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## Auditors' Report

TO THE BOARD OF DIRECTORS  
JINDAL SAW GULF LLC

We have audited the attached Balance Sheet of JINDAL SAW GULF LLC, as at 31<sup>st</sup> March 2011 and the Cash Flow Statement of the Company for the year ended on that date annexed thereto as per the Indian Generally Accepted Accounting Principles (Indian GAAP). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of accounts have been kept by the Company so far as appears from our examination of the books.
  - c. The Balance Sheet and Cash Flow Statement maintained by the Company as per Indian Generally Accepted Accounting Principles dealt with by this report are in agreement with the books of accounts.
  - d. In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the Indian GAAP.
  - e. On the basis of the information and according to the explanations given to us, the said accounts, read with the notes thereon, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011,
    - ii. In the case of Cash Flow Statement of the Cash Flows of the Company for the year ended on that date.

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

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

Place: NEW DELHI  
Dated: 27.07.2011

**JINDAL SAW GULF LLC**  
**BALANCE SHEET AS AT MARCH 31, 2011**

DESCRIPTION	SCHEDULE	AS AT MARCH 31, 2011 (AED)	AS AT MARCH 31, 2011 (Rs.)	AS AT MARCH 31, 2010 (AED)	AS AT MARCH 31, 2010 (Rs.)
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS FUNDS</b>					
Share Capital	1	300,000	3,642,030	-	-
Share Application Money		16,757,081	203,432,644	464,728	5,671,767
		<b>17,057,081</b>	<b>207,074,674</b>	<b>464,728</b>	<b>5,671,767</b>
<b>LOAN FUNDS</b>					
Unsecured	2	2,000,000	24,280,200	-	-
<b>Total</b>		<b>19,057,081</b>	<b>231,354,874</b>	<b>464,728</b>	<b>5,671,767</b>
<b>APPLICATIONS OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	3	296,716	3,602,162	-	-
Accumulated Depreciation		9,579	116,291	-	-
Net Block		287,137	3,485,871	-	-
Capital work in progress		13,785,681	167,359,547	165,828	2,023,842
		<b>14,072,818</b>	<b>170,845,418</b>	<b>165,828</b>	<b>2,023,842</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Cash and Bank Balances	4	5,760,595	69,934,205	299,900	3,660,130
Loans & Advances	5	1,827,911	22,191,028	-	-
		<b>7,588,506</b>	<b>92,125,233</b>	<b>299,900</b>	<b>3,660,130</b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>					
Current Liabilities	6	2,604,243	31,615,777	1,000	12,205
<b>NET CURRENT ASSETS</b>		<b>4,984,263</b>	<b>60,509,456</b>	<b>298,900</b>	<b>3,647,925</b>
<b>Total</b>		<b>19,057,081</b>	<b>231,354,874</b>	<b>464,728</b>	<b>5,671,767</b>

**Significant Accounting Policies and Notes to the Accounts**

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As per our report of even date attached

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

For and on behalf of the Board of Directors

S/D  
**G.K. Aggarwal**  
PARTNER  
M.No. 086622  
PLACE : NEW DELHI  
DATED : 27-07-2011

S/D  
**Sanjay Kumar Aggarwal**  
Director

JINDAL SAW GULF LLC

DESCRIPTION	AS AT	AS AT	AS AT	AS AT
	MARCH 31, 2011 (AED)	MARCH 31, 2011 (Rs.)	MARCH 31, 2010 (AED)	MARCH 31, 2010 (Rs.)
<b>SCHEDULE "1"</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
2000 Equity Shares of Dhs. 150 each	300,000	3,642,030	-	-
	<u>300,000</u>	<u>3,642,030</u>	-	-
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
2000 Equity Shares of Dhs. 150 each	300,000	3,642,030	-	-
	<u>300,000</u>	<u>3,642,030</u>	-	-
<b>SCHEDULE "2"</b>				
<b>Unsecured Loan</b>				
<b>From Holding Company</b>				
Jindal Saw Holdings FZE	2,000,000	24,280,200	-	-
	<u>2,000,000</u>	<u>24,280,200</u>	-	-

**Jindal Saw Gulf LLC**  
**SCHEDULE "3"**  
**Fixed Assets**

Description	Gross Block						Depreciation						Net Block	
	AS AT APRIL 1, 2010		Addition		AS AT MARCH 31, 2011		AS AT APRIL 1, 2010		During the Year		Upto March 31, 2011		AS AT MARCH 31, 2011	
	AED	RS.	AED	RS.	AED	RS.	AED	RS.	AED	RS.	AED	RS.	AED	RS.
Office Equipments	-	-	79,349	963,305	79,349	963,305	-	-	1,638	19,884	1,638	19,884	77,711	943,421
Furniture & Fixtures	-	-	36,367	441,499	36,367	441,499	-	-	1,880	22,827	1,880	22,827	34,487	418,672
Vehicles	-	-	181,000	2,197,358	181,000	2,197,358	-	-	6,061	73,580	6,061	73,579	174,939	2,123,779
<b>Total</b>	-	-	<b>296,716</b>	<b>3,602,162</b>	<b>296,716</b>	<b>3,602,162</b>	-	-	<b>9,579</b>	<b>116,291</b>	<b>9,579</b>	<b>116,291</b>	<b>287,137</b>	<b>3,485,871</b>

Note: Depreciation Carried to pre-operative expenses AED 9579 ( INR 116291)

JINDAL SAW GULF LLC

DESCRIPTION	AS AT	AS AT	AS AT	AS AT
	MARCH 31, 2011 (AED)	MARCH 31, 2011 (Rs.)	MARCH 31, 2010 (AED)	MARCH 31, 2010 (Rs.)
<b>SCHEDULE "4"</b>				
<b>CASH AND BANK BALANCES</b>				
Cash on Hand	6,496	78,862	-	-
<u>Balance with Scheduled banks :-</u>				
Current Account	1,754,099	21,294,943	299,900	3,660,130
Margin Money Account	4,000,000	48,560,400	-	-
	<u>5,760,595</u>	<u>69,934,205</u>	<u>299,900</u>	<u>3,660,130</u>
<b>SCHEDULE "5"</b>				
<b>LOANS AND ADVANCES</b>				
<b>(Unsecured , considered good)</b>				
Advance recoverable in cash or in kind or for which value to be received	1,827,911	22,191,028	-	-
	<u>1,827,911</u>	<u>22,191,028</u>	<u>-</u>	<u>-</u>
<b>SCHEDULE "6"</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors	2,436,547	29,579,931	-	-
Other Liabilities	167,696	2,035,846	1,000	12,205
	<u>2,604,243</u>	<u>31,615,777</u>	<u>1,000</u>	<u>12,205</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

PARTICULARS	For the year ended March 31, 2011 (AED)	For the year ended March 31, 2011 (Rs.)	For the Period ended March 31, 2010 (AED)	For the Period ended March 31, 2010 (Rs.)
<b>A. CASH INFLOW (OUTFLOW) FROM THE OPERATING ACTIVITIES</b>				
<u>NET PROFIT (LOSS) BEFORE TAX</u>	-	-	-	-
Adjustments for:				
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE</b>	-	-	-	-
Adjustments for:				
Loans and Advances	(1,827,911)	(22,191,028)	-	-
Current Liabilities	2,603,243	31,603,572	1,000	12,205
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>775,332</b>	<b>9,412,545</b>	<b>1,000</b>	<b>12,205</b>
<b>B. CASH INFLOW (OUTFLOW) FROM INVESTMENT ACTIVITIES</b>				
Fixed Assets Purchase	(287,137)	(3,602,162)	-	-
Capital Work-in-progress including capital advances	(13,619,854)	(165,219,416)	(165,828)	(2,023,842)
Pre-Operative Expenses pending Allocation	-	-	-	-
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>(13,906,991)</b>	<b>(168,821,577)</b>	<b>(165,828)</b>	<b>(2,023,842)</b>
<b>C. CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES</b>				
Proceeds from Share Capital Including Share Application Money	16,592,354	201,402,907	464,728	5,671,767
Unsecured Loan	2,000,000	24,280,200	-	-
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>18,592,354</b>	<b>225,683,108</b>	<b>464,728</b>	<b>5,671,767</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENT</b>	<b>5,460,695</b>	<b>66,274,075</b>	<b>299,900</b>	<b>3,660,130</b>
Opening balance of Cash and Cash equivalent	299,900	3,660,130	-	-
<b>Closing balance of Cash and Cash equivalent</b>	<b>5,760,595</b>	<b>69,934,204</b>	<b>299,900</b>	<b>3,660,130</b>

As per our report of even date attached

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

For and on behalf of the Board of Directors

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

S/D  
**Sanjay Kumar Aggarwal**  
Director

## SCHEDULE – "7"

## SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**A ACCOUNTING POLICIES****i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

**ii) FOREIGN EXCHANGE TRANSACTIONS**

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

**iii) CONVERSION INTO INDIAN RUPEES**

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

**iv) FIXED ASSETS****a) VALUATION OF FIXED ASSETS**

Tangible Fixed Assets are stated at cost of acquisition inclusive of all incidental expenses related thereto.

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.

**v) 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.

**vi) 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.

**vii) USE OF ESTIMATES**

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

**B NOTES TO ACCOUNTS****1 Related Party Disclosure:****A Holding Co.**

i) Jindal Saw Middle East FZC (Direct)

ii) Jindal Saw Holdings FZE (Indirect)

iii) Jindal Saw Limited (Indirect)

**B Fellow Subsidiaries:****1. Indirect**

- i) Hexa Securities & Finance Co. Ltd
- ii) Jindal ITF Ltd.
- iii) IUP Jindal Metal & Alloys Ltd.
- iv) Hexa Tradex Limited (w.e.f. 28th October 2010)
- v) Jindal Intellicom Limited (formerly known as Jindal Intellicom Pvt. Ltd.)
- vi) JITF Water Infrastructure Ltd. (formerly known as Jindal Water Infrastructure Ltd)
- vii) JITF Urban Infrastructure Ltd. (formerly known as Jindal Urban Infrastructure Ltd)
- viii) JITF Shipyards Ltd. (formerly known as Jindal Shipyards Ltd.)
- ix) Jindal Rail Infrastructure Ltd.
- x) JITF Waterways Ltd. (formerly known as Jindal Waterways Ltd.)
- xi) JITF Infralogistics Ltd. (formerly known as Jindal Infralogistics Ltd.)
- xii) JITF Water Infra (Naya Raipur) Ltd. (formerly known as Jindal Water Infra (Naya Raipur) Ltd.)
- xiii) JITF ESIPL CETP (Sitaganj) Ltd. (formerly known as Jindal ESIPL CETP (Sitaganj) Ltd.)
- xiv) Timarpur-Okhla Waste Management Co. Pvt. Ltd.
- xv) Raiaei Holdings Ltd. (w.e.f. 9th July 2010)
- xvi) Jindal Saw italia Srl (w.e.f. 1st October 2010)
- xvii) JITF Urban Infrastructure Services Ltd. (wef 6th July 2010)
- xviii) Intellicom Insurance Advisor Ltd. (w.e.f. 9th August 2011)
- xix) Jindal Saw USA LLC
- xx) S.V.Trading Ltd.

**C Transactions:****i) With Holding Co. (JINDAL SAW MIDDLE EAST FZC )**

S. No.	Particulars	Current Year		Previous Period	
		AED	INR	AED	INR
a)	Share Capital allotted during the year	300,000	3,642,030	-	-
b)	Application Money Received	16,292,353	197,760,877	464,728	5,671,767

**ii) With Holding Co. (Jindal Saw Holdings FZE)**

S. No.	Particulars	Current Year		Previous Period	
		AED	INR	AED	INR
a)	Unsecured Loan received	2,000,000	24,280,200	-	-

- 3 Capital work in progress includes Pre operative expenses pending allocation.  
Detail of Pre-operative Expenses

Particulars	Current Year Ending on 31.3.2011		Previous Period Ending on 31.3.2010	
	AED	INR	AED	INR
Advertisement Expense	9,759	118,475	-	-
Audit Fee	4,412.00	53,514	750	9,153
Bank Charges	772	9,366	100	1,220
Consultancy Charges	331,496	4,014,533	153,146	1,869,070
Depreciation	9,579	116,291		
Hiring Charges	40,880	496,287	-	-
Insurance	42,466	515,538	-	-
Lease Rent	4,781,043	58,042,341	-	-
Management Fee	300,000	3,642,030	-	-
Personnel Expense	371,282	4,507,396	-	-
Legal & Professional Expenses	191,202	2,321,195	250	3,051
Travelling Expenses	164,165	1,992,980	-	-
Miscellaneous Expenses	164,709	1,998,843	11,582	141,346
<b>Total</b>	<b>6,411,765</b>	<b>77,828,790</b>	<b>165,828</b>	<b>2,023,842</b>
Add: Brought Forward balance	165,828	2,023,842	-	-
Less: Capitalised during the year	-	-	-	-
<b>Balance Carried to balance sheet</b>	<b>6,577,593</b>	<b>79,852,632</b>	<b>165,828</b>	<b>2,023,842</b>

- 4 The Company is incorporated in United Arab Emirates on 19th day of October, 2009. The Company is a indirect subsidiary of Jindal Saw Limited. The accounts have been prepared and audited for the purpose of attachment to the accounts of the Holding Company to comply with the provisions of the Indian Companies Act, 1956.
- 5 Previous period figure have been regrouped/rearranged wherever considered necessary. Current year figure of Profit & Loss Account are not comparable with Previous Period as the Previous Period figure are from date of incorporation i.e. 19th october, 2009 to 31st March 2010.

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

For and on behalf of the Board of Directors

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

S/D  
Sanjay Kumar Aggarwal  
Director