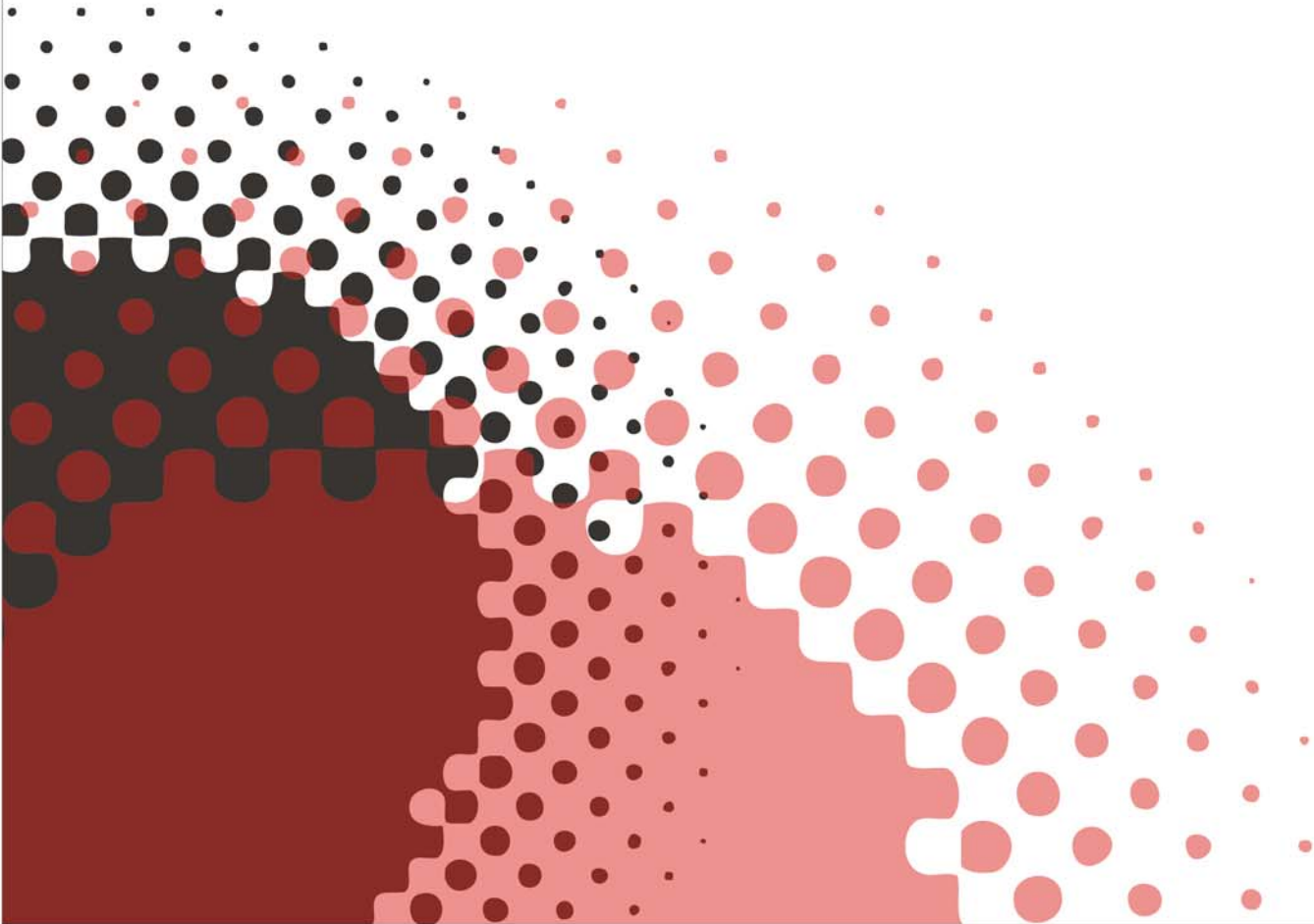


DELIVERING
BEYOND EXPECTATIONS





A STRONG FOOTHOLD
FOR OVER 25 YEARS



NURTURING LIFE **BY PARTNERING GROWTH WITH ENVIRONMENT**

Jindal ITF is the infrastructure arm of Jindal SAW which owns and operates businesses in three segments of the Indian economy.

- **Water, Waste Water and Solid Waste Management**
- **Domestic Transport & Logistics**
- **Transportation Equipment Fabrication**

Within these three areas, Jindal ITF is developing five businesses which offer significant growth opportunities in the future.





JINDAL AQUASOURCE - NURTURING HOPE

Jindal Aquasource is focused on turnkey development, ownership and management of new projects in water, wastewater and water reuse markets as principal or sole investor.



JINDAL ECOPOLIS - NURTURING POWER

Jindal Ecopolis is primarily focused on solving urban waste management problems. Jindal Ecopolis bid and bagged India's first and largest commercial waste-to-energy project at Delhi.



TRANSPORTATION

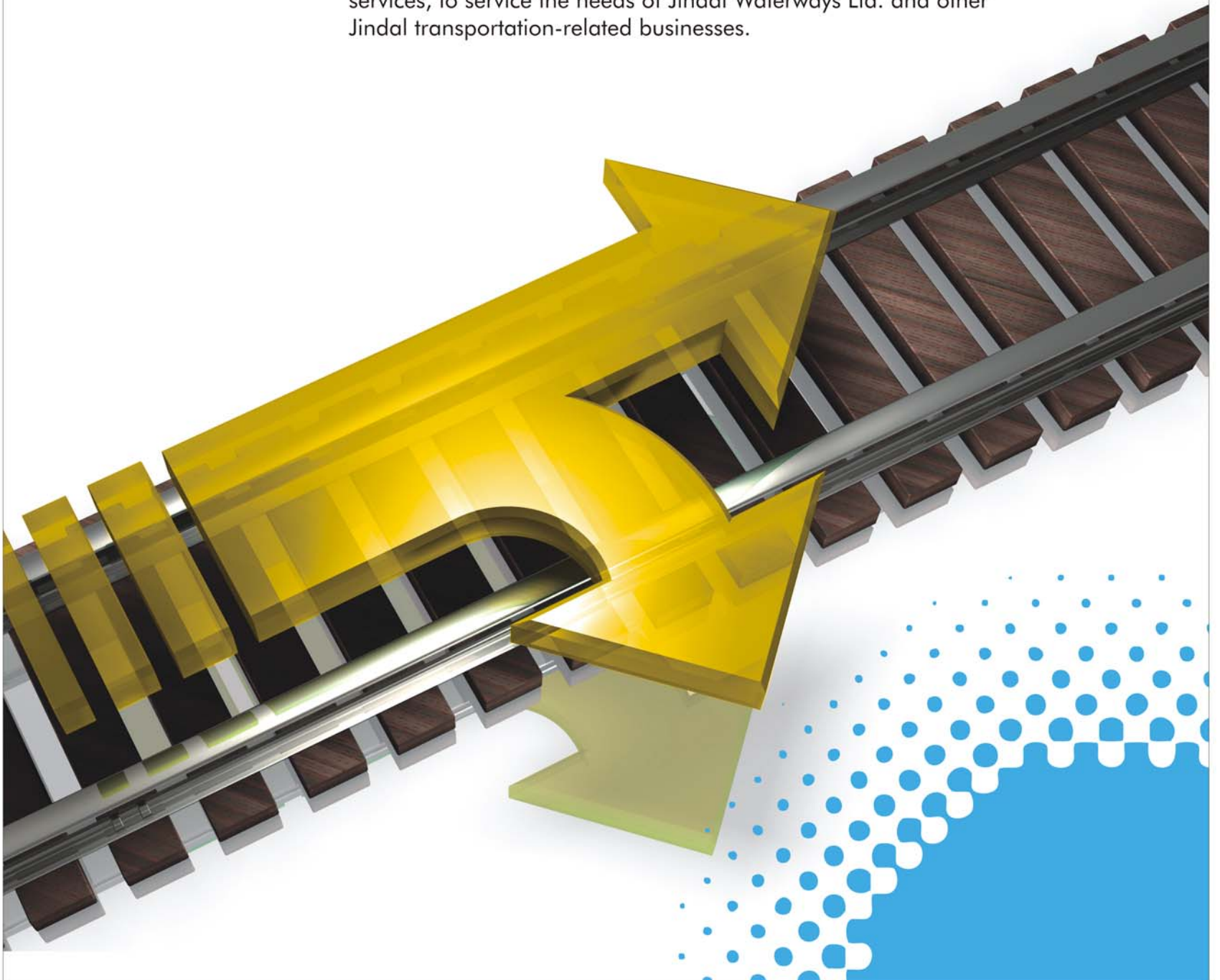


JINDAL VECTOR - NURTURING RELIABILITY

Jindal Vector began operations in 2007 and currently operates a fleet of six vessels, including three containerships, deployed on Indian coastal and inland waterways.

JINDAL TRANSRAIL LTD. - NURTURING TECHNOLOGY

Jindal TransRail Ltd., a newly formed unit, expects to build and operate ports and terminals, as well as inland container freight stations and will additionally provide innovative container train services, to service the needs of Jindal Waterways Ltd. and other Jindal transportation-related businesses.



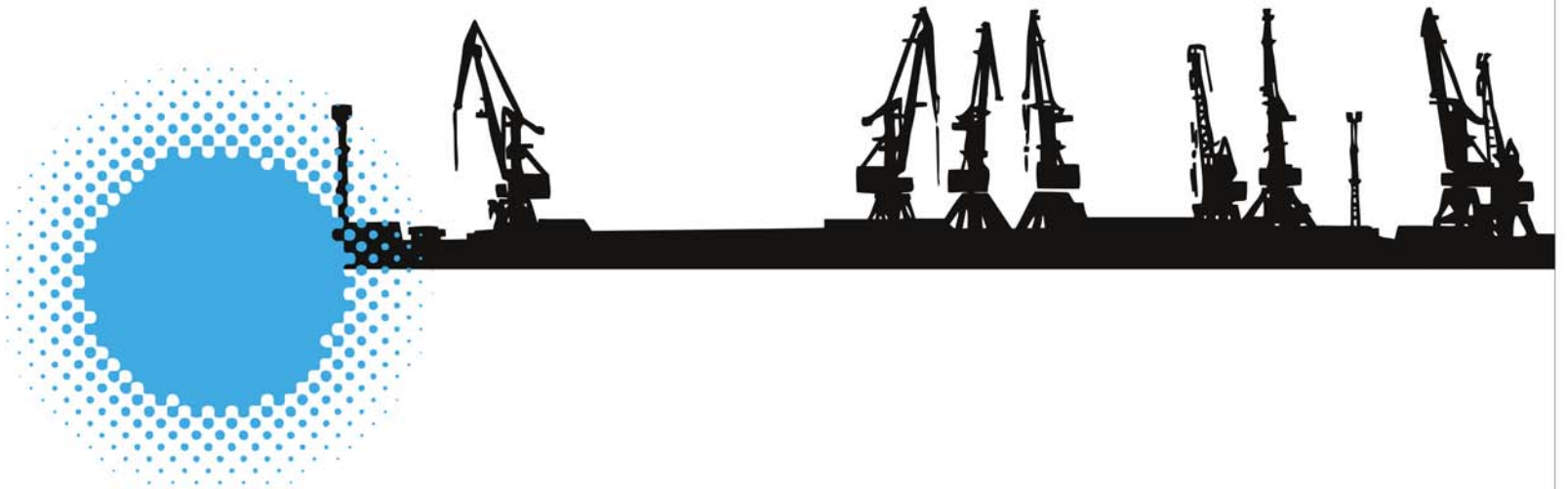


FABRICATION



JINDAL SHIPYARDS - NURTURING PROGRESS

Jindal Shipyards Ltd. is developing **India Maritime Technology Park (IMTP)** at Dahej. Sanctioned as the first maritime industry cluster to be developed in the state of Gujarat, IMTP is a large scale 700 hectare industrial estate on the banks of the Narmada River.



JINDAL RAIL INFRASTRUCTURE - NURTURING TECHNOLOGY

Within 30 kilometers of IMTP, Jindal Rail Infrastructure Ltd., a new venture spearheaded by seasoned ex-Indian Railways executives, is setting up state-of-the-art production capacity at a recently acquired 120 acre site near Bharuch to produce existing and future-design rail wagons for deployment both domestically and abroad.





DIGNITY FOR PEOPLE WITH REDUCED MOBILITY

PROVIDING WINGS

TO PEOPLE WITH REDUCED MOBILITY

JINDAL SAW PROUDLY SUPPORTS SVAYAM –
AN INITIATIVE OF S.J. CHARITABLE TRUST.

Svayam is committed towards making India accessible to all. To this effect it has initiated a host of activities that is set to kick off a chain of events that would make India accessible, barrier free and provide universal access to all.



WITH STEPPED UP ADVOCACY FOR UNIVERSAL ACCESS IN THE BUILT ENVIRONMENT, SVAYAM HAS BEEN INSTRUMENTAL IN INFLUENCING POLICY MAKERS TO INCORPORATE STEPS TO MEET THE RISING DEMANDS OF **INCLUSIVITY FOR ALL**

Svayam's active initiatives in providing barrier free universal access in public infrastructure had government agencies seek Svayam's expertise in making the public infrastructure accessible to people with reduced mobility.



For more information please visit www.svayam.com

DIRECTORS

SMT. SAVITRI DEVI JINDAL
SHRI P. R. JINDAL
MS. SMINU JINDAL
SHRI INDRESH BATRA
SHRI A. J. A. TAURO
SHRI DEVI DAYAL
DR. R. K. AGARWAL
DR. S. K. GUPTA
SHRI KULDIP BHARGAVA
SHRI H. S. CHAUDHARY

CHAIRPERSON
VICE CHAIRMAN
MANAGING DIRECTOR
MANAGING DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
WHOLETIME DIRECTOR

COMPANY SECRETARY

SHRI SUNIL JAIN

BANKERS

STATE BANK OF PATIALA
STATE BANK OF INDIA
PUNJAB NATIONAL BANK
CANARA BANK
AXIS BANK LTD.
CALYON BANK
HDFC BANK LTD.
ICICI BANK LTD.
ING VYSYA BANK LTD.
KARNATAKA BANK LTD.
STANDARD CHARTERED BANK
STATE BANK OF MYSORE
STATE BANK OF TRAVANCORE
SYNDICATE BANK
UNITED BANK OF INDIA

STATUTORY AUDITORS

M/S N. C. AGGARWAL & CO.
CHARTERED ACCOUNTANTS

INTERNAL AUDITORS

M/S SINGHI & CO.
CHARTERED ACCOUNTANTS
M/S T. R. CHADHA & CO.
CHARTERED ACCOUNTANTS

REGD. OFFICE

A1, UPSIDC INDUSTRIAL AREA,
NANDGAON ROAD, KOSI KALAN
DISTRICT MATHURA, 281403 (U.P.)

CORPORATE OFFICE

JINDAL CENTRE,
12, BHIKAIJI CAMA PLACE,
NEW DELHI - 110066



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VICE CHAIRMAN'S MESSAGE



A PIPELINE OF GROWTH

Dear Shareholders,

With diligent and meticulous planning Jindal SAW has been able to skirt the Global Meltdown to a large extent. Continued proactive approach and a vigilant eye on the global market trends have helped us retain our market leader position yet again. We have been calculatingly ambitious but determined to protect the interests of the stakeholders and promoters alike. Belt tightening saw a sharp streamlining of operations enhancing scope of achieving a better top line.

Jindal SAW doesn't shy away from exploring the world of possibilities. Our infrastructure arm Jindal ITF is making forays into areas like water management, waterborne transportation, waste to energy and fabrication that have tremendous business opportunities. We are geared to enhance operational excellence that will keep the pipeline of infrastructure projects flowing and serve as a potential growth driver.

Despite the testing financial environment we met every challenge head-on, and were able to provide distinguishing service to clients and allied communities. We are one big family which thrives on value creation. We believe our financial strength, product leadership and global reach uniquely positions Jindal SAW as a company not only built to last, but built to lead. Jindal SAW is proud to add yet another feather in its cap when it supplied approximately six hundred km long pipeline to Cairn Energy for their Barmer Salaya Pipeline Project (BSPL) which is the longest thermal insulated coated line pipe in the world.

Upgradation and expansion have played an integral role in making the company reach where it is today and also have an edge in the market. It has helped in creating a differentiator in the market by ensuring cost-effectiveness. However, in today's highly competitive environment, what matters more is the relationship of a company with its customers and hence, we remain focused on this front. Together we are proud of creating an organization recognized as a benchmark of excellence.

Employees are our strength. The blend of fresh and experienced pool of talent in our company has pushed it to greater heights, translating into newer ideas and approaches to business. I also appreciate the long-standing support lent by our able management, business associates and the clients. Our clientele base has grown many folds, making us spread our wings further.

Jindal SAW proudly continues to support Svayam, an initiative of SJ Charitable Trust, which has been working insistently towards making public infrastructure accessible to all. On behalf of each one of us I laud the efforts and achievements which are for everyone to see at Qutb Minar a world heritage site that Svayam helped make accessible besides several other public places.

I take this opportunity to reiterate our commitment to ever higher accountable performance and invest when the need arises. The responsiveness to shoulder exemplary responsibility towards our stakeholders and our investors remains as dedicated as ever.

Jai Hind

JINDAL SAW LTD.

CONTINUING TO PROVIDE

TOTAL PIPELINE SOLUTIONS



COMPANY PROFILE

BACKGROUND

Jindal SAW Limited ("the Company"), a part of US\$ 10 bn O.P. Jindal Group, is the largest pipe manufacturing Company in India. Over a period, it has diversified from a single product to a multi-product Company, manufacturing large diameter Submerged Arc Welded pipes and Spiral pipes and bends for energy transportation sector. Company's product portfolio is diversified across end user segments like energy transportation, industrial application, and water and sewerage transportation. The Company has integrated facilities at multiple locations in India. It is the only Company in India offering total pipe solutions

COMPANY'S OPERATIONS

The Company's operations are highly structured with three strategic business units: Large Diameter Pipes i.e Submerged Arc Welded (SAW) pipes, Seamless Tubes & Pipes and Ductile Iron (DI) Pipes. Every SBU has its own dedicated sales and marketing targets and operations. Besides these, the Company also provides various value added products like pipe coatings, bends and connector castings to its clients.

Submerged Arc Welded (SAW) pipes

SAW pipes are primarily used in oil and gas transportation. When manufactured from plates they are known as Longitudinal SAW or LSAW. LSAW pipes are used in high pressure oil and gas transportation. When manufactured from hot rolled coil they are known as Helical SAW or HSAW. HSAW pipes are used in low pressure oil and gas transportation. LSAW pipes are generally more expensive than HSAW pipes as the raw material, steel plates, is more expensive than hot rolled coils. The Company manufactures LSAW pipe by using both the UOE and the JCO processes.

SAW pipes are extensively used in the energy sector for cross-country transportation of oil and gas. Demand for LSAW and HSAW pipes is driven by oil & natural gas exploration and the transportation segment. LSAW pipes vary from 16" OD to 56" OD and up to 38mm thickness whereas HSAW pipes, vary from 20" to 108" OD and up to 18mm thick. The Company has LSAW and HSAW manufacturing facilities at four locations; one in Kosi Kalan (Uttar Pradesh), two in Mundra (Gujarat) and one in Bellary (Karnatka).

The Company is the most experienced longitudinally line pipe manufacturer in South Asia after Japan. The Company's products have found wide acceptance in the markets of Middle East, Gulf, South East Asia and Africa.

Ductile Iron (DI) Pipes

Ductile Iron pipes are primarily used in water and sewage transportation. DI or Spun pipes market services the fastest growing water and waste transportation segment. The main buyers of these products are government bodies and state municipal corporations that require to install them for their various public water supply and sewage schemes. Fast growing & rising population in country has resulted an increase in demand for safe water. This in turn has increased the demand for transporting good quality water from potential sources to distant cities without contaminating it Hence the demand of DI Pipes.

The integrated greenfield project of DI pipe and pig iron unit is located at Samaghogha in Mundra (Gujarat), close to the Mundra and Kandla ports. This facility includes a coke oven battery plant (installed capacity: 200,000 ton/annum); a blast furnace (installed capacity: 250,000 ton/annum) and a DI facility (installed capacity: 200,000 ton/annum). The Company also has sinter plant, Waste heat recovery based power plant of 15 MW and other utilities, at Samaghogha/Paragpur.

DI pipes manufactured by the Company vary in diameter from 80mm-1,000mm, the standard length being 5.5 meters and 6 meters. The product conforms to both Indian Standard ISO 8329 and International Standard ISO 9001, which enables the Company to cater to the Indian and global markets.

Seamless tubes & pipes

Seamless tubes pipes are primarily used in oil and gas exploration, and also used in boilers and autos. In oil and gas drilling they are part of the Oil and Country Tubular Goods or OCTG. As part of OCTG, the quality required differs depending on the depth of the field being explored. Seamless pipes are manufactured from steel billets.

This unit produces tubes & pipes from various grades of carbon steel and alloy steel. Hot finished carbon and alloy steel seamless tubes & pipes vary in diameter from 44.5mm-178mm, the wall thickness ranging from 3.5mm-25mm. The cold finished seamless tubes & pipes vary in diameter from 6mm-139mm, the wall thickness ranging from 0.6mm-12mm. OCTG product casings vary in OD from 4.5" to 7.0" while OCTG pipes vary in diameter from 2.0" to 4.5".

With a nameplate capacity of 100,000 tonnes, Seamless pipes & tubes are made at Nashik (Maharashtra). Carbon, alloy and seamless tubes, manufactured by the conical piercing process are extensively used in oil refineries,

COMPANY PROFILE

petrochemicals, power, heat transfer equipment, metallurgical and refrigeration sector, oil country tubular goods (OCTG), boiler, automotive, instrumentation and general engineering applications. In view of the growing international demand, this SBU seeks to horizontally integrate the Company's tubular product line into a full range of such products to cater overseas market.

Projects under Implementation

Following initiatives are under implementation:

- a) Installation of PQF mill in Seamless plant at Nashik. This is being designed and supplied by SMS Germany. In addition, finishing facilities are being added in API grade tubes to match the additional output coming from the mill. The same will not only increase the seamless tubes manufacturing capacity from 1,00,000 MTPA to app. 2,50,000 MTPA but will also improve the efficiency in the operations.
- b) LSAW plant with a nameplate capacity of 200,000 tones at Mundra, Gujarat

By deploying various strategies and by enhancing the production capacity of L SAW, H SAW and Seamless divisions, the Company is capable to provide high quality products to cater to the need of various segments/ users in domestic as well as global markets.

Company' Strategy

As a part of consolidation and value enhancement, the Company would remain as a focused and preferred "Total Pipe Solution" provider. However, the Company would explore possibilities for making investment in new high growth infrastructure frontiers.

The Company has vision to:

- a) Increase the production and for all of its products
- b) Increase its presence in India as well as global markets
- c) Retain and add more customers for all products
- d) Improve operating efficiencies, margins, profitability and shareholders wealth.

The Company has consolidated itself by divesting its minority stake in USA affiliates. This has resulted in bringing more clarity and financial discipline in the environment.

Through a 100% subsidiary (Jindal SAW USA, LLC), the Company has set up a double jointing and coating facility in Houston, Texas, USA. This will help the Company to have presence in North American market.

Quality Management

The Company continues to take quality improvement steps and strengthen the quality systems, process and procedures at all manufacturing locations. The Company was the first large dia linepipe manufacturer in the country to get the API and ISO certifications. Today, the Company has API, ISO 9001:2000, ISO 14001:2004, OHSAS 18001:1999 certifications. This also enables the Company to market its product globally.



DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the 24th Annual Report and Audited Statement of Accounts of the Company for the year ended 31st December, 2008.

1. FINANCIAL RESULTS

Particulars	Current Year Ended 31st Dec., 2008 (12 Months) Rs. in crores	Previous period Ended 31st Dec., 2007 (15 Months) Rs. in crores
Gross Sales & Income from Operations	5,161.06	7017.13
Profit before Interest and Depreciation	710.81	821.93
Less:		
- Interest	175.84	172.66
- Depreciation	70.58	72.17
Profit before tax	464.39	577.10
Extraordinary Income		
– Profit from sale of shares of US Subsidiary Company	-	594.11
Provision for Income Tax and Wealth Tax	122.06	295.80
Net Profit After tax	342.33	875.41
Debt Redemption Reserve Written Back	18.75	-
Previous Year Adjustments	(16.54)	0.97
Add: Balance brought forward from previous Year	413.30	296.05
Total amount available for appropriation	757.84	1,172.43
Less : Appropriations:		
(a) Debt Redemption Reserve	-	9.38
(b) Transfer to General Reserve	500.00	700.00
(c) Interim Dividend on Preference shares paid	5.66	7.85
(d) Corporate Tax on above	0.96	1.22
(e) Proposed dividend on Preference Shares	2.19	2.19
(f) Proposed dividend on Equity Shares	26.06	32.57
(g) Corporate Tax on dividends	4.80	5.91
Balance carried to Balance Sheet	218.17	413.30

The financial results for the year ended December 31, 2008 are not comparable with that of the previous period ended December 31, 2007 as the previous period was not only for 15 months but also included US operations of the Company which were divested in 2007.

2. REVIEW OF OPERATIONS

Your Company has been expanding its capacities through green field and brownfield expansions which should reap the benefits in the time to come. After divestment of the investments in certain USA facilities, your Company had announced installation of additional large diameter pipe manufacturing facilities (including LSAW and HSAW) at Mundra (Gujarat) and Bellary (Karnataka). Whereas, HSAW facilities became operational during 2008, the LSAW shall become operational in 2009. The expansion and modification in Seamless facilities will also be completed in first half of 2009.

Years 2007 and 2008 were the years of growth for pipe sector. Backed by the economic factors as well as the initial de-bottleneck and balancing initiatives of the Company, year 2008 witnessed expansion in EBITDA, cash profit and profit after tax relative to that of previous period of 15 months ended on December 31, 2007. The cost reduction initiatives namely commissioning of sinter plant, slag plant, waste heat recovery based 15 MW power project in Mundra and pulverized coal injection (PCI), etc have started giving good results. We expect that the Company would get full benefits of all these measures in coming years.

DIRECTORS' REPORT

As a result of all mixed measures and all round growth, the Company was able to achieve higher sales in Indian operations which was at Rs 5,161.06 crores with profit after tax at Rs 342.33 crores. These figures are better than previous year but not strictly comparable.

Infrastructure Business ventures

Your Company has always been in the forefront in identifying trends and opportunities in them for continuous and sustainable growth. Jindal Saw was the first Company in Asia ex Japan to put up a UOE mill for manufacturing oil and gas transportation pipes, a quarter century back and is a market leader today. Keeping the same spirit, we believe that the two greatest challenges are rapid urbanization and global warming thus the greatest opportunities would come also out of it. With this objective in mind, Jindal ITF Ltd ("JITF") has been established with the main object to carry out infrastructure-related businesses in India. Jindal ITF Limited, a 100% subsidiary of Jindal Saw Limited, is presently engaged in the business of water management, waste management and waterborne transportation. These businesses are being carried out through various companies created below JITF.

Jindal Water Infrastructure Ltd (JWIL): Water definitely is one of gravest resource challenge of the humanity. Its better management would ensure sustainable growth of agriculture, industry or any other economic and social activity. JWIL is one of the major participants in India's nascent market for private and public-private water and wastewater management systems. JWIL works in various verticals namely in industrial management of water, water reuse markets, BOOT projects and desalination. For the nine months ended December 2008, the Company posted revenue of close to Rs 200 crores and now has an order book of about Rs 400 crores.

Jindal Waterways Limited (JWWL): Nearly 20% of all carbon footprint is generated by automobiles. It provides a great challenge to a country like India which needs to have an effective transportation infrastructure backbone but still be aware of environmental concerns. India with its longest coast line has a tremendous potential to move cargo by ships. Your Company with a fleet of six ships is the largest operator today on Indian coast as well as inland water. We believe it is compelling opportunity and we are focused on developing this business in a profitable and sustainable way.

Jindal Urban Infrastructure Limited (JUIL): Similarly waste management is a virgin territory with a substantial increase in waste generation expected due to rapid urbanization. JUIL is engaged in executing the largest waste to energy project in Delhi and is going ahead with it.

3. DIVIDEND

The Board has, subject to the approval of Members at the ensuing Annual General Meeting, recommended a dividend of Rupees 5/- per equity share of Rs. 10/- (Previous year Rs. 6.25 per equity share for the period of 15 months) for the year ended 31st December, 2008.

The Board's recommendation for a stable and steady dividend is linked to Company's long term requirements of funds for meeting the working capital needs, capital expenditures for its growth plans & modernization and to finance such plans by retaining back the profits.

Together with the Corporate Tax on Dividend, the total outflow on account of Equity Dividend is Rs-30.49 crores.

4. CONVERSION OF FCCBs

During the year under review, 16,750 FCCBs were converted into 979657 equity shares at the conversion price of Rs. 675/- per share. 67900 FCCBs of JPY 1,00,000 aggregating to JPY 6790 million were outstanding as on 31st December, 2008. After these conversions, the Company still has 67900 FCCB of JPY 100000 aggregating to JPY 6790 million. These are convertible till 24th June 2011, at the option of bondholders.

5. OUTSTANDING WARRANTS AND CCDs

In May 2007, Company had allotted 26,00,000 warrants and 27,30,000 CCDs to Promoters. Holders of 26,00,000 warrants (each warrant convertible into one equity share of Rs. 10/- each at a price not less than Rs. 819/-) have option of conversion into equity shares up to 31st March, 2009.

27,30,000 – 9.5% Unsecured Compulsorily Convertible Debentures (CCDs) of Rs. 819/- each (each CCD convertible into one equity share of Rs. 10/- each at a price not less than Rs. 819/-) shall be compulsorily converted into 1(one) equity share of Rs 10 each. Holder of CCDs have option to convert into equity shares from 1st April, 2009 up to 20th September, 2009.

6. MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE

A separate report on Management Discussion and Analysis relating to business and economic environment surrounding your Company is enclosed as a part of the Annual Report. Another report provides information / status on the Corporate Governance.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed by the Board of Directors:

DIRECTORS' REPORT

- a. that in the preparation of the annual accounts for the financial year ended 31st December, 2008, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- b. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review;
- c. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the Directors had prepared the accounts for the financial year ended 31st December, 2008 on a 'going concern' basis.

8. DIRECTORS

Smt. Savitri Devi Jindal and Dr. S. K. Gupta retire by rotation and, being eligible, offer themselves for re-appointment.

9. AUDITORS & THEIR REPORT

M/s N. C. Aggarwal & Co., Chartered Accountants, Auditors of the Company retire at the end of ensuing Annual General Meeting, and, being eligible, offer themselves for re-appointment.

Auditors' remarks in their report read with the notes to accounts referred to by them are self-explanatory.

10. COST AUDIT

Pursuant to Section 233 B of the Companies Act, 1956 and as per the order of the Central Government, the Company carries out audit of Cost Accounts relating to Steel Tubes and Pipes every year. The Board, subject to the approval of Central Government, has appointed Mr. S.N. Balasubramanian, Cost Accountant, to audit the Cost Accounts relating to manufacture of steel tubes and pipes for the year ended 31st December, 2008.

11. PUBLIC DEPOSITS

The Company had repaid the deposits matured during the year except unclaimed deposits aggregating Rs. 0.62 crores at the end of the year.

12. PARTICULARS REGARDING CONSERVATION OF ENERGY, ETC.

Information in accordance with the provision of Section 217(1)(e) of Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the statement annexed hereto.

13. SUBSIDIARY COMPANIES

The Company had total 16 direct and stepdown subsidiary companies as on 31st December, 2008. The members may refer to the Statement under Section 212 of the Companies Act, 1956 and the information on financial of subsidiaries appended to the above statement in this Annual Report for the further information of these subsidiaries. The Ministry of Corporate Affairs vide its letter No. 47/94/2009-CL-III dated 20.3.2009 granted the approval to the Company for not attaching the annual reports of the subsidiary companies with the Annual Report of the Company for the financial year ended 31st December, 2008.

The members, if they desire, may write to Company Secretary at Jindal Centre, 12, Bhikaiji Cama Place, New Delhi - 110 066 to obtain the copy of the annual report of the subsidiary companies.

14. PERSONNEL

The industrial relations remained cordial throughout the year. As required by the provision of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in Annexure to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all Members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at Jindal Centre, 12, Bhikaiji Cama Place, New Delhi - 110 066.

15. ACKNOWLEDGEMENT

Your Directors express their grateful appreciation to concerned Departments of Central / State Governments, Financial Institutions & Bankers, Customers and Vendors for their continued assistance and co-operation. The Directors also wish to place on record their deep sense of appreciation for the committed services of the employees at all levels. We are also grateful for the confidence and faith that you have reposed in the Company as its member.

For and on behalf of the Board

Place : New Delhi
Date : 30th March, 2009

SMINU JINDAL
Managing Director

H.S. CHAUDHARY
Wholtime Director

DIRECTORS' REPORT

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE 1

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY

(a) ENERGY CONSERVATION MEASURES TAKEN:

- i) New Waste Heat Recovery Power Plant (WHRPP) Installed at Paragpur resulting in protection of environment and low cost Power Generation.
- ii) New Dry Dedusting System to replace wet system of Gas cleaning plant resulting in zero water consumption and Power Saving, no sludge generation and handling and transporting of dust in a closed manner and can be used in the Sinter plant (Since drying is not required).
- iii) Pulverized Coal Injection System installed to reduce the coke consumption /THM
- iv) Replaced the pump of wash station from higher HP to lower HP.Added more capacitor in ID /OD welding power source.
- v) Installation of special chemistry material to replace heat treatment for executing tube orders.
- vi) Installation of Automatic power factor correction panel and station wise power capacitor to increase the power factor and reduce the power consumption.
- vii) Commissioning of various drives process Fans.

(b) ADDITIONAL INVESTMENT AND PROPOSAL FOR REDUCTION OF CONSUMPTION OF ENERGY :

- i) Implementation of power quality analyzer to monitor the captive and inductive power modification done at all station panel to reduce the break down time and savings energy power by increase the capacity of motor and corresponding increase the rating of electrical equipment like MCCB,MPCB SFU and contractor etc.
- ii) Replacing the AC drive in place of DC drive in all ID welding station to reduce the breakdown time and better quality.
- iii) Replacing of AC drives in place of DC drives on plate U.T for smooth operation / testing of each plate.

(c) IMPACT OF ABOVE MEASURES :

The impact of above measures taken will result in reduction in frequent motor burning/break down and reduction in consumption per ton of production, increase in life of cable & equipment an reduction in copper loss.

Overall the measures taken will result in saving in energy consumption per ton of production.

FORM " A "

Form for disclosure of particulars with respect to Conservation of Energy

POWER & FUEL CONSUMPTION

(I) Electricity :

Purchased Units (in crores)
Total Amount (Rs in crores)
Rate Per Unit (Rs.)

(II) Own Generation

(a) Through (WHRPP) power plant
Units (in crores)
Total Amount (Rs in crores)
Rate Per Unit (Rs.)
(b) Through D.G. Set
Generated Units (in crores)
Unit per Liter of Oil
Cost Per Unit (Rs.)

	Current Year Ended 31st Dec., 2008 (12 Months)	Previous period Ended 31st Dec., 2007 (15 Months)
	11.48	10.72
	60.71	52.43
	5.29	4.89
	2.14	-
	9.83	-
	4.59	-
	5.40	8.24
	3.66	3.26
	7.88	8.78
	200.64	204.42

CONSUMPTION PER UNIT OF PRODUCTION

Production : Saw Pipes, Seamless, Ductile Iron Pipes, Electricity for

(i) Manufacturer of Iron & Steel Pipes / Product (MT)

DIRECTORS' REPORT

FORM " B "

Form of disclosure of particulars with respect to technology Absorption for 2008

1. Specific areas in which Research & Development carried out by the company.
Pulverized Coal Injection Installation, Dry Dedusting System, Waste Heat Recovery Power Plant (WHRRP)
2. Benefits Derived
 - (i) Self sufficiency,uninterrupted power supply, Redeemed breakdown time,and better quality.
 - (ii) Lower water consumption,
3. Future Plan of Action -
 - (a) Target has been set to improve the yield by 3%
 - (b) To Install AC drive in place of DC drive in all ID welding station.
4. Expenditure of R & D
Development & improvement of products is an inbuilt and ongoing activity within existing manufacturing facilities. Expenditure incurred on R&D during the year under report has not been specifically apportioned.
5. Foreign Exchange

	Current Year Ended 31st Dec., 2008 (12 Months) Rs. in crores	Previous period Ended 31st Dec., 2007 (15 Months) Rs. in crores
(a) Earnings	2,352.32	2,307.25
(b) Used	2,981.27	2616.12

For and on behalf of the Board

Place : New Delhi
Date : 30th March, 2009

SMINU JINDAL
Managing Director

H.S. CHAUDHARY
Wholetime Director

MANAGEMENT DISCUSSIONS AND ANALYSIS

Global See-Saw Scenario

While firm demand for oil and gas may have pushed energy prices to record levels earlier in 2008, the story has been somewhat different more recently. In line with the experiences of other commodity markets, weakening economic activity around the world has, since the middle of the year, led to a sharp slowdown in the demand for oil and gas, and in turn to a sharp decline in energy prices. In the aftermath of a global slowdown, the commodity cycle has also taken a sharp U-turn. The prices of metals (both ferrous and non ferrous) have declined by more than 40% in the past several months. In line with this, the prices of many finished metal products including steel pipe have come down significantly.

Over the course of 2008, we saw rapid growth in global energy pipe business. In addition to volume growth we saw significant increases in selling prices that accompanied rising steel costs and the shift to products with higher growth margins across the products. Due to the sudden and significant change in the global economic environment, it is doubtful to expect this combination of factors to repeat in the year 2009. The real boost for the steel pipe business will come as the natural gas exploration market improves. Natural gas exploration, especially in North America, has virtually stopped at present but as per energy analysts the reliance on that product will not end. That's one can expect long-term improvement in demand for the American Petroleum Institute-certified products. But again, there's no clear indication of when the pickup will begin. The complexities of globalization and the likely increase in long term demands of energy (oil and its alternatives) will serve to make the future correlations more interesting.

The Indian Pipe Industry

Indian steel pipe industry has made great development in last few years. In order to gain more profit from investment, domestic enterprises constantly improve their production capacity as well as product quality, but with various adverse factors created by the international financial crisis, increased price of upstream raw materials and contracted downstream demand, the overall situation and price movements have become a cause of concern.

Most steel pipe manufacturers in India supply their products to oil & gas companies, both domestic and overseas. Pipe companies currently have a strong order book from their domestic and overseas clients. The demand scenario till the mid of 2008 was looking promising for the pipeline industry. The US has a large oil & gas pipeline network. Of this, over half the network is more than 30 years old and needs replacement. West Asia also account for a large demand for pipelines since it is the main source

for crude oil in the world and there are number of projects related to exploration and production (E&P) activities. Oil & gas companies operating in West Asia prefer Indian pipe manufacturers over others because of the cost competitiveness arising out of close proximity and lower cost of production of Indian vendors.

On the domestic front too, India, like many other countries, aims to be self-sufficient in oil & gas products. At the same time, there is growing demand for oil & gas products from the Indian middle class, whose income levels have risen in recent times. Currently, natural gas accounts for only 8.5% of India's total energy requirement and this figure is expected to increase to 24%. Higher demand for oil & gas products will require good infrastructure for distribution across the country. Even the city gas distribution system is at a very nascent stage in India (confined to certain pockets of a few cities) and will only expand in coming years. It is expected that India's pipeline network will almost double in the next 5 years.

Positioning the Indian Pipe Sector

The Indian Pipe Industry is among the top three manufacturing hubs after Japan and Europe. However, the penetration level of pipelines in oil & gas transportation is low at 32% in India as compared to 59% in USA and 79% globally. Sanitation levels are also lower at 33% in India compared to 91% in Sri Lanka and 100% in France. Of 140 mn hectares of cultivable land in India, only 40% of the land is irrigated. The low penetration levels represent the huge scope for growth for the pipe industry.

The industry is highly Raw Material (RM) intensive with the RM cost accounting for more than 65% of the total cost for steel and PVC pipe companies. These companies depend heavily on imports and hence many steel companies have integrated backward to reduce dependency on imports and price volatility. Freight cost is another key cost component due to higher imports and exports. With the fall in commodity prices and Baltic Dry Index (a barometer for shipping freight rates), pipe companies will be benefited in the coming quarters.

Indian companies produce a wide range of steel, cement and PVC pipes which are used in various critical and non-critical applications. Indian steel pipe manufacturing companies have won several certifications and accreditations from major oil & gas companies across the globe in the recent past. With the low-cost quality products and various certifications, Indian companies have augmented their export sales over the last three to four years.

The trend in the Indian pipe industry is expected to continue for next few years on the back of high oil and

MANAGEMENT DISCUSSIONS AND ANALYSIS

gas discoveries worldwide, increased efforts by the Government of India (GoI) on infrastructure development for laying pipelines for oil & gas transport, replacement demand from US and European countries, water & sewage transport and irrigation facilities.

Demand triggers for the growth are:

- * The GoI increased the annual budget allocation under the Rajiv Gandhi Drinking Water Mission from Rs.65 bn to Rs.73 bn in the Union Budget 2008-09.
- * For the XIth Five Year Plan, the GoI is aiming to add 11 mn hectares of irrigational facilities, entailing an investment of Rs.1,580 bn.
- * The GoI in its efforts to reduce crude imports has formulated the New Exploration Licensing Policy for exploration and production of oil & gas.
- * Private players like Reliance Industries Limited (RIL), Cairn etc have shown interest in setting up pipe infrastructure for oil & gas transport. National gas grid will also be set up requiring an investment of Rs.210 bn.
- * City gas pipe is currently available in 10 cities and the coverage is expected to grow to 100 cities in the next five years, entailing an investment of Rs. 250-300 bn.
- * In addition to the above, the replacement demand from USA and European countries, having a vast pipeline infrastructure, will be huge.

Opportunities and Threats to the Sector/ Industry

Opportunities

The pipeline industry is an important part of the manufacturing sector and is a major consumer of steel. The industry has benefitted from economic growth and the increasing emphasis on infrastructure. The key economic driver for the industry includes water infrastructure, oil and gas exploration and transportation and power industry. The exploration activity in the country is bound to grow due to the depletion of the oil reserves, thereby resulting in an increase in the demand for pipes. Leading players such as ONGC, Reliance and Cairn India etc plan to invest in oil and gas exploration projects in the country. In addition to exploration, the transportation of oil and gas is also a key determinant of demand. According to the Energy Information Administration (EIA), natural gas is expected to meet 24% of the energy needs by the year 2030, which makes the layout of pipelines necessary for transporting gas. Further, the lack of safe drinking water and proper sanitation has led to a growing emphasis on water infrastructure. This will result in high

demand for DI pipes due to low cost, durability and effective handling in rough terrain. Following are major opportunities to Indian Pipe industry:

- * Low pipeline penetration in India as compared to developed countries
- * Thrust of Government on infrastructure sector including development and water supply
- * Rising hydrocarbon exploration activities
- * Hydrocarbon transport projects including city gas pipe projects
- * Ageing pipeline would need replacement
- * Higher exports market due to proximity to Middle East and lower cost of production by Indian pipe producers

Threats/ Risks to Industry

Following are major threats/ risks which may be faced by the Indian Pipe Industry:

- * **Slowdown in energy capex:** A negative outlook on oil and gas prices leads to slowdown in the order flow for the Indian companies. The current economic slowdown has resulted in the lower energy prices leading to slow down in the capital expenditure programs.
- * **Raw material availability:** With the increase in plate prices in the last few years due to increased demand and a lack of significant capacity additions, a shortage of plates/ raw material could affect the industry.
- * **Delay in execution of capacity expansion:** As practically all Indian pipe manufacturers are building capacity, any significant delay in capex execution or significant cost overruns in implementation might affect the operations of pipe companies.
- * **Overcapacity resulting in pressure in Margins:** Further, capacity expansion by players worldwide, or by new entrants, may put pressure on realizations and margins. In a rising steel prices scenario, a large number of players or oversupply could increase the bargaining power of buyers and the manufacturers may not be able to pass on increased costs to the buyer. These factors could put pressure on margins.
- * **Increased global Competition:** Global competition could pose problems for Indian pipe manufacturers in the medium to long term.
- * **Sharp increase in freight rates:** Freight costs are approximately 5-7% of the SAW pipes operating costs.

MANAGEMENT DISCUSSIONS AND ANALYSIS

A sharp increase in freight costs can affect the profitability of pipe producers, if the charter agreements have not been entered to hedge the ocean freights.

- * **Credit availability:** The credit crunch or adverse liquidity situation can force the pipe buyers to default in payment for pipe supplies, delay or deferment in project execution etc.
- * **Foreign exchange:** The Indian Pipe manufacturers are subject to foreign exchange risks due to high imports and exports.
- * **Government regulation:** Any adverse change in Government of India regulation can affect the industry.

OUTLOOK- Jindal Saw Limited

The diversified business model of the Company has proved a plus point in the adverse economic scenario. The Company follows a multi-product approach to pipes – offering a full product portfolio of LSAW (longitudinal submerged arc welded), HSAW (helical submerged arc welded), seamless, DI pipes, anti-corrosion coatings, connector casings and Hot reduction Bends. The supply of pipes caters to the infrastructure requirements in hydrocarbon and water & sewage sectors. The Company's operations were more skewed towards export markets but the same is likely to have a more balance share between exports and domestic market. After increase in the capacity in helical saw pipes (HSAW), the Company will be able to increase its market share in India. The additional capacities especially in HSAW has become operational especially at a time when the order flow from exports markets is slowingdown. The Company is now positioned to cater to the needs of customers in India like GAIL (for HSAW and LSAW), ONGC (for SAW Pipes and Seamless pipes) and municipal corporations (HSAW Pipes and Ductile Iron Pipes). It is expected that the Government will give due priority to the development of infrastructure and urbanization. Specific initiatives have already been taken by the Government for the same. The implementation of these initiatives would help the Company to offer all the products in India as well.

Due to the sudden change in the economic environment, the Company is rather cautious and taking adequate steps for improvement in plant efficiency alongwith cost control measures. The Company has been able to manage the financial resources very conservatively which has helped it to improve its financials. The divestment of the equity in USA facilities in 2007 has allowed the Company to improve its margins and contain the debt levels.

Risk Factors – Jindal Saw Limited

The key risks are:

- * Company's inability to win large orders. In the current adverse situation your Company has also been adversely affected as the order flow has slowed down. However, currently also the Company has an order book in excess of USD 750 Million. Your Company being a multiproduct Company has been able to maintain the adequate margin on aggregate basis. Your Company has always focused on the close by markets which are relatively less impacted by the current slowdown. Your Company is also developing new territories and customers.
- * Delay in ramp up capacity expansions in all the three segments. However this remains a general risk to the entire sector.
- * A rapid decline in oil and gas prices would mean a slowdown in spending by energy companies and a reduction in the order flow of the Company. However, the diversified product portfolio of your Company insulates it from these uncertainties.
- * Increased competition in the seamless and ductile pipe segments from other players. Your Company believes that competition is healthy for the industry.
- * Company's ability to meet the financial requirements. The Company has improved its debt/equity position and also has sufficient cash in hand to meet the ongoing capital expenditures as well as to insulate it from uncertainties. Company has sufficient bank facilities in place to meet sudden requirements.

MANAGEMENT DISCUSSIONS AND ANALYSIS

FINANCIAL AND PRODUCT WISE PERFORMANCE

The highlight of the operations for 2007 and 2008 are as under:

Particulars	Current Year Ended 31st Dec., 2008 (12 Months) Rs. in crores	Previous period Ended 31st Dec., 2007 (15 Months) Rs. in crores	Change (%) on Pro-rata Basis
Gross Sales & Income from operations	5,161.06	7,017.13	(8%)
Profit before Interest and Depreciation	710.81	821.93	8%
- Finance Expenses	175.84	172.66	27%
- Depreciation	70.58	72.17	22%
Profit before Tax	464.39	577.10	1%
Provision for Tax	122.06	163.53	(7%)
Extraordinary Income – Profit from sale of shares of US Subsidiary Company (Net of tax expenses of Rs 130.33 crores)	-	463.78	
Net profit after tax including Extra-ordinary Income	342.33	875.41	
Net profit after tax excluding Extra-ordinary Income	342.33	412.60	4%

During the year 2007 (15 months period), the operations of the Company included the operations from USA interests as well however, the operations in 2008 (12 months) are exclusively from Indian facilities.

Major operational highlights are as under:

Company's Sales mix:

Product	Turnover Rs. in Cr.	Growth (%)
	2008 (12 months)	2006-07 (15 months) On Pro-rata Basis
Iron & Steel Pipes	4,722.80	5,368.99 10%
Steel Plates/& Coils	22.94	946.06 (97%)
Pig Iron	63.96	197.33 (56%)
Others (including scrap)	180.03	192.66 17%

Iron & Steel pipes includes sale of L SAW pipes, H SAW Pipes, DI Pipes and Seamless Tubes. Accounting year ended 31st December 2007 (15 months) included production from US operations for Steel plate and L Saw Pipes. As those operations were divested in 2007, there is no contribution of those in the accounting year ended 31st December 2008 (12 Months). The Company has also laid more focus on the value added production and thus the production of Pig Iron is reduced in 2008 wherein production of Ductile Pipes has increased in 2008.

During 2008, the Company has also made the 15 MW waste heat recovery based power plant operational which shall bring more efficiency in the system. Various initiatives

have been taken by the Company for de-bottlenecking and balancing the facilities which shall also yield positive results in future.

Other Financial Matters:

During the year:

- A) 9,79,657 equity shares were allotted to the holders of 16,750 FCCB of JPY 1,00,000 each at a conversion price of Rs 675/- per equity share leaving the total FCCB (pending conversion) at a value of JPY 6790 million which can be converted by the bond holders till 24th June 2011

MANAGEMENT DISCUSSIONS AND ANALYSIS

- B) Company has not taken any additional long term loan. The value of the balance amount of FCCB and ECB has increased due to the fluctuation in the respective foreign currencies.
- C) Despite the credit concerns in the money market, the liquidity position of the Company remained comfortable. Interest on borrowing reduced as compared to the previous accounting period of 15 months.
- D) The earning ratios have improved. The EBITDA improved to app. 14% as compared to app. 11.98% in the previous period.
- E) Net worth of the Company increased to Rs 2,350.70 Crores as at December 31, 2008 as compared to Rs 1,985.00 Crores as at December 31, 2007
- F) Net fixed assets as at December 31, 2008 increased to Rs 1,885.72 Crores as against Rs 1225.01 Crores as at December 31, 2007

Internal Control and Their Adequacy

The Company has adequate internal audit and control systems to ensure that all transactions are authorized, recorded and reported correctly. The internal control systems consist of regular operative performance evaluation and devising corrective measures thereof and comprehensive internal and external audits. During the year, the Company used a panel of internal auditors including Singhi & Co and T R Chadha & Co. to independently evaluate adequacy of internal controls and audit majority of the transactions in value terms. The direct reporting of the internal auditors to the Audit Committee of the Board ensures Independence of the audit and compliance function.

Your Company has been accredited with various certifications including American Petroleum Institute (API), ISO 9001:2000, ISO 14001 and ISO 18001 in the filed of quality control, environmental management and occupational health and safety system management. These certifications ensure due compliance to well-documented procedures and systems and continuous improvement thereon for their continuous validity.

Material Developments in Human resources/ Industrial Relations

Policies & practices put around various People Processes continue to be periodically reviewed and improved. The organization continues to believe that people are one of its major strengths, repository of knowledge, merit oriented & value based.

Continuous growth in the organization provides employees with career opportunities and experiential learning.

Towards better quality of life, development of infrastructure in housing, recreation activities, school and medical facilities continues to be regularly enhanced.

Community development initiatives remain a conscious effort at all Units.

Jaishila continues to be a medium to keep employees informed about Unit performance, challenges and key focus area.

Cordial industrial relations prevailed across the Company. The Management places on record the contribution of employees during the year and their unstinted & wholehearted involvement in setting and achieving continuous improved goals.

Cautionary Statement

Some of the statements in this Management Discussions and Analysis, describing the projections, estimates and expectations may be forward looking statements within the meaning of the applicable laws and regulations. Actual results may differ substantially from those expressed or implied, important developments that could affect the Company's operations include a shift in the industry structure, significant changes in political and economic environment in India and globally, tax laws, import duties, litigations and labour relations.

CORPORATE GOVERNANCE REPORT

(1) COMPANY'S PHILOSOPHY

The Company's Philosophy on Corporate Governance envisages the attainment of highest level of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees, lenders and the Government. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value over a sustained period of time.

(2) BOARD OF DIRECTORS

(i) COMPOSITION OF BOARD

The composition of Board of Directors is during the year ended December 31, 2008 is given below. Presently, there are 10 directors:-

Name of Director	Category of Director	No. of Directorships and Committee Memberships/Chairmanship in other companies		
		Directorship	Committee Membership	Committee Chairmanship
Smt. Savitri Devi Jindal Chairperson	Promoter - Non Executive	9	Nil	Nil
Shri P.R. Jindal Vice-Chairman	Promoter - Non Executive	13	1	Nil
Shri Indersh Batra Managing Director	Promoter - Executive	11	Nil	Nil
Ms. Sminu Jindal Managing Director	Promoter - Executive	11	Nil	Nil
Shri A.J.A. Tauro	Independent - Non Executive	1	Nil	1
Shri Devi Dayal	Independent - Non Executive	2	Nil	Nil
Shri Kuldip Bhargava	Independent - Non Executive	3	2	Nil
Dr. S. K. Gupta	Independent - Non Executive	10	8	5
Dr. R. K. Agarwal	Independent - Non Executive	2	1	Nil
Shri H. S. Chaudhary Whole-time Director	Executive	Nil	Nil	Nil

(ii) BOARD MEETINGS AND ATTENDANCE RECORD OF EACH DIRECTOR

6 meetings of the Board of Directors were held during the year ended 31st December, 2008. These were held on 08.01.2008, 26.02.08, 30.04.2008, 31.7.2008, 30.09.2008 and 22.10.2008. The attendance of each of the Directors including at last Annual General Meeting is as follows :-

Directors	No. of Board Meetings Attended	Attendance At The Last AGM
Smt Savtri Devi Jindal	Nil	No
Shri P.R. Jindal	5	No
Shri Indresh Batra	6	No
Ms. Sminu Jindal	4	No
Shri A.J.A.Tauro	6	No
Shri Devi Dayal	5	No
Dr. S.K.Gupta	5	No
Shri Kuldip Bhargava	3	No
Dr. Raj Kamal Agarwal	6	Yes
Shri H.S.Chaudhary	2	Yes

(iii) DETAILS OF REMUNERATION PAID TO DIRECTORS

(a) REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS

The Non-Executive Directors were paid sitting fees of Rs. 10,000/- for each meeting of the Board, Audit and Shareholders' Grievance Committee or other Committee(s) attended by them. During the year under review the Directors were paid the sitting fee as follows:-

S.No.	Name of Director	Sitting Fee (Rs.)
1	Shri P.R. Jindal	60000
2	Shri A.J.A.Tauro	100000
3	Shri Kuldip Bhargava	60000
4	Dr. S.K. Gupta	50000
5	Dr. Raj Kamal Agarwal	130000
6	Shri. Devi Dayal	90000

CORPORATE GOVERNANCE REPORT

(b) REMUNERATION PAID TO EXECUTIVE DIRECTORS

The remuneration paid to the Executive Directors during the year under review is as under :-

Name Of Director	Position	Salary (Rs.)	Commission (Rs.) *
Shri Indresh Batra	Managing Director	12225767	6300000
Ms. Sminu Jindal	Managing Director	8207661	6210000
Shri H.S. Chaudhary	Whole-time Director	1538854	NIL

The terms of appointment of Managing Director are on contractual basis for a period of 5 years from the date of appointment. The notice period is 3 calendar months. Terms of appointment of Whole Time Director are contractual for a period of 2 years from the date of appointment. The Company has not issued any stock option.

* @ 1% on the net profits of the Company computed in the manner laid down under section 309(5) of the Companies Act, 1956, subject to a maximum of an amount equivalent to one year basic salary.

(3) AUDIT COMMITTEE

(i) TERMS OF REFERENCE

The role and terms of Audit Committee covers the area of Clause 49 of the listing agreement with stock exchanges and section 292A of the Companies Act, 1956 besides other terms as may be referred to by the Board of Directors of the Company. The minutes of the Audit Committee are taken note by the Board of Directors.

(ii) COMPOSITION & MEETINGS

The Committee met 4 times during the year on 26.02.2008, 30.04.2008, 31.07.2008, and 22.10.2008. The attendance of the members in the meetings is as follows: -

Name of Member	Status	No. of Meetings Attended
Shri A.J.A.Tauro	Chairman	4
Shri Kuldip Bhargava	Member	3
Dr. Raj Kamal Agarwal	Member	4
Shri Devi Dayal	Member	4

Shri Sunil Jain, Company Secretary, is the Secretary of the Committee. Head of Finance & Accounts Department, Statutory Auditors, Cost Auditors and Internal Auditors attend the meetings of the Audit Committee. The Audit Committee deals with the

various aspects of financial statements including quarterly, half yearly and annual results, adequacy of internal controls & internal audit functions, compliance with accountings standards and Company's financial & risk management policies, etc. It reports to the Board of Directors about its findings & recommendations pertaining to above matters.

(4) REMUNERATION COMMITTEE

The Company has only three executive directors on the Board whose appointment and remuneration has been fixed by the Board and approved by the members. In view of this, no Remuneration Committee was constituted.

(5) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

(i) TERMS OF REFERENCE

To look at redressing of shareholders/investors complaints like transfer of shares, non-receipt of dividend warrants, etc.

(ii) COMPOSITION

The composition of Shareholders/Investor Grievance Committee is as under :-

Name of Member	Status
Shri P.R. Jindal	Chairman
Ms. Sminu Jindal	Member
Dr. Raj Kamal Agarwal	Member

Mr. Sunil Jain, Company Secretary, is the compliance officer of the Company.

Three meetings of above Committee were held on 05.01.2008, 09.02.2008, and 22.05.2008.

The Board has delegated powers of approving transfer of shares to the executive directors of the Company to be informed to the Board later in their meeting.

(iii) SHAREHOLDERS' COMPLAINT / TRANSFER OF SHARES

The details of shareholders' / investors' complaints received / disposed off during the year under review are as follows :-

No. of Shareholders' Complaints Received During The Year	No. of Complaints Not Solved	No. of Pending Complaints
05	Nil	Nil

CORPORATE GOVERNANCE REPORT

(6) GENERAL BODY MEETINGS

- (i) The details of annual general meetings held in last three years are as under: -

AGM	DAY	DATE	TIME	VENUE
21st	Thursday	29.12.2005	12.30 p.m.	Regd. Office
22nd	Friday	29.12.2006	1.00 p.m.	- Do -
23rd	Thursday	27.03.2008	12.30 p.m.	- Do -

- (ii) No. of special resolutions passed during the last 3 AGM:

AGM	No. of Special Resolution
21st	Nil
22nd	Nil
23rd	One

- (iii) No special resolution passed last year through postal ballot. At the ensuing annual general meeting, there is no resolution proposed to be passed through postal ballot.

(7) DISCLOSURES

- (i) There were no materially significant related party transactions, i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Transactions with the selected parties have been disclosed in schedule No. 21 to the Accounts in the Annual Report.
- (ii) No penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years. There were no instances of non-compliance by the Company.
- (iii) Though the Company has not adopted formal Whistle Blower Policy, the employees of the Company are accessible to the Sr. Management for any counseling or consultation and no personnel has been denied access to the Audit Committee.
- (iv) The Company has complied with the mandatory requirement of clause 49 of the listing agreement. The Company has not adopted non-mandatory requirement of the said clause during the year under review.

(8) MEANS OF COMMUNICATION

- (i) Quarterly Results : The quarterly results of the Company are submitted to the Stock Exchanges as well as published in the newspapers as per the requirement of clause 41 of the listing agreement.
- (ii) Newspapers wherein results normally published : Business Standard / Rashtriya Sahara
- (iii) Any website, where displayed : The results are displayed on the website of the Company, i.e., www.jindalsaw.com
- (iv) Whether it also displays official news releases : No
- (v) The presentation made to institutional investors or to the analyst : Nil

(9) GENERAL SHAREHOLDER INFORMATION

- (i) AGM : Date, time and venue
 Date : 20th June, 2009
 Time : 12.30 p.m.
 Venue : A-1, UPSIDC Indl. Area, Nandgaon Road, Kosi Kalan, Distt. Mathura – 281 403
- (ii) Financial year
 - (a) First quarterly results : Before end of April, 2009
 - (b) Second quarterly results : Before end of July, 2009
 - (c) Third quarterly results : Before end of October, 2009
 - (d) Audited yearly results for the year ended 31st December, 2009 : February/March, 2010
 - (e) Annual General Meeting for the year 31st December, 2009 : June, 2010

CORPORATE GOVERNANCE REPORT

(iii) Date of Book Closure :

17th June, 2009 to 20th June, 2009 (Both days inclusive)

(iv) Dividend Payment Date :

Dividend on equity shares when sanctioned will be made payable on or after the 27th June, 2009 to those shareholders whose names stand on the Company's Register of Members on 16th June, 2009 to whom dividend warrants will be posted. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.

(v) Listing on Stock Exchanges :

The Equity Shares of the Company are listed on the following Stock Exchanges: -

- (i) Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
- (ii) The National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra (E) Mumbai – 400051

FCCBs are listed on Singapore. The debentures as well as preference shares issued by the Company on private placement basis are listed on Bombay Stock Exchange Ltd.

Notes:

- (i) Up to date listing fees have been paid to the Stock Exchanges.
- (ii) The application for delisting of equity shares made to the Stock Exchange at Kolkata on December 31, 2003 is pending.

(vi) Stock Code

Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Ltd. (NSE)		
Equity 500378	Preference 700116	Debenture (i) 7.75% - NCDs 934647 (ii) 9.75% - NCDs 934635	Equity JINDALSAW	Preference -	Debenture -

(vii) Market Price Data : High, Low during each month in last financial year :

The details of monthly highest and lowest closing quotations of the equity shares of the Company at Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited during financial year 2008 are as under:

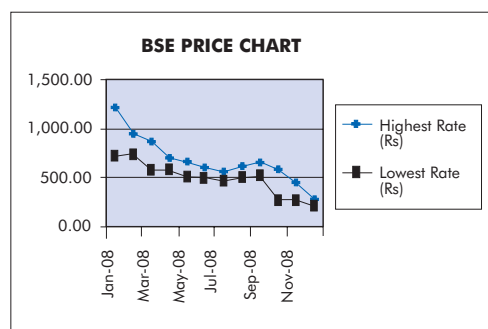
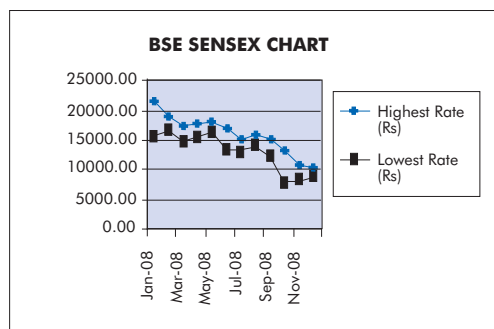
Month	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	Highest Rate (Rs.)	Lowest Rate (Rs.)	Highest Rate (Rs.)	Lowest Rate (Rs.)
Jan-08	1224.90	712.20	1221.00	715.00
Feb-08	951.00	740.00	927.70	725.00
Mar-08	863.00	581.00	870.00	580.00
Apr-08	700.00	580.10	667.90	638.00
May-08	660.00	516.00	660.00	516.35
Jun-08	606.95	485.00	609.00	496.15
Jul-08	551.00	463.00	610.00	450.00
Aug-08	598.80	499.90	599.15	501.00
Sep-08	647.80	527.10	649.90	517.00
Oct-08	588.00	270.00	650.00	270.00
Nov-08	448.00	258.90	474.00	255.00
Dec-08	274.00	217.45	274.70	218.00

CORPORATE GOVERNANCE REPORT

(viii) Performance in comparison to broad based indices :

MARKET PRICE DATA

Share Price ON BSE (Rs.)			BSE SENSEX		
MONTH	High	Low	MONTH	High	Low
Jan-08	1224.90	712.20	Jan-08	21206.77	15332.42
Feb-08	951.00	740.00	Feb-08	18895.34	16457.74
Mar-08	863.00	581.00	Mar-08	17227.56	14677.24
Apr-08	700.00	580.10	Apr-08	17480.74	15297.96
May-08	660.00	516.00	May-08	17735.70	16196.02
Jun-08	606.95	485.00	Jun-08	16632.72	13405.54
Jul-08	551.00	463.00	Jul-08	15130.09	12843.79
Aug-08	598.80	499.90	Aug-08	15579.78	14002.43
Sep-08	647.80	527.10	Sep-08	15107.01	12153.55
Oct-08	588.00	270.00	Oct-08	13203.86	7697.39
Nov-08	448.00	258.90	Nov-08	10945.41	8316.39
Dec-08	274.00	217.45	Dec-08	9825.90	8803.34



(ix) Registrar and Transfer Agents :

RCMC Share Registry (P) Ltd.
 1515, B-106, Sector-2, Noida (U.P.)
 Phone: - 0120-4015880
 Fax: - 0120-4015839
 e-mail: - rmc@theoffice.net.

The Share Transfer Requests as well as other correspondence relating to shares of the Company are also accepted our office at Jindal Centre, 12, Bhikaiji Cama Place New Delhi - 110 066.

(x) Share Transfer System :

Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The Board has delegated powers of approving transfer of shares to the Executive Directors of the Company to be informed to the Board later in their meeting.

CORPORATE GOVERNANCE REPORT

(xi) Distribution of Shareholding and Shareholding Pattern :

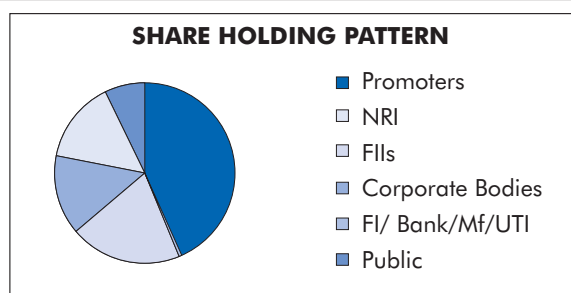
(a) The shareholding distribution of equity shares as of 31st December, 2008 is given below :-

Distribution of Holdings

Shareholding of Value of Rs.	Shareholders		Share holding		
	Number	% to total	Share	Amount	% to total
UP TO 5000	22693	93.75	1948319	19483190	3.74
5001 TO 10000	820	3.39	626864	6268640	1.20
10001 TO 20000	352	1.45	520936	5209360	1.00
20001 TO 30000	86	0.36	217639	2176390	0.42
30001 TO 40000	44	0.18	155827	1558270	0.30
40001 TO 50000	31	0.13	144238	1442380	0.28
50001 TO 100000	54	0.22	396789	3967890	0.76
100001 and Above	126	0.52	48111588	481115880	92.31
** G Total	24206	100.00	52122200	521222000	100.00

(b) Shareholding Pattern as on 31st December, 2008:

Category	No. of Shares	% of Holding
Promoters	22811100	43.76
NRI	174074	0.33
FII's	9925637	19.04
Corporate Bodies	7938988	15.23
FI/Bank/Mf/ UTI	7833075	15.03
Public	3439326	6.60
Total	52122200	100



Dematerialization of shares and liquidity :

Number of shares in physical and demat form as on 31st December 2008.

	No. of shares	Percentage
In Physical Form	17722031	34.00
In Demat Form	34400169	66.00
Total	52122200	100.00

(xii) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity:

Out of total JPY 9,090,000,000 – 0.75% Foreign Currency Convertible Bonds (Bonds 67900 Bonds for aggregate value of JPY 6790000000 convertible at any time on upto 24.06.2011 into newly issued equity shares of Rs. 10/- each at an initial conversion price of Rs. 675/- per share at the option of share holders were outstanding as on 31.12.2008. These outstanding Bonds if converted, new 3971289 equity shares would be further allotted.

Holders of 26,00,000 warrants (each warrant convertible into one equity share of Rs.10/- each at a price not less than Rs.819/-) have option of conversion into equity shares upto 31st March,2009.

Holders of 27,30,000 -9.5% Unsecured Compulsorily Convertible Debentures (CCDs) of Rs.819/- (each

CCD convertible into one equity share of Rs.10/- each at a price not less than Rs.819/-)have option to convert into equity shares from 1st April, 2009 up to 20th September, 2009.

(xiii) Plant Locations :

The Plants of the Company are located at Kosi Kalan (Mathura, U.P.), Sinar (Nashik, Maharashtra), Mundra (Kutch, Gujarat) & Bellary (Karnataka).

(xiv) Address for correspondence :

Jindal Saw Ltd.
 Jindal Centre,
 12, Bhikaiji Cama Place,
 New Delhi – 110 066
 Telephone no. : 26188360-74
 Fax no. : 26170691/41659575
 E-mail : investors@jindalsaw.com

DECLARATION FOR CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and Sr. Management Personnel have affirmed compliance of Code of Conduct as adopted by the Board for the year ended 31st December, 2008.

Sd/-

Place : New Delhi
 Date : 30th March, 2009

SMINU JINDAL
 Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

JINDAL SAW LIMITED

We have examined the compliance of conditions of Corporate Governance Procedure implemented by JINDAL SAW LIMITED for the year ended on 31st December, 2008 as stipulated in Clause 49 of Listing Agreement of the said Company with the Stock Exchange in India.

The Compliance of the Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation there of adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and based on the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to further viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : New Delhi
Dated : 30th March, 2009

N.C. Aggarwal

Partner

M.No. 005951

For & on behalf of

N.C. AGGARWAL & CO.

Chartered Accountants

AUDITORS' REPORT

To

THE MEMBERS OF JINDAL SAW LIMITED

We have audited the attached Balance Sheet of JINDAL SAW LIMITED as at 31st December, 2008, 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.

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.

- A) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, 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 hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order, so far as applicable to the Company.
- B) Further to our comments in Annexure referred to in paragraph (A) above, 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 account as required by law, have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by

this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

- (e) Based on written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified as on 31st December, 2008 from being appointed as director of the company as referred to in clause (g) of sub section (1) of section 274 of the Companies Act 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Act 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 December, 2008 and
 - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date, and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

N.C. Aggarwal
Partner
M.No. 005951

For & on behalf of
N.C. AGGARWAL & CO.
Chartered Accountants

Place : New Delhi
Dated : 30th March, 2009

AUDITORS' REPORT

ANNEXURE TO AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH (A) IN OUR REPORT OF EVEN DATE FOR THE YEAR ENDED 31.12.2008)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) A major portion of the fixed assets, has been physically verified by the Management in accordance with a phased programme of verification adopted by the Company. 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.
2. a) As explained to us, the management during the year has physically verified inventories at reasonable intervals and in respect of stores and spares, there is a perpetual inventory system and a substantial part of such stocks has been verified during the year. However, stocks in the possession and custody of third parties and stock in transit as at 31st December, 2008 have been verified by the Management with reference to confirmation or statement of account or correspondence of the third parties or subsequent receipt of goods. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 proper records of inventories. The discrepancies noticed during physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.
3. a) (i) The Company has given interest bearing demand loan to one subsidiary company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved and year end balance during the year in respect of said subsidiary is Rs.4583.28 lacs. The Company has not given any other loan to any Company or party covered under section 301 of the Companies Act, 1956.
- (ii) In our opinion and according to information and explanations given to us, the interest bearing demand loans with relevant terms and conditions on which loan has been given are, prima facie, not prejudicial to the interest of the Company.
- (iii) In respect of the aforesaid loans, the amount are repayable on demand, and hence, the question of irregularity on payment does not arise.
- (iv) The aforesaid loans is repayable on demand and therefore, the question of overdue amounts does not arise.
- b) As informed to us, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Thus Paragraph 4 (iii) (f) & (g) of the order, is not applicable.
4. 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 sources 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 purchases of inventories, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system of the Company.
5. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions with parties with whom transactions exceeding the value of Rupees five lacs have been entered into during the financial year are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

AUDITORS' REPORT

8. We have broadly reviewed the accounts and records maintained by the Company in respect of manufacture of steel and steel products to which the said rules are made applicable pursuant to the order made by the Central Government for maintenance of cost records prescribed under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have been made and maintained. We have not, however, made a detailed examination of such records with a view to determine whether these are accurate and complete.
9. a) According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Sales Tax, Income Tax, Custom duty, Investor Education & Protection fund, Excise Duty, Cess, Service Tax and Royalty. There are no arrears as at 31st December, 2008 for a period of more than six months from the date they become payable. Amount due and outstanding for a period exceeding 6 months as at 31st December, 2008 to be credited to Investor Education and Protection Fund of Rs. 28.58 lacs, which are held in abeyance due to pending legal cases, has not been considered.
- b) According to the information and explanation given to us, the dues in respect of sales tax, excise and custom duty that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending are given below:

Particulars	Period to which the amount related	Forum where matter is pending	Amount Rs. in lacs
Sales Tax	2002-03	Hon'ble High Court of Gujrat, Ahmedabad	626.31
Sales Tax	2005-06	Joint Commissioner (Appeal) Rajkot	47.81
Excise Duty	2005-06	CESTAT, Ahmedabad	58.97
Service Tax	2003-04	Joint Commissioner, Central Excise, Rajkot	28.25

10. The Company has no accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. According to the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks and debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore,

the provision of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

13. 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.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. 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.
16. In our opinion, and according to information and explanation given to us, the term loans have been applied for the purpose for which they were raised, other than temporary deployment pending application.
17. 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.

18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company has created security for the debentures issued.
20. The Company has not raised any money through a public issue during the year.
21. 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.

N.C. Aggarwal

Partner

M.No. 005951

For & on behalf of

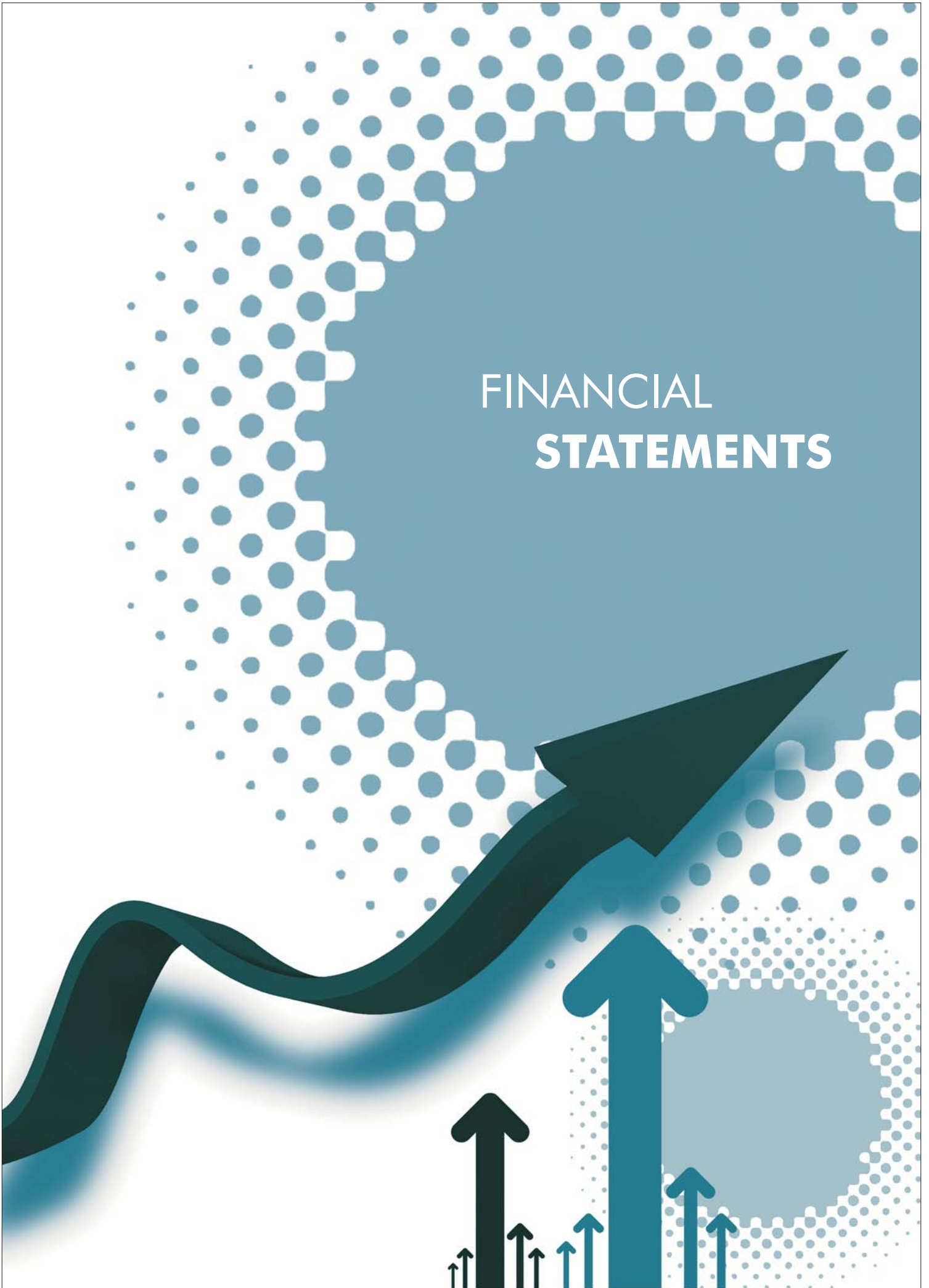
N.C. AGGARWAL & CO.

Chartered Accountants

Place : New Delhi

Dated : 30th March, 2009

FINANCIAL STATEMENTS



BALANCE SHEET AS AT 31ST DECEMBER 2008

	SCHEDULE	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	15,212.25	15,114.28
Optionally Convertible Warrants		2,129.40	-
Reserves and Surplus	2	217,729.00	183,386.59
		235,070.65	198,500.87
DEFERRED TAX LIABILITY (NET) (Ref Note No. 19 of Schedule 21)		11,061.61	9,366.61
LOAN FUNDS			
Secured Loans	3	72,058.30	59,036.65
Unsecured Loans	4	91,598.28	56,901.86
		163,656.58	115,938.51
Total		409,788.84	323,805.99
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	146,870.90	113,095.02
Less :Depreciation		38,343.92	31,903.79
Net Block		108,526.98	81,191.23
Capital Work in Progress		80,045.13	41,310.01
		188,572.11	122,501.24
INVESTMENTS	6	21,531.49	22,697.17
CURRENT ASSETS, LOANS AND ADVANCES			
Interest accrued on investments		5.85	5.85
Inventories	7	164,298.58	116,559.67
Sundry Debtors	8	118,860.54	109,365.26
Cash and Bank Balances	9	14,081.53	26,946.94
Loans and Advances	10	41,685.37	25,528.64
		338,931.87	278,406.36
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	11	131,345.28	85,899.48
Provisions	12	7,901.35	13,899.30
		139,246.63	99,798.78
NET CURRENT ASSETS		199,685.24	178,607.58
Total		409,788.84	323,805.99
Significant Accounting Policies and Notes to the Accounts	21		

As per our report of even date attached

For **N.C. AGGARWAL & CO.**
Chartered Accountants

N.C. Aggarwal
PARTNER
M.No. 005951

PLACE : NEW DELHI
DATED : 30th March, 2009

SMINU JINDAL
Managing Director

SUNIL JAIN
Company Secretary

H.S. CHAUDHARY
Wholetime Director

N.K. AGARWAL
Vice President
(Corp. Accounts & Taxation)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2008

SCHEDULE	Year Ended 31st Dec., 2008 Rs. In lacs	Period Ended 31st Dec., 2007 Rs. In lacs
INCOME		
Sales and Operational Income	13 516,106.39	701,712.53
Less : Excise Duty	15,787.84	22,935.92
Other Income	14 1,006.57	678,776.61
Increase/(Decrease) in Stock	15 19,681.75	898.66
(Increase)/Decrease in Excise Duty on Stock	16.01	(15,502.63)
	521,022.88	(1.21)
		664,171.43
EXPENDITURE		
Cost of Material Consumed/Sold	363,347.70	425,319.55
Manufacturing Expenses	16 38,527.74	101,880.27
Employees Remuneration and Benefits	17 13,237.34	13,036.13
Administrative & Other Expenses	18 4,646.77	10,688.65
Selling Expenses	19 30,182.20	31,052.88
Finance Expenses	20 17,584.08	17,266.21
Depreciation	7,466.61	7,643.42
Less: Transfer from Revaluation Reserve	(408.56)	(426.14)
	7,058.05	7,217.28
	474,583.88	606,460.97
	46,439.00	57,710.46
Profit before Taxation & Extra ordinary Items		
Add : Extra ordinary Income		
Profit from sale of entire shareholding of wholly owned subsidiary company	-	59,411.01
Profit after Extra ordinary Items but before Taxation	46,439.00	117,121.47
Less: Provision for:		
- Current Income Tax (including Taxes on Extraordinary Income Rs. Nil (Previous Period Rs. 13,033.00 Lacs)	10,358.01	24,511.17
- Tax on income remittance of Overseas Branch	-	3,230.12
- Fringe Benefit Tax	105.15	118.49
- Deferred Tax	1,695.00	1,704.97
- Wealth Tax	48.18	15.24
Profit After Taxation	34,232.66	87,541.48
Debtore Redemption Reserve Written Back	1,875.00	-
Foreign Exchange Translation Difference	(715.45)	-
Previous years' Depreciation Written Back	50.91	-
Previous year Taxation Adjustment	(989.00)	96.69
Profit Brought Forward	41,330.39	29,604.87
Amount available for Appropriation	75,784.51	117,243.04
APPROPRIATIONS:		
Interim Dividend paid on Preference Shares	565.63	785.00
Corporate Dividend Tax on above	96.14	122.23
Proposed Dividend:		
- on Equity shares	2,606.07	3,257.63
- on Preference Shares	219.37	219.37
Corporate Dividend Tax	480.18	590.92
General Reserve	50,000.00	70,000.00
Debtore Redemption Reserve	-	937.50
Balance Carried to Balance Sheet	21,817.12	41,330.39
	75,784.51	117,243.04
Earnings Per Share (On Face Value of Rs. 10/- Each)		
Basic (Excluding Extraordinary Income)	62.45	82.36
Diluted (Excluding Extraordinary Income)	60.82	74.76
Basic (Including Extraordinary Income)	62.45	177.63
Diluted (Including Extraordinary Income)	60.82	161.23
Significant Accounting Policies and Notes to the Accounts		

21

As per our report of even date attached

 For **N.C. AGGARWAL & CO.**
Chartered Accountants

N.C. Aggarwal
PARTNER
M.No. 005951

 PLACE : NEW DELHI
DATED : 30th March, 2009

SMINU JINDAL
Managing Director

SUNIL JAIN
Company Secretary

H.S. CHAUDHARY
Wholetime Director

N.K. AGGARWAL
Vice President
(Corp. Accounts & Taxation)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2008

PARTICULARS	Year Ended 31st Dec., 2008 Rs. in lacs	Period Ended 31st Dec., 2007 Rs. in lacs
A. CASH INFLOW / (OUTFLOW) FROM THE OPERATING ACTIVITIES		
Net Profit Before Tax And Ordinary Activity	46,439.00	57,710.46
Adjustments for		
Add/(Less)		
Depreciation	7,058.05	7,217.28
Dividend Received	(52.50)	(240.12)
Interest Paid	16,359.17	15,889.68
(Profit)/Loss on sale of fixed assets	202.55	(10.73)
Provision for Doubtful Debts	-	2,100.60
Provision for Doubtful Debts Written Bank	(70.14)	-
Liquidity Damages/ Bad Debts	297.15	-
Profit on Sale of Long Term Investments	(374.71)	(200.01)
Provision no longer required	(126.73)	-
Foreign Currency Translation Reserve	(715.45)	-
Effect of Unrealised Foreign Exchange (Gain)/Loss	12,205.74	(3,150.95)
Interest Received	(2,171.47)	(2,167.26)
Operating Profit Before Working Capital Changes	79,050.66	77,148.95
Adjustments for:-		
Inventories	(47,738.91)	20,853.12
Sundry debtors	(9,362.13)	(36,034.99)
Other current assets	(5,899.03)	(5,542.97)
Current liabilities	40,124.89	(25,066.03)
Cash Generated From Operations	56,175.48	31,358.08
Extraordinary Items		
Sale of Shares of Subsidiary Company	-	59,772.93
Tax Paid	(17,521.78)	(24,208.36)
Net Cash From Operating Activities	38,653.70	66,922.65
B. CASH INFLOW/(OUTFLOW)FROM INVESTMENT ACTIVITIES		
(Increase)/Decrease in Investment	15,289.02	(12,756.00)
(Increase)/Decrease in Investment in Subsidiaries	(13,748.63)	(455.88)
Capital expenditure	(59,234.81)	(41,789.70)
Sale proceeds of fixed assets	1,509.55	152.82
Loan to subsidiaries	(8,528.07)	959.93
Inter Corporate Loans	(1,516.52)	(2,811.77)
Interest Received	2,850.53	2,455.06
Dividend Received	52.50	377.28
Net Cash Inflow/(Outflow)From Investing Activities	(63,326.43)	(53,868.26)
C. CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		
Dividend paid including Tax	(4,685.66)	(3,634.04)
Interest paid	(19,379.22)	(15,446.13)
Proceeds from Equity Share Capital Including Securities Premium	-	10,487.34
Proceeds from Optionally Convertible Warrant	2,129.40	-
Working Capital loans from banks	23,353.68	(3,134.24)
Increase/(Decrease) in secured loans	(10,332.03)	(10,005.49)
Increase/(Decrease) in Compulsory Convertible Debentures	22,358.70	-
Increase/(Decrease) in fixed deposits	(574.30)	(714.23)
Increase/(Decrease) in unsecured loans	(1,063.25)	(2,758.96)
Net Cash Inflow/(Outflow) Used In Financing Activities	11,807.32	(25,205.75)
Net Changes In Cash & Cash Equivalent	(12,865.41)	(12,151.36)
Cash and cash equivalent as at 01.01.2008 (opening balance)	26,946.94	39,098.30
Cash and cash equivalent as at 31.12.2008 (Closing balance)	14,081.53	26,946.94

NOTE: 1. Increase in secured and unsecured loans are shown net of repayments.
 2. Purchase of fixed assets includes movements of Capital Work-in-progress between the beginning and end of the year.
 3. Previous period's figures have been regrouped wherever necessary.
 4. Cash and Cash equivalent include loss on foreign exchange re-instatement of Rs. 2,188.92 lacs (Previous period Rs. 1,608.85 lacs)

As per our report of even date attached

For **N.C. AGGARWAL & CO.**
Chartered Accountants

SMINU JINDAL
Managing Director

H.S. CHAUDHARY
Wholtime Director

N.C. Aggarwal
PARTNER
M.No. 005951

SUNIL JAIN
Company Secretary

N.K. AGARWAL
Vice President
(Corp. Accounts & Taxation)

PLACE : NEW DELHI
DATED : 30th March, 2009

FINANCIAL STATEMENTS

	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SCHEDULE "1"		
SHARE CAPITAL		
AUTHORISED		
i) 10,00,00,000 Equity Shares of Rs. 10/- Each	10,000.00	10,000.00
ii) 1,00,00,000 Redeemable Non convertible Cumulative Preference Shares of Rs. 100/- each	10,000.00	10,000.00
	20,000.00	20,000.00
ISSUED AND SUBSCRIBED		
i) 5,21,22,850 (Previous year 5,11,43,193) Equity Shares of Rs. 10/- each	5,212.29	5,114.32
ii) 1,00,00,000 7.85 % Redeemable Non convertible Cumulative Preference Shares of Rs.100/- each	10,000.00	10,000.00
	15,212.29	15,114.32
PAID UP		
i) 5,21,22,050 (Previous year 5,11,42,393) Equity Shares of Rs. 10/- Each Add: Forfeited Shares 800 Equity shares of Rs. 10/- Each (Partly Paid Up Rs.5 each)	5,212.21 0.04 5212.25	5,114.24 0.04 5114.28
ii) 1,00,00,000 7.85 % Redeemable Non convertible Cumulative Preference Shares of Rs.100/- each	10,000.00	10,000.00
	15,212.25	15,114.28

NOTES:

1. OF THE ABOVE EQUITY SHARES
 - a) 20,08,000 & 6613936 were allotted pursuant to contract and schemes of Amalgamation respectively without payment being received in cash.
 - b) 2,57,96,172 were allotted as bonus shares by capitalising Reserves and Securities Premium
 - c) 650 have been held in abeyance and not allotted as a result of attachment orders by Govt. authorities, lost share certificates and other disputes.
2. DURING THE YEAR
 - a) 9,79,657 equity shares were allotted to the holders of 1675 FCCB of JPY 100000 each exercising the option of conversion ' at a base conversion price of Rs. 675/- per equity share with a fixed rate of exchange on conversion of JPY 2.533 = Re. 1.00 after adjustment as per terms & conditions of issue of Bonds.
3. Options on Un-issued Share Capital
 - a) Foreign Currency Convertible Bond holders holding bonds for aggregate amount of JPY 6,79,00,00,000 can convert the same ' upto 24.06.2011 into equity shares of Rs.10/- each at conversion price of Rs.675/- per equity share with a fixed rate of exchange on conversion of JPY 2.533=Re.1.00 after adjustment as per terms & conditions of issue of Bonds.
4. Preference shares are redeemable in three yearly installments in the ratio of 30:30:40 at the end of fifth, sixth and seventh year from the date of allotment i.e. 22.09.2005. These also carry put / call option at the end of 5th Year from the date of allotment.
5. Holders of 26,00,000 warrants (each warrant convertible into one equity share of Rs. 10/- each at a price not less than Rs. 819/-) have option of conversion into equity shares upto 31st March, 2009.
6. Holders of 27,30,000 - 9.5% Unsecured Compulsorily Convertible Debentures (CCDs) of Rs. 819/- each (each CCD convertible into one equity share of Rs.10/- each at a price not less than Rs. 819/-) have option to convert into equity shares from 1st April, 2009 up to 20th September, 2009.

FINANCIAL STATEMENTS

	As At 31st Dec., 2007 Rs. in lacs	Additions during the year Rs. in lacs	Deductions Rs. in lacs	As At 31st Dec., 2008 Rs. in lacs
SCHEDULE "2"				
RESERVES AND SURPLUS				
Capital Reserve	9.50	-	-	9.50
Capital Redemption Reserve	1,500.00	-	-	1,500.00
General Reserve	90,905.32	50,000.00	751.51*	140,153.81
Debenture Redemption Reserve	3,750.00	-	1,875.00	1,875.00
Securities Premium Account	44,622.84	6,890.75	-	51,513.59
Revaluation Reserve	1,268.54	-	408.56	859.98
Profit and Loss Account	41,330.39	34,232.66	53,745.93	21,817.12
	<u>1,83,386.59</u>	<u>91,123.41</u>	<u>56,781.00</u>	<u>2,17,729.00</u>
Previous Period	87,180.29	1,72,545.09	76,338.79	1,83,386.59

* Adjustment of Rs. 751.51 Lacs account of transitional provision under Accounting Standard 15 (Refer Note No. 20 of Schedule 21)

	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SCHEDULE "3"		
SECURED LOANS		
Debentures	7,500.00	12,500.00
Term Loan From Banks	13,462.49	17,440.18
Working Capital Loan from Banks	50,304.33	26,950.65
External Commercial Borrowings	791.48	2,145.82
	<u>72,058.30</u>	<u>59,036.65</u>

NOTES:

- A. (1) Debentures referred to in A above are secured by pari-passu charge by way of English mortgage on the company's specific immovable properties located in the State of Gujarat and by way of equitable mortgage on Company's other immovable properties and hypothecation of movable Fixed Assets in favour of Debenture Trustees.
- (2) Debentures referred to the A above are privately placed and consist of :
- (i) 9.75% Debenture of Rs.100/- each aggregating to Rs.2,500.00 lacs are redeemable on 30th September 2009.
- (ii) 7.75% Debenture of Rs.10,00,000/- each aggregating to Rs.5,000.00 lacs are redeemable in two equal annual instalments commencing from 26.03.2009.
- (iii) Debentures referred to in (ii) above are also secured by personal guarantee of directors.
- B. Term Loans from Banks include:
- (i) Loans of Rs.109.53 lacs (Previous period Rs. 129.21 lacs) for purchase of vehicles and secured by way of hypothecation of vehicles.
- (ii) Loans of Rs. 12,831.98 lacs (Previous period Rs. 16,753.74 lacs) which are secured by parri passu charge by way of mortgage of Company's immovable properties and hypothecation of movable assets (save and except book debts) both present and future, subject to charges created in favour of Company's bankers for securing Working Capital Facilities. Loans of Rs.10,125.00 lacs (Previous period Rs. 10,875.11 lacs) included above also are secured against personal guarantees of directors.
- (iii) Housing loan of Rs.520.98 lacs (Previous period 557.23 lacs) which is secured by way of exclusive charge on the Company's House Property situated in Delhi. The same is also guaranteed by a director.
- C. Working Capital Loans are secured/to be secured by hypothecation of finished goods, raw-materials, work-in-progress, stores and spares, book debts and to be secured by second charge in respect of other movable and immovable properties of the Company.
- D. External Commercial Borrowings are secured by parri passu charge by way of mortgage of Company's immovable properties and hypothecation of moveable assets (save and except book debts) both present and future, except those charged in favour of Company's bankers for securing Working Capital Facilities. These are also guaranteed by Director(s).

FINANCIAL STATEMENTS

	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SCHEDULE "4"		
UNSECURED LOANS		
Fixed Deposits	2,715.95	3,290.25
Deferred Sales Tax Loans	6,697.70	6,635.23
Unsecured Loans from Banks	-	1,125.72
Compulsory Convertible Debentures	22,358.70	-
External Commercial Borrowings	23,349.98	16,058.70
Foreign Currency Convertible Bonds	36,475.95	29,791.96
	91,598.28	56,901.86

NOTES:

- (i) Deferred Sales Tax loan and Unsecured Loan from Banks are guaranteed by one of the Director.
- (ii) External Commercial Borrowings are repayable on 29th September 2010.
- (iii) The Foreign Currency Convertible Bonds (FCCB) are convertible at any time upto the close of business on 24th June, 2011 by holders of the Bonds into newly issued equity shares of Rs. 10 each of the company at the option of the Bondholder, at a base conversion price of Rs. 675 per share with a fixed rate of exchange on conversion of JPY 2.533 = Re. 1.00 after adjustments as per terms & conditions of issue of bonds. Unless previously converted, redeemed or repurchased and cancelled, the bonds will mature on 1st July, 2011 at 117.928 % of their principal amount.
- (iv) 27,30,000- 9.5% Unsecured Compulsorily Convertible Debentures (CCD) of Rs 819 each shall be compulsorily convertible into 1(one) equity share of Rs 10 each at a price not less than Rs 819/- on or after April 1, 2009 till 20th September 2009 at the option of CCD holders.

**Schedule "5"
Fixed Assets**

Rs. in lacs

	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As At 01.01.08	Additions	Deduction/ Adjustments	As At 31.12.08	Upto 31.12.07	During The Year	Previous Year Excess Depreciation Written Back	Deduction/ Adjustments	Upto 31.12.08	As At 31.12.08	As At 31.12.07
Tangible Assets:											
Land											
- Free hold	1,171.70	1,939.89	54.08	3,057.51	-	-	-	-	-	3,057.51	1,171.70
- Lease hold	394.17	-	-	394.17	93.32	6.46	-	-	99.78	294.39	300.85
Buildings	13,793.81	8,290.92	4.00	22,080.73	2,019.48	414.17	-	-	2,433.65	19,647.08	11,774.33
Plant & Machinery	95,869.00	25,733.65	2,535.87	119,066.78	29,197.48	6,874.11	45.51	919.42	35,106.66	83,960.12	66,671.52
Vehicles	1,067.44	257.29	98.34	1,226.39	360.41	107.95	4.59	61.64	402.13	824.26	707.03
Furniture & Fixtures	778.41	241.18	0.94	1,018.65	226.87	65.03	0.81	0.07	291.02	727.63	551.54
Intangible Assets:											
Computer Software	20.49	6.18	-	26.67	6.23	4.45	-	-	10.68	15.99	14.26
TOTAL	113,095.02	36,469.11	2,693.23	146,870.90	31,903.79	7,472.17*	50.91	981.13	38,343.92	108,526.98	81,191.23
Previous period	95,870.57	17,472.42	242.97	113,095.02	24,359.60	7,650.07	-	105.88	31,903.79	81,191.23	

*Including depreciation capitalised Rs. 5.56 lacs (Previous period Rs. 6.65 lacs)

NOTES:

- A) Gross Block includes the following amount on account of revaluation made on 31.03.1996 of Pipe Division at A-1, UPSIDC Incl. Area, Kosi Kalan at Net current Residual Replacement Value.
 - 1) Land
 - Freehold Rs. 7.38 lacs Buildings Rs. 548.34 lacs
 - Leasehold Rs. 143.59 lacs Plant & Machinery Rs. 3,916.96 lacs
- B) Free hold Lands includes Rs.1800 lacs, for which Conveyance Deed is yet to be executed.

FINANCIAL STATEMENTS

SCHEDULE "6" INVESTMENTS

	As At 31st Dec., 2008			As At 31st Dec., 2007		
	No. of Shares / Bonds	Face Value Rs.	Amount Rs. in lacs	No. of Shares / Bonds	Face Value Rs.	Amount Rs. in lacs
LONG TERM - NON TRADE (AT COST)						
A Investment in Equity Shares of Subsidiary Companies						
Unquoted						
a) Hexa Securities & Finance Co.Ltd.	25,500,000	10	2,550.00	25,500,000	10	2,550.00
b) IUP Jindal Metals & Alloys Ltd.	7,300,000	10	4,131.80	7,300,000	10	4,131.80
c) Jindal ITF Ltd.	41,759,600	10	12,518.02	-	-	-
d) Highgate Consultants Ltd.	2	*	817.80	1	1\$	-
			20,017.62			6,681.80
B Investment in Equity Shares						
Quoted (Refer Note No. 8 of Schedule 21)						
a) Nalwa Sons Investments Ltd.			-	141,994	10	221.87
b) Jindal Stainless Ltd.			-	2,615,375	2	595.47
c) Jindal Steel & Power Ltd.			-	697,434	5	544.90
d) JSW Steel Ltd.	1,362	10	0.38	378,221	10	106.01
e) Jindal South West Holdings Ltd.	341	10	0.23	94,555	10	63.07
f) Shalimar Paints Ltd			-	300,000	10	180.00
			0.61			1,711.32
Unquoted						
a) Rohit Tower Building Ltd.	2,400	100	2.40	2,400	100	2.40
b) Sona Bheel Tea Ltd.	86,025	10	5.90	86,025	10	5.90
c) Jindal Overseas Pte.Ltd.(Singapore)	153,000	1\$	31.40	153,000	1\$	31.40
			39.70			39.70
C. Government and Other Securities						
Quoted						
a) 11.30 % GOI 2010 Bonds	70,000	100	82.13	70,000	100	82.13
b) 11.50 % Bond of ICICI Bank Ltd.	14,000	1000	160.72	14,000	1000	160.72
			242.85			242.85
Unquoted						
a) National Savings Certificates			0.10			0.10
			0.10			0.10
D. Share Application Money						
Subsidiary Company						
a) Jindal ITF Ltd.			1,230.61			-
b) Highgate Consultants Ltd.			-	1	20,00,000\$	817.80
			1,230.61			817.80
			21,531.49			9,493.57
SHORT TERM CURRENT-TRADE (At Cost)						
Mutual Funds						
a) Birla Cash Plus-Institution Premium-Growth			-			1,000.00
b) DSP Merrill Lynch Cash Plus Institution-Growth			-			2,000.00
c) Fidelity Cash Fund Super Inrt. GR- Growth			-			1,000.00
d) HDFC Liquid Fund Premium Plan-Growth			-			1,000.00
e) ICICI Prudential Liquid Plan SI Growth			-			2,000.00
f) Principal Cash Management Fund Liquid Option			-			1,000.00
g) Reliance Liquidity Fund - Growth			-			1,000.00
h) Fixed Income Interval Fund			-			1,203.60
i) LIC MF Liquid Fund - Growth			-			2,000.00
j) JM High Liquidity SI Plan - Growth (94)			-			1,000.00
			-			13,203.60
Total			21,531.49			22,697.17
Aggregate market value of quoted investments			247.02			124,841.47
Aggregate value of quoted investments			243.46			1,954.17
Aggregate value of unquoted investments			21,288.03			20,743.00

* Face Value of 1 Share @ US\$ 1 each & Face Value of 1 Share @ US\$ 20,00,000 each.

FINANCIAL STATEMENTS

NOTES: The Company has purchased and sold the following Current Investments in Mutual Funds during the year.

S. No.	Particulars	No. of Units Purchased/sold	Amount of Purchase Rs. in lacs
1	ABN AMRO Cash Fund - Institutional Growth	2,464,491	300.00
2	ABN AMRO Money Plus Institutional Growth	2,543,757	300.06
3	AIG India Liquid Fund Super Institutional Growth	430,801	4,499.44
4	AIG India Treasury Plus Fund Super Institutional Growth	24,252,778	4,999.77
5	Bharti AXA Liquid Fund	129,918	1,299.15
6	Birla Cash Plus - Instl. Prem. - Growth	224,030,261	29,370.88
7	Birla Sun Life Cash Manager - Institutional Plan - Growth	18,570,142	2,546.09
8	Canara Robeco Liquid Fund - Institutional - Growth	31,632,098	4,728.34
9	Canara Robeco Liquid Plus Institutional Growth Fund	1,530,520	200.05
10	Canara Robeco Liquid Plus Super Institutional Plan Growth	27,942,301	2,839.31
11	DBS Chola Liquid Inst. Plus - Cumulative	4,297,059	700.00
12	DBS Chola Liquid Inst. Plus - Growth	3,020,673	499.89
13	DBS Chola Liquid Super Institutional Plan - Growth	44,189,521	5,996.35
14	DBS Chola Short Term Floating Rate- Cum.	46,117,399	5,500.00
15	DBS Chola Short Term Floating Rate- Growth	16,325,803	1,999.33
16	DSP Merrill Lynch Cash Plus - Institutional - Growth	790,472	8,168.33
17	DSP Merrill Lynch Liquid Plus - Institutional Plan - Growth	533,644	5,701.50
18	DSP Merrill Lynch Liquidity Fund - Institutional Plan - Growth	294,721	3,498.65
19	DWS Insta Cash Plus Fund Super Institutional - Growth Plan	170,474,989	17,994.98
20	Edelweiss Liquid Fund - institutional Growth Plan	10,000,000	999.24
21	Fidelity Cash Fund-Super Inst. - Gr	13,283,859	1,450.00
22	HDFC Cash Management Fund - Savings Plan - Growth	16,911,484	2,897.75
23	HDFC Cash Management Fund - Savings Plus Plan - Wholesale - Growth	5,781,148	1,000.21
24	HDFC Liquid Fund - Premium Plan - Growth	76,279,370	12,529.11
25	HSBC Cash Fund - Institutional Plus Fund - Growth	8,083,888	1,049.77
26	HSBC Liquid Plus - Institutional Plus - Growth	9,153,646	1,050.00
27	ICICI Prudential Institutional Liquid Plan - Super Inst. Growth	354,235,129	42,885.11
28	IDFC Liquidity Manager - Plus - Growth	182,821	2,146.10
29	ING Liquid Fund Super Institutional - Growth Option	103,981,156	12,673.07
30	ING Liquid Plus Fund - Institutional Growth	2,138,837	227.87
31	ING Treasury Managemnet Fund - Institutional Growth	51,058,746	6,511.05
32	JM High Liquidity Fund-Super Institutional Plan-Growth	60,429,942	7,797.07
33	JM High Liquidity Fund-Super Institutional Plan-Growth (94)	51,608,198	6,500.00
34	JM Money Manager Super Plus Plan - Growth (172)	21,569,156	2,400.00
35	JPMorgan India Liquid Fund - Growth Plan	45,719,645	4,876.64
36	Kotak Floater Short Term - Growth	17,306,631	1,529.36

FINANCIAL STATEMENTS

S. No.	Particulars	No. of Units Purchased/sold	Amount of Purchase Rs. in lacs
37	Kotak Liquid (IP) Growth	6,015,001	999.77
38	LICMF Liquid Fund - Growth Plan	282,614,224	42,059.49
39	LICMF Liquid Plus Fund - Growth Plan	56,344,418	6,007.16
40	Lotus India Liquid Fund - Super Institutional Growth	110,182,564	12,394.71
41	Mirae Asset Liquid Fund Super Inst- Growth	674,625	6,925.77
42	Mirae Asset Liquid Plus Fund Super Inst- Growth	98,129	998.86
43	Mirage Asset Liquid Fund Institutional - Growth Option	50,000	500.00
44	Principal Cash Mgt. Fund Liquid Option-Insti Premium Plan -Growth	62,022,353	7,848.43
45	Principal Liquid Plus Fund-Growth Plan	15,556,739	1,600.35
46	Principal Liquid Plus Insti.Option - Growth Plan	23,871,312	2,497.15
47	Reliance Liquid Fund - Institutional Option - Growth Plan	276,426	3,000.22
48	Reliance Liquid Fund - Treasury Plan - Instul. Option - Growth Option- Growth Plan	5,107,383	1,000.00
49	Reliance Liquid Plus Fund - Institutional Option - Growth Plan	361,744	3,995.65
50	Reliance Liquidity Fund - Growth Option	534,847,617	50,331.20
51	SBI Magnum Insta Cash Fund Cash Option - Growth	16,065,741	2,997.67
52	SBI Premier Liquid Fund- Super Institutional - Growth	121,647,008	15,832.58
53	Standard Chartered Liquidity Manager - Plus - Growth	87,321	1,000.00
54	Sundaram BNP Paribas Floater Super Inst. Growth	11,785,967	1,499.28
55	Sundaram BNP Paribas Liquid Plus Super Inst. Growth	25,336,901	2,730.93
56	Sundaram BNP Paribas Money Fund Inst. Appm	1,796,063	300.00
57	Sundaram BNP Paribas Money Fund Super Inst. Growth	18,904,782	3,229.53
58	TATA Floater Fund Growth	55,213,334	6,698.79
59	TATA Liquid Super High Inv. Fund- Appreciation	792,085	11,918.56
60	TATA Treasury Manager SHIP Growth	189,551	2,000.41
61	Templeton Floating Rate Income Fund Long Term Plan Super Inst. Option - Growth	18,847,953	2,000.47
62	Templeton Floating Rate Income Fund Short Term Plan Inst. Option - Growth	4,115,667	499.89
63	Templeton Floating Rate Income Fund Short Term Plan Inst. Option - Growth	16,946,018	2,000.00
64	Templeton India Treasury Management Acct. Super Inst. Plan growth	792,224	9,654.66
65	UTI Fixed Income Interval Fund - Monthly Interval Plan - II - Growth Plan	12,035,961	1,203.60
66	UTI Liquid Cash Plan Institutional - Growth Option	253,914	3,396.28
67	UTI Money Market Fund - Growth Plan	10,018,394	2,348.70

Note: Besides above all Mutual Funds as on 01.01.08 were sold during the year.

FINANCIAL STATEMENTS

	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SCHEDULE "7"		
INVENTORIES		
(Taken, valued and certified by the management)		
Stores and Spares	6,115.02	5,690.99
Loose Tools	208.46	122.76
Finished goods	24,780.33	12,196.50
Work in Process	35,212.56	30,084.68
Raw Material*	93,658.27	66,110.84
Scrap	4,323.94	2,353.90
	164,298.58	<u>116,559.67</u>
* Includes Raw Material in Transit of Rs. 13,066.85 lacs (Previous period Rs. 28,052.19 lacs)		
SCHEDULE "8"		
SUNDRY DEBTORS		
(Unsecured, considered good)		
Exceeding six months		
- Considered Good	13,198.06	11,847.94
- Considered Doubtful	2,030.46	2,100.60
Less: Provision for Doubtful debts	<u>(2,030.46)</u>	<u>(2,100.60)</u>
Others-considered good	105,662.48	97,517.32
	118,860.54	<u>109,365.26</u>
SCHEDULE "9"		
CASH AND BANK BALANCES		
Cash on hand	15.68	12.32
Balance with Scheduled banks		
- Current Accounts	1,191.61	560.03
- Fixed Deposit Account*	12,874.24	26,374.59
	14,081.53	<u>26,946.94</u>
* This includes balance of unutilized money out of FCCB issue Rs. 11,645.42 lacs (Previous period 26,270.23 lacs)		
SCHEDULE "10"		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	17,659.08	7,481.65
Earnest money and Security deposits	3,470.37	3,392.96
Balance with Customs, Central Excise Authorities, etc.	412.51	1,686.57
Inter Corporate Loans	5,272.63	3,756.11
Loan to Subsidiary Companies	11,814.38	3,286.31
Export Benefits/Govt. Grants Receivable	3,056.40	5,925.04
	41,685.37	<u>25,528.64</u>

FINANCIAL STATEMENTS

	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SCHEDULE "11"		
CURRENT LIABILITIES		
Acceptances	84,358.36	43,922.54
Sundry Creditors		
- To Micro & Small Enterprises	-	-
- To Others	26,905.82	31,037.96
Advance from Customers	14,012.50	4,695.09
Interest Accrued but not due	2,550.46	1,983.99
Other Liabilities	1,795.18	3,128.16
Unclaimed Dividend*	198.44	154.42
Due to Subsidiary	1,524.52	977.32
	131,345.28	85,899.48
* There is no amount due & outstanding to be credited to Investor's Education and Protection fund u/s 205 C of the Companies Act, 1956.		
SCHEDULE "12"		
PROVISIONS		
For Taxation (Net of Prepaid Taxes)	3,457.26	9,478.70
For Proposed Dividend	2,825.44	3,477.00
For Corporate Dividend Tax thereon	480.18	590.91
Provision for Leave encashment	829.78	352.69
Provision for Gratuity	308.69	-
	7,901.35	13,899.30
	Year Ended 31st Dec., 2008 Rs. in lacs	Period Ended 31st Dec., 2007 Rs. in lacs
SCHEDULE "13"		
SALES AND OPERATIONAL INCOME		
Sales	498,973.29	670,505.70
Conversion Charges	4,296.66	11,907.63
Govt. Incentive / Grants	12,836.44	19,299.20
	516,106.39	701,712.53
SCHEDULE "14"		
OTHER INCOME		
Dividend on Long Term investments	52.50	240.12
Profit on Sale of Current Investments	374.71	200.01
Provision no longer required written back	126.73	-
Miscellaneous Receipts	434.08	457.38
Previous Year's Adjustment (Net)	18.55	1.15
	1,006.57	898.66

FINANCIAL STATEMENTS

	Year Ended 31st Dec., 2008 Rs. in lacs	Period Ended 31st Dec., 2007 Rs. in lacs
SCHEDULE "15"		
INCREASE / (DECREASE) IN STOCK		
OPENING STOCK		
Finished Goods	12,196.50	42,771.06
Work-in-progress	30,084.68	14,755.77
Scrap	2,353.90	2,610.88
	44,635.08	60,137.71
CLOSING STOCK		
Finished Goods	24,780.33	12,196.50
Work-in-progress	35,212.56	30,084.68
Scrap	4,323.94	2,353.90
	64,316.83	44,635.08
Increase/(Decrease) in Stock	19,681.75	(15,502.63)
SCHEDULE "16"		
MANUFACTURING EXPENSES		
Stores and Spares	13,548.79	12,623.89
Power and Fuel	13,275.14	11,967.79
Outsourcing	6,973.91	70,689.03
Other Manufacturing expenses	3,120.55	4,688.50
Repair and Maintenance:		
- Plant and Machinery	1,441.26	1,748.02
- Factory Building	168.09	163.04
	38,527.74	101,880.27
SCHEDULE "17"		
Employees Remuneration and Benefits		
Salary, Wages and other Benefits	11,842.57	11,659.02
Contribution to Provident and other funds	703.67	651.54
Workmen and Staff Welfare	691.10	725.57
	13,237.34	13,036.13

FINANCIAL STATEMENTS

	Year Ended 31st Dec., 2008 Rs. In lacs	Period Ended 31st Dec., 2007 Rs. In lacs
SCHEDULE "18"		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	97.76	282.70
Rates and Taxes	348.21	1,210.27
Insurance	259.90	306.83
Postage, Telegrams & Telephones	233.54	305.47
Travelling & Conveyance	905.28	1,206.70
Legal & Professional	688.56	1,013.08
Vehicle upkeep & Maintenance	243.52	259.61
Director's Meeting Fees	4.90	6.80
Donations	86.95	211.73
Miscellaneous Expenses	1,319.23	1,553.93
Auditor's Remuneration	23.84	22.36
Cost Auditor's Remuneration	5.52	2.30
Provision for doubtful debts/(written back)	(70.14)	2,100.60
Liquidated damages/Bad Debts	297.15	2,217.00
Profit on Sale of Fixed Assets to Subsidiary Companies	-	(3.82)
Profit on Sale of Fixed Assets to Other than Subsidiary Companies	-	(14.97)
Loss on Sale of Fixed Assets to Other than Subsidiary Companies	202.55	8.06
	4,646.77	10,688.65
SCHEDULE "19"		
SELLING EXPENSES		
Commission on Sales	6,231.86	2,607.86
Advertisement	79.30	96.16
Forwarding Charges*	22,320.88	27,072.61
Other Selling Expenses	1,550.16	1,276.25
	30,182.20	31,052.88
*Net of recoveries Rs. 10,558.30 lacs (Previous period Rs. 8,229.68 lacs)		
SCHEDULE "20"		
FINANCE EXPENSES		
Interest on Fixed Deposits	311.92	490.16
Interest on Debentures	2,467.47	1,985.07
Interest on Term Loans	1,614.14	3,626.99
Interest on Bank Borrowings	1,417.85	8,675.58
Bank and Finance charges	3,396.38	3,543.79
Interest to Others	1,185.99	1,150.10
Foreign Exchange Fluctuation/Loss/(Gain) from Derivative Transactions (Net)	9,361.80	(38.22)
	19,755.55	19,433.47
Less: Interest Received		
Interest on Bonds and Debentures (TDS Rs. 3.32 lacs, Previous period Rs. 6.80 lacs)	24.01	30.00
Other Interest on Loans, Advances and Deposits (TDS Rs. 420.78 lacs, Previous period Rs. 484.30 lacs)	2,147.46	2,137.26
	2,171.47	2,167.26
	17,584.08	17,266.21

FINANCIAL STATEMENTS

SCHEDULE '21'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company. All income & expenditure items having a material bearing on the financial statements are recognized on accrual basis, except in respect of insurance claims, Liquidated damages, and derivative transactions, where the exact quantum can not be ascertained.

2) SALES

- a) The Sales are inclusive of Excise Duty but net of Sales Tax.
- b) Materials returned/rejected are accounted for in the year of return /rejection.
- c) Revenue in respect of Service/ Works Contracts is recognized based on the Work performed and invoiced as per the terms of specific Contracts.
- d) Revenue in respect of sale of goods is recognized either on delivery or on transfer of significant risk and rewards of ownership of the goods.
- e) Incentives on exports and other Government Grants are recognized in Books after due consideration of certainty of utilization/receipt of such incentive / grant.

3) FIXED ASSETS

a) VALUATION OF FIXED ASSETS

- i) Tangible Fixed Assets are stated at cost of acquisition (net of Cenvat/ Value Added Tax credit) inclusive of all incidental expenses related thereto except Land, Building and Plant & Machinery in respect of Pipe Division, at Kosi Kalan, Mathura which have been stated at revalued amount as a result of their revaluation.
- ii) Software which is not an integral part of related hardware is classified as an intangible asset and is stated at cost.

b) DEPRECIATION & AMORTIZATION

- i) Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956, as amended up to date.
- ii) Depreciation on revalued fixed assets is computed on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956, as amended up to date and additional depreciation on account of revaluation is adjusted to Revaluation Reserve Account.
- iii) Leasehold assets are amortized over the lease period.
- iv) Intangible fixed assets are amortized over a period of 5 years.

c) EXPENDITURE DURING CONSTRUCTION PERIOD FOR NEW PROJECTS /EXPANSION cum MODERNIZATION PROJECTS

Expenditures which are directly attributable to identified assets and incurred during the construction period are included under capital work-in-progress, till the completion of the project. Expenditures which are not directly attributable to an identified asset forming part of a project, including interest on borrowed funds, are carried to pre-operative expenses, till the completion of the project. On completion of the project, capital work in progress along with pre-operative expenses is carried to respective fixed assets.

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d) IMPAIRMENT OF ASSETS

An asset is considered as impaired when at the date of Balance Sheet there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs exceeds its recoverable amount (i.e the higher of the net asset selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Profit and Loss Account. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

4) VALUATION OF INVENTORIES

Inventories are valued at the lower of cost and net realizable value except scrap, which is valued at net realizable value. The cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their respective present location and condition. Cost is computed on the weighted average basis.

5) 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. Current investments are carried at lower of cost or fair market value.

6) BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets and other borrowing costs are recognized as expense in the period in which these are incurred.

7) 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, except (i) to the extent that they are regarded as an adjustment to the interest cost and the resultant balance for new projects, till the date of capitalization, are carried to pre-operative expenses. In case of forward foreign exchange contracts, exchange difference are dealt within the Profit and Loss Account over the life of the contract, except as mentioned in (i) supra. Non monetary foreign currency items are carried at historic costs.

In the case of foreign branches, being non-integral foreign operations, revenue items are converted at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. 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 accumulated balance of Profit/(Loss).

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 or capitalized till the date of installation of such fixed asset.

Derivative transactions are considered as Off-Balance Sheet items and cash flows arising there from are recognized in the Books of Account as and when the settlements take place in accordance with the terms of the respective contracts over the tenor thereof.

8) CONTINGENT LIABILITIES

Contingent liabilities are not provided for in the Accounts but are separately disclosed by way of a note.

9) EMPLOYEE BENEFITS

i) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related services are rendered.

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- ii) Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and are recognized as an expense in the year in which the employees have rendered service.
- iii) The cost of providing leave encashment and gratuity, defined benefit plans are determined using the Projected Unit Credit Method, on the basis of actuarial valuation carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses are recognized as and when incurred.

10) MISCELLANEOUS EXPENDITURE

Preliminary Shares and Convertible Bonds issue expenses are adjusted from Securities Premium Reserves.

11) TAXATION & REVENUE

- i) Current tax provision is computed for Income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws.
- ii) Deferred tax is computed at the current rate of tax to the extent of temporary timing differences that originate in one period and are capable of reversal in one or more subsequent periods.

B. NOTES TO THE ACCOUNTS

1. CONTINGENT LIABILITIES	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
a) Counter Guarantee given to Company's bankers for Guarantee given by them on behalf of the Company	62,988.74	40,885.92
b) Letter of Credit Outstanding (Net of Liabilities provided in the books)	72,318.96	59,468.31
c) Disputed Excise duty, Custom Duty and service tax	87.22	82.12
d) Disputed Sales Tax	674.12	1,298.97
e) Liability in respect of Duty Saved/Corporate Guarantee for availing various export based incentive schemes.	29,023.68	22,939.97
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	11,267.10	34,171.77

- 3. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given. Sundry creditors in the previous period include Rs.112.01 lacs payable to Small Scale Industrial Undertakings.
- 4. The Company has unquoted investments of Rs.19,199.82 lacs (Previous period Rs.6,681.80 lacs) in Subsidiary Companies, which have accumulated losses as per the latest available Balance Sheet and certain other unquoted investment where the fair value (amount unascertained) is lower than the cost, considering the long term strategic investments and future prospects, such diminution, in the opinion of the management, has been considered to be of temporary nature and hence no provision for the same is considered necessary.
- 5. An amount of Rs.11,814.38 lacs (Previous period Rs. 3,286.31 lacs) is outstanding from Subsidiary companies, which have accumulated losses. Having regard to the long- term involvement & future prospects, no provision is considered necessary towards these outstanding.
- 6. Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any, which is not likely to be material, will be adjusted at the time of confirmation.
- 7. During the year, the company has provided sponsor's undertakings to lenders of the projects being sponsored by its wholly owned subsidiary namely Jindal ITF Limited. Major terms of the undertakings envisage investment of equity, retention of major equity in subsidiary company, supporting the projects for shortfall in debt servicing and in the eventuality of any cost overrun.

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- 8 During the year, Company has transferred certain investments to one of its Wholly Owned Subsidiary at Cost.
- 9 The Stores and Spares consumed and Salaries & Wages incurred for repairs and maintenance of Plant and Machinery, Shed and Building have not been allocated to the respective repairs and maintenance accounts.
- 10 In the opinion of the Board, the realizable value of Current assets, loans & advances, in the ordinary course of business, would not be less than the amount at which they are stated.
- 11 Capital work in progress includes Advance against capital goods of Rs. 1,836.65 lacs (Previous period Rs. 12,995.14 lacs).
- 12 The amount of foreign exchange fluctuation amounting to Rs.19,424.74 lacs (Debit) (Previous period Rs. 2,241.07 lacs- Credit) is included under the relevant heads of expenditure and income.
- 13 During the year, the amount of foreign exchange fluctuation capitalized towards Fixed Assets is Rs. 13,056.40 lacs –Debit (Previous period Rs. 619.82 lacs- Credit.)
- 14 Profit for the year includes Prior Period Adjustment Rs 0.64 lacs (Debit) and Rs 19.19 lacs (Credit) (Previous period – Rs. 21.57 lacs (Debit) and Rs 22.72 lacs (Credit).
- 15 Profit or Loss on sale of Raw Materials, Stores and Spares is not ascertained or shown separately and sale proceeds have been credited to the respective consumption accounts.
- 16 Sundry Debtors includes Rs. 108.08 lacs (Previous period Rs. Nil) due from Private Company in which director of the company is a director.
- 17 Financial and Derivative Instruments
 - a) Nominal amounts of derivative contracts entered into by the company and outstanding as at December 31, 2008 for hedging Currency and interest rate related risks:

Sr. No.	Particulars	As At	As At
		31st Dec., 2008	31st Dec., 2007
		Rs in lacs	Rs in lacs
1	Interest rate swaps	7,278.00	5,910.00
2	Currency Swap	19,408.00	15,760.00
3	Options	2,90,513.50	3,22,079.24
4	Forward Contracts	1,18,146.00	8,865.00

- b) Foreign Currency exposures that has not been hedged by derivative instrument or otherwise are as under:

Sr. No.	Particulars	As At	As At
		31st Dec., 2008	31st Dec., 2007
		Rs in lacs	Rs in lacs
1.	Receivables/ inflow	22,908.00	1,21,513.00

The Company has outstanding foreign currency related derivative contracts in form of swap/options etc. for hedging its business related exposure which are not speculative in nature. The contracts have long dated tenor with multiple contingent/ uncertain events. As such, ascertainment of fair value of these contracts is not feasible, however banks estimate the mark to market (MTM) of all outstanding contracts at app. USD 109 million. The Company intends to adopt AS30 in due course and pending adoption of AS 30, the MTM is neither charged to Profit and Loss Account nor considered in the Balance Sheet. However, the gain /loss is being accounted for on settlement.

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18 Related Party Transactions

List of Related Parties & Relationship (As required by AS-18)

a) Subsidiaries

i) Direct Subsidiaries:-

S.No	Name of the Company
1	Hexa Securities & Finance Co. Ltd
2	Jindal ITF Ltd.*
3	IUP Jindal Metal & Alloys Ltd.
4	Highgate Consultants Limited.
5	Jindal Enterprises LLC (upto 4th November, 2007)

ii) Indirect Subsidiaries (Control Exist)

S.No	Name of the Company
1	Jindal Saw USA, LLC
2	S.V. Trading Co. Ltd.
3	Jindal Intellicom Private Limited*
4	Jindal Water Infrastructure Limited*
5	Jindal Urban Infrastructure Ltd.*
6	Jindal Shipyards Ltd.*
7	Jindal Rail Infrastructure Ltd.*
8	Jindal Waterways Ltd.*
9	Jindal Infralogistics Ltd.*
10	ICMS Inc.*
11	Jindal ESIPL CETP (Sitaganj) Ltd.*
12	Timarpur-okhla Waste Management Co. Pvt. Ltd.*

b) Associates

1	Jindal United Steel Corporation (upto 4th November, 2007)
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c) Key Management Personnel

1	Ms. Sminu Jindal	Managing Director
2	Mr. Indresh Batra	Managing Director
3	Mr. H S Chaudhary	Whole Time Director
4	Mr. O P Sharma	Chief Operating Officer (Large Dia. Pipe- SBU)
5	Mr. K Chandrayya	Director (Works- IPU)
6	Mr. V S Konnur	Director (Seamless Business)

d) Relative of Key Management Personnel

Mr. P.R. Jindal

* w.e.f. 31st March, 2008

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E. Transactions	Rs. in lacs					
	Subsidiaries		Associates		Key Management Personnel and their relatives	
	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period
A. Transactions						
1 Sale of Fixed Assets						
IUP Jindal Metal and Alloys Ltd	-	13.72	-	-	-	-
2 Sale of Material/ Services						
Jindal Water Infrastructure Ltd.	6,410.15	-	-	-	-	-
Jindal United Steel Corporation	-	-	-	14.76	-	-
Jindal Saw USA LLC	115.04	90.12	-	-	-	-
Jindal Enterprises LLC	-	118.12	-	-	-	-
3 Purchase of Consumables						
IUP Jindal Metal and Alloys Ltd	2.40	-	-	-	-	-
4 Purchase of Capital Items						
IUP Jindal Metal and Alloys Ltd	10.08	-	-	-	-	-
5 Interest Paid						
Ms. Sminu Jindal	-	-	-	-	5.60	5.90
6 Interest Received						
Jindal Enterprises LLC	-	895.79	-	-	-	-
IUP Jindal Metal and Alloys Ltd	436.53	118.47	-	-	-	-
7 Share Capital						
Jindal ITF Ltd.	12,513.09	-	-	-	-	-
Highgate Consultants Ltd.	-	\$1	-	-	-	-
8 Share Application Money						
Jindal ITF Ltd.	1,230.6	-	-	-	-	-
Highgate Consultants Ltd.	-	817.80	-	-	-	-
9 Investment Transferred						
Hexa Securities & Finance Co.Ltd.	1,710.72	-	-	-	-	-
10 Rent Paid						
Jindal United Steel Corporation	-	-	-	58.21	-	-
Mr.P.R. Jindal	-	-	-	-	6.30	-
11 Outsourcing Paid						
Jindal Enterprises LLC	-	11,255.67	-	-	-	-
Jindal Saw USA LLC	3,568.24	-	-	-	-	-
Jindal United Steel Corporation	-	-	-	43,016.55	-	-
12 Loan given during the year						
Hexa Securities & Finance Co.Ltd.	14,932.77	5,582.89	-	-	-	-
Jindal Enterprises LLC	-	19,264.55	-	-	-	-
IUP Jindal Metal and Alloys Ltd	2,654.00	1,250.00	-	-	-	-
Others	-	900.99	-	-	-	-
13 Loan Received Back during the year						
Hexa Securities & Finance Co.Ltd.	9,396.31	4,689.00	-	-	-	-
Jindal Enterprises LLC	-	21,319.36	-	-	-	-
Others	-	1,950.00	-	-	-	-
14 Remuneration Paid						
Ms. Sminu Jindal	-	-	-	-	191.30	215.55
Mr. Indresh Batra	-	-	-	-	144.18	87.69
Others	-	-	-	-	116.37	249.56
15 Rent Received						
Mr.P.R. Jindal	-	-	-	-	4.50	-
Jindal Intellicom Pvt. Ltd.	39.63	-	-	-	-	-
B. Outstanding Balance as on 31.12.2008						
1 Loans & Advances given						
Hexa Securities & Finance Co.Ltd.	7,231.10	1,694.63	-	-	-	-
IUP Jindal Metal and Alloys Ltd	4,583.28	1,591.68	-	-	-	-
2 Investment Outstanding						
Hexa Securities & Finance Co.Ltd.	2,550.00	2,550.00	-	-	-	-
IUP Jindal Metals & Alloys Ltd.	4,131.80	4,131.80	-	-	-	-
Jindal ITF Ltd.	13,748.63	-	-	-	-	-
Others	817.80	817.80	-	-	-	-
3 Receivables						
Jindal Water Infrastructure Ltd.	5,526.49	-	-	-	-	-
IUP Jindal Metals & Alloys Ltd.	127.80	129.41	-	-	-	-
Jindal Saw USA LLC	307.44	31.72	-	-	-	-
Others	108.08	-	-	-	-	-
4 Payables						
Jindal Saw USA LLC	1,522.56	977.32	-	-	-	-
Others	1.96	-	-	-	-	-

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19 DEFERRED TAX LIABILITY

	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
A. Deferred Tax Liability		
Difference between book and tax depreciation	11,671.69	10,112.70
Total Deferred Tax Liability	11,671.69	10,112.70
B. Deferred Tax Assets		
Disallowance under Income Tax Act	610.08	746.09
Total Deferred Tax Assets	610.08	746.09
Deferred Tax Liability (Net) (A-B)	11,061.61	9,366.61

20 EMPLOYEE BENEFITS

Consequent to Accounting Standard 15- "Employee Benefits" (Revised 2005) issued by Institute of Chartered Accountants of India become effective w.e.f. 1st April 2007, the company has adopted the said standard (Revised) with effect from 1st April 2007. The transitional difference of previous year has been charged to General Reserve

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

i) Defined Contribution Plan

Company's contribution to Provident Fund	Rs.594.26 lacs
Company's contribution to ESI	Rs. 1.18 lacs
Company's contribution to Superannuation Fund	Rs. 4.33 lacs

ii) Defined Benefits Plan

a) Actuarial Assumptions

	Gratuity Funded	Leave Encashment Unfunded
Attrition Rate	10.00%	10.00%
Imputed Rate of Interest	7.00%	7.00%
Future salary increase	7.00%	7.00%
Expected return on plan assets	9.25%	N.A.
Mortality rate	LIC (1994-96) Ultimate Mortality Table	LIC (1994-96) Ultimate Mortality Table
Remaining Working Life	27.98 Years	27.98 Years

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.

b) Reconciliation of present value of obligation

	Gratuity (Funded) Rs. in lacs	Leave Encashment (Unfunded) Rs. in lacs
Present value of obligation at the beginning of the year	704.03	598.64
Current Service Cost	162.26	398.74
Interest Cost	48.29	38.74
Actuarial (gain)/loss	(82.39)	(285.40)
Benefits paid	(28.37)	(90.48)
Present value of obligation at the end of the year	803.82	660.24

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c) Reconciliation of fair value of plan assets

	Gratuity (Funded) Rs. in lacs	Leave Encashment (Unfunded) Rs. in lacs
Fair value of plan assets at the beginning of the year	309.43	N.A.
Expected return on plan assets	35.59	N.A.
Actuarial (gain)/loss	(0.60)	N.A.
Actual return on plan assets	34.99	N.A.
Contributions	179.08	N.A.
Benefits paid	(28.37)	N.A.
Present value of obligation at the end of the IVP	803.82	N.A.
Funded Status	(308.69)	N.A.
Assets distributed on settlement	-	N.A.
Fair value of plan assets at end of the year	495.12	N.A.

d) Net (Asset)/Liability recognised in the Balance Sheet as at year end

	Gratuity (Funded) Rs. in lacs	Leave Encashment (Unfunded) Rs. in lacs
Present value of obligation at the end of the year	803.82	660.24
Fair value of plan assets at end of the year	495.12	N.A.
Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	308.69	660.24*
* Does not include short terms leave liability Rs. 169.54 lacs		

e) Composition of plan assets as a percentage of total plan assets

	Gratuity (Funded) Rs. in lacs
Insurer Managed Fund	495.12
Percentage	100%

f) Expenses recognised in the Profit and Loss Account

	Gratuity (Unfunded) Rs. in lacs	Leave Encashment (Unfunded) Rs. in lacs
Current Service Cost	162.26	398.74
Interest Cost	48.29	38.74
Expected return on plan assets	(35.59)	-
Actuarial (gain)/loss recognised in the period	(81.79)	(285.40)
Past Service Cost	-	-
Total expenses recognised in the Profit and Loss Account for the year	93.17	152.08
Actual return on plan assets	34.99	-

21 Segment Reporting

(i) Information about Business Segment

The company has only one business segment 'Iron & Steel Products' as primary Segment.

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(ii) Secondary Segment (Geographical Segment)

The Secondary Segment is Geographical, the Information of which is given here under:-

Particulars	Within India Rs. in lacs	Outside India Rs. in lacs	Total Rs. in lacs
1 Gross Revenue	233,385.02 203,095.39	282,721.37 498,617.14	516,106.39 701,712.53
Less: Excise Duty	15,787.84 22,935.92	- -	15,787.84 22,935.92
Net Revenue	217,597.18 180,159.47	282,721.37 498,617.14	500,318.55 678,776.61
2 Segment Assets*	525,186.79 391,295.63	2,317.19 9,611.95	527,503.98 400,907.58
3 Capital Expenditure	59,234.81 41,789.70	- -	59,234.81 41,789.70

* The Company's manufacturing facilities are located in India.

Note:

- 1 Unbold figures pertain to previous period.
- 2 Segment have been indentified inline with AS on Segment Reporting (AS-17) taking into account the organisational structure and nature of product and differential risk and return of these segments.

22 Disclosure as per amendment to clause 32 of the Listing Agreement.

Details of Inter Corporate Loans:

Name of the Company	Amount Outstanding As At 31st Dec., 2008 Rs. in lacs	Maximum balance outstanding during the year Rs. in lacs
(a) Loans to Subsidiaries		
(i) Hexa Securities & Finance Co. Ltd	7,231.10 1,694.63	15,745.10 5,523.63
(ii) IUP Jindal Metal & Alloys Ltd.	4,583.28 1,591.68	4,804.24 2,200.00
(iii) Jindal Enterprises LLC	- -	- 19,926.00
(b) Loans & Advances Where There is no Repayment Schedule		
(i) Stainless Investments Ltd.	624.93 545.50	747.72 944.33
(ii) Goswami Credits and Investments Ltd	1,571.05 835.91	1,706.38 1,476.90
(iii) Renuka Financials Services Ltd	692.41 952.07	952.07 1,145.92
(iv) Manjula Finances Ltd	1,898.59 1,422.63	2,062.19 1,422.63
(v) Nalwa Investments Ltd.	472.13 -	544.17 -
(vi) Mansarovar Investment Ltd.	13.53 -	103.00 -

Notes: Unbold figures pertain to previous period.

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	Year ended 31st Dec., 2008 Rs. in lacs	Period ended 31st Dec., 2007 Rs. in lacs
23 (a) Auditors' Remuneration		
1. Statutory Auditors		
i. Audit Fee	13.90	11.24
ii. Tax Audit Fee	2.21	1.68
iii. Taxation Matters	-	-
iv. Certification/others	5.57	5.60
v. Out of pocket Expenses	2.16	3.84
Total	23.84	22.36
2. Cost Auditors		
i. Audit Fee	5.17	2.05
ii. Out of pocket Expenses	0.35	0.25
Total	5.52	2.30
(b) Directors' Remuneration		
i. Salary including allowances etc.	164.77	167.05
ii. Commission	125.10	92.95
iii. Contribution to P.F. etc.	16.18	15.46
iv. Perquisites (as per Income Tax Rules)	44.82	40.68
Total	350.87	316.14
24. Capital Work in progress includes following Pre operative expenses Pending allocation.		
Raw material Consumption	-	8.02
Power & Fuel	320.79	16.46
Store & Spares	128.85	0.71
Repair to Plant and machinery	9.14	0.97
Salary, Wages & Other Benefits	266.77	103.81
Contribution to PF & other funds	2.04	5.56
Workman & Staff Welfare	20.37	8.62
Rent	12.10	1.28
Insurance Expenses	93.94	0.54
Travelling and Conveyance	46.13	30.61
Interest Paid **	2,907.46	-
Bank Charges	90.26	-
Foreign Exchange Fluctuation***	13,056.40	-
Miscellaneous Expenses	245.14	124.23
Depreciation	5.56	6.65
	17,204.96	307.46
Less:		
Sales value of goods produced during trial period	103.61	5.72
Closing Stock	-	19.78
Interest received *	-	483.36
	17,101.35	(201.40)
Add: Expenditure upto Previous period	609.07	1,576.49
	17,710.42	1,375.09
Less; Capitalised during the year	2,550.20	766.02
Balance Carried Forward	15,160.22	609.07

* Net of Interest paid Rs. Nil (Previous period Rs.628.38 lacs)

** Net of Interest received Rs 679.06 lacs (Previous period Rs.Nil)

*** Foreign Exchange Fluctuation of Rs.619.82 lacs for Previous period ended 31.12.2007 has been credited to Capital Work In Progress.

FINANCIAL STATEMENTS

	Year ended 31st Dec., 2008 Rs. in lacs	Period ended 31st Dec., 2007 Rs. in lacs
25. COMPUTATION OF NET PROFIT UNDER SECTION 349 READ WITH SECTION 198 OF THE COMPANIES ACT, 1956.		
Profit before Tax	46,439.00	57,710.46
Add :		
Managerial Remuneration	350.87	316.14
Provision for Doubtful debts	(70.14)	2,100.60
Director Sitting Fees	4.90	6.80
Net Profit for the year	46,724.63	60,134.00
Commission @ 2 % to Managing Directors	934.49	1,202.68
Maximum Commission payable restricted to 100 % of salary as approved by shareholders	125.10	92.95
Commission Payable	125.10	92.95
26. Earning per share (EPS)		
Basic and Diluted		
Profit before tax and excluding Extra ordinary Item	46,439.00	57,710.46
Less: Tax on ordinary activities	12,206.34	16,546.99
Less: Adjustments for tax & depreciation of earlier years	938.09	(96.69)
Profit after tax and excluding extra ordinary item	33,294.57	41,260.16
Less: Preference dividend including tax thereon	918.41	1,163.88
Profit attributable to Equity Shareholders - Basic (A)	32,376.16	40,096.28
Extraordinary Items		
Extraordinary Income	-	59,411.01
Less: Tax on Extraordinary Income	-	13,033.00
Extraordinary Income (Net of Taxation)	-	46,378.01
Profit attributable to Equity Shareholders including extra ordinary income - Basic (B)	32,376.16	86,474.29
Interest on CCD (Net of Taxes)	555.83	-
Profit attributable to Equity Shareholders - Diluted (C)	32,931.99	40,096.28
Profit attributable to Equity Shareholders including extra ordinary income - Diluted (D)	32,931.99	86,474.29
Weighted Average No of Shares issued for Basic EPS (E)	51,839,510	48,681,694
Weighted Average No of Shares issued for Diluted EPS (F)	54,150,661	53,632,637
Earning per share (on face value of Rs. 10/each)		
Excluding extra Ordinary income		
Basic = A/E	62.45	82.36
Diluted = C/F	60.82	74.76
Including extra Ordinary income		
Basic = B/E	62.45	177.63
Diluted = D/F	60.82	161.23

FINANCIAL STATEMENTS

27. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 3 & 4 OF PART II OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956.

A) INSTALLED CAPACITY AND PRODUCTION

Description	Unit	Installed capacity (per Annum)		Production	
		Year ended 31st Dec.,2008	Period ended 31st Dec.,2007	Year ended 31st Dec.,2008	Period ended 31st Dec.,2007
(a) Iron & Steel Pipes	M T	1,690,000	1,400,000	784,553	994,776
(b) Anti-Corrosion Coating on Pipes	Sq.Mtr	10,000,000	10,000,000	3,133,867	3,680,863
(c) Steel Plates	MT	-	-	-	228,600
(d) Pig Iron	MT	200,000	200,000	22,665	97,655
(e) Beveling and End Finishing	M T	-	40,000	-	-
(f) Chamfering	M T	-	50,000	-	-

NOTES:

1. The above production also includes goods manufactured for outside parties on job work basis as follows:

	Unit	Year ended 31st Dec.,2008	Period ended 31st Dec.,2007
i) Steel Pipes	MT	-	600

2. The above production includes goods manufactured by third parties.

	Unit	Year ended 31st Dec.,2008	Period ended 31st Dec.,2007
i) Steel Pipes	MT	9,716	236,747
ii) Steel Plates	MT	-	228,600

3. Above Production includes production before start of Commercial production.

4. The above production of Anti Corrosion of Pipes includes the coating done for Steel Pipes Division

5. Licensed capacity is not applicable in view of the Company's products having been delicensed as per the Liberalised Licensing Policy announced by the Govt. of India.

6. Installed capacity is as certified by the management.

7. The above production does not includes production of Captive Power of 20,462,203 Units.

B) RAW MATERIAL CONSUMPTION / SOLD

	Unit	Year ended 31st Dec.,2008		Period ended 31st Dec.,2007	
		Qty	Amount Rs. in lacs	Qty	Amount Rs. in lacs
Steel Plates/Coils	MT	475,631	235,331.77	483,078	191,883.67
Steel Slabs	MT	-	-	565,649	138,678.79
Steel Pipes	MT	4,392	1,529.31	-	-
Round Billets	MT	82,020	29,940.89	102,326.00	26,789.67
Coating Material*			18,421.46		11,348.05
Coal/ Coke/fines	MT	271,143	35,422.33	342,670	22,138.39
Iron ore/fines	MT	346,465	17,239.98	492,262	18,057.87
Others			17,934.73		14,216.18
Net Consumption			355,820.47		423,112.62
TRADING GOODS PURCHASE					
Steel Plates and pipes	MT	5,944	1,921.13		-
Others	MT		5,606.10		2,206.93
			7,527.23		2,206.93
Total			363,347.70		425,319.55

*Quantity of consumption of coating material has not been given since their unit of measurement are different.

FINANCIAL STATEMENTS

C) QUANTITATIVE INFORMATION OF FINISHED GOODS STOCKS

	Opening Stock As At 01.10.2006		Closing Stock 31.12.2007 and Opening Stock As At 01.01.2008		Closing Stock As At 31.12.2008	
	Qty (MT)	Amount Rs.in lacs	Qty (MT)	Amount Rs.in lacs	Qty (MT)	Amount Rs.in lacs
Finished Goods:						
Iron & Steel Pipes	73,451	31,882.09	28,961	10,490.96	35,099	22,094.47
Steel plates	30,436	9,912.80	-	-	-	-
Pig Iron	5,611	870.18	8,990	1,585.85	9,222	2,285.80
Others	-	105.99	-	119.69	-	400.06
		<u>42,771.06</u>		<u>12,196.50</u>		<u>24,780.33</u>

D) SALES

	Year ended 31.12.2008		Period ended 31.12.2007	
	Qty (MT)	Amount Rs. in lacs	Qty (MT)	Amount Rs. in lacs
Manufactured goods				
Iron & Steel Pipes	778,415	472,279.96	1,038,666	536,898.72
Steel Plates / Coils	5,944	2,294.00	259,037	94,606.37
Pig Iron	22,433	6,395.85	94,276	19,733.87
Scrap		10,546.46		16,434.86
Others		7,457.02		2,831.88
		<u>498,973.29</u>		<u>670,505.70</u>

E) C.I.F.Value of Imports

	Year ended 31st Dec., 2008 Rs. in lacs	Period ended 31st Dec., 2007 Rs. in lacs
Raw Materials	238,233.37	236,844.37
Stores & Spares	2,839.07	2,612.72
Capital Goods	33,142.68	5,405.71

F) BREAK UP OF THE CONSUMPTION OF RAW MATERIALS AND STORES AND SPARES INTO IMPORTED AND INDIGENOUS

	Year ended 31.12.2008		Period ended 31.12.2007	
	%	Rs. in lacs	%	Rs. in lacs
a) Raw Material*				
Imported	71.05	252,802.41	49.08	207,677.34
Indigenous	28.95	103,018.06	50.92	215,435.29
	100.00	355,820.47	100.00	423,112.63
b) Stores & Spares				
Imported	23.19	3,141.29	9.12	1,150.86
Indigenous	76.81	10,407.50	90.88	11,473.03
	100.00	13,548.79	100.00	12,623.89

* excluding figure of purchase for resale Rs.7527.23 Lacs (Previous period Rs. 2206.92 lacs)

FINANCIAL STATEMENTS

	Year ended 31st Dec., 2008 Rs. in lacs	Period ended 31st Dec., 2007 Rs. in lacs
G) EXPENDITURE IN FOREIGN EXCHANGE		
i) Travelling	65.94	67.70
ii) Interest & Bank Charges	3025.55	1,091.25
iii) Commission on Sale	3,723.55	1,188.33
iv) Fees and subscription	31.46	7.96
v) Legal & Professional	180.94	306.27
vi) Advertisement	-	41.70
vii) Carriage Outward	16,062.81	13,220.21
viii) Reimbursement of Overseas Branch	20,608.99	260,118.20
ix) Others	213.30	338.63
H) EARNING IN FOREIGN EXCHANGE		
(i) F.O.B. Value of Exports	234,557.55	230,463.71
(ii) Interest	674.50	261.20
(iii) Revenue from Overseas Branch	27,966.37	264,427.29
I) REMITTANCE OF FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND		
a) Financial year to which dividend relates	2006-07	2005-06
b) No. of NRI shares holders	11	12
c) No. of shares held	9726100	9733600
d) Net amount of dividend remitted -net of Tax (Rs. in lacs)	607.88	486.68

28. Previous Period figures which are for the period of 15th month from 1st October 2006 to 31st Decemebr 2007 have been regrouped/re-arranged, whenever considered necessary and practical. Current year figures of Profit and Loss Account are not comparable with previous year as the previous period figures are for fifteen months.

29. Schedule 1 to 21 are annexed and form integral part of Balance Sheet and Profit and Loss Account.

As per our report of even date attached

For **N.C. AGGARWAL & CO.**
Chartered Accountants

N.C. Aggarwal
PARTNER
M.No. 005951
PLACE : NEW DELHI
DATED : 30th March, 2009

SMINU JINDAL
Managing Director

SUNIL JAIN
Company Secretary

H.S. CHAUDHARY
Wholetime Director

N.K.AGARWAL
Vice President
(Corp. Accounts & Taxation)

Balance Sheet Abstract and Companies Business Profile Pursuant to Part IV of Schedule VI to the Companies Act, 1956

I Registration Details

Registration No	23979	State Code 20	Balance Sheet Date 31.12.2008
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II Capital Raised During the Year (Rs. in thousands)

Public Issue	Nil
Bonus Issue	Nil
Rights Issue	Nil
Private Placements	9,797.00

III Position of mobilisation and deployment of funds (Rs. in thousands)

Total Liabilities	40,978,884	Total Assets	40,978,884
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Sources of Funds:

Paid up Capital	1,521,225	Reserves and Surplus	21,772,900
Defered Tax Liability	1,106,161	Unsecured Loans	9,159,828
Secured Loans	7,205,830	Optionally Convertible Warrants	212,940

Application of Funds:

Net Fixed Assets	18,857,211	Investments	2,153,149
Net Current Assets	19,968,524		

IV Performance of the Company (Rs. in thousands)

Gross Turnover	51,610,639	Total Expenditure	47,458,388
Net Turnover	50,031,855		
Profit before Tax	4,643,900	Profit After Tax	3,423,266

Earning per share (on Face Value of Rs.10/- each)

Excluding Extraordinary Income	
Basic	62.45
Diluted	60.82
Including Extraordinary Income	
Basic	62.45
Diluted	60.82
Dividend Rate (Equity Share)	50%

V Generic Name of three principal products of the Company

Product Description	Item Code No
I) Steel Pipe	7304.90/7305.90

DETAILS OF SUBSIDIARY COMPANIES											Rs in lacs	
S.No	Name of the Subsidiary Company	Capital including Share Application Money	Reserve (Net of Accumulated Losses)	Total Assets	Total Liabilities (Outside)	Investment included in Total Assets (other than in Subsidiaries)	Turnover / Total Income	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	
1	Hexa Securities & Finance Company Limited	2,550.00	(1,121.14)	9,969.38	8,540.52	7,441.51	932.12	919.59	102.86	816.73	Nil	
2	IUP Jindal Metals and Alloys Limited	1,000.00	1,470.22	11,836.23	9,366.01	-	10,472.00	(1,569.08)	(532.27)	(1,036.81)	Nil	
3	Highgates Consultants Limited	970.40	40,063.30	41,034.19	0.49	-	40,067.46	40,065.73	-	40,065.73	Nil	
4	S V Trading Limited	2,000,001	82,570,696	84,571,697	1,000	-	82,579,274	82,575,692	-	82,575,692	Nil	
		946.14	15,517.48	56,530.59	40,066.97	-	1,808.44	921.96	-	921.96	Nil	
5	Jindal Saw USA, LLC	1,950,001	31,981,617	116,509,865	82,578,247	-	3,727,199	1,900,156	-	1,900,156	Nil	
		485.20	(2,434.85)	13,903.54	15,853.19	-	7,455.13	(2,460.03)	-	(2,460.03)	Nil	
		1,000,000	(5,018,237)	28,655,285	32,673,522	-	15,365,064	(5,070,145)	-	(5,070,145)	Nil	
6	Jindal ITF Limited	5,406.65	8,303.53	13,710.39	0.21	-	-	(37.87)	-	(37.87)	Nil	
7	Jindal Intellicom Pvt. Ltd.	240.05	352.14	2,432.65	1,840.46	1.50	1,872.02	(219.16)	(62.06)	(157.10)	Nil	
8	Jindal Water Infrastructure Limited	667.20	682.72	9,260.81	7,910.90	1.32	19,196.83	522.17	185.49	336.68	Nil	
9	Jindal Urban Infrastructure Limited	728.00	590.92	1,319.34	0.42	40.07	0.07	(15.40)	-	(15.40)	Nil	
10	Jindal Shipyards Limited	536.00	1,048.90	1,642.20	57.30	25.03	0.34	(6.22)	0.22	(6.44)	Nil	
11	Jindal Rail Infrastructure Limited	536.36	658.13	1,215.73	21.24	117.65	-	-	-	-	Nil	
12	Jindal Waterways Limited	2,999.33	3,587.99	20,929.38	14,342.06	-	4,510.16	(2,267.77)	(768.31)	(1,499.46)	Nil	
13	Jindal Infralogistics Limited	5.00	(0.79)	4.39	0.18	-	-	(0.19)	-	(0.19)	Nil	
14	Jindal ESJPL CETP (Sitargan) Limited	237.75	(1.73)	245.29	9.27	-	-	(0.70)	0.36	(1.06)	Nil	
15	Timarpur-Okhla Waste Management Company Private Limited	1,224.00	24.74	1,327.02	78.28	-	67.12	49.52	24.00	25.52	Nil	
16	ICMS Inc.	4.85	(4.74)	0.38	0.27	-	163.83	156.77	-	156.77	Nil	
		10,000	(9,774)	787	561	-	337,655	323,102	-	323,102	Nil	

Note: 1. Exchange Rates as on 31.12.2008-1 US \$ = 48.52
2. Figures in brackets represents losses.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF JINDAL SAW LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JINDAL SAW LIMITED AND ITS SUBSIDIARIES

We have examined the attached Consolidated Balance Sheet of Jindal Saw Limited ('the Company') and its subsidiaries (Collectively referred as the 'Jindal Saw Group') as at 31st December, 2008, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended.

1. 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. We have conducted our audit in accordance with generally accepted audit standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of subsidiaries Jindal Saw USA LLC (JSULLC), Hexa Securities & Finance Company Limited (HSFCL), Jindal Intellicom Private Limited, ICMS Inc. whose financial statements reflect total assets (net) of Rs. 23069.20 lacs and total revenues of Rs. 9570.74 lacs and net cash outflows of Rs 335.37 lacs. These financial statements have been audited by respective auditors whose reports have been furnished to us and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries are based solely on the reports of the respective auditors.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Jindal Saw Limited, and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries included in the consolidated financial statements read together with Notes on Accounts of Consolidated Financial Statements, we are of the opinion that:-

- a) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Jindal Saw Group as at 31st December, 2008.
- b) In case of the Consolidated Profit and Loss Account, of the profit of the Jindal Saw Group for the year ended on that date.
- c) In case of the Consolidated Cash Flow statement, of the consolidated cash flows of the Jindal Saw Group for the year ended on that date.

For & on behalf of
N.C. AGGARWAL & CO.
Chartered Accountants

N.C. Aggarwal
PARTNER
M.No. 005951

PLACE : NEW DELHI
DATED : 30th March, 2009

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2008

	SCHEDULE	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	15,212.25	15,114.28
Optionally Convertible Warrants		2,129.40	-
Reserves and Surplus	2	265,541.23	222,381.98
		282,882.88	237,496.26
MINORITY INTEREST			
Deferred Tax Liability(Net) (Refer Note no. 16 of Schedule 21)		957.99	945.67
		8,406.38	8,257.87
LOAN FUNDS			
Secured Loans	3	88,612.96	63,273.11
Unsecured Loans	4	93,796.28	61,281.21
		182,409.24	124,554.32
Total		474,656.49	371,254.12
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	186,626.80	123,365.87
Less :Depreciation		41,212.25	32,462.23
Net Block		145,414.55	90,903.64
Capital Work in Progress		81,918.48	42,895.25
		227,333.03	133,798.89
INVESTMENTS			
	6	7,910.36	20,928.37
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	165,338.27	118,427.44
Sundry Debtors	8	126,445.60	112,273.86
Cash and Bank Balances	9	56,638.08	65,864.17
Loans and Advances	10	36,720.85	24,256.13
		385,142.80	320,821.60
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	137,579.28	90,432.21
Provisions	12	8,150.42	13,862.53
		145,729.70	104,294.74
NET CURRENT ASSETS			
Total		239,413.10	216,526.86
Total		474,656.49	371,254.12
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	21		

As per our report of even date attached

For **N.C. AGGARWAL & CO.**
Chartered Accountants

N.C. Aggarwal
PARTNER
M.No. 005951

PLACE : NEW DELHI
DATED : 30th March, 2009

SMINU JINDAL
Managing Director

SUNIL JAIN
Company Secretary

H.S. CHAUDHARY
Wholetime Director

N.K. AGARWAL
Vice President
(Corp. Accounts & Taxation)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2008

SCHEDULE	Year Ended 31st Dec., 2008 Rs. in lacs	Period Ended 31st Dec., 2007 Rs. in lacs
INCOME		
Sales and Operational Income	13 5,52,826.12	728,753.88
Less: Excise Duty	17,242.49	<u>26,578.55</u>
Other Income	14 1,298.01	44,784.33
Increase/(Decrease) in Stock	15 18,648.91	(15,946.56)
(Increase) / decrease in Excise Duty on stock	89.61	99.90
	555,620.16	<u>731,113.00</u>
EXPENDITURE		
Cost of Material Consumed/Sold	381,453.64	445,287.81
Manufacturing Expenses	16 49,157.59	104,258.61
Employees Remuneration and Benefits	17 15,991.70	13,754.42
Selling Expenses	18 30,334.32	31,074.38
Finance Expenses	19 19,789.68	19,665.51
Administrative & Other Expenses	20 6,552.60	11,166.93
Provision for Non Performing Assets	-	5.86
Provision towards estimated loss on project activity to be undertaken in future years	170.00	-
Depreciation	8,812.43	8,156.40
Less: Transfer from Revaluation Reserve	408.56	<u>426.14</u>
	511,853.40	<u>632,943.78</u>
	43,766.76	<u>98,169.22</u>
Profit before Taxation		
Extra Ordinary items		
Gain on sale of Shares	-	63,181.44
Provision for		
- Current Income Tax (including Taxes on Extraordinary Income Rs. Nil (Previous Period Rs. 13,033.00 lacs)	10,701.23	24,513.42
- Tax on Income Remittance	-	3,230.12
- Deferred Tax Liability	262.19	626.56
- Fringe Benefit Tax	120.92	124.49
- Wealth Tax	48.28	15.24
	11,132.62	28,509.83
Profit after Taxation		
Minority Interest in (Profit)/Loss	32,634.14	132,840.83
Debt Redemption Reserve Written Back	279.90	564.93
Previous years' Depreciation Written Back	1,875.00	-
Previous years' Taxation Adjustments	50.91	-
Profit Brought Forward	(989.00)	96.69
Adjustment of Misc. Expenditure by subsidiaries	81,457.82	23,921.83
	(7.20)	-
	115,301.57	<u>157,424.28</u>
Disposable Profit		
APPROPRIATIONS		
Interim Dividend paid on Preference shares	565.63	785.00
Corporate Tax on Above	96.14	122.23
Proposed Dividend :		
- on Equity Shares	2,606.07	3,257.63
- on Preference Shares	219.37	219.37
Corporate Tax on Proposed Dividends	480.18	590.92
General Reserve	50,000.00	70,000.00
Debt Redemption Reserve	-	937.50
Transferred to Capital Reserve	37,603.90	-
Statutory Reserve	163.35	53.81
Balance Carried to Balance Sheet	23,566.93	81,457.82
	115,301.57	<u>157,424.28</u>
Earning per share in Rs.(on face value of Rs. 10/ each)		
Basic (Excluding extra ordinary income)	59.37	167.67
Diluted (Excluding extra ordinary income)	56.84	152.19
Basic (Including extra ordinary income)	59.37	270.68
Diluted (Including extra ordinary income)	56.84	245.70
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	21	

As per our report of even date attached

For **N.C. AGGARWAL & CO.**
Chartered Accountants

N.C. Aggarwal
PARTNER
M.No. 005951

PLACE : NEW DELHI
DATED : 30th March, 2009

SMINU JINDAL
Managing Director

SUNIL JAIN
Company Secretary

H.S. CHAUDHARY
Wholetime Director

N.K. AGGARWAL
Vice President
(Corp. Accounts & Taxation)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2008

PARTICULARS	Year Ended 31st Dec., 2008 Rs. in lacs	Period Ended 31st Dec., 2007 Rs. in lacs
A. CASH INFLOW / (OUTFLOW) FROM THE OPERATING ACTIVITIES		
Net Profit Before Tax And Ordinary Activity	43,766.76	98,169.22
Adjustments for		
Add/(Less):		
Depreciation	8,403.87	7,730.26
Dividend Received	(65.89)	(240.12)
Interest Paid	8,532.47	18,210.69
(Profit)/Loss on sale of fixed assets	202.70	(6.91)
Adjustment of Misc. Expenditure by subsidiary	(20.00)	-
Provision for Doubtful Debts	207.99	2,287.21
Provision for Doubtful Debts Written Back	(70.14)	-
Liquidated Damages/ Bad Debts	297.15	-
Profit on Sale of Investments	(374.71)	(44,044.00)
Provision towards estimated loss on project activity to be undertaken in future years	170.00	-
Provision for Non Performing Assets	-	5.86
Provision no longer required written back	(188.49)	-
Effect of Foreign Currency Translation Reserve	9,482.56	-
Effect of Unrealised Foreign Exchange (Gain)/Loss	12,206.55	(3,150.97)
Interest Received	(1,728.68)	(2,447.69)
Operating Profit Before Working Capital Changes	80,822.14	76,513.55
Adjustments for:-		
Inventories	(46,841.13)	21,240.00
Sundry debtors	(9,707.70)	(38,311.10)
Other current assets	(10,488.26)	(5,351.60)
Current liabilities	35,801.73	(23,927.69)
Cash Generated From Operations	49,586.78	30,163.16
Extraordinary Items		
Sale of Shares of Subsidiary Company	-	63,543.36
	49,586.78	93,706.52
Tax Paid	(17,802.43)	(24,228.02)
Net Cash From Operating Activities	31,784.34	69,478.50
B. CASH INFLOW/(OUTFLOW) FROM INVESTMENT ACTIVITIES		
(Increase)/Decrease in Investment	7,834.44	(12,934.01)
Capital expenditure	(67,958.80)	(47,755.81)
Sale proceeds of fixed assets	1,588.23	8,668.74
Loan & Advances	(744.70)	5,749.84
Proceeds from sale of current Investments (Net of Purchases)	-	44,044.00
Interest Received	2,399.72	2,735.49
Dividend Received	65.89	377.28
Net Cash Inflow/(Outflow) From Investing Activities	(56,815.22)	885.53
C. CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		
Dividend paid including Tax	(4,685.66)	(3,634.03)
Interest paid	(11,568.44)	(18,394.86)
Proceeds from Eq. Share Cap. Including Securities Premium	-	10,487.34
Proceeds from Optionally Convertible Warrants	2,129.40	-
Working Capital loans from banks	22,148.33	(1,903.60)
Increase/(Decrease) in secured loan	(17,456.42)	(21,822.06)
Increase/(Decrease) in Compulsory Convertible Debentures	22,358.70	-
Increase/(Decrease) in fixed deposits	(574.30)	(714.23)
Increase/(Decrease) in unsecured loan	2,962.29	(7,734.33)
Net Cash Inflow/(Outflow) Used In Financing Activities	15,313.90	(43,715.77)
Net Changes In Cash & Cash Equivalent	(9,716.97)	26,648.26
Cash and cash equivalent as at 01.01.2008 (Opening balance)	65,864.17	39,215.91
Cash and Cash Equivalent of New subsidiaries on the date of becoming Subsidiaries	490.88	-
Cash and cash equivalent as at 31.12.2008 (Closing balance)	56,638.08	65,864.17

NOTE: 1. Increase in secured and unsecured loans are shown net of repayments.
 2. Purchase of fixed assets includes movements of Capital Work-in-progress between the beginning and end of the year.
 3. Cash and Cash equivalent include loss on foreign exchange re-instatement of Rs. 2,188.92 lacs (Previous Period Rs. 1,608.85 lacs)
 4. Previous Period figures have been regrouped wherever necessary.

As per our report of even date attached

For **N.C. AGGARWAL & CO.**
Chartered Accountants

N.C. Aggarwal
PARTNER
M.No. 005951

PLACE : NEW DELHI
DATED : 30th March, 2009

SMINU JINDAL
Managing Director

SUNIL JAIN
Company Secretary

H.S. CHAUDHARY
Wholetime Director

N.K. AGGARWAL
Vice President
(Corp. Accounts & Taxation)

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SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SCHEDULE "1"		
SHARE CAPITAL		
AUTHORISED		
i) 10,00,00,000 Equity Shares of Rs. 10/- each	10,000.00	10,000.00
ii) 1,00,00,000 Redeemable Non Convertible Cumulative Preference Shares of Rs. 100/- each	10,000.00	10,000.00
	20,000.00	20,000.00
ISSUED AND SUBSCRIBED		
i) 5,21,22,850 (Previous year 5,11,43,193) Equity Shares of Rs. 10/- Each	5,212.29	5,114.32
ii) 1,00,00,000 7.85% Redeemable Non Convertible Cumulative Preference Shares of Rs. 100/- each	10,000.00	10,000.00
	15,212.29	15,114.32
PAID UP		
i) 5,21,22,050 (Previous year 5,11,42,393) Equity Shares of Rs. 10/- Each	5,212.21	5,114.24
Add: Forfeited Shares 800 Equity shares of Rs. 10/- Each (Partly Paid Up Rs.5 each)	0.04	0.04
	5212.25	5114.28
ii) 1,00,00,000 7.85 % Redeemable Non Convertible Cumulative Preference Shares of Rs.100/- each	10,000.00	10,000.00
	15,212.25	15,114.28

NOTES:

1. OF THE ABOVE EQUITY SHARES
 - a) 20,08,000 & 66,13,936 were allotted pursuant to contract and scheme of amalgamation respectively without payment being received in cash.
 - b) 2,57,96,172 were allotted as bonus shares by capitalising General Reserves and Share Premium
 - c) 650 shares have been held in abeyance and not allotted as a result of attachment orders by Govt. authorities, lost share certificates and other disputes.
2. DURING THE YEAR
 - a) 9,79,657 equity shares were allotted to the holders of 16750 FCCB of JPY 100000 each exercising the option of conversion at a base conversion price of Rs. 675/- per equity share with a fixed rate of exchange on conversion of JPY 2.533 = Re. 1.00 (after adjustment as per terms & conditions of issue of Bonds).
3. Options on Un-issued Share Capital
Foreign Currency Convertible Bond holders holding bonds for aggregate amount of JPY 6,79,00,00,000 can convert the same upto 24.06.2011 into equity shares of Rs.10/- each at conversion price of Rs.675/- per equity share with a fixed rate of exchange on conversion of JPY 2.533=Re.1.00 (after adjustment as per terms & conditions of issue of Bonds).
4. Preference shares are redeemable in three yearly installments in the ratio of 30:30:40 at the end of fifth, sixth and seventh year from the date of allotment i.e. 22.09.2005. These also carry put / call option at the end of 5th Year from the date of allotment.
5. Holders of 26,00,000 warrants (each warrant convertible into one equity share of Rs. 10/- each at a price not less than Rs. 819/-) have option of conversion into equity shares upto 31st March, 2009.
6. Holders of 27,30,000 - 9.5% Unsecured Compulsorily Convertible Debentures (CCDs) of Rs. 819/- each (each CCD convertible into one equity share of Rs.10/- each at a price not less than Rs. 819/-) have option to convert into equity shares from 1st April, 2009 to 20th September, 2009.

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	As At 31st Dec., 2007 Rs. in lacs	Additions/ Created during the year Rs. in lacs	Deductions during the year Rs. in lacs	As At 31st Dec., 2008 Rs. in lacs
SCHEDULE "2"				
RESERVES AND SURPLUS				
(i) Capital Reserve	9.50	-	-	9.50
(ii) Capital Reserve on Consolidation	-	38,735.49	-	38,735.49
(iii) Capital Redemption Reserve	1,500.00	-	-	1,500.00
(iv) General Reserve*	89,663.06	50,000.00	746.97	138,916.09
(iv) Debenture Redemption Reserve	3,750.00	-	1,875.00	1,875.00
(v) Securities Premium Account	44,622.84	6,890.75	-	51,513.59
(vi) Statutory Reserve	110.22	163.35	-	273.57
(vii) Revaluation Reserve	1,268.54	-	408.57	859.97
(viii) Foreign Currency Translation Reserve	-	8,291.09	-	8,291.09
(ix) Profit and Loss Account	81,457.82	34,839.95	92,730.84	23,566.93
Total	<u>222,381.98</u>	<u>138,920.63</u>	<u>95,761.38</u>	<u>265,541.23</u>
Previous Period	<u>80,311.40</u>	<u>218,463.18</u>	<u>76,392.60</u>	<u>222,381.98</u>

* Rs. 746.97 lacs (Net of Taxes) on account of transitional provision under Accounting Standard - 15

	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SCHEDULE "3"		
SECURED LOANS		
A. Debentures	7,500.00	12,500.00
B. Term Loan		
(i) From Banks	28,680.31	19,279.62
(ii) From Financial institutions	142.63	-
C. Working Capital Loans from Banks	51,496.00	29,347.67
D. External Commercial Borrowing	791.48	2,145.82
E. Interest accrued and due	2.54	-
	<u>88,612.96</u>	<u>63,273.11</u>

NOTES:

- A (i) Debentures referred to in 'A' above are secured by pari-passu charge by way of English mortgage on the company's specific immovable properties located in the State of Gujarat and by way of equitable mortgage of Company's other immovable properties and hypothecation of movable Fixed Assets in favour of Debenture Trustees.
- (ii) Debentures referred to in 'A' above are privately placed and consist of :
- (a) 9.75% Debenture of Rs.100/- each aggregating to Rs.2500.00 lacs are redeemable on 30th September 2009.
- (b) 7.75% Debenture of Rs.10,00,000/- each aggregating to Rs.5000.00 lacs are redeemable in two equal Annual instalments on 26.03.2009 and 26.03.2010
- (c) Debentures referred to in (ii) above are also secured by personal guarantee of directors.
- B. Term Loans from Banks and Financial Institutions include:
- (i) Loans of Rs.159.96lacs (Previous year Rs. 143.65 lacs)for purchase of vehicles and secured by way of hypothecation of vehicles.
- (ii) Loans of Rs. 14326.42 lacs (Previous Year Rs. 18578.74 lacs) which are secured by pari-passu charge by way of mortgage of Company's immovable properties and hypothecation of movable assets (save and except book debts)

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both present and future, except those charged in favour of Company's bankers for securing Working Capital Facilities. Loan of Rs. 10125.00 lacs (Previous Year Rs. 10875.11 lacs) is guaranteed by Director(s).

(iii) Loans of Rs. 13815.58 lacs (Previous Year - Nil) are secured by way of hypothecation of ships and barge.

(iv) Housing loan of Rs.520.98 lacs (Previous year 557.23 lacs) which is secured by way of exclusive charge on the Company's House Property situated in Delhi.The same is guaranteed by a Director.

C. Working Capital Loans are secured/to be secured by hypothecation of finished goods, raw-materials, work-in-progress, stores and spares, book debts and to be secured by second charge in respect of other movable and immovable properties of the Company.

D. External Commercial Borrowings are secured by pari-passu charge by way of mortgage of Company's immovable properties and hypothecation of movable assets (save and except book debts) both present and future, except those charged in favour of Company's bankers for securing Working Capital Facilities. These are also guaranteed by Director(s).

	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SCHEDULE "4"		
UNSECURED LOANS		
(i) Fixed Deposits	2,715.95	3,290.25
(ii) Deferred Sales Tax loan	6,697.70	6,635.23
(iii) Unsecured Loans from Banks	-	1,125.72
(iv) Compulsory Convertible Debentures	22,358.70	-
(v) External Commercial Borrowing	23,349.98	16,058.70
(vi) Foreign Currency Convertible Bonds	36,475.95	29,791.96
(vii) Intercompany Loans	8.00	4,379.35
(viii) Zero Coupon Optionally Convertible Bonds	1,300.00	-
(ix) 0% Unsecured Convertible Bonds of Rs. 10/- each	890.00	-
	93,796.28	61,281.21

NOTES :

(i) Deferred Sales Tax loan and Unsecured Loan from Banks are guaranteed by one of the Directors

(ii) External Commercial Borrowings are repayable on 29th September 2010.

(iii) The Foreign Currency Convertible Bonds (FCCB) are convertible at any time up to the close of business on 24 June 2011 by holders of the Bonds into newly issued equity shares of Rs. 10 each of the company at the option of the Bondholder, at an initial conversion price of Rs. 675 per share with a fixed rate of exchange on conversion of JPY 2.533 = Re. 1.00 unless previously converted redeemed or repurchased and cancelled, the bonds will mature on 1 July 2011 at 117.928 % of their principal amount.

(iv) 27,30,000- 9.5% Unsecured Compulsorily Convertible Debentures (CCDs) of Rs 819 each shall be compulsorily converted into 1(one) equity share of Rs 10 each at a price not less than Rs 819/- on or after April 1, 2009 till 20th September 2009 at the option of CCD holders.

(v) 0% Unsecured Convertible Bonds are convertible at par on 31st May, 2009 into 8,900,000 Equity Shares of Jindal Intellicom Private limited (Indirect Subsidiary) of Rs. 10/- each

(vi) Zero Coupon 13,00,000 Optionally Convertible Bonds of Rs. 100/- each aggregating to Rs. 1300 lacs issued on 01.10.2005 have an option to convert into one equity share of Hexa Securities & Finance Co. Ltd. of Rs. 10/- each at the rate of Rs. 80/- per equity share.

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Schedule "5"

Fixed Assets

Rs. in lacs

	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As At 01.01.08	Additions	Deduction/ Adjustments	As At 31.12.08	Upto 31.12.07	During the Year	Deduction/ Adjustments	Depreciation of Previous Year Written Back	Upto 31.12.08	As At 31.12.08	As At 31.12.07
Tangible Assets:											
Land											
- Free hold	2,875.21	3,459.99	(301.60)	6,636.80	-	-	-	-	-	6,636.80	2,875.21
- Lease hold	394.17	382.67	-	776.84	93.32	6.46	-	-	99.78	677.06	300.85
Lease Hold Improvements	-	7.87	-	7.87	-	1.97	-	-	1.97	5.90	-
Buildings	17,640.54	10,038.76	(522.82)	28,202.12	2,092.63	675.30	(17.17)	-	2,785.10	25,417.02	15,547.91
Plant & Machinery	100,506.35	33,158.69	2,535.01	131,130.03	29,669.75	8,225.33	897.37	45.51	36,952.20	94,177.83	70,836.60
Vehicles	1,101.76	378.19	97.03	1,382.92	363.95	128.78	61.31	4.59	426.83	956.09	737.81
Furniture & Fixtures	816.71	392.97	0.37	1,209.31	229.22	98.80	(0.03)	0.81	327.24	882.07	587.49
Vessels	-	16,796.15	-	16,796.15	-	583.54	-	-	583.54	16,212.61	-
Barge	-	447.45	-	447.45	-	14.27	-	-	14.27	433.18	-
Intangible Assets											
Computer Software	31.13	6.18	-	37.31	13.36	7.96	-	-	21.32	15.99	17.77
TOTAL	123,365.87	65,068.92	1,807.99	186,626.80	32,462.23	9,742.41	941.48	50.91	41,212.25	145,414.55	90,903.64
Previous Period	110,491.16	22,228.68	9,353.97	123,365.87	24,991.31	8,163.05	692.13	-	32,462.23	90,903.64	

NOTES:

A) Gross Block includes the following amount on account of revaluation made on 31.03.1996 of Pipe Division at A-1, UPSIDC Indl. Area, Kosi Kalan at Net current Residual Replacement Value.

- (i) Land Freehold Rs. 7.38 lacs
- (ii) Building Rs. 548.34 lacs
- (iii) Plant & Machinery Rs. 3,916.96 lacs
- Leasehold Rs. 143.59 lacs

B) Additions during the year includes Assets amounting to Rs. 10648.45 lacs (Previous Period Nil) related to opening block of new subsidiaries under various heads as follows.

- (i) Freehold Rs. 530.99 lacs
- (ii) Leasehold Rs. 357.85 lacs
- (iii) Building Rs. 772.20 lacs
- (iv) Plant and Machinery Rs. 1767.48 lacs
- (v) Vehicles Rs. 64.28 lacs
- (vi) Furniture and Fixtures Rs. 115.14 lacs
- (vii) Vessels Rs. 6682.52 lacs
- (viii) Barge Rs. 357.99 lacs

C) Depreciation during the year includes

- (a) Depreciation Capitalized during Pre-operative Stage amounting to Rs. 5.56 lacs (Previous Period Rs. 6.65 lacs)
- (b) Assets amounting to Rs. 924.42 lacs (Previous Period- Nil) related to opening block of new subsidiaries under various heads as follows.
 - (i) Building Rs. 44.40 lacs
 - (ii) Plant and Machinery Rs. 762.21 lacs
 - (iii) Vehicles Rs. 9.53 lacs
 - (iv) Furniture and Fixtures Rs. 23.48 lacs
 - (v) Vessels Rs. 82.38 lacs
 - (vi) Barge Rs. 2.42 lacs

	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SCHEDULE "6"		
INVESTMENTS		
(i) Quoted Shares	7,394.12	7,394.12
(ii) Unquoted Shares	41.20	39.70
(iii) Share Application Money (Unquoted Shares)	165.65	48.00
(iv) Govt & Trust Securities	242.95	242.95
(v) Mutual Funds	66.44	13,203.60
Total	7,910.36	20,928.37
Aggregate Market Value of Quoted Investments	46,586.71	176,613.17

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	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SCHEDULE "7"		
INVENTORIES		
(Taken valued and certified by the management)		
i) Stores and Spares	6,395.45	5,525.57
ii) Loose Tools	208.46	122.76
iii) Finished goods	24,971.03	12,696.39
iv) Work in Progress	35,462.08	29,563.44
v) Raw Material*	93,759.69	66,285.57
vi) Scrap	4,345.18	4,233.71
vii) Fuel oils - Vessels	172.43	-
viii) Project work in Progress	23.95	-
	165,338.27	<u>118,427.44</u>
* Includes Raw Material in Transit of Rs 13,066.85 lacs (Previous Period Rs. 28,052.19 lacs)		
SCHEDULE "8"		
SUNDRY DEBTORS		
(Unsecured, considered good)		
i) Exceeding six months		
a) Considered good	13,368.60	12,078.91
b) Considered doubtful	2,335.08	2,287.21
Less: Provision for doubtful debts	<u>2,335.08</u>	<u>2,287.21</u>
ii) Others		
a) Considered good	113,077.00	100,194.95
b) Considered doubtful	38.51	-
Less: Provision for doubtful debts	<u>38.51</u>	<u>-</u>
	126,445.60	<u>112,273.86</u>
SCHEDULE "9"		
CASH AND BANK BALANCES		
i) Cash on hand	28.11	12.77
ii) Bank Balance With Scheduled banks		
- In Current Accounts	1,652.67	39,077.88
- In Fixed Deposit Account*	54,715.56	26,414.07
- Margin Money	155.00	-
iii) Bank Balance With Unscheduled banks		
- In Current Accounts	86.74	359.45
(Amegy Bank, USA: Maximum Balance outstanding during the year Rs.120.14 lacs (Previous Period-Rs. 3,309.99 lacs)		
	56,638.08	<u>65,864.17</u>

* This includes balance of unutilized money out of FCCB issue of Rs. 11,645.42 lacs (Previous Period Rs. 26,270.23 lacs)

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	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
SCHEDULE "10"		
LOANS AND ADVANCES		
(Unsecured, considered good)		
i) Advances recoverable in cash or in kind or for value to be received		
(a) Considered Good	20,761.68	8,390.78
(b) Considered Doubtful	-	5.86
Less: Provision for Non Performing assets	-	5.86
	20,761.68	8,390.78
ii) Earnest money and Security deposits	3,786.05	3,392.96
iii) Balance with Excise, Customs and Port Authorities etc.	486.95	1,686.61
iv) Inter Corporate Loans	7,518.96	4,527.93
v) Interest Accrued on Loans and Advances	873.34	5.85
vi) Prepaid Expenses	237.47	326.96
vii) Export Benefits/Govt. Grants Receivables	3,056.40	5,925.04
	36,720.85	24,256.13
SCHEDULE "11"		
CURRENT LIABILITIES		
i) Acceptances	84,358.36	43,922.54
ii) Sundry Creditors		
- to small and micro enterprise	6.69	-
- to others	31,893.02	26,173.53
iii) Advance from Customers	14,628.25	4,750.38
iv) Interest Accrued but not due	2,551.14	2,000.37
v) Other Liabilities	3,773.38	13,430.97
vi) Unpaid Dividend*	198.44	154.42
vii) Provision towards estimated loss on project activity to be undertaken in future years	170.00	-
	137,579.28	90,432.21
* There is no amount due & outstanding to be credited to Investor's Education and Protection fund under section 205 C of The Companies Act, 1956.		
SCHEDULE "12"		
PROVISIONS		
For Taxation (Net of Prepaid Taxes)	3,543.91	9,421.16
For Proposed Dividend	2,825.44	3,477.00
For Corporate tax on Proposed Dividend	480.18	590.92
For Leave Encashment / Gratuity	1,300.89	373.45
	8,150.42	13,862.53
	Year Ended 31st Dec., 2008 Rs. in lacs	Period Ended 31st Dec., 2007 Rs. in lacs
SCHEDULE "13"		
SALES AND OPERATIONAL INCOME		
i) Sales	524,661.60	696,828.96
ii) Job Charges	7,471.57	11,898.81
iii) Export / Deemed Export Benefits / Govt.Grants	12,837.41	19,321.34
iv) Interest Income [TDS Rs. 11.20 lacs (Previous Period - Rs. 6.08 lacs)]	1,748.87	328.27
v) Dividend on Long Term Investments (of Investments Companies)	628.37	376.50
vi) Cargo Freight Charges	3,698.39	-
vii) Time Charter Charges received	790.39	-
viii) Erection & Commissioning	989.52	-
	552,826.12	728,753.88

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	Year Ended 31st Dec., 2008 Rs. in lacs	Period Ended 31st Dec., 2007 Rs. in lacs
SCHEDULE "14"		
OTHER INCOME		
Rent Received	92.00	-
Dividend on Long Term Investments	52.50	240.11
Dividend on Current Investments	13.39	-
Profit on Sale of Current Investments	374.71	44,044.00
Previous Years' Adjustments (Net)	28.48	12.91
Miscellaneous Receipts	478.30	487.31
Provision No Longer Required written back	188.49	-
Provision for Doubtful Debts written back	70.14	-
	1,298.01	44,784.33
SCHEDULE "15"		
INCREASE / (DECREASE) IN STOCK		
OPENING STOCK		
Finished Goods	12,772.35	43,122.64
Work-in-progress	30,941.71	16,319.10
Scrap	2,415.32	2,634.20
	46,129.38	62,075.94
CLOSING STOCK		
Finished Goods	24,971.03	12,772.35
Work-in-progress	35,462.08	30,941.71
Scrap	4,345.18	2,415.32
	64,778.29	46,129.38
Increase/(Decrease) in Stock	18,648.91	(15,946.56)
SCHEDULE "16"		
MANUFACTURING AND OPERATIONAL EXPENSES		
Stores and Spares	15,543.26	13,114.53
Power and Fuel	16,381.45	13,424.66
Outsourcing	3,407.56	70,689.03
Tele-communication Link / Process Expenses	172.29	-
Sub-Contract Expenses - Project	1,390.52	-
Ship Management Charges	1,120.35	-
Vessel and Containers Related Port Charges	1,294.92	-
Hiring Charges including containers	212.10	-
Other Manufacturing expenses	7,257.21	5,097.56
Repair and Maintenance		
- Plant and Machinery	2,205.73	1,769.79
- Building	172.20	163.04
	49,157.59	104,258.61
SCHEDULE "17"		
EMPLOYEES REMUNERATION AND BENEFITS		
Salary, Wages and other Benefits	14,313.12	12,364.96
Contribution to Provident and other funds	765.35	702.76
Workmen and Staff Welfare	913.23	686.70
	15,991.70	13,754.42

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	Year Ended 31st Dec., 2008 Rs. in lacs	Period Ended 31st Dec., 2007 Rs. in lacs
SCHEDULE "18"		
SELLING EXPENSES		
Commission	6,343.42	2,607.86
Advertisement	79.54	154.65
Forwarding charges*	22,351.46	27,093.23
Rebate and Discounts	211.28	-
Other Selling Expenses	1,348.62	1,218.64
	30,334.32	31,074.38
* Net of recoveries of Rs.10,558.30 lacs (Previous Period 8,229.68 lacs)		
SCHEDULE "19"		
FINANCE EXPENSES		
Interest on Fixed Deposits	311.92	490.16
Interest on Debentures	2,467.47	1,985.07
Interest on Term Loans	2,620.58	3,974.50
Interest on Bank Borrowings	1,664.13	9,081.08
Bank and Finance charges	3,560.99	3,627.88
Interest to Others	1,468.37	1,912.25
Foreign Exchange Fluctuation / Gain from Derivative transactions (Net)	9,448.91	767.63
	21,542.37	21,838.57
Less: Interest Received:		
Interest on Bonds and Debentures (TDS Rs. 3.32 lacs (Previous Period Rs.6.80 lacs)	24.01	30.00
Other Interest on Loans, Advances and Deposit (TDS Rs. 416.71 lacs (Previous Period Rs.478.22 lacs)	1,728.68	2,143.06
	1,752.69	2,173.06
	19,789.68	19,665.51
SCHEDULE "20"		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	101.64	285.41
Rates & Taxes	525.44	1,212.21
Insurance	369.35	341.46
Postage, Telegrams & Telephones	303.69	332.49
Travelling & Conveyance	1,104.43	1,253.21
Legal & Professional	886.18	1,030.65
Vehicle upkeep & Maintenance	270.65	269.54
Director's Meeting Fees	4.90	6.80
Donations	87.78	211.73
Miscellaneous Expenses	2,154.31	1,695.48
Liquidated Damages / Bad Debts	297.15	2,217.00
Auditor's Remuneration	30.87	28.35
Cost Auditor's Remuneration	5.52	2.30
Provision for doubtful Debts	207.99	2,287.21
Profit on Sale of Fixed Assets	-	(14.97)
Loss on Sale of Fixed Assets	202.70	8.06
	6,552.60	11,166.93

FINANCIAL STATEMENTS

SCHEDULE – “21”

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY; SIXTEEN SUBSIDIARIES (INCLUDING TWELVE INDIRECT SUBSIDIARIES)

1. Principles of consolidation

The consolidated financial statements relate to Jindal Saw Limited ("the Company") and its subsidiary companies (Collectively referred as the 'Jindal Saw Group'). The consolidated financial statements have been prepared on the following basis:-

- a) The financial statements of the subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transaction resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 –'Consolidated Financial Statements' notified by The Companies (Accounting Standards) Rules, 2006.
- b) In the case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any gain on exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserves and in case of loss the same is charged to Profit and Loss Appropriation Account and carried to accumulated balance of Profit / (Loss).
- c) The difference between the cost of investment in the subsidiaries and the Company's share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statement as Goodwill or Capital Reserve as the case may be.
- d) Minority Interest in the net assets of the consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately from liabilities and the equity of the company's shareholders.

Minority interest in the net assets of the consolidated subsidiaries consists of :

- The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
- The minorities' share of movement in the equity since the date the parent subsidiary relationship came into existence.
- e) Minority Interest in the net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the Jindal Saw Group.
- f) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the companies separate financial statements.
- g) The subsidiary companies considered in the consolidated financial statements are:-

Name of the Company	Country of Incorporation	% Shareholding / Voting Power		Date of Financial Statements
		31st Dec., 08	31st Dec., 07	
Subsidiaries Company (Directly)				
Hexa Securities & Finance Company Ltd.	India	100.00%	100.00%	31-Dec-08 *
Jindal ITF Ltd.***	India	99.99%	-	31-Dec-08**
IUP Jindal Metals & Alloys Ltd.	India	73.00%	73.00%	31-Dec-08
Highgate Consultants Ltd.	British Virgin Island	100.00%	100.00%	31-Dec-08
Subsidiaries Company (Indirectly)				
S.V.Trading Ltd. (Subsidiary Company of Highgate Consultants Ltd.)	Nevis	100.00%	100.00%	31-Dec-08
Jindal Saw USA LLC (Subsidiary Company of S V Trading Ltd.)	USA	100.00%	100.00%	31-Dec-08

FINANCIAL STATEMENTS

Name of the Company	Country of Incorporation	% Shareholding / Voting Power		Date of Financial Statements
		31st Dec., 08	31st Dec., 07	
Jindal Intellicom Pvt. Ltd.** (Subsidiary Company of Jindal ITF Ltd.)	India	88.10%	-	31-Dec-08 **
Jindal Water Infrastructure Ltd.** (Subsidiary Company of Jindal ITF Ltd.)	India	99.93%	-	31-Dec-08 **
Jindal Urban Infrastructure Ltd.** (Subsidiary Company of Jindal ITF Ltd.)	India	99.99%	-	31-Dec-08 **
Jindal Shipyards Ltd.** (Subsidiary Company of Jindal ITF Ltd.)	India	99.99%	-	31-Dec-08 **
Jindal Rail Infrastructure Ltd.** (Subsidiary Company of Jindal ITF Ltd.)	India	99.98%	-	31-Dec-08 **
Jindal Waterways Ltd.** (Subsidiary Company of Jindal ITF Ltd.)	India	99.99%	-	31-Dec-08 **
Jindal Infralogistics Ltd.** (Subsidiary Company of Jindal ITF Ltd.)	India	98.60%	-	31-Dec-08 **
ICMS Inc.** (Subsidiary Company of Jindal Intellicom Ltd.)	Mauritius	75.00%	-	31-Dec-08 **
Jindal ESIPL CETP (Sitarganj) Ltd.** (Subsidiary Company of Jindal Water Infrastructure Ltd.)	India	51.00%	-	31-Dec-08 **
Timarpur-Okhla Waste Management Co. Pvt. Ltd.** (Subsidiary Company of Jindal Urban Infrastructure Ltd.)	India	100.00%	-	31-Dec-08 **

* Consolidated based on profit and loss account for the Fifteen Months period from 1.10.07 to 31.12.08 as the last financial were consolidated upto 30.09.2007.

** Consolidated based on profit and loss account for the Nine months period from 31.03.08 to 31.12.08 as the relationship of Holding and Subsidiary come into existence w.e.f. 31.03.08

*** Subsidiary w.e.f. 31.03.08

2. Other Significant Accounting Policies

Since certain subsidiaries are in the same line of business which function in a different regulatory environment, certain policies such as in respect of depreciation etc. differ. The notes on accounts and accounting policies followed by the subsidiaries and holding company are disclosed under " Significant Accounting Policies" of their respective financial statements. Further to those policies, the accounting policy adopted by subsidiaries are as follows:

Contract revenue in respect of erection and commissioning is recognized by adding the aggregate cost and proportionate margin using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred-to-date to the total estimated contract cost. Estimated loss on project activity to be undertaken in future years is provided for.

3. Contingent Liabilities

	Current Year 12 Months Rs. in lacs	Previous Period 15 Months Rs. in lacs
a) Counter Guarantee given to Company's bankers for Guarantee given by them on behalf of the Company	66,534.36	41,067.73
b) Letter of Credit Outstanding (Net of Liabilities provided in the books)	72,438.96	59,588.31
c) Disputed Excise Duty, Custom Duty and Service Tax	87.22	82.12
d) Disputed Sales Tax	674.12	1,298.97
e) Demand on account of Kolkatta Municipal Tax.	3.01	0.00
f) Liability in respect of duty saved / corporate guarantee for availing various export based incentive schemes.	29,563.53	23,315.76
4. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances).	11,268.98	34,173.65

FINANCIAL STATEMENTS

5. Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any, which are not likely to be material, will be adjusted at the time of confirmation.
6. The Stores and Spares consumed and Salaries & Wages incurred for repairs and maintenance of Plant and Machinery and shed and Building have not been allocated to the respective repairs and maintenance accounts.
7. In the opinion of the Board, the realisable value of current assets, loans & advances, in the ordinary course of business, would not be less than the amount at which they are stated.
8. Capital work in progress includes Advance against capital goods of Rs. 2,732.22 lacs (Previous Period Rs.12,985.52 lacs) and inventories of capital nature. It also includes Pre-operative expenses amounting to Rs. 15,974.32 lacs (Previous Period Rs. 697.76 lacs).
9. Profit for the year includes Prior Period Adjustment Rs. 0.64 lacs (Debit) and Rs. 29.12 lacs (Credit) [Previous Period - Rs. 21.57 lacs (Debit) and Rs 34.48 lacs (Credit)].
10. Profit or Loss on sale of raw material, stores and spares is not ascertained or shown separately and sale proceeds have been credited to the respective consumption accounts.
11. In previous period figures, profit on sale of entire shareholding of Wholly Owned Subsidiary Company (Jindal Enterprises LLC) includes Rs 3770.43 lacs on account of its accumulated losses.
12. Capital Reserve on Consolidation is net of Goodwill of Rs. 5407.30 lacs (Previous Period - Nil)
13. Earnings Per Share (EPS) Basic and Diluted computed in accordance with Accounting Standard 20 "Earnings per Share"

	Current Year 12 Months Ended 31.12.08 Rs. in lacs	Previous Period 15 Months Ended 31.12.07 Rs. in lacs
Basic and Diluted		
Profit before tax and excluding Extra ordinary item	43,766.76	98,169.22
Less: Tax on ordinary activities	11,132.62	15,476.83
Less: Adjustments for tax & depreciation of earlier years	938.09	(96.69)
Profit after tax and excluding extra ordinary item	31,696.05	82,789.08
Less: Preference dividend including tax thereon	918.41	1,163.88
Profit attributable to Equity Shareholders - Basic (A)	30,777.64	81,625.20
Extraordinary Items		
Extraordinary Income	-	63,181.44
Less: Tax on Extraordinary Income	-	13,033.00
	-	50,148.44
Profit attributable to Equity Shareholders including extra ordinary income - Basic (B)	30,777.64	131,773.64
Profit attributable to Equity Shareholders - Diluted (C)	30,777.64	81,625.20
Profit attributable to Equity Shareholders including extra ordinary income - Diluted (D)	30,777.64	131,773.64
Weighted Average No of Shares issued for Basic EPS (E)	51,839,510	48,681,694
Weighted Average No of Shares issued for Diluted EPS (F)	54,150,661	53,632,637
Earnings per share in Rs. (on face value of Rs. 10/each)		
Excluding extra Ordinary income		
Basic = A/E	59.37	167.67
Diluted = C/F	56.84	152.19
Including extra Ordinary income		
Basic = B/E	59.37	270.68
Diluted = D/F	56.84	245.70

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14. Details of Pre-operative Expenses pending allocation on completion of the projects is as under :

Details of Pre-operative Expenses	Current Year 12 Months Ended 31.12.08 Rs. in lacs	Previous Period 15 Months Ended 31.12.07 Rs. in lacs
Raw materials	-	8.02
Power & Fuel	320.79	16.46
Store & Spares	128.85	9.88
Repairs to plant and machinery	9.14	0.97
Salary, Wages & Other Benefits	266.77	134.09
Contribution to PF & other funds	2.04	5.56
Workman & Staff Welfare	20.37	8.62
Rent	13.57	3.45
Travelling & Conveyance	52.06	40.32
Insurance Expenses	93.94	0.94
Consultancy charges.	104.19	-
Auditors Remuneration	0.06	-
Interest*	3,148.28	-
Bank Charges	90.26	-
Miscellaneous Expenses	259.66	161.18
Depreciation	5.56	6.65
Foreign Exchange Loss	13,056.40	-
	17,571.94	396.14
Less:		
Sale value of goods produced during trial period	103.61	5.72
Interest received**	-	483.35
Dividend Received	0.14	-
Closing Stock	-	19.78
	17,468.19	(112.71)
Add : Preoperative expenses brought forward	697.76	1,576.49
Add : Preoperative expenses of Subsidiaries brought forward at the time of Acquisition.	688.08	-
	18,854.03	1,463.78
Less; Capitalized during the year	2,879.71	766.02
Preoperative Expenses Carried Over	15,974.32	697.76

* Net of Interest Received Rs. 679.06 lacs (Previous Period- Rs. Nil)

** Net of Interest paid Rs. Nil (Previous Period- Rs. 628.38 lacs)

15. Related Parties Transactions

A List of Related Parties & Relationship (As required by AS - 18)

a) Associates

- | | |
|---|---|
| 1 Jindal United Steel Corporation | Upto 4th November, 2007 |
| 2 Eldeco Sidcul Industrial Park Limited | Associate of Jindal ESIPL CETP (Sitarganj) Ltd. |
| 3 Jindal System Private Limited | Associate of Jindal Intellicom Pvt. Limited |

FINANCIAL STATEMENTS

b) Key Management Personnel

1	Ms. Sminu Jindal	Managing Director - Jindal Saw Limited and IUP Jindal Metal & Alloys Limited
2	Mr. Indresh Batra	Managing Director- Jindal Saw Limited and Director - IUP Jindal Metal & Alloys Limited
3	Mr. H.S. Chaudhary	Wholetime Director- Jindal Saw Limited
4	Mr. O.P.Sharma	Chief Operating Officer (Large Dia. Pipe- SBU)
5	Mr. V.S.Konnur	Director (Seamless Business)
6	Mr. K. Chandrayya	Director (Works) IPU
7	Mr. Satish Kumar Chopra	Director - Jindal ES IPL CETP (Sitarganj) Ltd.
8	Mr. Rajesh Baijal	Director - Jindal ES IPL CETP (Sitarganj) Ltd.
7	Mr. Mukesh Kumar	Wholetime Director - IUP Jindal Metal & Alloys Limited
8	Mr. Sanjeev Garg	Director - Jindal Intellicom Pvt. Ltd.

c) Relative of Key Management Personnel

1	Mr. P.R. Jindal	Father of Ms. Sminu Jindal
2	Ms. Leena Garg	Wife of Mr. Sanjeev Garg

B Transactions

Rs. in lacs

	Associates		Key Management Personnel and their relatives		Total	
	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period
a) Transactions						
Share Application Money Received						
- Eldeco Sidcul Industrial Limited	100.00	-	-	-	100.00	-
Sale of material						
- Jindal United Steel Corporation	-	14.76	-	-	-	14.76
Interest Paid						
- Ms. Sminu Jindal	-	-	5.60	5.90	5.60	5.90
Toll Charges paid						
- Jindal United Steel Corporation	-	43,016.55	-	-	-	43,016.55
Rent Paid						
- Mr. P.R. Jindal	-	-	6.30	-	6.30	-
Rent Received						
- Mr. P.R. Jindal	-	-	4.50	-	4.50	-
Remuneration Paid						
- Ms. Sminu Jindal	-	-	191.30	215.55	191.30	215.55
- Mr. Indresh Batra	-	-	144.18	87.69	144.18	87.69
- Others	-	-	154.46	292.50	154.46	292.50
b) Outstanding Balance as on 31.12.2008						
Creditors						
- Eldeco Sidcul Industrial Limited	3.59	-	-	-	3.59	-
- Mr. Sanjeev Garg	-	-	5.82	-	5.82	-

FINANCIAL STATEMENTS

16. DEFERRED TAX LIABILITY

	Current Year 12 Months Ended 31.12.08 Rs. in lacs	Previous Period 15 Months Ended 31.12.07 Rs. in lacs
A. Deferred Tax Liability		
Difference between book and tax depreciation	12,410.30	10,560.52
Total Deferred Tax Liability	12,410.30	10,560.52
B. Deferred Tax Assets		
i) Disallowance under Income Tax Act	752.94	816.58
ii) Brought forward Losses	3,250.98	1,486.07
Total Deferred Tax Assets	4,003.92	2,302.65
Deferred Tax Liability (Net) (A-B)	8,406.38	8,257.87

NOTES:

- Deferred Tax Liability includes Brought forward Deferred Tax Assets of the Subsidiaries amounting to Rs. 116.01 lacs on account of new subsidiaries.
- The Deferred Tax Assets of one of the subsidiary has been revised and the consequential transitional tax effect amounting to Rs.2.33 lacs (Liability) on account of gratuity and leave encashment of previous years which has been credited to General Reserve.

17. Segment Information:

A) PRIMARY BUSINESS SEGMENT

Particulars	Rs. in lacs					
	Iron and steel products	Investment	Others	Unallocable	Eliminations	Total
1 Segment Revenue						
External Turnover	524,909.82	2,377.24	25,539.06	-	-	552,826.12
	728,049.11	704.77	-	-	-	728,753.88
Less: Excise Duty	17,242.49	-	-	-	-	17,242.49
	26,578.55	-	-	-	-	26,578.55
Net Turnover	507,667.33	2,377.24	25,539.06	-	-	535,583.63
	701,470.56	704.77	-	-	-	702,175.33
Inter Segment Sales	6,216.15	525.65	-	-	(6,741.80)	-
	-	-	-	-	-	-
Total Revenue	513,883.48	2,902.89	25,539.06	-	(6,741.80)	535,583.63
	701,470.56	704.77	-	-	-	702,175.33
2 Segment Result Before Interest, Extra ordinary items and Taxes	63,852.58	2,855.31	(708.56)	(2,064.10)	(378.79)	63,556.44
	74,813.38	45,345.75	-	(2,324.40)	-	117,834.73
Less: Interest Expenses(Net)						19,789.68
						19,665.51
Profit before Extra Ordinary Items and Taxes						43,766.76
Extra Ordinary Items						98,169.22
						-
Profit before Taxes						63,181.44
						43,766.76
						161,350.66
Current Tax including fringe benefit tax						10,822.15
						27,868.03
Provision / (Withdrawn) of Deferred Tax						262.19
Wealth Tax						626.56
						48.28
						15.24
Net Profit after Tax						32,634.14
						132,840.83

FINANCIAL STATEMENTS

Particulars	Iron and steel products	Investment	Others	Unallocable	Eliminations	Total
3 Other Information						
Segment Assets	496,672.41	80,272.37	35,510.11	48,509.08	(41,046.61)	619,917.36
	374,899.90	45,689.16	-	39,762.24	-	460,351.30
Segment Liabilities	129,482.13	43.45	8,960.60	13,456.32	(6,212.80)	145,729.70
	87,101.78	17.50	-	7,754.30	-	94,873.58
Capital Expenditure	63,379.99	-	4,578.81	-	-	67,958.80
	46,823.64	-	-	932.18	-	47,755.82
Depreciation	7,558.71	-	647.03	198.13	-	8,403.87
	7,698.98	-	-	31.28	-	7,730.26
Non Cash Expenses other than depreciation	-	-	170.00	-	-	170.00
	2,287.21	-	-	-	-	2,287.21

B) SECONDARY BUSINESS SEGMENT

Rs. in lacs

Particulars	Within India	Outside India	Total
1 External Revenue	520,461.35	32,364.77	552,826.12
	229,964.95	498,788.93	728,753.88
Less: Excise Duty	17,242.49	-	17,242.49
	26,578.55	-	26,578.55
Net Turnover	503,218.86	32,364.77	535,583.63
	203,386.40	498,788.93	702,175.33
2 Segment Assets*	562,885.73	57,031.63	619,917.36
	405,890.18	54,461.12	460,351.30
3 Segment Liabilities	137,850.30	7,879.40	145,729.70
	79,351.79	15,521.79	94,873.58
4 Capital Expenditure*	63,750.97	4,207.83	67,958.80
	42,304.17	5,451.62	47,755.79

*The Company's operating facilities are located in India

NOTES:

- Unbold Figures pertain to previous period.
- Segments have been identified in line with AS on Segment Reporting (AS-17) taking into account the organisational structure, nature of product and differential risk and returns of these segments.
- Total Unallocable Assets exclude

	As At 31st Dec., 2008 Rs. in lacs	As At 31st Dec., 2007 Rs. in lacs
Investments	468.83	16,016.07
4 Total Unallocable Liabilities exclude		
Secured Loans	88,612.96	63,273.11
Unsecured Loans	93,796.28	61,281.21
Deferred Tax Liability	8,406.38	8,257.87

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a) Auditor's Remuneration

	Current Year 12 Months Ended 31.12.08 Rs. in lacs	Previous Period 15 Months Ended 31.12.07 Rs. in lacs
Statutory Auditors		
i. Audit Fees *	19.90	14.39
ii. Tax Audit Fees	2.46	1.93
iii. Taxation Matters	-	-
iv. Certification/ Others	6.15	6.29
v. Out of pocket Expenses	2.42	5.74
Total	30.93	28.35
* Includes Rs. 0.06 lacs (Previous period Nil) in Pre-Operative expenses.		
Cost Auditors		
i. Audit Fees	5.17	2.05
ii. Out of pocket Expenses	0.35	0.25
Total	5.52	2.30
b) Directors' Remuneration		
i. Salary including allowances etc.	194.37	175.46
ii. Commission	125.10	92.95
iii. Contribution to P.F. etc.	16.55	15.96
iv. Perquisites (as per Income Tax Rules)	49.34	40.68
Total	385.36	325.05

19 Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Parent Company's financial statement. Previous period figures have been regrouped / rearrange wherever considered necessary. Previous period figures of Profit & Loss Account are not comparable with Current Year as the previous period figures are for fifteen months.

As per our report of even date attached

For **N.C. AGGARWAL & CO.**
Chartered Accountants

N.C. Aggarwal
PARTNER
M.No. 005951

PLACE : NEW DELHI
DATED : 30th March, 2009

SMINU JINDAL
Managing Director

SUNIL JAIN
Company Secretary

H.S. CHAUDHARY
Wholetime Director

N.K. AGARWAL
Vice President
(Corp. Accounts & Taxation)



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