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**JINDAL**  
D.P. JINDAL GROUP



P i p e l i n e s   t h a t   c o n n e c t   y o u   t o   t h e   f u t u r e



**MAHARASHTRA SEAMLESS LIMITED**

AN ISO 9001: 2000 COMPANY



**BOARD OF DIRECTORS**

D.P. Jindal                      Chairman  
Saket Jindal                  Managing Director  
U.C. Agarwal  
D.K. Parikh  
H.K. Khanna  
S.P.Raj                         Whole-Time Director

**AUDIT COMMITTEE**

U.C. Agarwal                Chairman  
D.P. Jindal  
D.K. Parikh  
H.K. Khanna

**CFO**

Anil Jain

**COMPANY SECRETARY**

Praveen Mudgal

**AUDITORS**

Kanodia Sanyal & Associates  
Chartered Accountants  
New Delhi

**BANKERS**

State Bank of Patiala  
State Bank of Bikaner & Jaipur  
Standard Chartered Bank  
HDFC Bank Limited

**REGISTERED OFFICE**

Pipe Nagar, Village-Sukeli,  
N.H.17, B.K.G. Road, Taluka Roha,  
Distt. Raigad-402 126,  
Maharashtra

**CORPORATE OFFICE**

Plot No. 30, Institutional Sector 44,  
Gurgaon – 122002,  
Haryana

**HEAD OFFICE**

106 Nilgiri Apartments,  
9, Barakhamba Road,  
New Delhi-110 001

**MUMBAI OFFICE**

402, Sarjan Plaza,  
100, Dr. Annie Besant Road,  
Opp. TELCO Showroom, Worli,  
Mumbai - 400 018

**KOLKATA OFFICE**

Sukhsagar Apartment,  
Flat No.8A, 8th Floor,  
2/5, Sarat Bose Road,  
Kolkata - 700 020

**CHENNAI OFFICE**

3A, Royal Court,  
44, Venkatanarayan Road, T. Nagar,  
Chennai - 600 017

**WORKS:**

**1. SEAMLESS & ERW PIPES:**

Pipe Nagar, Village-Sukeli,  
N.H.17, B.K.G. Road,  
Taluka Roha, Distt. Raigad-402126,  
Maharashtra

**2. WIND POWER:**

Village Nivkane, Taluka Patan,  
District Satara,  
Maharashtra

**Website: [www.jindal.com](http://www.jindal.com)**



## C O N T E N T S

Chairman's Statement	2
Message from the Managing Director	4
Selected Financial Indicators of last 11 Years	6
Notice	7
Directors' Report	12
Corporate Governance Report	20
Shareholders' Information	23
Management Discussion & Analysis	27
Auditors' Report	30
Balance Sheet	34
Profit & Loss Account	35
Schedules & Notes on Accounts	36-55
Cash Flow Statement	56
Proxy Form & Attendance Slip	Annexed

## CHAIRMAN'S STATEMENT



Dear Shareholders,

You shall be pleased to know that your company has crossed Rs. 2000 crore mark in terms of market capitalization. We have grown substantially in the last financial year with the bottomline increasing by over 60%. Today, there is a stiff competition in the market and to maintain the leadership in such a scenario speaks about the outstanding performance of your company in itself. We have scored on all avenues whether it is market share, profitability, brand management, working capital management or customer service. This has been possible only due to the deeper insight that we have with regard to our business and due to the strategic planning by our top management.

Our expansion plans for the current year includes a polypropylene coating plant for larger dia pipes, besides enhancing our capacity utilization through addition of balancing equipments. Our joint venture with Hydril is streamlined and we have started exporting to our overseas customers. This is a very positive development and has a very promising future even in the domestic environment where there is a tremendous demand for connections for high pressure applications in the oil and gas wells. The privatisation of the exploration sector has thrown in new operators like Reliance, Caim Energy, British Gas, Niko Resources, and others. The recent discoveries in Krishna Godavari basins by Reliance Petroleum and in Rajasthan by Caim Energy will lead to a significant demand for seamless pipes.

We have been focusing more on our exports recently due to higher price realisations and are in the process of registering with major oil companies operating in Middle East as an approved vendor. We have executed contracts with AFPC Syria ( a JV company of Shell), Chevron Texaco-KOC (joint operators), Kuwait Oil Company and other prestigious customers like Saudi Aramco and Occidental are in the pipeline. It is needless to mention that our brand has enjoyed more than a decade of recognition in the US market and we





are catering to the premium customers i.e we are positioned in the higher end of the market segment. We are also looking for acquisition opportunity / strategic alliances to strengthen our position globally.

Total Quality Management (TQM) and Cost Efficiency are integral to our business philosophy. Each and every pipe in our factory goes through stringent quality tests so that the failure rate is almost negligible. Our group has specialized in commissioning projects with minimal capex and the new 14 inch plug mill is no exception. This new mill has not only brought about economies of scale but have improved our

“The privatisation of the exploration sector has thrown in new operators like Reliance, Cairn Energy, British Gas, Niko Resources, and others. The recent discoveries in Krishna Godavari basins by Reliance Petroleum and in Rajasthan by Cairn Energy will lead to a significant demand for seamless pipes.”

profit margins as it caters to import substitute products. Further, we are enhancing our scale, efficiency and productivity through improved work practices that are at par with international standards. We have a high level of expertise in our R&D activities and we are currently focusing on developing high value added products like 13 chrome pipes which would not only improve the image of our company but give us more recognition in the industry worldwide.

The global economy has witnessed an unprecedented change over the last few years with both China and India emerging as the new economic powers. The oil and gas sector has been extremely buoyant and we are gearing ourselves to meet this challenge with resilience and optimism and to attain new heights in the near future.

Our business approach is to create wealth for our shareholders and to share our prosperity with all our associates whether they are customers, suppliers, investors or our own employees. We, therefore, look forward to the continued patronage of all to make our company truly world class and to surpass all records of the past.

Thank You,

D.P. Jindal



## MESSAGE from the MANAGING DIRECTOR

Dear Shareholders,



It is our endeavor to serve our shareholders and all decisions that we make, we do so in the interest of the company and to gain the trust and confidence of our shareholders. We have been growing exponentially in the last few years and this year's spectacular performance and results are due to the combined efforts of all our key management personnel as well as all our staff and workers.

It has been the vision and foresight of our Chairman, Shri D.P.Jindal to grow our business through our core competence of manufacturing steel pipes and tubes whether it is ERW tubes for construction, irrigation, water lines or seamless tubes for oil and gas wells, boilers, bearings, automobiles etc. In order to make us more competitive in the market we have focussed on integrating both forward and backward. The decision to go for a coating plant for larger dia pipes is a step taken in this direction. We are importing the plant and machinery from Korea for this project to be set up near the same facility, these pipes are used for cross country pipelines where resistance to corrosion is required. The backward integration plans for setting up a billet plant in Orissa is facing certain hurdles due to the rehabilitation issues from the locales. We are also discussing with the relevant authorities of the Govt. of Orissa for resolving these issues or to provide an alternative site for the project.



Meanwhile, our larger dia seamless facility has commenced successfully and the production has been streamlined, however, the capacity utilisation level shall be further enhanced through debottlenecking. Induction of process automation will further enhance our capacity utilisation. We have successfully executed ONGC development order for larger dia casings and are now eligible for orders for their annual requirements. Besides, our quality has been well accepted in export markets and also with the indigenous private sector operators. The industry scenario is very buoyant and the oil price is expected to remain firm above the level of US\$ 65-\$70 / barrel. The oil and gas sector is growing at around 25% annually and the challenge lies in meeting this increased demand





through further capacity enhancements. Our JV with HydriL, USA has stabilized and our premium connections have started to meet the demand for high pressure applications.

There has been an upward trend in the steel prices both for long and flat products, however, we have been able to pass the increase to the end user. We have developed new sources for our steel requirements from Ukraine and are also

“Our larger dia seamless facility has commenced successfully and the production has been streamlined. Induction of process automation will further enhance our capacity utilisation. We have successfully executed ONGC development order for larger dia casings and are now eligible for orders for their annual requirements.”

exploring new mills. We are in the process of implementing ERP system that shall integrate all functions of our organization and give more transparency to the management.

The company has declared a dividend of 70% this year as compared to only 50% last year to maintain the philosophy of rewarding our shareholders. We wish to carry forward this journey of unparalleled growth that shall not only be reflected in our financial numbers but in the lives of all those people who have worked

with us. Lastly, I would like to acknowledge and appreciate the support of all our customers, investors, bankers, business associates and all other stakeholders.

Thank you,

Saket Jindal



**SELECTED FINANCIAL INDICATORS OF LAST 11 YEARS**

Particulars		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Gross Turnover	(Rs. Lacs)	10758	13781	15094	18555	19243	26541	37272	43563	55529	86724	<b>107695</b>
	(Times)	<b>1.00</b>	<b>1.28</b>	<b>1.40</b>	<b>1.72</b>	<b>1.79</b>	<b>2.47</b>	<b>3.46</b>	<b>4.05</b>	<b>5.16</b>	<b>8.06</b>	<b>10.01</b>
EBIDTA	(Rs. Lacs)	1832	1341	1208	1887	2682	4218	7468	8406	10031	12851	<b>20801</b>
	(Times)	<b>1.00</b>	<b>0.73</b>	<b>0.66</b>	<b>1.03</b>	<b>1.46</b>	<b>2.30</b>	<b>4.08</b>	<b>4.59</b>	<b>5.48</b>	<b>7.01</b>	<b>11.35</b>
PBT	(Rs. Lacs)	1809	805	899	1405	2415	4042	7186	9007	10507	12624	<b>20685</b>
	(Times)	<b>1.00</b>	<b>0.44</b>	<b>0.50</b>	<b>0.78</b>	<b>1.33</b>	<b>2.23</b>	<b>3.97</b>	<b>4.98</b>	<b>5.81</b>	<b>6.98</b>	<b>11.43</b>
PAT	(Rs. Lacs)	1809	700	801	1037	1756	3196	5001	6209	7146	8488	<b>13960</b>
	(Times)	<b>1.00</b>	<b>0.39</b>	<b>0.44</b>	<b>0.57</b>	<b>0.97</b>	<b>1.77</b>	<b>2.76</b>	<b>3.43</b>	<b>3.95</b>	<b>4.69</b>	<b>7.72</b>
Gross Block (including capital WIP)	(Rs. Lacs)	6493	7361	7555	8171	8789	10594	14119	16064	26709	32768	<b>35303</b>
	(Times)	<b>1.00</b>	<b>1.13</b>	<b>1.16</b>	<b>1.26</b>	<b>1.35</b>	<b>1.63</b>	<b>2.17</b>	<b>2.47</b>	<b>4.11</b>	<b>5.05</b>	<b>5.44</b>
Net Block	(Rs. Lacs)	5321	5893	5778	6057	6324	7734	10743	12023	21970	26992	<b>28075</b>
	(Times)	<b>1.00</b>	<b>1.11</b>	<b>1.09</b>	<b>1.14</b>	<b>1.19</b>	<b>1.45</b>	<b>2.02</b>	<b>2.26</b>	<b>4.13</b>	<b>5.07</b>	<b>5.28</b>
Equity Share Capital	(Rs. Lacs)	2550	2550	2550	2550	2550	2882	2882	2882	2882	2882	<b>2882</b>
	(Times)	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.13</b>	<b>1.13</b>	<b>1.13</b>	<b>1.13</b>	<b>1.13</b>	<b>1.13</b>
Reserves & Surplus	(Rs. Lacs)	3480	3858	4334	5043	6416	9086	12239	15994	21527	28399	<b>38509</b>
	(Times)	<b>1.00</b>	<b>1.11</b>	<b>1.25</b>	<b>1.45</b>	<b>1.84</b>	<b>2.61</b>	<b>3.52</b>	<b>4.60</b>	<b>6.19</b>	<b>8.16</b>	<b>11.07</b>
Net Worth	(Rs. Lacs)	6362	6740	7216	7925	9298	11968	15121	20317	24409	31281	<b>41391</b>
	(Times)	<b>1.00</b>	<b>1.06</b>	<b>1.13</b>	<b>1.25</b>	<b>1.46</b>	<b>1.88</b>	<b>2.38</b>	<b>3.19</b>	<b>3.84</b>	<b>4.92</b>	<b>6.51</b>
Book Value	(Rs.)	24	25	27	30	35	42	52	65	85	109	<b>144</b>
	(Times)	<b>1.00</b>	<b>1.04</b>	<b>1.13</b>	<b>1.25</b>	<b>1.46</b>	<b>1.75</b>	<b>2.17</b>	<b>2.71</b>	<b>3.54</b>	<b>4.54</b>	<b>6.00</b>
EPS (Basic)	(Rs.)	7.09	2.75	2.96	3.89	6.58	11.94	17.37	21.98	23.72	29.54	<b>48.26</b>
	(Times)	<b>1.00</b>	<b>0.39</b>	<b>0.42</b>	<b>0.55</b>	<b>0.93</b>	<b>1.68</b>	<b>2.45</b>	<b>3.10</b>	<b>3.35</b>	<b>4.17</b>	<b>6.81</b>
Equity Dividend - Amount - Percentage	(Rs. Lacs)	255	255	255	255	306	384	576	1009	1153	1441	<b>2132</b>
	%	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>12%</b>	<b>15%</b>	<b>20%</b>	<b>35%</b>	<b>40%</b>	<b>50%</b>	<b>70%</b>





## **NOTICE**

Notice is hereby given that the 18th Annual General Meeting of the Members of Maharashtra Seamless Limited will be held on Friday, the 29th September, 2006 at 11.30 A. M. at the Registered Office of the Company at Pipe Nagar, Village-Sukeli, N.H. 17, B.K.G. Road, Taluka Roha, Distt. Raigad-402 126, Maharashtra to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2006 and the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. U. C. Agarwal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. D. K. Parikh, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration. The retiring auditors M/s Kanodia Sanyal & Associates, New Delhi are eligible for reappointment.

### **SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolutions as Ordinary Resolutions:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of and payment of remuneration and perquisites to Mr. Saket Jindal, as a Managing Director of the Company, for a period of 5 (five) years with effect from 1st September, 2006 on the terms and conditions, as set out in the resolution, with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Saket Jindal".

#### **SALARY**

Rs.2,50,000 (Two Lac Fifty Thousand only) per month with such annual increase as may be decided by the Board of Directors in the grade of Rs.2,50,000-5,00,000 per month.

#### **PERQUISITES**

I The Managing Director shall be entitled to perquisites & benefits like furnished /non furnished accommodation or house rent allowance in lieu thereof, gas, electricity, water, medical reimbursement, leave travel concession for self & family, club fees, car/s with driver/s for business & personal use, facility of telephone installed at his residence, medical and personal accident insurance, education allowance, bonus/ex-gratia etc. as per rules of the Company. The value of perquisites shall be evaluated as per Income Tax Rules wherever applicable.

II. The Managing Director shall be entitled to Company's contribution to Provident Fund, Superannuation Fund, Pension Fund, Gratuity, encashment of earned leave at the end of the tenure, as per the rules of the Company, and these shall not be included in the computation of perquisites.



**MINIMUM REMUNERATION**

In the event of loss or inadequacy of profits, the remuneration including the perquisites as mentioned above shall be paid in accordance with Schedule XIII and other applicable provisions of the Companies Act, 1956 as amended from time to time.

**OTHER TERMS**

- I. The Managing Director shall not be paid any sitting fees for attending the meeting(s) of the Board of Directors or Committees thereof.
  - II. The Managing Director shall be entitled to reimbursement of entertainment, traveling and all other expenses incurred in the course of the Company's business.
  - III. The appointment may be terminated by the Company or by the Managing Director by giving not less than three month's prior notice.
7. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution.

RESOLVED THAT pursuant to the provisions of the Companies Act, 1956, Guidelines issued by SEBI under the Securities and Exchange Board of India (Delisting of Securities) Guidelines – 2003 dated 17th February, 2003 and other applicable approvals and procedures which may become applicable hereafter, governing the matter, the Company be and is hereby authorized to voluntarily apply for delisting of its Equity Shares from The Delhi Stock Exchange Association Limited, The Calcutta Stock Exchange Association Limited and Madras Stock Exchange Limited at such time as the Board of Directors (whether acting through the Board, a Committee of the Board or any Director or any person authorized by the Board) may, in their absolute discretion, consider appropriate and proper without giving an exit option to the shareholders of the region where the aforesaid Stock Exchanges are situated as securities of the Company shall continue to be listed on the Stock Exchanges having nationwide trading terminals viz. Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things in pursuance with the above matter.

By order of the Board

Place : Gurgaon  
Dated : August 30, 2006

**Praveen Mudgal**  
Company Secretary

Regd. Office:

Pipe Nagar, Village Sukeli, N.H.17,  
B.K.G. Road, Taluka - Roha,  
Distt. Raigad - 402 126,  
Maharashtra



**NOTES:**

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. FORM OF PROXY IS SEPARATELY ANNEXED. THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
4. Members are requested to notify immediately any change in their address to the Registrar & Transfer Agent quoting their Folio Number to the following address:

Alankit Assignments Ltd.  
Alankit House,  
2E/21, Jhandewalan Extension,  
New Delhi – 110 055

5. Members who have multiple ledger folios in identical names or joint names in same order are requested to intimate/send the concerned share certificates quoting their ledger folios of such accounts to enable the Registrar & Transfer Agent to consolidate all such shareholdings into one folio.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday , 20th September, 2006 to Friday, 22nd September 2006 (both days inclusive).
7. Members intending to seek any information on the Annual Accounts at the meeting are requested to inform the company in writing at least one week prior to the date of the meeting.
8. **In accordance with the provisions of the Companies Act, 1956, the amount of dividend which remains unpaid or unclaimed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company are transferred to the Investor Education and Protection Fund constituted by the Central Government and shareholders are not able to claim any amount of dividend so transferred to the fund.**

**As such, shareholders who have not yet encashed their dividend warrants are requested in their own interest to claim the outstanding dividend before it falls due for transfer to the aforesaid Fund.**

9. Electronic Clearing Service (ECS) Facility:
  - (a) Members holding shares in physical form who wish to avail ECS facility, may authorize the Company with their ECS mandate in the prescribed form, which can be downloaded from the Company's website ([www.jindal.com](http://www.jindal.com)) or can be obtained from the Corporate Office of the Company. Requests for payment of dividend through ECS should be lodged latest by 20th September, 2006 to the Company Secretary at Plot No. 30 Institutional Sector - 44, Gurgaon – 122002. (Haryana).
  - (b) Members holding shares in demat form who wish to avail ECS facility, may send ECS mandate in the prescribed form to their respective depository participant.



10. Details of the Directors seeking reappointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement):

<b>Name</b>	<b>Mr.U. C. Agarwal</b>	<b>Mr.D. K. Parikh</b>
Age	79 Years	73 Years
Qualification	M.A. (Pol. Science) IAS (Retd.)	M.Sc. (Statistics) M.B.A. (Finance)
Expertise in specific functional area	Extensive experience in administration at various and widely spread levels having held senior posts in Government of India. Held the post of secretary to the Indian Government and Chairman to the Central Vigilance Commission.	Having considerable experience in finance & administration. Retired as General Manager from ICICI Ltd.
Date of appointment as Director of the Company	15.06.1990	24.09.1990
Directorship of other companies	Jay Bharat Maruti Ltd.	--
Chairman / Member of Committees of other Companies	Chairman, Audit Committee, Jay Bharat Maruti Ltd.	--





## **ANNEXURE TO THE NOTICE**

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

### **ITEM NO. 6**

Mr. Saket Jindal was appointed as a Managing Director of the Company for a Period of 5(Five) years w.e.f. 1.09.2001.

Since his tenure as a Managing Director is expiring on 31.08.2006, the Board of Directors of the Company at its meeting held on 30.08.2006 decided to re-appoint Mr. Saket Jindal, as Managing Director of the Company for a further period of 5(Five) years w.e.f. 01.09.2006. The remuneration including perquisites proposed to be paid to Mr.Saket Jindal is within the limits provided under Schedule XIII of the said Act.

Mr. Saket Jindal aged 32 years is a graduate from Boston University, USA and holds a Bachelor's Degree in Business Management. He has diversified experience of about 11 years and under his leadership the company has progressed well. Your Directors are of the view that the re-appointment of Mr.Saket Jindal, as Managing Director will be beneficial to the operations of the Company and the remuneration payable to him as stated in the said Resolution commensurate with his experience and ability. The resolution under this item is intended to obtain the approval of the Members for proposed re-appointment of Mr.Saket Jindal and your Directors recommend its approval. Mr. Saket Jindal is also a director in MSL Steel & Mines Limited.

None of the Directors of the Company is concerned or interested in this Resolution except Mr. Saket Jindal himself and Mr. D.P.Jindal being his relative.

This notice along with the explanatory statement should be considered also as an abstract of the terms of appointment of Mr. Saket Jindal as Managing Director of the Company and a memorandum as to the nature of concern or interest of the Director in the said appointment, as required under Section 302 of the Companies Act, 1956.

### **ITEM NO.7**

The Company's shares are presently listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited, The Delhi Stock Exchange Association Limited, Madras Stock Exchange Limited and The Calcutta Stock Exchange Association Limited.

SEBI through its Guidelines known as Securities and Exchange Board of India (Delisting of Securities) Guidelines – 2003, dated 17th February, 2003 has permitted Companies to voluntarily delist its Shares from a Stock Exchanges where the shares are listed for a period of more than 3 years provided, inter alia, the company is authorized by the shareholders for making such an application for delisting through a Special Resolution. The Board of Directors has decided to take steps to have the equity shares of the Company delisted from The Delhi Stock Exchange Association Limited, Madras Stock Exchange Limited and The Calcutta Stock Exchange Association Limited in view of negligible volume of trading.

The shareholders of the Company will not suffer due to delisting from these Stock Exchanges, since the shares of the Company will also continue to be listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited which have also got nationwide trading terminals.

The Board recommends the passing of this resolution.

None of the Directors of the Company is concerned or interested in this resolution.

By order of the Board

Place : Gurgaon  
Dated : August 30, 2006

**Praveen Mudgal**  
Company Secretary

Regd. Office:

Pipe Nagar, Village Sukeli, N.H.17,  
B.K.G. Road, Taluka - Roha,  
Distt. Raigad - 402 126,  
Maharashtra



## DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Company's 18th Annual Report alongwith Audited Accounts of the Company for the year ended 31st March, 2006.

## FINANCIAL RESULTS

During the year, Gross Turnover of the company increased to Rs. 1095 crore from Rs. 879 crore in the previous year – a growth of 25% over previous year. The highlights of the financial results are as under: -

	Year Ended 31.03.2006	Year Ended 31.03.2005
		(Rs. in crore)
<b>Gross Turnover</b>	<b>1095.18</b>	879.28
Profit before Depreciation	<b>221.40</b>	136.74
Depreciation	<b>14.55</b>	10.50
<b>Profit Before Tax</b>	<b>206.85</b>	126.24
Provision for Taxation		
- Current	<b>62.50</b>	32.77
- Fringe Benefit	<b>0.19</b>	-
- Deferred	<b>4.56</b>	8.59
<b>Profit after Tax</b>	<b>139.60</b>	84.88
Prior Period Adjustments/ Tax provision written back	<b>(0.51)</b>	0.27
Profit After Tax & Adjustments	<b>139.09</b>	85.15
Balance brought forward from previous year	<b>16.92</b>	13.20
Profit available for appropriations	<b>156.01</b>	98.35
<b>Appropriations:</b>		
Proposed Dividend on Equity Shares	<b>21.32</b>	14.41
Proposed Dividend Distribution Tax	<b>2.99</b>	2.02
Transfer to General Reserve	<b>90.00</b>	65.00
Balance carried to Balance Sheet	<b>41.70</b>	16.92
	<b>156.01</b>	98.35



## **DIVIDEND**

Your directors are pleased to recommend a dividend @ 70% i.e. Rs. 3.50 per equity share of Rs. 5/- each for the Year 2005 - 2006. Equity Share that may be allotted on conversion of outstanding Foreign Currency Convertible Bonds before the Book Closure for payment of dividend will also be entitled to receive full dividend.

The proposed dividend including dividend tax will absorb Rs. 24.31 crore.

## **RESULTS OF OPERATIONS**

Your Directors are pleased to inform that your Company has posted strong financial performance during the year ended 31st March, 2006. The growth in demand for the Company's products both in domestic and international market coupled with economies of scale have led to a strong jump in financial performance. The profit before tax for the year was Rs. 207 crore as against Rs. 126 crore in the previous year showing a growth of 64% over previous year. The profit after tax & adjustments for the year had been Rs. 139 crore as against Rs. 85 crore in the previous year.

Seamless Pipes Division has major contribution constituting 71 % of turnover of the Company. This Division has contributed around 75% of the Profits Before Tax of the Company.

## **COATING PLANT**

The Company has been putting up 50000 MT Capacity coating pipe facility adjacent to the existing plants. The equipments are being imported from Korea. Civil Works are at an advanced stage of completion & the project is likely to be commissioned in the current year. The total project cost has been envisaged to the extent of Rs. 25 crore.

## **BACKWARD INTEGRATION PROJECT**

The Company has plans to implement a Strategic Backward Integration Project at Orissa to manufacture Billets, the main raw material for Seamless Pipes having a capacity of 5,00,000 TPA. However, the project has faced some difficulties and is presently at stalemate owing to the rehabilitation and land related issues with locale people. Your Company has requested the relevant authorities of the Govt. of Orissa for resolving these issues at an early date or to provide an alternative site for the said project. The Company has also approached Court and took stay against the Govt. decision of cancellation of allotment of land and MOU. In view of the above, Company could not make any progress on the project as scheduled. However, the Company is committed to its backward integrated project as it offers many strategic advantages.

## **FCCB ISSUE**

Your Company has raised US\$ 75 million on 29th July, 2005, by way of Zero Coupon Foreign Currency Convertible Bonds (FCCBs) vide offering circular dated 26th July, 2005. The FCCBs are convertible at any time on and after 28th August, 2005 up to 30th June, 2010 by the holders into fully paid equity shares of Rs.5/- each at a conversion price of Rs.253.34 per share (reset price). The conversion price is subject to adjustment in certain circumstances. In case the FCCBs are not convertible into equity shares, the company will redeem each FCCB at 135.70% of its principal amount on maturity date i.e. 30th July, 2010. The above FCCBs are listed on Singapore Exchange Securities Trading Limited.

During the period from 1st April, 2006 to 30th August, 2006, the company has allotted 32,56,444 No. of Equity Shares of Rs.5/- each at a premium of Rs.248.34 per share on conversion of 18950 FCCBs of US\$ 1000 each .

## **JOINT VENTURE**

During the year the Joint Venture company's facilities were commissioned at Nagothane. The Joint Venture is facilitating Company's penetration in International market of Seamless Pipes by going into new exports avenues. Your company's presence in the seamless business is getting extended with the support of JV to the newer places on global basis, which would have a positive bearing on the operations of the company.

## **SUBDIVISION OF EQUITY SHARES**

With effect from 26.04.2006 the Equity Shares of Rs. 10 each of the company have been subdivided into Equity Shares of Rs. 5 each.

## **DIRECTORS**

Mr. U. C. Agarwal and Mr. D. K. Parikh, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.



The Board of Directors at its meeting held on 20th October, 2005 appointed Mr. S. P. Raj as an Additional Director of the Company and subsequently appointed him as a Wholtime Director of the company for a period of five years with effect from 01.10.2005. Mr. S. P. Raj is a B.E. (Mech.) and has considerable technical experience in the related fields.

During the year Mr. S.D. Sharma, Director of the Company, resigned from the Board of Directors of the Company. The Directors place on record their sincere appreciation for the contribution made by him during his tenure on the Board.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956, your Directors state:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (ii) that the accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for that period;
- (iii) that proper and sufficient care has been taken 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; and
- (iv) that the Annual Accounts have been prepared on a going concern basis.

#### **CORPORATE GOVERNANCE**

As per the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges, a Separate Report on Corporate Governance has been annexed as part of the Annual Report.

#### **AUDITORS**

M/s. Kanodia Sanyal & Associates, Chartered Accountants, the auditors of the Company are retiring at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Auditor's observation and the relevant notes on the accounts are self explanatory and therefore, do not call for further comments.

#### **FIXED DEPOSITS**

There are no overdue or unclaimed deposits with the Company at the close of the year.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is Annexed hereto.

#### **PARTICULARS OF EMPLOYEES**

The information required Under Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder is annexed hereto and forms part of the report.

#### **ACKNOWLEDGEMENT**

The Board expresses its grateful appreciation of the assistance and co-operation received from Central Government, State Government of Maharashtra, SICOM, MSEB, all other Government agencies, ONGCL, OIL, Banks and Shareholders.

Your Directors wish to place on record their deep sense of appreciation for the devoted contribution made by the employees at all levels

For & on behalf of the Board

Place : Gurgaon  
Dated : August 30, 2006

**D. P. JINDAL**  
Chairman





Statement of particulars Under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the Accounting Year Ended 31st March, 2006.

Employed throughout the year and was in receipt of remuneration for the year in the aggregate of not less than Rs.24,00,000

Name	Age (Yrs.)	Designation	Remuneration Received (Rs.)	Qualification	Experience (Yrs.)	Date of Commencement of employment	Last Employment
Mr. Saket Jindal	32	Managing Director	24,97,200	BBA	11	01.09.1996	NA

- Notes:
1. Remuneration includes Salary, Company's contribution to Provident fund, Bonus/ex-gratia, taxable value of perquisites and other allowances as per Company's Rules.
  2. Mr. Saket Jindal is related to Mr. D.P. Jindal, Chairman of the company.

For & on behalf of the Board

Place : Gurgaon  
Dated : August 30, 2006

**D. P. JINDAL**  
Chairman



## ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2006.

### A CONSERVATION OF ENERGY

#### a) Energy Conservation measures taken.

1. Effective measures have been taken for reduction of fuel consumption by implementing change in operating parameters and recovering more heat from the furnace by changing the material loading pattern.
2. The energy meters have been installed at different locations to improve the general awareness regarding power consumption at respective locations. The capacitor banks were splitted in zones for reducing power wastages in capacitor banks.
3. Frequency variable drives have been introduced wherever motors are not fully loaded resulting reduction in power consumption.
4. Furnace capacity has been properly utilized by bunching the Heat Treatment cycle tanks, loading pattern of furnace resulting increase in output & reduction of power and fuel consumption.
5. Energy conservation in the form of using furnace oil instead of LDO is under execution for heat treatment furnaces wherever possible.
6. 24 hours working system has been introduced in all hot working centres both 7" Mill and 14" Mill to reduce fuel and power cost.
7. Fuel saving measure through some additives also implemented in heavy oil furnaces.

#### b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

Continuous measures are being taken for reduction of consumption of energy. The Company is using the alternate fuel LDO / FO which is an alternative source of fuel in place of HSD. During the year, no specific investment has been earmarked.

#### c) Impact of measures at a&b above for reduction of energy consumption and consequent impact on the cost of production of the goods.

The measures taken by the Company have resulted in substantial reduction of power and fuel consumption.

#### d) Total energy consumption and energy consumption per unit of production.

As per Form-A annexed.

### B. TECHNOLOGY ABSORPTION

e) Efforts made in technology absorption are given as per Form -B annexed.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

#### f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans.

The Company's business does not directly result in physical exports but results in import substitution and conservation of valuable foreign exchange.

#### g) Total foreign exchange used and earned

Used - Rs. 307.04 crore

Earned\* - Rs. 102.79 crore

\* Supplies to Oil Sector by the Company result in import substitution & consequent saving of substantial Foreign Exchange for the country.



**FORM A**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO :**

**CONSERVATION OF ENERGY**

**A. POWER AND FUEL CONSUMPTION**

<b>Particulars</b>		<b>Year Ended 31-03-2006</b>	<b>Year Ended 31.03.2005</b>
1.	<b>Electricity Purchased</b> Units(KWH in lacs)* Total Amount (Rs. in lacs) Rate Per Unit (Rs.) * Includes 88.31 lacs (previous year 100.82 lacs) units generated by Wind Power Project of the Company.	<b>503.75</b> <b>2088.34</b> <b>4.15</b>	414.82 1787.03 4.31
2.	<b>Fuel Consumption</b>		
	a) <b>LDO</b> Quantity (KL) Total Amount (Rs.in lacs) Average Rate per KL (Rs.)	<b>15883.18</b> <b>3818.82</b> <b>24043.20</b>	15433.72 3146.64 20388.07
	b) <b>HSD</b> Quantity (KL) Total Amount (Rs. in lacs) Average Rate per KL (Rs.)	<b>208.90</b> <b>49.54</b> <b>23713.38</b>	279.40 68.43 24491.35
	c) <b>LPG</b> Quantity (MT) Total Amount (Rs. in lacs) Average Rate Per MT (Rs.)	<b>557.55</b> <b>179.15</b> <b>32131.10</b>	692.26 181.92 26279.40
	d) <b>FURNACE OIL</b> Quantity *(MT) Total Amount (Rs. in lacs) Average Rate Per MT (Rs.)	<b>4940.68</b> <b>747.13</b> <b>15121.95</b>	890.46 100.69 11307.30
3.	<b>Other/Internal generation/Wind Power</b> (Kwh in lakhs)	<b>94.96</b>	108.77

**B. CONSUMPTION PER UNIT OF PRODUCTION**

a)	<b>SEAMLESS PIPES (MT)</b> Electricity (Units) LDO (KL) HSD(KL) LPG(MT)	294.004 0.106 0.001 0.004	287.560 0.126 0.002 0.006
b)	<b>ERW PIPES (MT)</b> Electricity (Units) HSD / FO (KL)	76.239 0.002	73.726 0.001



**FORM B**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO :**

**RESEARCH AND DEVELOPMENT (R&D)**

**1. Specific areas in which R&D carried out by the Company**

- i) To improve the pipe quality a new concept of quenching by immersion type is under implementation.
- ii) R&D activities of the Company remained centered around the development of new products, improvement of existing products and processes, problem solving, cost reduction, pollution control, energy conservation.

**2. Benefits derived as a result of above R&D**

As a result of the R&D activities, new products were developed, existing products and process were improved and costs were reduced through energy conservation and savings in the use of materials.

**3. Future plan of action**

Concentration will remain in the development of new sizes and upgradation of the quality. The high priority will be given to the upgradation of technology, energy conservation, cost reduction and commission and establish the sizes for 14” Pipe Mill.

**4. Expenditure on R&D**

Expenditure on R&D is not separately allocated and identified.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

**1. Efforts in brief made towards technology absorption, adaptation and innovation.**

The production/Quality Control department absorbs the technology received from the collaborators, adopting the same to local conditions and uses its own experience to effect improvements to the product and manufacturing process.

**2. Benefits derived as a result of the above efforts etc.**

Through above measures, the Company has continued to achieve product improvement/ development, process improvement/ development, commercialization of technology, cost reduction, import substitution etc.

**3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) prescribed information may be furnished:**

<b>Technology Imported</b>	<b>Year of Import</b>	<b>Has Technolog been fully absorbed</b>	<b>If not fully absorbed, areas where this has not taken place</b>
Technical know-how and process detail for plug mill and classical rollers received from USA	2003-04	Yes	-N/A-



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of

### **Maharashtra Seamless Limited**

We have examined the compliance of conditions of Corporate Governance by Maharashtra Seamless Limited for the year ended on 31st March 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, no investor grievance is pending for a period exceeding one month.

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

For **KANODIA SANYAL & ASSOCIATES**  
Chartered Accountants

Place : Gurgaon  
Dated : August 30, 2006

**R.K. Kanodia**  
Partner  
Membership No. 16121



## CORPORATE GOVERNANCE REPORT

Your Company has been practicing the principle of good Corporate Governance, which comprises all activities that result in the control of the Company in a regulated manner, aiming to achieve transparent, accountable and fair management.

The details of the corporate Governance compliance by the Company as per the revised Clause 49 of the Listing Agreement with Stock Exchanges are as under:

### A COMPLIANCE OF MANDATORY REQUIREMENTS:

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that good Corporate Governance is essential for achieving long term corporate goals and enhancing value to stakeholders. In this pursuit, your Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and to continuously strive to attain high levels of accountability, transparency, responsibility and fairness in all aspects of its operations. Your Company continues to lay great emphasis on broad principles of Corporate Governance. Your Company, with a view to achieve these objectives, has adopted corporate strategies, prudent business plans and continuous monitoring of performance.

#### 2. BOARD OF DIRECTORS

##### Composition

The strength of the Board as on March 31, 2006 was 6 Directors including one Non-Executive Chairman, one Managing Director and one whole time Director. The rest are Non-Executive Directors. The Board meets the requirement of not less than one - third being independent Directors.

None of the Directors hold Chairmanship of more than 5 Committees or Membership in more than 10 committees of Public Limited Companies.

During the year under review 7 Board Meetings were held on 27th April, 2005, 15th June, 2005, 20th July, 2005, 20th October, 2005, 18th January, 2006, 6th February, 2006 and 22nd March, 2006.

The Composition of Board of Directors, their shareholding, attendance during the year and at the last Annual General Meeting, Number of other Directorships, Committee memberships and Chairmanships held by them as at 31st March, 2006 are given below:

Directors	Category	Shares held	Attendance		No. of other Directorships and Committee Memberships/ Chairmanships held \$		
			Board Meeting	Last AGM	Directorships	Committee Memberships	Committee Chairmanships
Mr. D.P. Jindal	C	24410	5	Yes	3	-	1
Mr.Saket Jindal	MD	872882	5	Yes	1	-	-
Mr.S.P.Raj*	WTD	-	3	NA	-	-	-
Mr.U.C.Agarwal	NE***	500	6	Yes	1	-	1
Mr.D.K.Parikh	NE***	-	6	Yes	-	-	-
Mr.H.K.Khanna	NE***	-	4	Yes	2	2	-
Mr.S.D Sharma**	NE***	-	1	No	-	-	-

C = Chairman, MD = Managing Director, WTD = Wholetime Director, NE = Non-Executive

\* Appointed w.e.f. 20.10.2005

\*\* Resigned w.e.f. 20.10.2005

\*\*\* Also Independent in terms of Provisions of Clause 49 (1)(A)(iii)

\$ Includes Directorship and Committee membership in Public Limited Companies only



**3. AUDIT COMMITTEE**

**BROAD TERMS OF REFERENCE**

The terms of reference of this Committee covers the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The broad terms of reference of Audit Committee include inter-alia the following:-

- Review quarterly and annual financial statements before submission to the Board for approval;
- Discuss with Auditors about Internal Control System and to consider their observations and follow-up;
- Review of risk management policies and practices;
- Ensure compliance of Internal Control System;
- Investigate on any matter referred by the Board;
- Make recommendation to the Board on any matter relating to the financial management of the Company, including the Audit Report.

**COMPOSITION**

The Audit Committee of the Company comprises 4 Directors of which all are Non-executive Directors, 3 are Independent Directors and 1 promoter Non-Executive Director. All these Directors possess knowledge of Corporate Finance, Accounts and Company Law. The Chairman of the Committee is an Independent Non-executive Director and was present at the last Annual General Meeting of the Company. The Audit Committee meetings are held at the Corporate Office of the Company and are attended by the Internal & Statutory Auditors, Accounts and Finance Heads. The Company Secretary acts as the Secretary to the Audit Committee.

The minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.

During the year under review 5 Audit Committee Meetings were held on 27th April, 2005, 15th June, 2005, 20th July, 2005, 20th October, 2005 & 18th January, 2006. The composition of Audit Committee and attendance at its Meetings is as follows:

Members	Category	No. of meetings attended
Mr. U.C. Agarwal	Chairman, Independent, Non-executive	5
Mr. D.P. Jindal	Member, Non-executive	4
Mr. D. K. Parikh (w.e.f. 20.10.2005)	Member, Independent, Non-executive	1
Mr. H. K. Khanna	Member, Independent, Non-executive	2

**INTERNAL AUDITORS**

The Company has appointed firms of Chartered Accountants as Internal Auditors to review the internal control systems of the Company and to report thereon. The reports of the Internal Auditors are reviewed by the Audit Committee.

**4. REMUNERATION TO DIRECTORS**

The Company does not have a Remuneration Committee. Detailed terms of appointment of the Managing and Wholtime Directors are governed under Board and Members Resolutions. None of the Non-Executive Directors draw any remuneration from the Company except sitting fees of Rs. 5,000/- for attending each meeting of the Board/Audit Committee.

Details of Director's Remuneration

- a) The Details of remuneration paid to the Managing Director & Wholtime Director during the financial year ended 31st March, 2006 are as under:-

Name	Salary	Perquisites & other benefits	Total
Mr. Saket Jindal Managing Director	17,40,000	7,57,200	24,97,200
Mr. S.P. Raj Wholtime Director	1,23,600	80,232	2,03,832

(Rs.)



The tenure of appointment of the Managing Director and Wholetime Director is for a period of 5 years.

- b) The Non-executive Directors are paid by way of sitting fees for each meeting of the Board of Directors and Audit Committee. The details of remuneration paid to Non-Executive Directors are as under: -

<b>Director</b>	<b>Sitting Fees</b>
Mr. D. P. Jindal	40,000
Mr. U. C. Agarwal	45,000
Mr. D. K. Parikh	30,000
Mr. S. D. Sharma	5,000
Mr. H. K. Khanna	22,500

Apart from receiving Directors remuneration by way of sitting fee for attending each meeting of Board and Audit Committee, none of the Non-Executive Director has any pecuniary relationship or transactions with the company during the year ended 31st March 2006.

## 5. SHAREHOLDERS/INVESTORS SHARE TRANSFER CUM GRIEVANCE COMMITTEE

### FUNCTIONS

The Board has constituted a Committee of three members under the Chairmanship of a Non-executive Director. The Committee generally meets twice in a month, to approve inter-alia, transfer/transmission of shares, issue of duplicate share certificates and reviews the status of investors' grievances and redressal mechanism and recommend measures to improve the level of investor services. Details of shares transfers/transmissions approved by the Committee are placed at the Board Meetings from time to time.

### COMPOSITION

The constitution of the Committee of Directors is as under:-

<b>Name of the Members</b>	<b>Category</b>
Mr. D.P. Jindal	Chairman, Promoter, Non-executive
Mr. Saket Jindal	Member, Promoter, Executive
Mr. H.K. Khanna	Member, Independent, Non-executive

### COMPLIANCE OFFICER

The Board has designated Mr. Praveen Mudgal, Company Secretary as Compliance Officer.

### DETAILS OF SHAREHOLDERS' COMPLAINTS RECEIVED & REPLIED TO THE SATISFACTION OF SHAREHOLDERS

Number of Shareholders complaints received during the period 01.04.2005 to 31.03.2006	159
Number of complaints not solved to the satisfaction of shareholders	Nil
Number of pending complaints as on 31.03.2006 which were solved later on	Nil

## 6. GENERAL BODY MEETINGS

- (i) Details of the Location of the last three Annual General Meetings:

<b>Financial year</b>	<b>Date</b>	<b>Location of the Meeting</b>	<b>Time</b>
2002-03	08.09.2003	Registered Office of the Company at Pipe Nagar, Raigad	12.30 P.M.
2003-04	20.09.2004	Registered Office of the Company at Pipe Nagar, Raigad	11.30 A.M.
2004-05	09.09.2005	Registered Office of the Company at Pipe Nagar, Raigad	11.30A.M.





- (II) Special Resolutions passed in the previous three AGMs :
- a) In the AGM held on 08.09.2003 : No Special Resolution was transacted
  - b) In the AGM held on 20.09.2004 : No Special Resolution was transacted
  - c) In the AGM held on 09.09.2005 : For payment of sitting fees along with any other compensation and/or expenditure to its Non-executive Directors pursuant to Clause 49 of the Listing Agreement and Section 309, 310 and other applicable provisions of the Companies Act, 1956.
- (III) In the Extra ordinary General Meeting held on 22nd March 2006, at 1.00P.M. at the Registered office of the Company at pipe Nagar,Raigad,Special Resolution for alteration of Capital Clause of the Article of Association of the Company was passed .
- (IV) During the last year, no Special Resolution was put through Postal Ballot. No Special Resolution is proposed to be conducted through Postal Ballot.

## **7. DISCLOSURES**

i) **Related Party Transactions**

There have been no materially significant related party transactions in conflict with the interest of the Company.

ii) **Accounting Standards**

The Company follows the Accounting Standards laid down by the Institute of Chartered Accountant of India and there has been no deviation during the year.

iii) **Details on Non Compliance**

There are no instances of non-compliance by the Company on any matter relating to the Capital Market during the last 3 years.

iv) **Declaration by CEO with regard to Code of Conduct**

The Managing Director, Mr. Saket Jindal has furnished a declaration affirming compliance of Code of Conduct by the Board of Directors and Senior Management personnel.

v) **CEO/CFO Certificates**

Mr. Saket Jindal, Managing Director and Mr. Anil Jain, CFO have furnished the required certificate to the Board of Directors pursuant to Clause 49 of the Listing Agreement.

## **8. MEANS OF COMMUNICATION**

The company's financial results are forthwith communicated to all the Stock Exchanges with whom the Company has listing arrangements as soon as they are approved and taken on record by the Board of Directors of the Company. Thereafter the results are normally published in The Economic Times, Business Standard, Financial Express & Samna. The Financial Results are also available on the Company's website [www.jindal.com](http://www.jindal.com)

## **9. GENERAL SHAREHOLDERS INFORMATION**

a) Annual General Meeting:

Date & Time : 29th September, 2006 at 11.30 A.M.

Venue : Registered Office of the Company at Pipe Nagar Village Sukeli, N.H. 17, B.K.G. Road, Taluka-Roha, Distt. Raigad - 402126, Maharashtra

b) Financial Year : 1st April to 31st March

c) Book Closure : Wednesday, 20th Sept. 2006 to Friday, 22nd Sept. 2006

d) Dividend : Dividend @ 70% (Rs.3.50 per share) for the year ended 31st March, 2006, if approved by the members, shall be paid from 3rd October, 2006 onwards.

**Financial Calendar (Tentative):**

- Financial reporting for the quarter ended 30th June, 2006	:	July, 2006
- Financial reporting for the quarter ending 30th September, 2006	:	October, 2006
- Financial reporting for the quarter ending 31st December, 2006	:	January, 2007
- Financial reporting for the year ending 31st March, 2007	:	April, 2007



**Listing on Stock Exchanges:**

The Equity Shares of the Company are listed on Bombay Stock Exchanges Limited, National Stock Exchange of India Limited, The Delhi Stock Exchange Association Limited, Madras Stock Exchange Limited and The Calcutta Stock Exchange Association Limited.

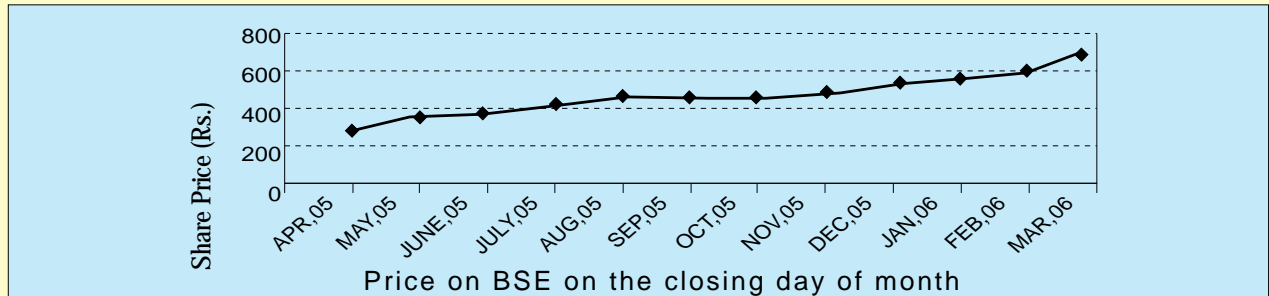
Stock Code :	BSE	-	500265
	NSE	-	MAHSEAMLES
	NSDL/CDSL - ISIN	-	INE 271B01025
	BLOOMBERG	-	MHS.IN
	REUTERS	-	MHSM.BO

**Stock Market Data**

The monthly high and low quotations of shares traded on BSE and NSE are as under:-

MONTH	B S E		N S E	
	HIGH (Rs.)	LOW (Rs.)	HIGH (Rs.)	LOW (Rs.)
April 2005	355.50	272.90	355.00	320.30
May 2005	375.00	321.00	375.00	319.00
June 2005	408.00	365.05	405.15	364.00
July 2005	428.00	362.15	421.00	365.00
August 2005	493.90	409.80	493.65	420.00
September 2005	534.00	436.00	530.00	441.00
October 2005	499.00	394.20	498.00	395.15
November 2005	490.00	426.40	490.00	420.10
December 2005	548.00	434.40	549.00	462.00
January 2006	596.00	449.00	596.95	525.00
February 2006	619.80	568.00	618.00	568.00
March 2006	684.00	575.00	705.00	577.15

**SHARE PERFORMANCE CHART**



Distribution of shareholding as on 31st March, 2006

No. of Equity Shares held	No. of Shareholders	% of shareholders	No. of Shares held	% of Shareholding
Upto 500	19958	97.23	2200136	7.63
501 to 1000	295	1.44	230593	0.80
1001 to 5000	152	0.74	342687	1.19
5001 to 10000	29	0.14	228463	0.79
10001 to 20000	20	0.10	297851	1.03
20001 to 30000	7	0.03	175799	0.61
30001 to 40000	4	0.02	141413	0.49
40001 to 50000	6	0.03	284823	0.99
50001 to 100000	13	0.06	1022950	3.55
100001 to Above	44	0.21	23897845	82.92
<b>Grand Total</b>	<b>20528</b>	<b>100.00</b>	<b>28822560</b>	<b>100.00</b>



**Shareholding Pattern as on 31st March, 2006:**

<b>CATEGORY</b>	<b>NO.OF SHARES HELD</b>	<b>% OF HOLDING</b>
Promoters	13,702,717	47.54
Financial Institutions, Mutual Funds & Banks	3,204,009	11.12
Foreign Institutional Investors	1,447,580	5.02
Private Body Corporates	7,151,309	24.81
Indian Public	2,912,023	10.10
NRIs / OCBs	404,922	1.41
<b>Grand Total</b>	<b>28,822,560</b>	<b>100.00</b>

**Dematerialisation of Shares and Liquidity**

The Company's shares are compulsorily traded in dematerialised form. As on 31st March 2006, 41.27% of total equity shares were held in dematerialised form.

**Outstanding GDR / Warrants and Convertible Bonds, conversion date and likely impact on equity:**

During the year, the Company has not issued any GDRs/ADRs or other convertible instruments. However, on July29, 2005, the Company allotted 75000 Zero Coupon Foreign Currency Convertible Bonds each of USD 1000 each aggregating USD 75,000,000 in the international market .The initial conversion price was fixed at Rs. 506.68 per share with a fixed rate of exchange on conversion of Rs. 43.535=USD 1.00 with due date as July 30,2010. After subdivision of Equity shares into Rs. 5 each, the conversion price has been reset at Rs. 253.34 per share. If all the FCCB's Holders exercise their right to convert FCCB's into equity shares then the paid up Equity share capital of the Company would increase by 12,888,312 shares of Rs. 5 each.

As on date 18950 FCCB's of USD \$1000 each have been converted into 32,56,444 Equity shares of Rs. 5 each.

**Plant Locations:**

1. **Seamless & ERW Pipes** : Pipe Nagar, Village Sukeli,  
N.H.17, B.K.G. Road, Taluka-Roha,  
Distt.Raigad - 402 126,  
Maharashtra
2. **Wind Power** : Village Nivkane, Taluka Patan,  
District Satara, Maharashtra

**Registrar and Share Transfer Agents:**

Alankit Assignments Limited,  
Alankit House,  
2E/21, Jhandelwahn Extension,  
New Delhi - 110 055  
Phone : 011- 23541234, 42541234  
Fax : 011- 42541201  
e-mail : rta@alankit.com

**Share Transfer System:**

Share transfer requests received in physical form are registered within 15 days from the date of receipt and demat requests are normally confirmed within the prescribed time from the date of receipt.



**Investor Correspondence Address**

Shareholders correspondence should be addressed to the Registrar and Transfer Agent at the address given below or to the Corporate Office of the Company.

Alankit Assignments Limited,  
Alankit House,  
2E/21, Jhandelwala Extension,  
New Delhi - 110 055  
Phone : 011- 23541234, 42541234  
Fax : 011- 42541201  
e-mail : rta@alankit.com

Shareholders holding shares in dematerialized form should address all their correspondence to their respective Depository Participant.

**B. NON-MANDATORY REQUIREMENTS**

**(1) CHAIRMAN OF THE BOARD**

The Company has a Non-executive Chairman and expenses incurred in performance of his duties are paid by the Company.

**(2) REMUNERATION COMMITTEE**

The Company does not have any Remuneration Committee. There are 6 members in the Board and remuneration of Managing and whole time Directors is being approved by the Board of Directors and shareholders.

**(3) SHAREHOLDERS' RIGHTS**

As the Company's quarterly results are published in leading English newspapers having circulation all over India and in a regional language newspaper widely circulated in the Region, the same are not sent to each household of shareholders.

**(4) AUDIT QUALIFICATIONS**

There are no Audit Qualifications in the Auditors' Reports.

**(5) TRAINING OF BOARD MEMBERS**

At present, the Company does not have such a training programme for the Board Members.

**(6) MECHANISM FOR EVALUATING NON-EXECUTIVE BOARD MEMBERS**

At present, the Company does not have such a mechanism as contemplated for evaluating the performance of Non-Executive Board Members.

**(7) WHISTLE BLOWER POLICY**

The Company does not have any Whistle Blower Policy as of now but no personnel is being denied any access to the Audit Committee.



## MANAGEMENT DISCUSSION AND ANALYSIS

Forming part of the Directors' Report for the year ended 31st March, 2006

### INDUSTRY STRUCTURE AND DEVELOPMENT

Seamless Pipes and Tubes Industry has created a place of its own in view of its strong demand arising out of booming Oil and Gas Sector. Globally, the Industry has grown and the capacities have been revived to meet the demand, which is largely coming out from Oil and Gas services sector. Exploration and production activities (E&P) are on the rise both domestically and internationally. The players who have built up the capacities are therefore, going to reap the benefits.

With the commissioning of 14" Seamless Mill, the Company has enlarged its products range and strengthen its position of market leadership in Seamless Pipe industry, a high end Capital intensive and technology driven industry. The company enjoys enviable position in all segments of Seamless and ERW Pipes industry globally.

The Company's products viz. Seamless and ERW Pipes are value added products and find major applications in Hydrocarbon & Infrastructure sectors, Refineries, Fertilizers, Boilers, Automotives and General Engineering.

Oil & Gas Sector is heading for an unprecedented growth in both domestic as well as international market, which has resulted in substantial growth for Pipes and Tubes Industry. Besides, the spurt in infrastructure sector has further augmented demand for Seamless and ERW Pipes. In Oil & Gas Sector, apart from laying Cross Country Linepipes, Exploration and Production activities are witnessing a strong growth in both domestic as well as international market. Pipelines are the most cost effective mode of transportation, globally, for petroleum products. Therefore, the country's pipes line net work is expected to increase manifold. Further domestic refining capacity is also expected to increase, which will boost the demand for pipes. Strong growth expected in Infrastructure and Power sectors would also be one of the growth drivers for seamless pipes industry. The boom witnessed in construction and housing sector will further lead to substantial demand for the ERW Pipes.

Besides catering to Indian market, the products of the Company are being exported to USA, Kuwait, Bangladesh, Singapore, Australia, Indonesia, Dubai, Myanmar, Mauritius, Iran, Saudi Arabia, Syria and African Region among others. The International market for Seamless Pipes is growing at a rapid pace.

### OPPORTUNITIES & THREATS

With more focus being given to Oil & Gas sector by the Govt. of India, the demand from this sector is likely to boost further. Apart from that, there is also huge export potential of seamless pipes in the global market. With the completion of expansion project, the company has rightly poised itself to meet growing demand of its products both in India and International Market. The strong growth expected in Infrastructure and other allied sectors would also push up and provide substantial boost to Seamless Pipes industry. Boom in Power, Water supply, Construction and Housing sector will further lead to substantial demand for the Company's Seamless and ERW Pipes.

Competition from international players may pose some pricing pressures for the company's products. Reduction in Import Duty on pipes and tubes may also affect margins for the Company.

Company's margins are dependent on steel price movements. Any steep increase in Input costs may affect operating margins adversely.

### SEGMENT-WISE PERFORMANCE

The Company has primarily three segments - Seamless, ERW and Wind Power. All the three segments contribute positively to the profitability. Seamless Pipes Division constitutes 71% of turnover of the Company. The contribution of the Seamless Pipes Division is over 75% of the total Profit Before Tax. ERW Division, constitutes around 27% of turnover of the company. 7 MW Wind Power Project of the Company is meeting around 19% of Power requirement and has helped in reducing over all cost of power. The company is also enjoying various fiscal incentives from the state of Maharashtra.

### FUTURE OUTLOOK

Hydrocarbon Sector is one of the largest consumers of Seamless Pipes in India as well as in international market. The outlook for the sector is strongly linked to growth in Exploration and Production (E&P) activities in both domestic and international market, which is being driven up by strong crude oil prices. The company expects crude oil prices to remain high in the near future, which will push up the demand for its products. Demand in domestic market is, however, relatively insulated from crude oil price movements, as there are currently significant low levels of domestic production of oil and gas. This has prompted GOI to focus on self-reliance in Oil and Gas sector by inviting private players as well.

Apart from E&P activity, there is also significant interest in deep sea drilling. Continuous high crude oil prices are spurring players like ONGC, Reliance industries, British Gas, Cairns Energy, etc. to make substantial investments in deepwater drilling. Moreover, strong growth expected in Infrastructure, power, construction and housing sector would only lead to substantial demand. With the completion of its higher dia seamless plant, the Company is well positioned to meet the growing requirement of the market.



## **RISKS AND CONCERNS**

The company is procuring its major raw material i.e. Steel Round Billet from external sources and therefore any steep price hike may affect the margins and profitability of the Company as it may not be feasible to pass on the hike to customers under fixed price contract. However, after the supplies under these contracts are over, the company may increase the prices in the market.

The Company has raised substantial funds by way of FCCB issue which is presently lying in Foreign Currency only both on the liabilities and asset sides. At the moment this has offered a natural hedging, but any change in the asset or liability side would expose the company to foreign exchange currency risk.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an adequate system of internal controls to ensure accuracy of accounting records, reliability of financial information and compliance with all laws and regulations.

An extensive internal audit is carried out by an independent firm of Chartered Accountants. The Audit Committee reviews the Audit Reports submitted by the Internal Auditors, suggestions for improvements are considered and the Audit Committee follows up on the implementation of the corrective actions.

## **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

During the year the company has posted strong financial performance. Turnover of the company increased to Rs.1095 crore from Rs. 879 crore in the previous year - a growth of 25%. The profit before tax for the year was Rs.207 crore as against Rs. 126 crore in the previous year showing a growth of 64%. The profit after tax & adjustments for the year had been Rs. 139 crore as against Rs. 85 crore in the previous year.

During the year your Company raised US\$ 75 million on 29th July, 2005, by way of Zero Coupon Foreign Currency Convertible Bonds (FCCB) vide offering circular dated 26th July, 2005 to finance Capital Expenditure and Acquisitions. The FCCBs are convertible at any time on and after 28th August, 2005 up to 30th June, 2010 by the holders into fully paid equity shares of Rs.5/- each.

## **FINANCE COST**

The interest and finance charges for the year ended 31st March, 2006 were Rs. 4.83 crore as against Rs. 3.81 crore in the previous year.

## **SHARE CAPITAL**

Share Capital of the company comprises Equity Share Capital of Rs.28.82 crore as on 31st March, 2006.

## **RESERVES & SURPLUS**

Reserves & Surplus of the Company were Rs. 385 crore as on 31st March, 2006 as against Rs. 284 crore as on 31st March, 2005.

## **EARNING PER SHARE**

Earning per share for the financial year 2005-06 improved to Rs. 48.26 from Rs. 29.54 in the previous year.

## **Maharashtra Seamless's approach to Business**

MSL's Vision is to;

- \* Maintain & strengthen leadership position in Seamless Industry with continued focus on innovation and value addition.
- \* A highly respected industry leader with which all stakeholders are proud to be associated. Constantly endeavour to make all its stakeholders and customers to be proud of their association with the company.

All manufacturers provide some form of value to their customers - MSL aspires to be the partner of choice for its Seamless and ERW pipe customers through adding extra value to its customers than other competitors.

MSL has a wide range of stakeholders including its shareholders, the investment community, customers, suppliers, employees & their families and the local community within which its operation are situated. MSL always strives to make all its stakeholders proud of their relationship with the company.

Business strategy that will take the company towards its Vision is.

- \* Deliver better value products to customers
- \* "Solution partnership strategy" through proactive approach towards customers
- \* Constant upgradation of technology so as to expand product applications and highest quality standards.

The only true and ultimate measure of MSL's success is the extent to which it improves the business performance of its customers. The way in which MSL strives to achieve this is through its "Solutions Partner strategy" wherein MSL and its customers:

- \* Work in partnership to address performance improvement opportunities of highest priority to the customer.
- \* Combine customer's expertise with MSL's proprietary technology, process and product application knowledge.





In addition to its Vision and Business Strategy , at the core of MSL's approach to business is:

### An Organisational Culture Based on Key Values

All MSL employees strive to "live' the company's set of values:

1. **Customer Always First** - everyone owns customer satisfaction and strives to deliver it.
2. **High Performance** - an ambitious organization in which everyone aspires for excellence.
3. **Employee Focus** - an organization that provides fulfillment, stretch and development for its employees.
4. **Responsiveness** - employees respond with speed, proactiveness and a sense of urgency to satisfy external and internal customers.
5. **Team-working** - our collective knowledge and experience when harnessed through strong team-working results in higher performance and customer satisfaction.
6. **Empowerment** - decentralization and delegation supports faster and better decision making.
7. **Lead by Example** - set standards and bench mark for the industry .
8. **Deliver the Promise** - a commitment made is a personal promise to be delivered on-time and first-time right.
9. **Continuous Improvement** - pursuit of excellence and highest standards of quality through learning, innovation and the search for best practice is a journey without end.
10. **Safety, Health and the Environment** - protection of the health and safety of all people who have a relationship with MSL is critical. MSL must ensure that its activities have no negative impact on the environment in which its products are manufactured or used. Infact through various local community programmes MSL continues to provide better quality of life to surroundings.

### Total Quality Management

The very foundation of MSL's activities is Total Quality Management. TQM means that all employees strive for excellence in every aspect of the company's operations. MSL is an organization constantly seeking better ways of doing things to improve quality, efficiency and to reduce cost and thereby ultimately to provide greater customer satisfaction. TQM will be part of every activity and every process that the company operates, an integral part of the way that every employee works. The Company is accredited to the **international ISO :9001 :2000** standards.

Key features of the company's performance during the year were:

- \* Record turnover and profits.
- \* Continued focus on cost effectiveness
- \* Prudent management of working capital.
- \* Strong cash generation, thereby making sufficient provision for future capital investments, enabled the company to reward its shareholders with record dividends.

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company's organization structure provides opportunities to the management team to aim for high levels of excellence. Your company has an open environment in which performance and accountability occupy high priority.

Your company places considerable emphasis on continuous enhancement of skills and performance of human resources across the organization.

Your company has a well-qualified and highly motivated work force. It provides them with opportunities to unleash their creative talents for the benefit of the organization and for their own personal growth and development. As on March 31, 2006 ; the Company had 919 employees.

### ENVIRONMENT CONSCIOUSNESS

Your Company is committed to sound environmental management and continual improvement in its environmental performance. Strict adherence to all regulatory requirements and guidelines is maintained continuously. The Company stresses strict compliance with all applicable rules and regulations and therefore takes measures on continuous basis for effective implementation of environment management system with focus on minimization of water resource utilization, reduction in energy consumption & waste generation and other environment friendly measures. The Company also takes continuous measures for social development by catering to the basic needs of health, education, supply of water to nearby villages, housing for staff and labour and creating employment opportunities.

## AUDITORS' REPORT

To The Members of

### Maharashtra Seamless Limited

We have audited the attached Balance Sheet of M/S MAHARASHTRA SEAMLESS LIMITED as at 31st March 2006 and also the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date (together referred to as 'financial statements'). 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 the auditing standards generally accepted in India. These 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A), of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred to 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 such books.
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report have been prepared in compliance with the Accounting standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the said directors are disqualified as on 31st March 2006, from being appointed as directors in terms of 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 financial statements read together with significant accounting policies and notes thereon in Schedule '20' give the information required by the Companies Act, 1956 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2006 and,
  - ii. In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.
  - iii. In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **KANODIA SANYAL & ASSOCIATES**  
Chartered Accountants

Place : Gurgaon  
Dated : 30th August, 2006

**R.K. Kanodia**  
Partner  
Membership No. 16121

## ANNEXURE TO AUDITORS' REPORT OF MAHARASHTRA SEAMLESS LIMITED

(Annexure referred to in our report of even date)

1.
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, the management during the year has physically verified all the fixed assets of the Company and no material discrepancies between the book records and the physical verification were noticed on such verification.
  - (c) Fixed assets disposed off during the year, were not substantial and, therefore, it does not affect the going concern assumption.
2.
  - (a) As explained to us, the inventories of finished goods, semi finished goods, stores, spare parts and raw materials except raw material in transit, lying with the third parties, have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedure 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) The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the company to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - (a) The company has not granted any new loans during the year secured or unsecured to any Company, firm or party covered in register maintained under section 301 of the companies act, 1956, the company had granted loans in the previous year to one party whose balance at the beginning of the financial year was Rs.10, 599,636. The company has received the loan in its entirety during the year. The company has taken loan from two companies. The maximum amount involved during the year was Rs.512, 000,000 and the year-end balance of loan taken from such companies was Rs. 413, 666,228.
  - (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company.
  - (c) In respect of loans granted by the company the interest payments are regular and the principal amounts are being received /renewed on the due dates. In respect of loans taken by the company, the interest payments are regular and the principal amount is repayable on demand.
  - (d) There is no overdue amount in respect of the above loans.
4. In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw material including components, plant and machinery, equipment and other assets, and for the sale of goods. Further, on the basis of our examination of the books and records of the company in accordance with the generally accepted auditing practices, we have neither come across, nor we have been informed the existence of major weakness in the internal control procedures and systems.
5.
  - (a) As per the audit procedures applied by us, and according to the information and explanations given to us by the management, the transactions which are required to be entered in the register maintained under section 301 of the Act have been so entered.
  - (b) As per the audit procedures applied by us and as per the information and explanations given to us, with respect to the transactions as entered in the register maintained under section 301, exceeding the value of five lac rupees in respect to any party during the financial year, the prices at which these have been made are reasonable having regard to the prevailing, market prices at that time.

6. According to the information and explanations given to us, the company has not accepted any deposits during the year from the public.
7. In our opinion the company has an internal audit system commensurate with the nature and size of its business.
8. We have broadly reviewed the cost records maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records, u/s 209(1)(d) of the Companies Act, 1956 and are of opinion that prima -facie the prescribed records and accounts have been maintained by the company. However, we have not made a detailed examination of these records to verify whether they are accurate or complete.
9. (a) The company is regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-Tax, Sales Tax, Wealth-tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2006 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanations given to us, details of dues of income tax, Sales tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited as on 31st March, 2006 on account of any dispute are given below:

<b>Name of the Statue</b>	<b>Nature of Dues</b>	<b>Forum where dispute is pending</b>	<b>Period of which the amount relates</b>	<b>Amount (Rs. in Lacs)</b>
Sale Tax	Demand for Sales Tax	Maharashtra Sales Tax Authority (Appellate Tribunal)	1992-1993	4.48
Income Tax	Demand for Tax Liability	CIT (Appeal), New Delhi	2001-2002	186.81
			2002-2003	231.92
Excise Duty	Demand for Excise Duty	Commissioner Appeal CESTAT Asstt. Commissioner CESTAT CESTAT CESTAT Asstt. Commissioner	Jan.1998-June 1999	18.70
			May 1998-Feb. 1999	6.73
			Feb. 1999-March 1999	0.84
			Dec. 1999	2.42
			April 2000-July 2000	5.03
			May 2000-Aug. 2001	3.74
			Oct. 2002	0.37

10. There are no accumulated losses as at the end of the year. There are no cash losses during the financial year and the immediately preceding financial year.
11. According to the information and explanations given to us and as per the books of accounts examined by us, the company has not defaulted in the repayment of dues to the financial institutions / banks.
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.
13. In our opinion, the company is not a Chit Fund/Nidhi/Mutual Fund/ Society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is 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 (Auditors Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantees against loans taken by others from banks & financial institutions.

16. The company has not raised any Term Loans during the year.
17. According to the information and explanations given to us and as per the books and records examined by us, as on the date of balance sheet, the funds raised by the Company on short-term basis have not been applied for long-term investments and vice versa.
18. According to the information and explanations given to us, during the period covered by our audit report, 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. The company does not have any debentures outstanding, as on the Balance Sheet date, hence, the clause 4(xix) of the order is not applicable.
20. The company has not raised any money through the public issue during the year. Accordingly, clause 4(xx) of the order is not applicable.
21. According to the information and explanations given to us, and on the basis of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, we have not come across any such instance of fraud on or by the company, noticed and reported during the year.

For **KANODIA SANYAL & ASSOCIATES**  
Chartered Accountants

Place : Gurgaon  
Dated : 30th August, 2006

**R.K. Kanodia**  
Partner  
Membership No. 16121



**BALANCE SHEET**  
AS AT 31ST MARCH, 2006

	Schedules	As At 31.03.2006 Rs.	As At 31.03.2005 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	288,225,600	288,225,600
b) Reserves and Surplus	2	<u>3,850,938,984</u>	<u>2,839,855,999</u>
		<u>4,139,164,584</u>	<u>3,128,081,599</u>
<b>2. Loan Funds</b>			
a) Secured Loans	3	381,074,215	352,705,129
b) Unsecured Loans	4	<u>4,548,531,647</u>	<u>731,390,818</u>
		<u>4,929,605,862</u>	<u>1,084,095,947</u>
<b>3. Deferred Tax Liabilities</b>			
		387,903,000	342,272,000
<b>TOTAL</b>		<u>9,456,673,446</u>	<u>4,554,449,546</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	5	3,367,172,712	2,868,857,483
Less : Depreciation		<u>722,799,726</u>	<u>577,615,558</u>
Net Block		<u>2,644,372,986</u>	<u>2,291,241,925</u>
b) Capital work in progress		<u>163,080,934</u>	<u>407,923,683</u>
		<u>2,807,453,920</u>	<u>2,699,165,608</u>
<b>2. Investments</b>			
	6	204,780,000	192,977,500
<b>3. Current Assets, Loans &amp; Advances</b>			
a) Inventories	7	2,755,257,775	1,330,875,185
b) Sundry Debtors	8	1,399,796,328	964,459,010
c) Cash and Bank Balances	9	3,191,687,208	21,422,146
d) Loans and Advances	10	<u>308,690,140</u>	<u>159,474,863</u>
		<u>7,655,431,451</u>	<u>2,476,231,204</u>
<b>Less: Current Liabilities &amp; Provisions</b>	11	<u>1,210,991,925</u>	<u>813,924,766</u>
<b>Net Current Assets</b>		<u>6,444,439,526</u>	<u>1,662,306,438</u>
<b>TOTAL</b>		<u>9,456,673,446</u>	<u>4,554,449,546</u>
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	20		

As per our report of even date attached

**For KANODIA SANYAL & ASSOCIATES**  
Chartered Accountants

**R.K. Kanodia**  
Partner  
Membership No. 16121

**Praveen Mudgal**  
Company Secretary

**Anil Jain**  
CFO

Place : Gurgaon  
Dated : 30th August, 2006

**For & on Behalf of the Board**

**D.P. Jindal**  
Chairman  
**Saket Jindal**  
Managing Director  
**U.C. Agarwal**  
**D.K. Parikh**  
**H.K. Khanna**  
**S.P. Raj**  
Wholtime Director





**PROFIT & LOSS ACCOUNT**  
FOR THE YEAR ENDED 31ST MARCH, 2006

	<b>Schedules</b>	<b>Year Ended 31.03.2006 Rs.</b>	<b>Year Ended 31.03.2005 Rs.</b>
<b>INCOME</b>			
Sales & Income From Operations	<b>12</b>	<b>10,769,452,261</b>	8,672,447,680
Less : Excise Duty		<b>1,107,683,337</b>	978,298,513
Net Sales & Income From Operations		<b>9,661,768,924</b>	7,694,149,167
Other Income	<b>13</b>	<b>182,331,844</b>	120,355,205
Increase in Stock	<b>14</b>	<b>306,859,092</b>	332,617,028
		<b>10,150,959,860</b>	8,147,121,400
<b>EXPENDITURE</b>			
Materials, Manufacturing & Operating Expenses	<b>15</b>	<b>7,531,179,467</b>	6,503,571,929
Employees' Remuneration & Benefits	<b>16</b>	<b>134,579,148</b>	105,945,249
Administrative Expenses	<b>17</b>	<b>59,532,751</b>	47,909,587
Selling & Distribution Expenses	<b>18</b>	<b>163,313,298</b>	84,179,363
Interest & Financial Charges	<b>19</b>	<b>48,329,366</b>	38,133,308
Depreciation		<b>145,529,914</b>	104,951,969
		<b>8,082,463,944</b>	6,884,691,405
<b>Profit before tax</b>		<b>2,068,495,916</b>	1,262,429,995
Provision for taxation - Current		<b>625,000,000</b>	327,700,000
- Fringe Benefit		<b>1,900,000</b>	-
- Deferred		<b>45,631,000</b>	85,943,000
<b>Profit after tax</b>		<b>1,395,964,916</b>	848,786,995
Prior period adjustments / Tax Provision Written Back		<b>(5,056,246)</b>	2,657,707
Profit after tax and adjustment		<b>1,390,908,670</b>	851,444,702
Balance brought forward from previous year		<b>169,168,783</b>	132,048,701
Profit available for appropriation		<b>1,560,077,453</b>	983,493,403
<b>APPROPRIATIONS</b>			
Proposed Dividend on Equity Shares		<b>213,155,474</b>	144,112,800
Proposed Dividend Distribution Tax		<b>29,895,055</b>	20,211,820
Transfer to General Reserve		<b>900,000,000</b>	650,000,000
Balance carried to Balance Sheet		<b>417,026,924</b>	169,168,783
		<b>1,560,077,453</b>	983,493,403
Earning Per Share (Basic)		<b>48.26</b>	29.54
Earning Per Share (Diluted)		<b>42.69</b>	29.54
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	<b>20</b>		
As per our report of even date attached			

For **KANODIA SANYAL & ASSOCIATES**  
Chartered Accountants

**R.K. Kanodia**  
Partner  
Membership No. 16121

**Praveen Mudgal**  
Company Secretary

**Anil Jain**  
CFO

Place : Gurgaon  
Dated : 30th August, 2006

For & on Behalf of the Board

**D.P. Jindal**  
Chairman  
**Saket Jindal**  
Managing Director  
**U.C. Agarwal**  
**D.K. Parikh**  
**H.K. Khanna**  
**S.P. Raj**  
Wholtime Director



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS**

	<u>As At 31.03.2006 Rs.</u>	<u>As At 31.03.2005 Rs.</u>
<b><u>SCHEDULE : 1</u></b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>Authorised</u></b>		
80,000,000 (Previous Year - 40,000,000 Equity Shares of Rs. 10 each) Equity Shares of Rs. 5 each	<b>400,000,000</b>	400,000,000
20,000,000 (Previous Year - 20,000,000) Preference shares of Rs. 10 each	<b>200,000,000</b>	200,000,000
	<b>600,000,000</b>	<b>600,000,000</b>
<p>(The company in its Extra Ordinary General Meeting held on 22nd March 2006 had approved split of its shares of Rs. 10/- each into two equity shares of Rs. 5/- each).</p>		
<b><u>Issued, Subscribed and Paid up</u></b>		
<b><u>Equity Capital</u></b>		
28,822,560 (Previous Year - 28,822,560) Equity Shares of Rs.10 each fully paid up	<b>288,225,600</b>	288,225,600
	<b>288,225,600</b>	<b>288,225,600</b>
<b><u>SCHEDULE : 2</u></b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
Capital Redemption Reserve	<b>144,112,800</b>	144,112,800
Share Premium	<b>115,791,216</b>	115,791,216
Less - Utilised for writing off expenses on issue of Zero Coupon Foreign Currency Convertible Bonds	<b>59,341,483</b>	-
Less - Amortization of premium payable on redemption of Zero Coupon Foreign Currency Convertible Bonds (Refer Note No. 6)	<b>56,449,733</b>	-
	<b>-</b>	<b>115,791,216</b>
Capital Investment Subsidy	<b>2,500,000</b>	2,500,000
General Reserve:		
As per last Balance Sheet	<b>2,408,283,200</b>	1,758,283,200
Add : Transferred from Profit & Loss Account	<b>900,000,000</b>	650,000,000
Less : Balance amount of amortization of premium payable on redemption of Zero Coupon Foreign Currency Convertible Bonds	<b>20,983,940</b>	-
	<b>3,287,299,260</b>	<b>2,408,283,200</b>
Profit and Loss Account	<b>417,026,924</b>	169,168,783
	<b>3,850,938,984</b>	<b>2,839,855,999</b>



	<u>As At 31.03.2006 Rs.</u>	<u>As At 31.03.2005 Rs.</u>
<b><u>SCHEDULE : 3</u></b>		
<b><u>SECURED LOANS</u></b>		
<b><u>Term Loan</u></b>		
From Banks		
- Rupee Loan	-	185,000,000
- Foreign Currency Loan	<b>134,910,000</b>	131,790,000
<b><u>Working Capital Borrowings</u></b>		
From Banks	<b>246,097,868</b>	34,679,451
<b><u>Other Loans</u></b>	<b>66,347</b>	1,235,678
	<b><u>381,074,215</u></b>	<b><u>352,705,129</u></b>

1. Term loans from banks are secured by first charge by way of mortgage on the Company's' immovable properties and by way of hypothecation on moveable properties both present and future (save and except book debts & stock).
2. The borrowings for working capital are secured by hypothecation of inventories, book debts & all other current assets other than those specifically excluded and second charge on fixed assets ranking pari passu.
3. Other loans (represent vehicle loans taken from ICICI Bank Ltd.) are secured by hypothecation of vehicles with all accessories and additions to or in the vehicle (s) present or future by way of specific charge to the respective vehicle.
4. Term Loans due within one year is **Rs. 44,970,000/-** (Previous Year Rs. 75,000,000/-)

**SCHEDULE : 4**

**UNSECURED LOANS**

Zero Coupon Foreign Currency Convertible Bonds (Refer Note No. 6)	<b>3,342,558,673</b>	-
Loans from Body Corporates	<b>413,666,228</b>	21,385,591
Security Deposit	<b>8,415,000</b>	-
Fixed Deposits	-	800,000
Deferred Sales Tax	<b>783,891,746</b>	709,205,227
	<b><u>4,548,531,647</u></b>	<b><u>731,390,818</u></b>



**SCHEDULE : 5**

**FIXED ASSETS**

(Rs.)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2005	ADDITIONS/ ACQUI- SION **	SALES/ ADJUST- MENT	AS AT 31.03.2006	UPTO 31.03.2005	FOR THE YEAR	SALES/ ADJUST- MENT	UPTO 31.03.2006	AS AT 31.03.2006	AS AT 31.03.2005
Land - Freehold	21,114,826	6,175,000	-	<b>27,289,826</b>	-	-	-	-	<b>27,289,826</b>	21,114,826
Shed & Building	506,465,755	108,885,641	-	<b>615,351,396</b>	51,356,407	<b>14,394,474</b>	-	65,750,881	<b>549,600,515</b>	455,109,348
Plant & Machinery*	2,299,871,281	371,797,461	-	<b>2,671,668,742</b>	512,490,865	<b>127,364,379</b>	-	639,855,244	<b>2,031,813,498</b>	1,787,380,416
Office Equipments	8,980,246	1,473,430	-	<b>10,453,676</b>	2,868,859	<b>457,195</b>	-	3,326,054	<b>7,127,622</b>	6,111,387
Computer	5,878,306	4,292,503	-	<b>10,170,809</b>	3,940,251	<b>666,423</b>	-	4,606,674	<b>5,564,135</b>	1,938,055
Furniture & Fixtures	6,169,775	525,043	-	<b>6,694,818</b>	2,642,337	<b>598,027</b>	-	3,240,364	<b>3,454,454</b>	3,527,438
Vehicles	20,377,294	5,623,588	457,437	<b>25,543,445</b>	4,316,839	<b>2,049,416</b>	345,746	6,020,509	<b>19,522,936</b>	16,060,455
<b>Total (A)</b>	<b>2,868,857,483</b>	<b>498,772,666</b>	<b>457,437</b>	<b>3,367,172,712</b>	<b>577,615,558</b>	<b>145,529,914</b>	<b>345,746</b>	<b>722,799,726</b>	<b>2,644,372,986</b>	<b>2,291,241,925</b>
Previous Year	1,521,046,512	1,354,705,001	6,894,030	2,868,857,483	473,830,785	104,951,969	1,167,196	577,615,558	2,291,241,925	1,047,215,727
<b>CAPITAL WORK IN PROGRESS</b>										
Land	78,186,850	12,784,261	-	<b>90,971,111</b>	-	-	-	-	<b>90,971,111</b>	78,186,850
Shed & Building	93,043,336	51,006,779	98,148,199	<b>45,901,916</b>	-	-	-	-	<b>45,901,916</b>	93,043,336
Plant & Machinery	211,642,659	101,759,543	305,426,503	<b>7,975,699</b>	-	-	-	-	<b>7,975,699</b>	211,642,659
Preoperative Expenses	16,893,451	7,123,613	15,078,738	<b>8,938,326</b>	-	-	-	-	<b>8,938,326</b>	16,893,451
Capital Advances	8,157,387	9,293,882	8,157,387	<b>9,293,882</b>	-	-	-	-	<b>9,293,882</b>	8,157,387
<b>Total (B)</b>	<b>407,923,683</b>	<b>181,968,078</b>	<b>426,810,827</b>	<b>163,080,934</b>	-	-	-	-	<b>163,080,934</b>	<b>407,923,683</b>
Previous Year	1,149,827,377	498,074,918	1,239,978,612	407,923,683	-	-	-	-	407,923,683	1,149,827,377
Current Year (A+B)									<b>2,807,453,920</b>	<b>2,699,165,608</b>
Previous Year									2,699,165,608	2,197,043,104
<p>* Additions included in Plant &amp; Machinery amounting to Rs. 3,120,000/- represents foreign exchange fluctuation on account of outstanding liability as on 31.03.2006.</p> <p>** Additions includes various assets amounting to Rs. 71,756,687/- acquired by way of acquisition of an undertaking having Casing Seamless Pipe facility.</p>										



	As At 31.03.2006		As At 31.03.2005	
	Number of Shares / Units	Rs.	Number of Shares / Units	Rs.
<b>SCHEDULE : 6</b>				
<b>INVESTMENTS</b>				
(Fully paid up unless otherwise specified)				
<b>I. LONG TERM</b>				
<b>A. Trade</b>				
<b>Un-Quoted</b>				
<b>Equity Shares</b>				
Rs. 10 each of Jindal Pipes Ltd.	-	-	300,000	1,507,500
<b>Equity Shares of Joint Venture Company</b>				
Rs. 10 each of Hydril Jindal International Pvt. Ltd.	4,290,000	42,900,000	1,350,000	13,500,000
<b>B. Non-trade</b>				
<b>Un-Quoted</b>				
<b>Bonds</b>				
8.00% National Highways Authority of India	-	-	2,700	27,000,000
7.00% National Highways Authority of India	-	-	2,200	22,000,000
10.00% Housing & Urban Development Corp. Ltd.	-	-	200	21,590,000
6.75% Rural Electrification Corp. Ltd.	-	-	1,100	11,000,000
7.99% Housing & Urban Development Corp. Ltd.	500	51,180,000	500	51,180,000
5.60% Rural Electrification Corp. Ltd.	2,000	20,000,000	2,000	20,000,000
5.15% Rural Electrification Corp. Ltd.	2,520	25,200,000	2,520	25,200,000
5.50% Rural Electrification Corp. Ltd.	6,550	65,500,000	-	-
		<b>204,780,000</b>		<b>192,977,500</b>
Aggregate Value of Unquoted Investments		<b>204,780,000</b>		<b>192,977,500</b>
Market Value of Quoted Investments		-		-
		<b>As At 31.03.2006 Rs.</b>		<b>As At 31.03.2005 Rs.</b>

**SCHEDULE : 7**

**INVENTORIES**

(As Verified, Valued and Certified by the Management)

Raw Materials	1,566,660,426	471,778,299
Finished Goods	616,668,208	486,895,539
Work in Process	396,216,671	225,392,437
Scrap	26,583,323	20,321,134
Stock in Transit	3,088,188	-
Stores & Spares	146,040,959	126,487,776
	<b>2,755,257,775</b>	<b>1,330,875,185</b>

**SCHEDULE : 8**

**SUNDRY DEBTORS**

(Unsecured, Considered Good)

Debts outstanding for a period exceeding six months	41,896,624	32,221,106
Other debts (Includes amount receivable from Joint Venture Company Rs. 33,713,345/-, Previous Year Rs. 2,507,235/-)	1,357,899,704	932,237,904
	<b>1,399,796,328</b>	<b>964,459,010</b>



	<b>As At 31.03.2006 Rs.</b>	<b>As At 31.03.2005 Rs.</b>
<b><u>SCHEDULE : 9</u></b>		
<b><u>CASH AND BANK BALANCES</u></b>		
Cash in hand	641,382	432,194
<b>Balances with Scheduled Banks :</b>		
- In Fixed Deposit Accounts (Refer Note No. 7)	3,176,204,510	3,150,775
- In Current Accounts	1,333,122	5,596,409
- In Unclaimed Dividend Accounts	10,448,125	12,242,768
- In Unclaimed Redemption Amount of Preference Shares	2,633,310	-
- In Unclaimed NCD Redemption Accounts	213,649	-
- In Unclaimed Debenture Interest Accounts	213,110	-
	<u>3,191,687,208</u>	<u>21,422,146</u>
<b><u>SCHEDULE : 10</u></b>		
<b><u>LOANS AND ADVANCES</u></b>		
<b>(Unsecured, Considered Good)</b>		
Loans	-	19,611,337
Advances Recoverable in Cash or in kind or for value to be received	202,796,174	117,133,712
Interest Accrued on fixed deposits but not due	72,031,715	9,132,180
Security Deposits	16,011,050	13,595,925
Balances with Government Authorities	1,709	1,709
Advance Tax (net of provisions)	17,849,492	-
	<u>308,690,140</u>	<u>159,474,863</u>
<b><u>SCHEDULE : 11</u></b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b><u>Current Liabilities</u></b>		
Sundry Creditors	737,019,717	458,033,271
Other Liabilities	153,341,855	95,879,998
Advance from customers	63,250,820	55,320,150
Investor Education and Protection Fund : (Appropriate amount shall be transferred to Fund as & when due)		
- Unclaimed Dividend	10,448,125	9,489,708
- Unclaimed Redemption Amount of Preference Shares	2,633,310	2,753,060
- Unclaimed NCD Redemption Account	213,649	-
- Unclaimed Debenture Interest Account	213,110	-
Interest accrued but not due on loans	820,810	5,331
	<u>967,941,396</u>	<u>621,481,518</u>
<b><u>Provisions</u></b>		
Taxation (Net of Advance Tax & TDS)	-	28,118,628
Proposed Dividend on Equity Shares	213,155,474	144,112,800
Proposed Dividend Distribution Tax	29,895,055	20,211,820
	<u>243,050,529</u>	<u>192,443,248</u>
	<u>1,210,991,925</u>	<u>813,924,766</u>





	Year Ended 31.03.2006 Rs.	Year Ended 31.03.2005 Rs.
<b>SCHEDULE : 12</b>		
<b>SALES &amp; INCOME FROM OPERATIONS</b>		
Manufacturing	10,575,371,630	8,493,934,666
Scrap	194,021,529	178,087,834
Job Work Services	59,102	425,180
	<u>10,769,452,261</u>	<u>8,672,447,680</u>
<b>SCHEDULE : 13</b>		
<b>OTHER INCOME</b>		
Interest received (TDS Rs. 337,614/-, Previous Year Rs. 1,960,902 /-)	108,375,169	24,996,343
Dividend Received		
- Trade	450,000	2,055,000
- Non Trade	8,537,946	-
Profit on Sale of Current (Non Trade) Investments (Net)	889,625	7,972,734
Profit on Sale of Long Term (Trade) Investments	16,492,500	58,823,250
Foreign Exchange Fluctuation (Net)	696,001	312,930
Rent Received (TDS Rs. 1,772,821/-, Previous Year Rs. 2,706 /-)	8,001,276	42,696
Miscellaneous Income	38,889,327	26,152,252
	<u>182,331,844</u>	<u>120,355,205</u>
<b>SCHEDULE : 14</b>		
<b>INCREASE IN STOCK</b>		
<b>Closing Stock</b>		
Finished Goods	616,668,208	486,895,539
Work in Process	396,216,671	225,392,437
Scrap	26,583,323	20,321,134
	<u>1,039,468,202</u>	<u>732,609,110</u>
<b>Opening Stock</b>		
Finished Goods	486,895,539	285,008,339
Work in Process	225,392,437	104,310,254
Scrap	20,321,134	10,673,489
	<u>732,609,110</u>	<u>399,992,082</u>
Increase in Stock	<u>306,859,092</u>	<u>332,617,028</u>
<b>SCHEDULE : 15</b>		
<b>MATERIALS, MANUFACTURING &amp; OPERATING EXPENSES</b>		
<b>Raw Materials Consumed</b>		
Opening Stock	471,778,299	366,718,026
Add : Purchases	7,447,604,474	5,849,070,752
	<u>7,919,382,773</u>	<u>6,215,788,778</u>
Less : Closing Stock	1,566,660,426	471,778,299
	<u>6,352,722,347</u>	<u>5,744,010,479</u>
<b>Manufacturing Expenses</b>		
Stores & Spares Consumed	394,215,512	147,277,187
Power & Fuel	688,297,004	528,470,835
Water Charges	6,095,516	6,686,106
Repairs to Machinery	23,775,359	9,652,305
Repairs to Building	1,279,018	2,710,305
Job Work Charges	64,794,711	52,764,712
Leave & License Fees	-	12,000,000
	<u>7,531,179,467</u>	<u>6,503,571,929</u>



	Year Ended 31.03.2006 Rs.	Year Ended 31.03.2005 Rs.
<b><u>SCHEDULE : 16</u></b>		
<b><u>EMPLOYEES' REMUNERATION &amp; BENEFITS</u></b>		
Salaries, Wages & Other Allowances	125,666,996	88,246,640
Contribution to Provident & Other Funds	6,387,463	9,786,841
Staff Welfare Expenses	2,524,689	7,911,768
	<u>134,579,148</u>	<u>105,945,249</u>
<b><u>SCHEDULE : 17</u></b>		
<b><u>ADMINISTRATIVE EXPENSES</u></b>		
Rent	4,859,000	1,788,000
Rates & Taxes	5,030,555	3,895,273
Postage, Telegram & Telephone	4,369,483	3,768,617
Printing & Stationery	2,738,038	2,201,001
Travelling & Conveyance:		
- Directors	2,936,972	2,881,856
- Others	11,759,934	9,912,042
Vehicle Upkeep & Maintenance	2,291,291	2,087,657
Directors' Fee	142,500	102,500
Insurance	6,076,281	6,394,133
Staff Recruitment & Training Expenses	1,173,494	884,192
Repair & Maintenance (Others)	4,247,745	3,561,176
Legal & Professional Charges	3,433,501	2,574,520
Filing Fees	368,472	5,812
Fees & Subscription	2,205,554	2,116,444
Electricity Charges	1,101,769	1,135,401
Auditors' Remuneration :		
- Audit Fee	200,000	137,750
- Tax Audit Fee	25,000	27,000
- Company Law Matters	117,602	47,266
- Other Expenses	92,074	31,979
Internal Auditors' Remuneration	166,218	101,417
General Expenses	4,564,466	3,577,167
Loss on Sale of Long Term (Non Trade) Investments	1,590,000	642,550
Loss on Sale of Fixed Assets (Net)	42,802	35,834
	<u>59,532,751</u>	<u>47,909,587</u>



	<u>Year Ended 31.03.2006 Rs.</u>	<u>Year Ended 31.03.2005 Rs.</u>
<b><u>SCHEDULE : 18</u></b>		
<b><u>SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Commission & Discount	<b>80,684,515</b>	23,117,174
Freight Outward & Claims	<b>70,857,124</b>	49,350,944
Testing & Inspection Fees	<b>6,347,067</b>	5,103,823
Advertisement & Business Promotion	<b>4,765,199</b>	6,063,361
Tender Fees	<b>659,393</b>	544,061
	<u><b>163,313,298</b></u>	<u>84,179,363</u>
<b><u>SCHEDULE : 19</u></b>		
<b><u>INTEREST &amp; FINANCIAL CHARGES</u></b>		
Interest		
- Term Loan	<b>16,912,715</b>	3,023,984
- Others	<b>13,525,825</b>	8,617,412
- Cash Credit	<b>4,007,844</b>	6,456,718
Bank Charges	<b>13,882,982</b>	20,035,194
	<u><b>48,329,366</b></u>	<u>38,133,308</u>



**SCHEDULE: 20**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention and are in accordance with the requirements of the Companies Act, 1956, and accepted Accounting Standards.

**b. Revenue Recognition**

All revenues, costs, assets and liabilities are accounted for on accrual basis.

Sales of goods is recognized on despatch to customers and is stated net of Sales Return & Sales Tax and inclusive of excise duty. Inter divisional transfer of goods for captive consumption/ internal uses are at market value.

**c. Fixed Assets & Depreciation**

**i) Fixed Assets**

Fixed Assets are stated at cost of acquisition, construction less accumulated depreciation. The cost comprises of purchase price and any other directly attributable cost of bringing the assets to working condition for its intended use. Depreciation on assets have been provided on pro-rata basis, for the period of use, on straight line method at the rates prescribed under Schedule XIV to the Companies Act, 1956, as amended till date.

**ii) Expenditure during construction period**

Expenditure incurred during implementation of new / expansion project is included under Capital Work in Progress and the same is allocated to the respective Fixed Assets on the completion / erection.

**iii) Intangible Assets**

Intangible Assets are stated at cost of acquisition less accumulated amortization. Amortization on intangible assets is provided on pro-rata basis on the straight-line method based on managements' estimates.

**d. Investments**

Investments are classified as long term or current based on the Management intention at the time of purchase. Long-term investments are valued at their acquisition cost. Current investments are stated at lower of cost or fair market value. The provision for diminution in the value of long- term investments is made only if such a decline is other than temporary in the opinion of the management.

**e. Inventories**

Raw Materials are valued at lower of cost (FIFO basis) or net realisable value.

Work-in-process are valued at direct material cost plus conversion cost depending upon the stage of completion.

Finished goods are valued at lower of cost or net realisable value. Cost for this purpose includes direct material cost plus conversion cost and other direct overheads incurred to bring the goods to their present location & conditions. Excise Duty on goods manufactured by the Company and remaining in inventory is included as a part of valuation of finished goods.

Stores & Spare parts are valued at lower of cost or net realisable value.

Scrap is valued at net realisable value.

**f. Retirement Benefits**

Retirement benefits to employees have been accounted for on accrual basis.

Gratuity liability of Employees is covered under the Group Gratuity Policy, taken from Life Insurance Corporation of India and payment is made through a trust as per the scheme of the company.

Contribution to Superannuation Fund upto 31st March 2005 had been made to Life Insurance Corporation of India through a trust as per the scheme of the company.

Estimated liability on account of leave encashment benefit of employees is charged to Profit and Loss Account on accrual basis in conformity with the Accounting Standard for retirement benefits issued by the Institute of Chartered Accountants of India.

**g. Research & Development Expenses**

Research & Development Expenses of revenue nature, if any are charged to Profit and Loss Account in the year in which it is incurred. Expenditure of capital nature, if any is being capitalised.



**h. Foreign Currency Transactions**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing at the time of transaction.

At the end of the financial year, foreign exchange transactions which are not covered by forward contracts are translated at year end rates and which are covered by forward contracts are translated at the rate prevailing at the date of transaction, as adjusted by the difference between the forward rate and exchange rate on the date of transaction over the life of the contract.

Foreign currency loans for financing fixed assets are stated at the contracted/prevaling rate of exchange at the year end and the resultant gains/losses are adjusted to the cost of assets. However in view of uncertainty attached to the future, the exchange fluctuation on Foreign Currency Convertible Bonds pending crystallisation, have not been considered in view of prudent accounting norms.

Any profit or loss on account of exchange difference on settlement/translation is recognised in the Profit and Loss Account, except those relating to the acquisition of fixed assets, which are adjusted in the cost of assets.

**i. Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of a qualifying assets are capitalised as part of the cost of asset upto the date when such asset is ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**j. Income-Tax**

a) The current Income Tax liability is calculated by the company, in accordance with relevant tax provision and tax advices wherever considered necessary.

b) Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences that results between the profits offered for income tax and profit as per the financial statements. Deferred tax assets and liabilities are measured as per the tax rates/laws that have been enacted or substantively enacted at the Balance Sheet date.

c) Fringe Benefit Tax is provided on the aggregate amount of fringe benefits determined in accordance with the provisions of the relevant enactments at the specified rate of tax.

**k. Impairment of Assets**

At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds, its recoverable amount is provided in the books of account.

**l. Accounting for Interest in Joint Venture**

Accounting for Interest in Joint Venture is accounted for in accordance with AS -27 issued by The Institute of Chartered Accountants of India.

**m. Events occurring after the Balance Sheet Date**

Events occurring after the Balance Sheet Date and till the date on which the Financial Statement are approved, which are material in the nature and indicate the need for adjustments in the financial statement have been considered.

**n. Provisions, Contingent Liabilities and Contingent Assets**

(i) Provisions are recognised for liabilities that can be measured by using a substantial degree of estimation, if:

- a) the Company has a present obligation as a result of past event;
- b) a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
- c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

(ii) Contingent liability is disclosed in case of:

- a) a present obligation arising from past events, when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
- b) a possible obligation, unless the probability of outflow in settlement is remote.

(iii) Re-imburement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that re-imburement will be received.

Contingent Assets are neither recognised, nor disclosed.

Provisions, contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.



## NOTES ON ACCOUNTS

### 1. CONTINGENT LIABILITIES

- a) Letter of Credit - **Rs. 405,567,655/-** (Previous Year Rs. 519,357,121/-)
  - b) Bank Guarantee - **Rs. 208,777,109/-** (Previous Year Rs. 515,279,161/-)
  - c) Corporate Guarantee - **Rs. 132,300,000/-** (Previous Year Nil)
  - d) Sales Tax Demand under appeal - **Rs. 448,047/-** (Previous year Rs. 448,047/-)
  - e) Income Tax Demand under appeal - **Rs. 41,872,769/-** (Previous Year Rs. 26,436,755/-)
  - f) Excise Duty Demand under appeal - **Rs. 3,783,529/-** (Previous Year Rs. 4,978,453/-)
2. The company has imported Capital Goods under the Export Promotion Capital Goods (EPCG) scheme of the Government of India, at concessional rate of duty against the Legal Undertaking (LUT) to fulfil Exports obligations. The duty saved on such capital goods amounts to **Rs. 47,354,715/-** (Previous Year Rs. 36,956,573/-) and for this the company is under an obligation to export goods amounting to **Rs. 378,837,720/-** (Previous Year Rs. 295,652,584/-), within a period of eight years. The company has, however, fulfilled, the export obligations till date to the extent of **Rs. 371,532,040/-**, for which the LUTs are to be discharged.
- Pending fulfilment of such future export obligations, entails Custom Department a right to enforce the LUT executed by us to the extent of **Rs. 7,939,991/-** (Previous Year Rs. 94,267,604/-).
3. Estimated amount of contracts remaining to be executed on Capital Account, net of advances, and not provided for is **Rs. 138,853,623/-** (Previous Year Rs. 10,223,765/-).
4. Excise duty in respect of finished goods lying in factory premises and custom duty on goods lying in custom bonded warehouse are provided and included in the valuation of inventory. This accounting treatment has no impact on the profit for the year. CENVAT benefit is accounted for by reducing the purchase cost of the materials and fixed assets.
- Excise duty amounting to **Rs. 1,107,683,337/-** (Previous Year Rs. 978,298,513/-) includes duty on stock shown as deductions from sales.
- Excise duty shown in Profit and Loss Account includes the excise duty in respect of goods lying in factory premises amounted to **Rs. 80,795,888/-** (Previous Year Rs. 64,073,950/-).
5. The company in its Extra Ordinary General Meeting held on 22nd March 2006 had approved split of its shares of Rs. 10/- each into equity shares of Rs. 5/- each. The record date for this purpose was fixed for 25th April 2006.
6. During the year, the Company has issued Five Year USD Denominated Zero Coupon Foreign Currency Convertible Bonds (FCCB) aggregating to USD 75 Million comprising 75000 Number of Bonds of USD 1000/- each to finance capital expenditure & acquisitions. The Bondholders have an option to convert these bonds into Equity Shares of Rs. 5/- each at a premium of Rs. 248.34 per share (reset price) at any time on and after 28th August 2005 upto 30th June 2010. The bonds are redeemable on 30th July 2010 at 135.70 percent of their principal amount, unless previously converted, redeemed or purchased and cancelled. The issue expenses incurred including payment made to Statutory Auditors amounting to Rs. 317,500/- being revenue expenditure & premium payable on the redemption of such Bonds has been adjusted with Share Premium Account in accordance with the provision of Section 78 of the Companies Act, 1956 and balance amount of premium had been adjusted from General Reserve. The company had received request from the Bondholders for conversion of their Bonds into Equity Shares to the extent of USD 18.95 million. Accordingly, the company had not amortised the redemption premium on these bonds. The Company had utilised Rs. 116,018,680/- towards the capital expenditure & other expenses and unutilised amount is invested in Fixed Deposits.
7. Fixed deposits appearing under Cash & Bank Balances include an amount of Rs. 3,172,106,270/-, with ICICI Bank Ltd., being unutilised balance out of FCCB issue proceeds, out of which Rs. 3,168,276,048/- held in fixed deposit with ICICI Bank, Bahrain.
- a) Options outstanding as at the end of the year on unissued share capital on conversion of zero coupon FCCB Bonds: 12,888,312 Equity Share of Rs. 5 each.
  - b) The company has also made provision in respect of dividend on the new shares allotted pursuant to exercise of conversion option by the Bondholders till the date of approval of Annual Accounts.





8. In accordance with the Accounting Standard (AS)-28 on Impairment of Assets, the Company has assessed as on the balance sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the Standard) with regard to the impairment of any of the assets. Based on such assessment, it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly, no impairment loss has been provided in the books of account.
9. The company had acquired an undertaking having Casing Seamless Pipe facility from Jindal Drilling & Industries Limited by way of slump sale w.e.f. 1st April 2005. As per agreement the company had acquired all the assets & liabilities of Casing Pipe Division for a net consideration of Rs. 59,461,810/- (including sales tax liability). The sales consideration had been arrived at on the basis of approved valuer report in respect of fixed assets.
10. Total amount due to Small Scale Industrial Undertakings is **Rs. 1,764,879/-** (Previous year Rs. 1,993,257/-). The name of the Small Scale Industrial Undertakings to whom the company owes a sum of more than Rs. One lac, which is outstanding for more than 30 days are:

Name of the Party	Amount
Anand Engineers Pvt. Ltd.	341,714

The above information regarding Small Scale Industrial Undertakings has been determined to the extent such parties have been identified on the basis of information available with the company. The Auditors have relied upon the same.

11. Stock includes material in transit.
12. In the opinion of the company, the value on realisation of current assets, loans & advances in the ordinary course of the business shall not be less than the amount at which they are stated in the Balance Sheet.
13. The company had entered into a joint venture arrangement with Hydril LP, USA on 50:50 basis in the name and style of Hydril Jindal International Pvt. Ltd. at Village Sukeli, Distt. Raigad in the State of Maharashtra (India). The main object of the Joint Venture Company (JVC) is to manufacture premium thread connections and JVC had started commercial production on 2nd November 2005. The company had contributed till 31st March 2006 **Rs. 42,900,000/-** (Previous Year Rs. 13,500,000) towards equity contribution.

a.) Financial Interest In Joint Venture Company

As At 31.03.2006		Year Ended 31.03.2006	
Assets	Liabilities	Income	Expenditure
<b>154,248,876</b>	<b>113,407,857</b>	<b>19,126,091</b>	<b>21,750,549</b>
(-)	(-)	(-)	(-)

- b) Share in Contingent Liability of Joint Venture as on March 31, 2006 is **Rs. 1,222,500/-** (Previous Year Nil).
- c) Share in estimated amount of contracts remaining to be executed on capital account and not provided for **Rs. 15,456,942/-** (Previous Year Nil)

14. Pre-operative expenses forming part of capital work in progress consists as follows:

Particulars	As At 31.03.2006	As At 31.03.2005
Amount Brought Forward From Last Year	<b>16,893,451</b>	53,259,853
Addition During The Year	<b>7,123,613</b>	56,465,275
Amount Capitalised During The Year	<b>(15,078,738)</b>	(92,831,677)
<b>Closing Balance</b>	<b>8,938,326</b>	16,893,451
<b>Represented By:</b>		
Power & fuel	<b>19,737</b>	1,532,700
Stores & spares	-	8,855,913
Rent	<b>434,250</b>	-
Salaries, Wages & Other Allowances	<b>2,010,352</b>	172,450
Travelling & Conveyance	<b>1,476,924</b>	670,115
Communication Expenses	<b>243,234</b>	-
Legal & Professional	<b>2,819,945</b>	-
Interest & Financial Charges	<b>813</b>	3,459,275
Miscellaneous Expenses	<b>1,933,071</b>	2,202,998
<b>Total</b>	<b>8,938,326</b>	16,893,451



**15. Segment Reporting Policies**

Identification of Segments

**Primary Segment**

Business segment: The company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. The three identified segments are Seamless Pipes, ERW Pipes and Wind Power.

Inter Divisional transfers of goods, as marketable products produced by separate divisions of the company for captive consumption are made as if sales were to third parties at current market prices and are included in turnover.

**Segment Information**

Segment Revenues, Results and Other Information:

(Rs. in lacs)

Particulars Pipe	Seamless Pipe	ERW Power	Wind	Others	Total
Net External Sales / Income from operations	69,609 (49,955)	26,662 (26,562)	346 (424)	1,808 (1,197)	98,425 (78,138)
Inter-Segment Sales	- (-)	- (-)	346 (424)	- (-)	346 (424)
Segment Results (PBIT)	18,752 (10,897)	4,044 (3,085)	122 (201)	1,808 (1,197)	24,726 (15,380)
Interest & Financial Charges	452 (309)	31 (72)	- (-)	- (-)	483 (381)
Other un-allocable expenditure	2,883 (1,929)	650 (419)	25 (27)	- (-)	3,558 (2,375)
Profit before tax	15,417 (8,659)	3,363 (2,594)	97 (174)	1,808 (1,197)	20,685 (12,624)
Segment Assets (Including Capital Work in Progress)	59,429 (37,702)	9,751 (11,080)	5,165 (4,785)	977 (1,962)	75,322 (55,529)
Segment Liabilities	21,493 (14,403)	3,964 (2,657)	2,342 (1,759)	- (-)	27,799 (18,819)
Unallocable Liabilities					6,131 (5,429)
<b>Capital Employed</b>					<b>41,392</b> (31,281)

Figures in bracket are for previous year.

**16. Related Parties Disclosures as per Accounting Standard – 18.**

**List of Related Parties with whom transactions have taken place during the year:**

- a. **Associated Company**  
Jindal Pipes Limited (Upto 21st March, 2005)
- b. **Joint Venture Company**  
Hydri Jindal International Pvt. Ltd.
- c. **Key Management Personnel**  
Shri Saket Jindal  
Shri S. P. Raj (w.e.f. 1st October, 2005)
- d. **Relatives of Key Management Personnel**  
Shri D.P. Jindal  
Smt. Savita Jindal



Details of Transactions during the year are as follows:

(Rs.)

	<b>Particulars</b>	<b>31-03-2006</b>	<b>31-03-2005</b>
<b>a.</b>	<b>Purchase &amp; Other Services from related parties</b>		
	Associated Company	-	42,577,381
	Joint Venture Company	<b>373,826</b>	-
	Relatives of Key Management Personnel	<b>83,593</b>	86,468
<b>b.</b>	<b>Sales &amp; Other Services to related parties</b>		
	Associated Company	-	4,538,406
	Joint Venture Company	<b>86,279,684</b>	3,075,273
	Relatives of Key Management Personnel	-	162,000
<b>c.</b>	<b>Investment in related parties</b>		
	Joint Venture Company	<b>29,400,000</b>	13,500,000
<b>d.</b>	<b>Loans / Inter corporate deposits given (Maximum Outstanding)</b>		
	Associated Company	-	353,597,327
<b>e.</b>	<b>Loans/Inter corporate deposits taken (Maximum Outstanding)</b>		
	Associated Company	-	479,938,424
<b>f.</b>	<b>Interest received from related parties</b>		
	Associated Company	-	8,091,588
<b>g.</b>	<b>Interest paid to related parties</b>		
	Associated Company	-	25,270,408
	Relatives of Key Management Personnel	-	17,668
<b>h.</b>	<b>Rent paid to related parties</b>		
	Associated Company	-	1,188,000
	Relatives of Key Management Personnel	<b>120,000</b>	120,000
<b>i.</b>	<b>Remuneration</b>		
	Key Management Personnel	<b>2,701,032</b>	660,000
<b>j.</b>	<b>Balance as at 31st March 2006 Payable by the Company</b>		
	Associated Company	-	25,749,927
	Relatives of Key Management Personnel	<b>20,211</b>	40,128
<b>k.</b>	<b>Balance as at 31st March 2006 Receivable by the Company</b>		
	Associated Company	-	10,599,636
	Joint Venture Company	<b>33,713,345</b>	2,507,235

No amount has been provided as doubtful debts or advances / written or written back in the year in respect of debts due from or to above related parties.



17. In compliance with the Accounting Standard – AS 22 relating to Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the company has adjusted the deferred tax liability (net) arising out of timing differences accruing during the year aggregating to **Rs. 45,631,000/-** in the Profit & Loss Account.

**Deferred Tax Liability**

(Rs.)

Particulars	As At 31.03.2005	During the Year	As At 31.03.2006
Fixed Assets	342,909,652	<b>45,707,858</b>	<b>388,617,510</b>

**Deferred Tax Assets**

(Rs.)

Particulars	As At 31.03.2005	During the Year	As At 31.03.2006
Others	637,652	<b>76,858</b>	<b>714,510</b>
Total	637,652	<b>76,858</b>	<b>714,510</b>
<b>Net Deferred Tax Liability</b>	<b>342,272,000</b>	<b>45,631,000</b>	<b>387,903,000</b>

18. **Earning Per Share**

Particulars	2005-06	2004-05
<b>Basic</b>		
Net Profit available for equity shareholders (Rs.) (a)	<b>1,390,908,608</b>	851,444,702
Weighted average number of equity shares of Rs. 10/- each (b)	<b>28,822,560</b>	28,822,560
Basic Earning per share (Rs.) (a/b)	<b>48.26</b>	29.54
<b>Diluted</b>		
Weighted average number of equity shares of Rs. 10/- each (b)	<b>28,822,560</b>	28,822,560
Add: Weighted average number of potential equity shares of Rs. 10/- each that could arise on conversion of FCCBs	<b>3,759,091</b>	-
Weighted average number of shares (c)	<b>32,581,651</b>	28,822,560
Diluted Earning per share (Rs.) (a/c)	<b>42.69</b>	29.54

19. **Disclosure required by Clause 32 of Listing Agreement: -**

The company has made an investment in Joint Venture Company during the year amounting to **Rs. 29,400,000/-** (Previous Year Rs. 13,500,000).

Loans & advances in the nature of Loans where repayment schedule is not specified / is beyond 7 years. **NIL**.

Loans / Advances in the nature of Loan where interest is **NIL** or below the rate specified U/S 372A of the Companies Act. **NIL**

To Firms / Companies in which directors are interested. **NIL**

20. Additional information pursuant to the provisions of paragraph 3 & 4 of part II of Schedule VI to the Companies Act, 1956.

**I. CAPACITY AND PRODUCTION**

**Seamless Pipe**

(MT)

Particulars	Year Ended 31.03.2006	Year Ended 31.03.2005
Installed Capacity	<b>225,000</b>	225,000
Production - Seamless Pipes	<b>149,744</b>	122,457

Includes Production of Pipe Fittings of **63.999 MT** (Previous Year 27.781 MT).



**ERW Pipe**

(MT)

Particulars	Year Ended 31.03.2006	Year Ended 31.03.2005
Installed Capacity	200,000	200,000
Production - ERW Pipes	83,293	85,020

Includes production of 11,641 MT (Previous Year 7,243 MT) pipe by third party on job work basis.

**Wind Power**

(Kwh)

Particulars	Year Ended 31.03.2006	Year Ended 31.03.2005
Installed Capacity	61,320,000	61,320,000
Units Generated	8,831,328	10,877,328

The installed capacity is as certified by the Management.

**II. OPENING STOCK, CLOSING STOCK & TURNOVER OF MANUFACTURED GOODS**

**Seamless Pipe**

Items	Year Ended 31.03.2006		Year Ended 31.03.2005	
	Qty. (MT)	Amt. (Rs.)	Qty. (MT)	Amt. (Rs.)
Opening Stock	9,035	315,877,801	6,265	174,678,717
Turnover	144,586	7,515,706,085	119,687	5,508,234,420
Closing Stock	14,193	481,038,789	9,035	315,877,801

Turnover includes captive consumption of **Rs. 13,841,900/- (542.660 MT)** (Previous Year Rs. 7,056,950/-) (270.677 MT)

Turnover Includes **Rs. 5,878,820/- (53.595 MT)** (Previous Year Rs. 2,516,032/-) (25.512 MT). of Pipe Fittings.

Closing Stock Includes **Rs. 1,708,827/- (15.120 MT)** (Previous Year Rs. 445,083/-) (4.716 MT) of Pipe Fittings.

**ERW Pipe**

Items	Year Ended 31.03.2006		Year Ended 31.03.2005	
	Qty. (MT)	Amt. (Rs.)	Qty. (MT)	Amt. (Rs.)
Opening Stock	4,926	171,017,738	3,967	110,329,622
Turnover	82,993	3,025,046,739	84,061	2,943,278,667
Closing Stock	5,226	135,629,419	4,926	171,017,738

Turnover includes captive consumption of **Rs. 1,319,497/- (47.930 MT)** (Previous Year Rs. 4,010,178/-) (194.110 MT)

**Wind Power**

(Rs.)

Items	Year Ended 31.03.2006		Year Ended 31.03.2005	
	Qty. (KWH)	Amt. (Rs.)	Qty. (KWH)	Amt. (Rs.)
Income from Power Generation	8,831,328	34,618,806	10,877,328	42,421,579



**III. RAW MATERIALS CONSUMED**

Items	Year Ended 31.03.2006		Year Ended 31.03.2005	
	Qty. (MT)	Amt. (Rs.)	Qty. (MT)	Amt. (Rs.)
Round Billets	168,947	4,256,977,108	135,976	3,368,781,931
HR Coil	84,765	2,055,396,025	88,685	2,357,342,75
Zinc	371	37,880,237	238	14,785,870
Others		2,468,977		3,099,921
<b>Total</b>		<b>6,352,722,347</b>		<b>5,744,010,479</b>

**IV. VALUE OF IMPORTED & INDIGENOUS RAW MATERIALS, STORES & SPARE PARTS CONSUMED**

**Raw Materials**

Items	Year Ended 31.03.2006		Year Ended 31.03.2005	
	(%)	Amt. (Rs.)	(%)	Amt. (Rs.)
Imported	43.84	2,784,949,574	21.79	1,251,755,287
Indigenous	56.16	3,567,772,773	78.21	4,492,255,192
<b>Total</b>	<b>100.00</b>	<b>6,352,722,347</b>	<b>100.00</b>	<b>5,744,010,479</b>

**Stores & Spare Parts Consumed**

Items	Year Ended 31.03.2006		Year Ended 31.03.2005	
	(%)	Amt. (Rs.)	(%)	Amt. (Rs.)
Imported	9.09	35,835,456	30.70	45,209,604
Indigenous	90.91	358,380,056	69.30	102,067,583
<b>Total</b>	<b>100.00</b>	<b>394,215,512</b>	<b>100.00</b>	<b>147,277,187</b>

**V. CIF VALUE OF IMPORTS**

(Rs.)

Items	Year Ended 31.03.2006	Year Ended 31.03.2005
Raw Materials	2,960,007,404	1,237,243,966
Stores & Spares	42,607,874	27,115,861
Capital Goods	Nil	4,503,325

**VI. EXPENDITURE IN FOREIGN CURRENCY**

(Rs.)

Items	Year Ended 31.03.2006	Year Ended 31.03.2005
Travelling	2,233,418	2,044,266
FCCB Issue Expenses	56,077,960	Nil
Interest	9,031,966	Nil
Others	414,334	2,905,227

**VII. EARNING IN FOREIGN CURRENCY**

(Rs.)

Items	Year Ended 31.03.2006	Year Ended 31.03.2005
Supplies to Oil Sector	1,027,900,546	840,469,348



**VIII. MANAGERIAL REMUNERATION**

The Details of Managerial Remuneration is as under:

(Rs.)

Items	Year Ended 31.03.2006	Year Ended 31.03.2005
Salary	1,891,920	480,000
Contribution to PF & other Funds	223,632	129,600
Perquisites	585,480	50,400
<b>Total</b>	<b>2,701,032</b>	<b>660,000</b>

The Managing / Wholetime directors of the Company were paid remuneration (without any commission) in accordance with the provisions of Schedule XIII to the Companies Act, 1956. Therefore, computation of the profits Under Section 198 of the Companies Act, 1956 is not applicable.

**IX. INVESTMENTS PURCHASED AND SOLD DURING THE YEAR**

NAME OF THE SCHEME	NO. OF UNITS	PURCHASE VALUE (Rs.)	SALE VALUE (Rs.)
ABN AMRO Floating Rate Fund – Institutional Growth	2826545.888 (-)	30,000,000 (-)	30,116,309 (-)
DSP Merrill Lynch Floating Rate Fund – Growth	9017230.095 (-)	100,000,000 (-)	100,579,917 (-)
Grindlays Cash Fund - Growth	- (1264915.461)	- (15,000,000)	- (15,018,468)
Grindlays Cash Fund - Institutional Plan B - Growth	8085228.889 (2867536.213)	105,000,000 (35,000,000)	105,094,231 (35,013,191)
Grindlays Floating Rate – Short Term - Institutional Plan B - Growth	51345918.628 (17920980.558)	577,500,000 (195,000,000)	578,812,973 (195,225,617)
HDFC Floating Rate Income Fund - Short Term Plan - Growth	12468022.354 (-)	140,000,000 (-)	140,653,899 (-)
ING Vysya Nifty Plus – Dividend Option	1674107.143 (-)	22,500,000 (-)	17,309,062 (-)
JM Floater Fund - Short Term Plan - Growth	6387734.415 (-)	70,000,000 (-)	70,761,093 (-)
Principal Floating Rate Fund SMP Institutional Option – Growth	10654173.56 (-)	110,000,000 (-)	111,580,906 (-)
Prudential ICICI Floating Rate Plan – Growth	2674774.204 (-)	30,000,000 (-)	30,058,310 (-)
Standard Chartered Liquidity Manager – Growth	1486649.884 (-)	15,000,000 (-)	15,009,812 (-)
Sunderam Floater ST Institutional – Growth	8809140.382 (-)	90,000,000 (-)	90,913,113 (-)
UTI – Liquid Advantage Fund - Institutional Growth Plan	- (4617929.320)	- (55,000,000)	- (55,390,677)



**Additional Information pursuant to Part IV of Schedule VI to the Companies Act, 1956.  
Balance Sheet Abstract and Company's General Business Profile****I. Registration Details**

(Rupees in thousand)

Registration No.	<b>80545</b>	State Code	<b>11</b>
Balance Sheet Date	<b>31-03-2006</b>		

**II. Capital Raised during the year**

<b>Public Issue</b>	<b>Right Issue</b>
Nil	Nil

<b>Bonus Issue</b>	<b>Private Placement</b>
Nil	Nil

**III. Position of Mobilisation and Deployment of Funds**

<b>Total Liabilities</b>	<b>Total Assets</b>
9,456,674	9,456,674

**Sources of Funds**

<b>Paid Up Capital</b>	<b>Reserves &amp; Surplus</b>
288,226	3,850,939

<b>Secured Loans</b>	<b>Unsecured Loans &amp; Deferred Tax</b>
381,074	4,936,435

**Application of Funds**

<b>Net Fixed Assets</b>	<b>Investments</b>
2,807,454	204,780

<b>Net Current Assets</b>	<b>Misc. Expenditure</b>
6,444,440	Nil

<b>Accumulated Losses</b>
Nil



**IV. Performance of Company**

<b>Turnover (including other income)</b>	<b>Total Expenditure</b>
9,844,101	7,775,605
<b>Profit before tax</b>	<b>Profit after tax &amp; adjustment</b>
2,068,496	1,390,909
<b>Basic Earning per share (Rs.)</b>	<b>Dividend (%)</b>
48.26	70
<b>Diluted Earning per share (Rs.)</b>	
42.69	

**V. Generic Names of Three Principal Products of Company (as per monetary terms)**

Item Code No. (ITC Code) Product Description	7304.00 Seamless Pipes & Tubes
Item Code No. (ITC Code) Product Description	7305.11 ERW Pipes & Tubes
Item Code No. (ITC Code) Product Description	8502.31 Wind Power

21. Paise have been rounded off to the nearest rupee.
22. Previous years' figures have been re-grouped / re-arranged wherever considered necessary.
23. Schedule 1 to 20 are annexed to and form part of the Statement of Accounts.

Signatures to Schedules 1 to 20

As per our report of even date attached

**For KANODIA SANYAL & ASSOCIATES**  
Chartered Accountants

**R.K. Kanodia**  
Partner  
Membership No. 16121

**Praveen Mudgal**  
Company Secretary

**Anil Jain**  
CFO

Place : Gurgaon  
Dated : 30th August, 2006

**For & on Behalf of the Board**

**D.P. Jindal**  
Chairman  
**Saket Jindal**  
Managing Director  
**U.C. Agarwal**  
**D.K. Parikh**  
**H.K. Khanna**  
**S.P. Raj**  
Wholetime Director



**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET  
FOR THE YEAR ENDED 31ST MARCH, 2006**

	<u>Year Ended 31.03.2006 Rs.</u>	<u>Year Ended 31.03.2005 Rs.</u>
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax and extraordinary items	2,068,495,916	1,262,429,995
Adjusted for :		
Depreciation	145,529,914	104,951,969
Dividend Received	(8,987,946)	(2,055,000)
Misc Exp. written off	-	-
Prior Period Adjustments / Tax Provision Written Back	(5,056,246)	2,657,707
Interest Received	(108,375,169)	(24,996,343)
Interest Paid	17,533,669	15,074,130
Profit/Loss on Sale of Assets	42,802	35,834
Profit on Sale of Investments	(17,382,125)	(7,972,734)
Loss on Sale of Investments	1,590,000	642,550
Operating Profit before Working Capital Changes	2,093,390,815	1,350,768,108
Adjusted for :		
Trade & Other Receivables	(503,803,568)	77,668,514
Inventories	(1,424,382,590)	(475,731,394)
Trade Payables & Others	345,501,461	233,501,418
Cash Generated from operations	510,706,118	1,186,206,646
Direct taxes Paid	(672,868,120)	(337,395,866)
Cash Flow before extraordinary items	(162,162,002)	848,810,780
Extraordinary item	-	-
Net Cash From Operating Activities	A (162,162,002)	848,810,780
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(253,929,917)	(612,801,307)
Sale of Assets	68,889	5,691,000
Purchase of Investments	(1,384,899,999)	(297,520,538)
Sale of Investments	1,388,889,624	368,407,022
Interest Received	45,475,634	19,675,358
Dividend Received	8,987,946	2,055,000
Net Cash used in Investing Activities	B (195,407,823)	(514,493,465)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	3,107,005,036	449,991,364
Proceeds from Short Term Borrowings	601,729,723	(637,313,942)
Interest Paid	(17,533,669)	(15,074,130)
Dividend Paid	(143,154,383)	(123,611,954)
Tax paid on Dividend	(20,211,820)	(14,882,348)
Net Cash used in Financing Activities	C 3,527,834,887	(340,891,010)
Net increase in Cash & Cash Equivalents (A+B+C)	3,170,265,062	(6,573,695)
Opening Balances of Cash and Cash Equivalents	21,422,146	27,995,841
Closing Balances of Cash and Cash Equivalents	3,191,687,208	21,422,146
Change in Cash and Cash Equivalents	3,170,265,062	(6,573,695)

**For KANODIA SANYAL & ASSOCIATES**  
Chartered Accountants

**R.K. Kanodia**  
Partner  
Membership No. 16121

**Praveen Mudgal**  
Company Secretary

**Anil Jain**  
CFO

Place : Gurgaon  
Dated : 30th August, 2006

**For & on Behalf of the Board**

**D.P. Jindal**  
Chairman  
**Saket Jindal**  
Managing Director  
**U.C. Agarwal**  
**D.K. Parikh**  
**H.K. Khanna**  
**S.P. Raj**  
Wholtime Director

# JINDAL

D.P. JINDAL GROUP

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**Website: [www.Jindal.com](http://www.Jindal.com)**

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