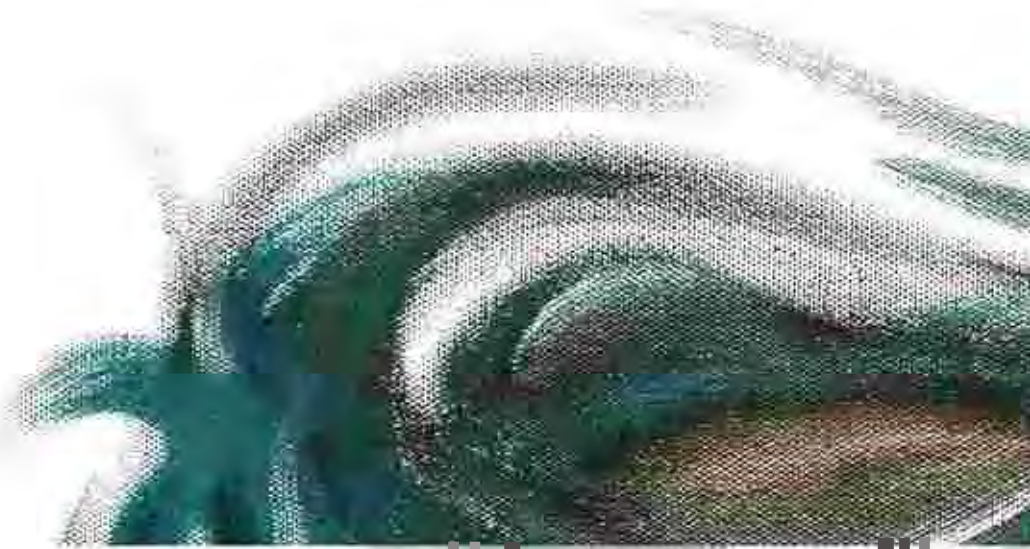


ANNUAL REPORT 2006-07

*Our attitude... to go beyond* Challenges.



**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 Wholetime Director

## AUDIT COMMITTEE

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

## CFO

Anil Jain

## COMPANY SECRETARY

P.K. Puhan

## AUDITORS

Kanodia Sanyal & Associates  
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 – 122 002, Haryana

## HEAD OFFICE

M-19, Mezzanine Floor, M-Block Market,  
G.K.-II, New Delhi-110 048

## 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 - 402 126  
Maharashtra

### 2. WIND POWER:

Village Nivkane, Taluka Patan,  
District Satara,  
Maharashtra

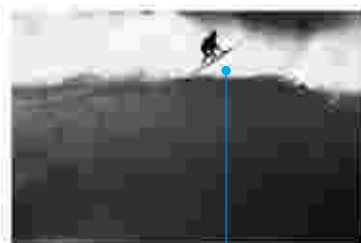
Website: [www.jindal.com](http://www.jindal.com)



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**Challenges** make us discover things about ourselves that we never really knew.

Gives us **Opportunities** to find powers within ourselves when situations are most trying.

An undying spirit to excel.

Extra zealous attitude to achieve the goals.

When the response to a challenge is to go beyond the challenge-

We call it **Success.**



## *Pipe making*

*at MSL has evolved into a cutting edge dimension in terms of updated technology induction, product innovation and efficient man-machine management practices. Today, MSL is reckoned as the leading manufacturer of pipes and tubes and the only manufacturing unit in India having capacity to manufacture larger Dia Seamless Pipes- upto 14”.*



### Development & Improvements:

1. 13 Cr 7" Casings has been rolled, finished and dispatched to USA. Further production under progress.
2. 3 Layer internal PE Coating Plant commissioned successfully and commenced the regular production and dispatch to customers including prestigious organisation like ONGC.
3. To reduce the cost of 14" production tooling, a modified design of Work-Plug in the Plug Mill has been introduced along with lubrication.
4. 13 5/8" and 9 5/3" Casings development is under progress and we've already received order for these sizes.
5. Latest version PLC were upgraded by Schneider, Germany in 7" Hot Mill for improving automation and yield.
6. ERP Oracle product getting implemented by IBM.



Commitment to the excellence in the pipe industry has put MSL at an enviable position of leading pipe manufacturer in India. Technical tie ups and joint ventures with world's leaders only fosters our forward looking attitude and zeal for constant progress and development through product innovation.

### Expansion:

The following expansions are already under execution:

- 1) Internal coating facility in the 3 Layer PE Coating Plant
- 2) Completely separate line for coating of smaller dia pipes from 1 1/2" to 4 1/2".
- 3) One more Finishing line of API facilities for the ERW mill.
- 4) One more Finishing Mill for 14" Seamless Plain End pipes.




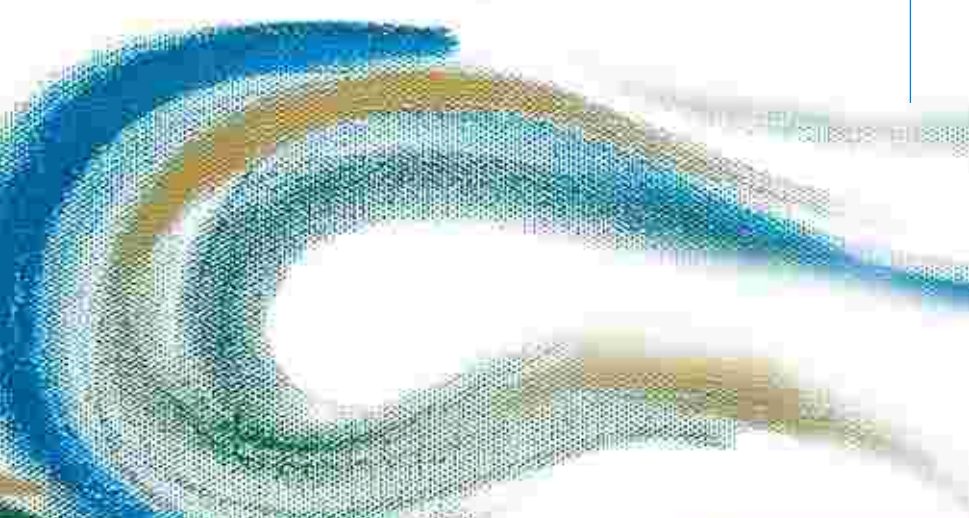
## *Expansion & Diversification*

*is rooted to our spirit of meeting challenges. MSL always strives to branch out. We bring in new technology partner to expand our product lines. Adding on Premium Threaded Seamless Connections. We have successfully ventured into Renewable energy development in synergy with our growth momentum.*



## Marketing Highlights:

- 1) (i) ONGC places order with MSL for 78,000 MT Casings worth Rs. 474 crores; largest ever OCTG order awarded to a single supplier.  
(ii) Total order booking from ONGC 1,18,000 MT valued at Rs. 651 crores.  
(iii) During the year, 58,000 MT of casing orders for 14" mill were booked from ONGC.
- 2) Highest exports of 45,000 MT valued at Rs. 280 crores including third party exports during single financial year. Kuwait Oil Company was added to our customer list with orders of 11,000 MT valued at Rs. 60 crores.



All our activities are conducted in compliance with the environmental norms and regulations.

An initiative towards this direction is our wind power project at Satara, Maharashtra- thus committing ourselves to Green Power.

- 3) Commissioning of 3LPE/ 3LPP/ FBE coating line will address the need for offering a single packaged product for oil/ gas sector line pipe business.
- 4) New Oil/ Gas exploration and production companies/ refineries added to customer list: Schlumberger India, Shivani, Prize Petroleum, Premier Oil, Assam Oil Company, Bharat Oman Refineries Ltd.



## *Financial Snapshot*

*MSL, over a period of time, has been evolving from a family owned business to a professionally managed company by restructuring its management practices in line with the global standards.*



## Financial Initiatives:

- 1) International Road-Shows are organized in Major Global Financial hubs at New York, London, Hong Kong & Singapore.
- 2) Announced Stock Split from face value of Rs. 10/- to Rs. 5/- and now to Rs. 2/-
- 3) Efficient Financial, Treasury & Working Capital management, resulting in reduced working capital cycle and generation of substantial free cashflow.

## Achievement:

- 1) Market Cap crossed over USD 1 billion
- 2) FII investment in the company increases to 14.85% with overall institutional investment increasing upto 28.39%.
- 3) Company wins many laurels:
  - Asia's top 200 small & medium size companies (best under a billion)
  - India's top 500 companies in 2006
- 4) Entire FCCB converted into Indian Equity Shares
- 5) Substantial increase in Net Turnover and Net profit by 43% & by 68% respectively.
- 6) Strong financial and earnings ratios with current price to book value being very attractive in the range of 4.5 times.
- 7) Highest Dividend of 110% to shareholders.
- 8) Contributed to the Govt. Exchequer over Rs. 250 crore by way of payment of Central Excise, Income Tax & Sales tax.

MSL has developed a unique ability of foreseeing opportunities and visualizing business avenues better than our peers.

Keeping the CAPEX & OPEX structure at one of the lowest level in the industry and taking calculated business decisions has resulted into company's strong financial growth.



## *People*

*are our driving force and most treasured assets. Our commitment to deliver quality products stem from retaining quality and dedicated workforce infused with our progressive corporate value system.*

### **Innovate & Integrate:**

- 1) Developing of sophisticated performance management systems, the output of which are systemically linked with rewards.
- 2) Employee development, manpower planning and management of high potential employees along with their succession and career growth planning.
- 3) Performance based progression & rewards.



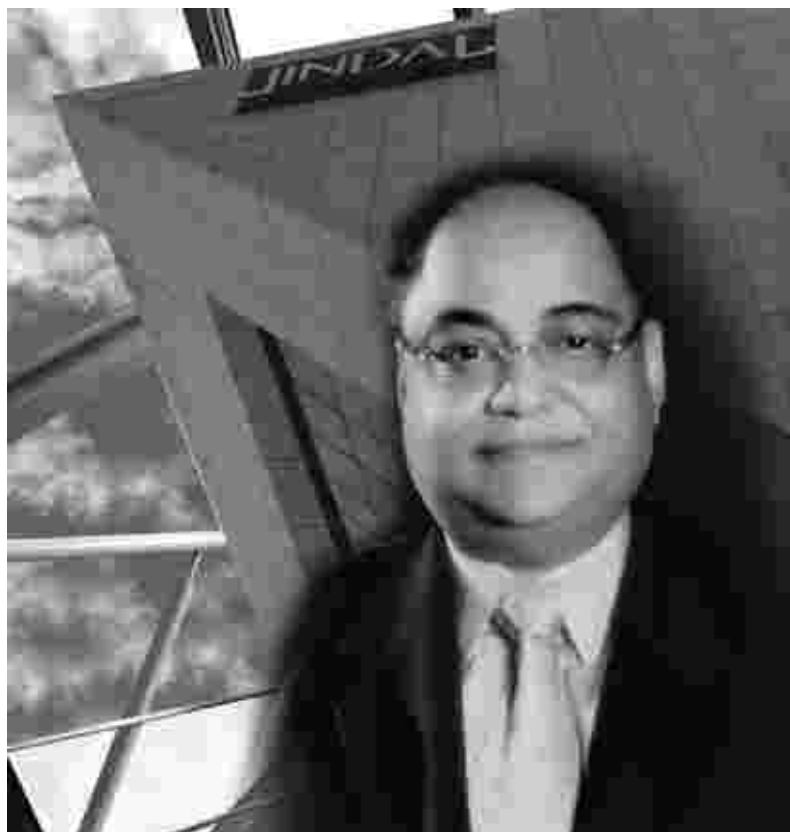
Our HR practices are designed to deliver on business needs and at the same time cater to individual grooming thereby offering ample opportunity for individual growth and achievements within the organisation . Hence building a strong work culture reflecting the values of teamwork and leadership quality amongst our people is what the company wishes to inculcate.

### **Redefine & Reinforce Cultural Tie:**

Building a strong culture, which reflects the values that the company wishes to inculcate in its employees.

Honest & credible communication is a visible manifestation of the respect that employees owe each other.

## Chairman's Speech



Dear Shareholders,

It is indeed a proud moment for me to address you in this 60th year of Independence. Last decade has witnessed a pivotal change in global economic scenario, which also earmarks India's transformation into an economic superpower.

Your Company has been one of the flag bearers of this economic upsurge and social changeover with remarkable performance and achievements. Despite much less happening in industry front this year, your Company

has managed to keep the growth track constantly rising. We have excelled in Seamless and ERW Pipes manufacturing, thereby consolidating our position as the market leaders in the country.

Your Company has been gearing up to meet the new challenges posed by open economy and rush of global players in the booming Oil & Gas Sector. Moreover, moving up in the value chain, your Company has successfully commissioned 3 layer PE Coating plant for pipe upto 48" O.D., thus adding intrinsic value to the



products and contributing to higher realizations.

Realizing the need of technology partnering in specialized area, your Company has a joint venture with Hydril Corp of USA for manufacturing of Premium Threads, which are now most sought after in the world because of highest quality standards and precision. Hydril Corp of USA has since been taken over by Tenaris of Argentina. The joint venture agreement however remains intact, rather new synergies would be achieved from this takeover.

Our constant investment in product innovation and R&D has so far yielded many fruitful results. MSL has been able to successfully manufacture 13 Chrome Pipe- a remarkable achievement.

Your Company understands the need to update itself with the latest technologies and requirements of global business and need for an efficient and effective management system at all levels to be in line with the industry practices worldwide. As a step towards this direction the Company has initiated the process of implementing Oracle ERP by IBM which is likely to be operational in the current year itself. To mitigate the effect of escalating steel prices your Company has plans for setting up a Billet plant. Challenges for sourcing iron ore

and suitable land are being addressed. Meanwhile, we have succeeded in tapping new and economical sources of Billets. Cheap imports of pipes from China has made the industry more competitive but all possible measures are being taken to counter this sourcing challenge. To a great extent we have also managed to mitigate the dent created in our profitability by US dollar depreciation in the international market through imports of billets and efficient treasury management.

Your Company is highly optimistic about the industry with more than 25% growth in the Oil and Gas sector and would like to move in the next growth trajectory. In order to be more aggressive in International market your Company proposes to open marketing offices in USA and Middle East by the end of March 2007.

Your Company has achieved a market capitalization of more than Rs. 4000 Crores and several Global institutions have reposed trust and confidence and invested in the Company's stocks. Your Company continues to maintain the track record of rich dividend paying and declared 110% dividend in the current financial year. Your Company has proposed Stock-split, for which necessary approvals are being sought.

During the year the Company has converted 100% FCCBs of \$75 million on the Singapore Stock Exchange.

Your Company continues to be a responsible institution as ever and is obliged to fulfill all the expectations toward local and rural development. Several initiatives like clean drinking water, merit based scholarship and better health care facilities have been taken in villages around our plant at Nagothane. The work is however not complete and we continue to strive for better living conditions and economic sufficiency in the rural areas.

Lastly, I wish to acknowledge the support we have received from all our invaluable stakeholders. I would like to assure you all that our philosophy of continuous growth and improvement in all spheres of life shall remain the core guiding force to achieve new dimensions of success.

Thank You,

**D.P. Jindal**

## Message from the Managing Director



Dear Shareholders,

For more than a decade, your Company has been performing remarkably well and in the process, has been rewarding shareholders. We believe in sharing our wealth with all our stakeholders, be it our collaborators, employees, suppliers or valued customers. Today, our business model has been proven very effective in the industry and reflects our core competence. We aspire to enhance our value chain by putting in process both forward and backward integration and stand as a truly world-class organization

with respect to quality standards and customer service, thus holding onto the vision of Sh. D.P. Jindal, our chairman. As an initiative towards the betterment in your Company's working atmosphere we have embarked upon more professionalism and decentralization in decision making at operational level. As a result the top people has more management time for policymaking and strategic thinking and focus on the avenues for further growth and diversification. Secondly, our efforts have been targeted towards implementing best HR practices, in the line of Japanese work culture, resulting in good employee retention percentage in the industry. We believe that our people are the key to our success and there is no organizational growth without the personal growth. We are now focusing even more on our human resources by giving them the full opportunity of career growth.

You shall be pleased to know that the 'Forbes' magazine has presented MSL with the distinguished award amongst very few players in Asia. These awards are given only to companies, which are leaders in their industry and have grown exponentially over the last few years. We have also bagged other prestigious awards from 'Dun and Bradstreet' and 'Business Sphere' magazine recently.

Your Company has also featured on the cover of 'Dalal Street' magazine wherein it has been ranked at the 9th position in India in terms of appreciation in its stock price, which has grown 25 times over the last 5 years. This has been possible only by the support of all our employees, shareholders and all other stakeholders for which I would like to congratulate each one of them.

There might be a concern among the shareholders regarding the progress of our backward integration project in Orissa, which did not take off due to hurdles created by local tribals. I want to assure you that the project is very much in the pipeline. We are striving hard to find a suitable location for it. Along with, we also have plans to expand our Seamless Pipe capacity and are eyeing for the required plant and machinery. We have already finalized Ultrasonic Testing Machines for both Seamless and ERW pipes. Once commissioned it shall help us to get direct registration with global oil majors like Shell, Mobil, Chevron, Texmaco etc., which, will in turn improve our margins, profitability and brand reputation.

Despite the Sensex breaking the barrier of 15000 points, I am still optimistic about the Indian market, which I think

is still undervalued, thereby having immense untapped potential to further consolidate. In the next 50 years, India is projected to become an economic superpower and stand next only to China in terms of GDP.

I would like to conclude on this positive note. Your Company takes pride in being able to contribute to the nation's development and progress through our products, services and shall strive hard to keep the country's flag flying high.

Thank You,

**Saket Jindal**

## SELECTED FINANCIAL INDICATORS OF LAST 12 YEARS

Particulars		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross Turnover	(Rs. Lacs)	10758	13781	15094	18555	19243	26541	37272	43563	55529	86724	107695	<b>151961</b>
	(Times)	1.00	1.28	1.40	1.72	1.79	2.47	3.46	4.05	5.16	8.06	10.01	<b>14.13</b>
EBIDTA	(Rs. Lacs)	1832	1341	1208	1887	2682	4218	7468	8406	10031	12851	20801	<b>34101</b>
	(Times)	1.00	0.73	0.66	1.03	1.46	2.30	4.08	4.59	5.48	7.01	11.35	<b>18.61</b>
PBT	(Rs. Lacs)	1809	805	899	1405	2415	4042	7186	9007	10507	12624	20685	<b>35269</b>
	(Times)	1.00	0.44	0.50	0.78	1.33	2.23	3.97	4.98	5.81	6.98	11.43	<b>19.50</b>
PAT	(Rs. Lacs)	1809	700	801	1037	1756	3196	5001	6209	7146	8488	13960	<b>23384</b>
	(Times)	1.00	0.39	0.44	0.57	0.97	1.77	2.76	3.43	3.95	4.69	7.72	<b>12.93</b>
Gross Block (including WIP)	(Rs. Lacs)	6493	7361	7555	8171	8789	10594	14119	16064	26709	32768	35303	<b>37416</b>
	(Times)	1.00	1.13	1.16	1.26	1.35	1.63	2.17	2.47	4.11	5.05	5.44	<b>5.76</b>
Net Block	(Rs. Lacs)	5321	5893	5778	6057	6324	7734	10743	12023	21970	26992	28075	<b>28579</b>
	(Times)	1.00	1.11	1.09	1.14	1.19	1.45	2.02	2.26	4.13	5.07	5.28	<b>5.37</b>

### Share Capital

Equity Share Capital	(Rs. Lacs)	2550	2550	2550	2550	2550	2882	2882	2882	2882	2882	2882	<b>3497</b>
	(Times)	1.00	1.00	1.00	1.00	1.00	1.13	1.13	1.13	1.13	1.13	1.13	<b>1.37</b>
Preference Shares		332	332	332	332	332	0	0	1441	0	0	0	<b>0</b>
Reserves & Surplus	(Rs. Lacs)	3480	3858	4334	5043	6416	9086	12239	15994	21527	28399	38509	<b>88913</b>
	(Times)	1.00	1.11	1.25	1.45	1.84	2.61	3.52	4.60	6.19	8.16	11.07	<b>25.55</b>
Net Worth	(Rs. Lacs)	6362	6740	7216	7925	9298	11968	15121	20317	24409	31281	41391	<b>92410</b>
	(Times)	1.00	1.06	1.13	1.25	1.46	1.88	2.38	3.19	3.84	4.92	6.51	<b>14.53</b>
Book Value	(Rs.)	24.00	25.00	27.00	30.00	35.00	42.00	52.00	65.00	85.00	109.00	144.00	<b>132.00</b>
	(Times)	1.00	1.04	1.13	1.25	1.46	1.75	2.17	2.71	3.54	4.54	6.00	<b>5.50</b>
EPS	(Rs.)	7.09	2.75	2.96	3.89	6.58	11.94	17.37	21.98	23.72	29.54	48.26	<b>38.38</b>
	(Times)	1.00	0.39	0.42	0.55	0.93	1.68	2.45	3.10	3.35	4.17	6.81	<b>5.41</b>
Dividend Amount	(Rs. Lacs)	255.00	255.00	255.00	255.00	306.00	383.59	576.40	1008.70	1152.80	1441.00	2131.55	<b>3719.82</b>
Dividend %	%	10%	10%	10%	10%	12%	15%	20%	35%	40%	50%	70%	<b>110%</b>



**NOTICE**

Notice is hereby given that the 19th Annual General Meeting of the Members of Maharashtra Seamless Limited will be held on Friday, the 28th day of September 2007 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, 2007 and the Reports of the Board of Directors and Auditors thereon.
2. To note the payment of interim dividend on equity shares and declare final dividend on equity shares.
3. To appoint a Director in place of Mr. D. P. Jindal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. H. K. Khanna, 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 Resolution as a Special Resolution:

“RESOLVED THAT pursuant to and subject to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force) and the enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the stock exchanges where the shares of the Company are listed and subject to any approval, consent, permission and/or sanction of appropriate authorities including Financial Institutions (“FIs”), Securities and Exchange Board of India (“SEBI”), Foreign Investment Promotion Board (“FIPB”), Reserve Bank of India (“RBI”) (hereinafter collectively referred to as “the appropriate authorities”) and subject to such approvals, consents, permissions, sanctions and the like (hereinafter referred to as “the requisite approvals”), as may be necessary, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter called “the Board” which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the consent, permission and approval of the Company be and is hereby accorded to the Board of Directors to issue and allot fully paid up equity share(s) of the face value of Rs.5/- each (“Shares”), under a preferential issue through offer letter and/or circular and/or information memorandum and/or such other documents/writings, in such a manner and on such terms and conditions as may be determined by the Board in its absolute discretion; provided that the price of the equity share(s) so issued shall be Rs.675/- (inclusive of premium of Rs.670/-) per equity share of Rs.5/- each being the price which is in accordance with the SEBI guidelines for preferential issues, to the person(s) as detailed herein below:

Name of the Allottee	Category	No. of shares to be allotted
Mr. Raghav Jindal	Promoter & Promoter Group	01

**RESOLVED FURTHER THAT:**

- a) The relevant date for the pricing of the issue of the equity share(s) in terms of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as applicable from time to time for determination of price for issue of equity share(s) is 29th August 2007.
- b) The shares proposed to be issued and allotted shall rank pari passu in all respect with the existing equity shares of the Company.
- c) The offer, issue and allotment of the Share(s), shall be made at such time or times as the Board of Directors may in their absolute discretion decide but not later than 15 days from the date of passing of the said resolution, subject at all times to the extant SEBI Guidelines and other applicable laws.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors, which the Board may have constituted or hereinafter constitute to exercise its power including the power conferred by this resolution.



RESOLVED FURTHER that for the purpose of giving effect to this resolution the Board of Directors of the Company, be and is hereby authorized on behalf of the Company to take all actions and do all deeds, acts and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue and allotment of aforesaid securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of the said securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Section 16 & 94 and all other applicable provisions, if any of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and the enabling provisions of the Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, if any, required from any authority, the consent of the company be and is hereby accorded that each Equity Share of the face value of Rs.5/- (Rupees five) each in the Share Capital of the Company be and is hereby sub-divided into Equity Shares of face value of Rs. 2/- (Rupees two) each and consequently Clause V of the Memorandum of Association of the Company be and is hereby altered to read as follows:

“The Authorised Share Capital of the Company is Rs. 60,00,00,000 (Rupees Sixty Crore only) divided into 20,00,00,000 (Twenty Crore ) Equity Shares of Rs.2 (Rupees Two) each and 2,00,00,000 (Two Crore) Preference Shares of Rs. 10 (Rupees Ten) each with the power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential, deferred, guaranteed, qualified or special rights, privileges and vary, modify or to abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association.”

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to issue new share certificates representing the sub-divided Equity Shares with new distinctive numbers, in the aforesaid proportion subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960, as amended, with an option to either exchange the new share certificate in lieu of cancellation of the old share certificate or without physically exchanging the share certificates by treating the old share certificates as deemed to be cancelled and also to inform the Registrar and Share Transfer Agents of the Company and the Depositories to take the necessary action to give effect to the above and to do all such acts, deeds, matters and things necessary or desirable in connection with or incidental to the sub-division of the Equity Shares of the Company.

RESOLVED FURTHER THAT fractional entitlements, if any, arising out of the sub-division of Equity Shares, as resolved above, be vested by way of allotment in the name of a person as trustee to be appointed by the Board upon trust for sale as soon as practicable of such fractional shares and for distribution thereafter the net proceeds thereof (after payment of all costs, charges and brokerage for such shares) among such members as would otherwise have been entitled to the said fractional entitlements in proportion of their respective entitlement.

RESOLVED FURTHER THAT the Board of Directors (including any committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper to give effect to this resolution including fixation of Record Date as per the requirement of the Listing Agreement, execution of all necessary documents with Stock Exchanges, Depository Companies i.e. NSDL, CDSL, Reserve Bank of India and / or any other relevant statutory authority if any, and to settle any question or difficulty that may arise in regard to the sub- division of Equity Shares as aforesaid.”

8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or any re-enactment thereof), the existing Article 3 of the Articles of Association of the Company be and is hereby altered to read as follows:-

“The Authorised Share Capital of the Company is Rs. 60,00,00,000 (Rupees Sixty Crore only) divided into 20,00,00,000 (Twenty Crore) Equity Shares of Rs.2 (Rupees Two) each and 2,00,00,000 (Two Crore) Preference Shares of Rs. 10 (Rupees Ten) each with the power to increase and reduce the capital and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being permitted by the Act.”





9. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the Foreign Investment policy of the Government of India issued from time to time and ‘Portfolio Investment Scheme’ framed under the provisions of the Foreign Exchange Management Act, 1999, and Regulations framed thereunder and subject to the approvals, if any, of Reserve Bank of India (RBI) and other appropriate authority(ies), as applicable, approval of the Company be and is hereby accorded for the purchase/acquisition by the Foreign Institutional Investors (FIIs) of the equity shares under the Portfolio Investment Scheme (PIS) or any other Scheme/Guidelines that may be issued by RBI and/or Government of India upto 40% of the paid-up equity capital and shall be subject to such conditions and restrictions as may be laid down under the Portfolio Investment Scheme or under any other scheme and/or applicable laws for the time being in force.

RESOLVED FURTHER THAT the Board of Directors, (which term shall include Sub Committee of Directors) be and is hereby authorised to take such steps as may be necessary and/or desirable to give effect to the aforesaid resolution.”

By order of the Board

Place : Gurgaon  
Dated : August 29, 2007\*

**P. K. Puhan**  
Company Secretary

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

\* The Board of Directors passed a resolution on 22nd August, 2007 to issue the notice on 29th August, 2007.



**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 Tuesday, 25th September 2007 to Friday, 28th September 2007 (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, to facilitate the Company to remove the difficulties arising out sub-division of shares from Rs.5/- each to Rs.2/- each. 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 2007 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. D. P. Jindal</b>	<b>Mr. H.K. Khanna</b>
Age	57 Years	56 years
Qualification	B.Com	B. Com
Expertise in specific functional area	Prominent Industrialist having wide business experience.	Having wide marketing experience
Date of appointment as Director of the Company	10.05.1988	22.10.2003
Directorship of other companies	- Jindal Pipes Limited- - Jindal Drilling & Industries Ltd. - Jindal Aluminium Limited - Pragaun JAL Educational Organisation	- Jindal Drilling & Industries Limited - Hydril Jindal International Pvt. Ltd. - Haryana Capfin Limited - Brahmadev Holding & Trading Ltd.
Chairman/Member of Committees of other Companies	-	- Jindal Drilling & Industries Limited - Haryana Capfin Limited

11. All documents referred in the notice are open for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on any working day upto the date of Annual General Meeting and also at the meeting.



## ANNEXURE TO THE NOTICE

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

### ITEM NO. 6

The object of the proposed preferential issue is to facilitate the Company to mitigate the problem arising out of sub-division of equity shares from Rs.5/- each to Rs.2/- each (as proposed in item No. 7), since after the proposed sub-division of existing equity shares, the share capital of the Company would be consisting of 176,333,552.50 equity shares of Rs.2/- each, which would be fractional in numbers in totality. Therefore, it is proposed to issue and allot 1 (One) equity share of Rs.5/- each to Mr. Raghav Jindal belonging to the category “Promoter and Promoter Group” of the Company in accordance with the guidelines contained in Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, before the sub-division of shares so as to arrive at the rounded figure after the proposed sub-division of equity shares of the Company as per Item No.7.

In order to achieve this object, it is proposed to offer, issue and allot share(s) (“the Shares”) as follows:

Name of the allottee	Category	No. of shares to be allotted
Mr. Raghav Jindal	Promoter & Promoter Group	01

In terms of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (“SEBI Guidelines”), the following disclosures are being made:

- Object of the issue: To facilitate the Company to mitigate the problem arising out of sub-division of shares from Rs.5/- each to Rs.2/- each (as proposed in item No. 7), since after the proposed sub-division, equity share capital of the Company would be consisting of 176,333,552.50 equity shares of Rs.2/- each, which would be fractional in numbers in totality. Hence, Company proposes to issue and allot one Equity Share.
- Pricing: The pricing for equity shares shall be in accordance with the guidelines stipulated under Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.
- Intention of the Promoters, Directors, and management personnel to subscribe to the offer: The Promoter & Promoter Group to subscribe to the Share(s) to the extent stated above.
- Shareholding pattern before and after the proposed issue:

	Category of Shareholders	Pre-issue		Post issue	
		Number	%	Number	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>				
	Indian Promoters	29,419,133	41.71	29,419,134	41,71
	<b>Total Promoter holding (A)</b>	<b>29,419,133</b>	<b>41.71</b>	<b>29,419,134</b>	<b>41,71</b>
<b>(B)</b>	<b>Public shareholding</b>				
1	Institutions	20,149,310	28.57	20,149,310	28.57
2	Non-institutions				
	a) Bodies Corporate	13,543,664	19.20	13,543,664	19.20
	b) Individuals	6,437,741	9.13	6,437,741	9.13
	c) NRIs	983,573	1.39	983,573	1.39
	<b>Total Public shareholding (B)</b>	<b>41,114,288</b>	<b>58.29</b>	<b>41,114,288</b>	<b>58.29</b>
	<b>Total</b>	<b>70,533,421</b>	<b>100.00</b>	<b>70,533,422</b>	<b>100.00</b>

- Relevant date: The relevant date for the pricing of the issue of the equity share(s) in terms of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as applicable from time to time for determination of price for issue of equity share(s) is 29th August 2007.



f) Proposed time within which allotment will be completed: The Share(s) is/are proposed to be allotted within 15 days of the passing of the special resolution approving its allotment. Provided that where the allotment is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of such approval.

g) Identity of allottee with percentage of expanded capital to be held by him:

The allottee in the proposed preferential issue is as follows:

Identity of proposed Allottee	Equity shares to be allotted (in Nos.)	% to the total paid-up capital	Total holding in the Equity Share capital after preferential allotment(in Nos.)	%
Mr. Raghav Jindal (Promoter & Promoter Group)	01	00	33,601	0.05

h) Auditor’s Certificate: A copy of the certificate issued by M/s. Kanodia Sanyal & Associates, Chartered Accountants, Statutory Auditors of the Company, certifying that the proposed preferential issue of Equity Share(s) is/are being made in accordance with the requirements contained in the SEBI Guidelines shall be laid before the Annual General Meeting.

i) Lock-in: The Equity Share(s) to be allotted on preferential basis shall be subject to lock-in as per applicable SEBI Guidelines in this behalf.

j) Change in Management: The issue of Equity Share(s) will not result in any change in management or control of the Company.

The Directors recommend the resolution for your approval.

None of the Directors of the Company are interested in the resolution placed before the meeting directly or indirectly save the Directors who are constituents of the Promoter & Promoter Group, namely, Mr. D.P. Jindal, Chairman and Mr. Saket Jindal, Managing Director.

**ITEM NO.7**

With a view to increase the liquidity of the Company’s shares in the stock market which may widen the shareholder base of the Company, the Board of Directors of the Company has, proposed to sub-divide the Equity Shares of the Company which are at present of face value of Rs.5/- each, into face value of Rs.2/- each.

Consequent to the sub-division of face value of Equity Shares, some fractional entitlement may arise. For this the Company proposes to appoint a person as trustee, to whom such fractional entitlement would be vested by way of allotment of said shares converting into absolute nos. in totality, rounding of the fraction, if any, upon trust for sale as soon as practicable of such fractional shares and for distribution thereafter the net proceeds thereof (after payment of all costs, charges and brokerage for such shares) among such members as would otherwise have been entitled to the said fractional entitlement in proportion of their respective entitlement.

It is also proposed that the Memorandum of Association of the Company be amended in order to reflect the alteration in the Capital structure of the Company. The Board discussed this matter in their meeting held on 30<sup>th</sup> July 2007 and recommends this resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution, except to the extent of their respective shareholding in the company, if any.

**ITEM NO.8**

It is proposed that the Articles of the Association be amended pursuant to Item No. 7, in order to reflect the alteration in the capital structure of the Company. As per section 31 of the Companies Act, 1956, such a proposal requires a Special Resolution to be passed at the General Meeting. The Board discussed this matter in their meeting held on 30<sup>th</sup> July 2007 and recommends this resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution, except to the extent of their respective shareholding in the company, if any.

**ITEM NO.9**

Foreign Institutional Investors (FIIs) have evinced keen interest in the shares of the Company and their participation has been steadily increasing. As there is a cap of 24%, the FIIs cannot acquire shares in the Company beyond this limit unless shareholders approve a higher limit by passing a special resolution.



Foreign Institutional Investors (FIIs) have been very active in the primary as well as secondary capital market and have invested huge funds in the corporate sector in the country. As per para 1(4) of Schedule-2 to FEMA (transfer or Issue of security by a person resident outside India) Regulations, 2000, an individual FII can invest upto 10% of the paid up equity share capital in a body corporate and the total holding of all Foreign Institutional Investors (FIIs) put together in a body corporate shall not exceed 24% of the equity share capital of that body corporate. However, proviso to the said para provides that the aggregate investment by FIIs in equity share capital may be raised to such higher limits not exceeding the ceiling limit provided under FEMA with the approval of the shareholders. Pursuant to Notification No. 45 dated 20.09.2001 as amended, from time to time, the sectoral limit in case of Steel Industry has been increased to 100%. Therefore, Foreign Institutional Investors (FIIs) in aggregate can invest upto 100% of paid up equity capital of the Company.

Therefore, with a view to enable Foreign Institutional Investors (FIIs) to make investment in the Company the Board discussed this matter in their meeting held on 22.08.2007 and recommends this resolution for investment of Foreign Institutional Investors (FIIs) upto 40% in the Equity Capital of the Company under the Portfolio Investment Scheme (PIS) for your approval.

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

By order of the Board

Place : Gurgaon  
Dated : August 29, 2007

**P. K. Puhan**  
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 19th Annual Report along with Audited Accounts of the Company for the year ended 31st March, 2007.

### FINANCIAL RESULTS

During the year, Gross Turnover of the company increased to Rs.1551 crore from Rs.1095 crore in the previous year - a growth of 42% over previous year. The highlights of the financial results are as under: -

	Year Ended 31.03.2007	Year Ended 31.03.2006
		(Rs. in crore)
<b>Gross Turnover</b>	<b>1,551.06</b>	1,095.18
Profit before Depreciation	<b>368.95</b>	221.40
Depreciation	<b>16.26</b>	14.55
<b>Profit Before Tax</b>	<b>352.69</b>	206.85
Provision for Taxation		
- Current	<b>116.35</b>	62.50
- Fringe Benefit	<b>0.20</b>	0.19
- Deferred	<b>2.30</b>	4.56
<b>Profit after Tax</b>	<b>233.84</b>	139.60
Prior Period Adjustments	<b>0.05</b>	(0.51)
Profit After Tax & Adjustments	<b>233.89</b>	139.09
Balance brought forward from previous year	<b>41.70</b>	16.92
Profit available for appropriations	<b>275.59</b>	156.01
<b>Appropriations:</b>		
Dividends		
- Interim Paid	<b>26.62</b>	-
- Proposed on Equity Shares	<b>10.58</b>	21.32
Tax on Dividends		
- Interim	<b>3.73</b>	-
- Proposed on Equity Shares	<b>1.80</b>	3.00
Transfer to General Reserve	<b>200.00</b>	90.00
Balance carried to Balance Sheet	<b>32.86</b>	41.70
	<b>275.59</b>	156.01



## **DIVIDEND**

Your directors are pleased to recommend a final dividend @ 30% i.e. Rs.1.50 per equity share of Rs.5/- each for the year 2006-2007. With this the total dividend for the year works out to 110% i.e. Rs. 5.50 per equity share (total sum of Rs.42.73 Crore including tax on dividend) considering 1st interim dividend @ 30% i.e. Rs.1.50 per equity shares paid in September, 2006 and 2nd Interim Dividend @50% i.e. Rs.2.50 per equity share paid in March, 2007. Payment of final dividend is subject to the approval of the shareholders in the Annual General Meeting.

## **RESULTS OF OPERATIONS**

Your Directors are pleased to inform that your Company has posted strong financial performance during the year ended 31st March, 2007. 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.353 crore as against Rs.207 crore in the previous year showing a growth of 70 % over previous year. The profit after tax and adjustments for the year had been Rs.234 crore as against Rs.139 crore in the previous year.

Seamless Pipes Division has major contribution constituting 78% of turnover of the Company. This Division has contributed around 83% of the Profits Before Tax of the Company.

## **COATING PLANT**

The company has successfully commissioned coated line pipe facility from 4" OD to 48" OD a value added product by using the latest technology for FBE and 3 layer PE/PP coating near to the existing facility at Nagothane. This would enable the company to offer wider product range to all its customers.

## **FCCB ISSUE**

Your Company had 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 were 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 above FCCBs were also listed on Singapore Exchange Securities Trading Limited.

Your company is pleased to inform that all the bondholders have exercised their right of conversion and the entire bonds of US\$ 75 million as of date stands converted into Equity Shares of the Company and consequently company had issued 12,888,301 No. of new equity shares in aggregate on account of conversion at a face value of Rs.5/- each with a share premium of Rs. 248.34 per share.

## **JOINT VENTURE**

During the year, the company's joint venture partner, HydriL LP, USA has been taken over by Tenaris and consequently, Tenaris has become joint venture partner. Tenaris is the global leader in manufacturing of Seamless Pipes and tubes and this new alliance should open up number of other business opportunities apart from premium threading.

## **BACKWARD INTEGRATION PROJECT**

The Company is having plans to implement a Strategic Backward Integration Project in Orissa to manufacture Billets, the main raw material for Seamless Pipes having a capacity of 500000 TPA. However, owing to some land related rehabilitation issues with local people, the company could not move on the project and had surrendered the disputed land. However, the MOU with Govt. of Orissa is still in existence and your company has requested the relevant Govt. authorities to provide alternative land for the project. At the same time, your company is also looking for some alternative options.

## **DIRECTORS**

Mr. D.P. Jindal and Mr. H.K. Khanna, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

## **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 had 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 requirements 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. Certificate from the Auditors of the Company M/s. Kanodia Sanyal & Associates, confirming compliance of conditions of Corporate Governance, is annexed to this Report.

### **MANAGEMENT DISCUSSION & ANALYSIS**

A report on Management Discussion and Analysis is attached as a 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**

The Company has not accepted any Deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EX-CHANGE 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 there under 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 : Pipe Nagar, Distt. Raigad (Maharashtra)  
Dated : August 22, 2007

**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, 2007.

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

<b>Name</b>	<b>Age (Yrs.)</b>	<b>Designation</b>	<b>Remuneration Received (Rs.)</b>	<b>Qualification</b>	<b>Experience (Yrs.)</b>	<b>Date of Commencement of Employment</b>	<b>Last Employment</b>
Mr. Saket Jindal	33	Managing Director	3,986,400	BBA	12	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 : Pipe Nagar, Distt. Raigad (Maharashtra)  
Dated : August 22, 2007

**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, 2007

### 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. Furnace refractory linings were changed to reduce the radiation loss of heat to improve the fuel consumption.
3. Recuperator for heat recovery and the furnace also serviced to get effective heat recovery, which in turn will reduce the fuel consumption.
4. Furnace Oil instead of LDO is completely implemented and regular in use, so fuel cost has come down considerably.
5. Frequency variable drives have been introduced wherever motors are not fully loaded resulting reduction in power consumption.
6. 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.
7. 24 hours working system has been introduced in all hot working centres both 7" Mill and 14" Mill to reduce fuel and power cost.
8. Fuel saving measure through some additives also implemented in heavy oil furnaces.

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

As per Form-A annexed.

### B. TECHNOLOGY ABSORPTION

3 Layer PE coating facility had been successfully commissioned and started execution of commercial orders.

### 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. 248.13 crore**

Earned\* - **Rs. 211.02 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 31-03-2007</b>	<b>Year ended 31.03.2006</b>
1.	<b>Electricity Purchased</b>		
	Units(KWH in lacs)*	<b>639.46</b>	503.75
	Total Amount (Rs. In lacs)	<b>3,127.79</b>	2,088.34
	Rate Per Unit (Rs.)	<b>4.89</b>	4.15
	*Includes 102.05 lacs (previous year 88.31 lacs) units generated by Wind Power Project of the Company.		
2.	<b>Fuel Consumption</b>		
	a) <b>LDO</b>		
	Quantity (KL)	<b>27,051.99</b>	20,823.86
	Total Amount (Rs.in lacs)	<b>5,582.82</b>	4,565.94
	Average Rate per KL (Rs.)	<b>21,635.45</b>	21,926.48
	b) <b>HSD</b>		
	Quantity (KL)	<b>205.93</b>	208.90
	Total Amount (Rs. in lacs)	<b>58.70</b>	49.54
	Average Rate per KL (Rs.)	<b>28,504.55</b>	23,713.38
	c) <b>LPG</b>		
	Quantity (MT)	<b>587.59</b>	557.55
	Total Amount (Rs. in lacs)	<b>179.85</b>	179.15
	Average Rate Per MT (Rs.)	<b>30,608.09</b>	32,131.10
3.	<b>Other/Internal generation/Wind Power(Kwh in lakhs)</b>	<b>109.73</b>	94.96

**B. CONSUMPTION PER UNIT OF PRODUCTION**

a)	<b>SEAMLESS PIPES (MT)</b>		
	Electricity (Units)	<b>250.029</b>	<b>294.004</b>
	LDO/Furnace Oil (KL)	<b>0.117</b>	<b>0.106</b>
	HSD(KL)	<b>0.001</b>	<b>0.001</b>
	LPG(MT)	<b>0.003</b>	<b>0.004</b>
b)	<b>ERW PIPES (MT)</b>		
	Electricity (Units)	<b>79.325</b>	<b>76.239</b>
	HSD/Furnace Oil (KL)	<b>0.002</b>	<b>0.002</b>

**Note: The figures are re-grouped/re-arranged wherever considered necessary.**



**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 quencing 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 Technology 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 rellers received from USA	2003-04	Yes	N. A.
3 Layer PE coating from Korea	2006-07	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 31<sup>st</sup> March 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.

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

**R.K KANODIA**

Partner

Membership No.16121

Place : New Delhi

Dated : August 22, 2007



## 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 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, 2007 was 6 Directors including one Non-Executive Chairman, one Managing Director and one Wholetime Director. The rest are Non-Executive Independent 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 20th April, 2006, 17th July, 2006, 30th August, 2006, 7th September, 2006, 26th October, 2006, 29th January, 2007 and 16th March, 2007.

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, 2007 are given below:

Directors	Category	Shares held	Attendance		No. of other Directorships and Committee Memberships/ Chairmanships held \$		
			Board Meeting	Last AGM	Director ships	Committee Memberships	Committee Chairmanships
Mr. D.P. Jindal	C	48,820	7	Yes	4	1	-
Mr. Saket Jindal	MD	1,745,764	6	Yes	3	-	-
Mr. S. P. Raj	WTD	-	4	Yes	-	-	-
Mr. U. C. Agarwal	NE*	1,000	6	No	1	-	-
Mr. D. K. Parikh	NE*	-	5	Yes	-	-	-
Mr. H. K. Khanna	NE*	200	7	Yes	4	2	-

C = Chairman, MD = Managing Director, WTD = Wholetime Director,

NE = Non-Executive

\* 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 significant transactions with related parties;
- 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. The Audit Committee meetings are generally held at the Corporate Office of the Company and are attended by the Internal & Statutory Auditors, Accounts & Finance Head. 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 20th April, 2006, 7th July, 2006, 30th August, 2006, 26th October, 2006 and 29th January, 2007. The composition of Audit Committee and attendance at its Meetings is as follows:

<b>Members</b>	<b>Category</b>	<b>No. of meetings attended</b>
Mr. U.C. Agarwal	Chairman, Independent, Non-executive	4
Mr. D.P. Jindal	Member, Non-executive	5
Mr. D. K. Parikh	Member, Independent, Non-executive	4
Mr. H. K. Khanna	Member, Independent, Non-executive	5

**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 Wholetime 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. 10,000/- for attending each meeting of the Board and Rs. 5000/- for attending each meeting of the Audit Committee.

Details of Directors Remuneration

- a) The Details of remuneration paid to Managing and whole time Directors during the financial year ended 31st March, 2007 are as under:-

(Rs.)

<b>Name</b>	<b>Salary</b>	<b>Perquisites &amp; other benefits</b>	<b>Total</b>
Mr. Saket Jindal, Managing Director	3,000,000	986,400	3,986,400
Mr. S. P. Raj Wholetime Director	349,540	160,571	510,111



The tenure of appointment of the Managing Director and Whole time Director is for a period of 5 years w.e.f. 01.10.2005.

- 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 in the form of sitting fee to Non-Executive Directors during the year are as under: -

<b>Director</b>	<b>Sitting Fees (Rs.)</b>
Mr. D. P. Jindal	80,000
Mr. U. C. Agarwal	70,000
Mr. D. K. Parikh	55,000
Mr. H. K. Khanna	80,000

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 2007.

## 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 recommends 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. P. K. Puhan, Company Secretary as Compliance Officer.

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

Number of Shareholders complaints received during the period 01.04.2006 to 31.03.2007	130
Number of complaints not solved to the satisfaction of shareholders	Nil
Number of pending complaints as on 31.03.2007 which were solved later on	3

## 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>
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	11.30 A.M.
2005-06	29.09.2006	Registered Office of the Company at Pipe Nagar, Raigad	11.30 A.M.



(II) Special Resolutions passed in the previous three AGMs :

- a) In the AGM held on 20.09.2004 : No Special Resolution was transacted
- b) 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.
- c) In the AGM held on 29.09.2006 : For delisting of equity shares from Delhi Stock Exchange Association Limited, The Calcutta Stock Exchange Association Ltd. and Madras Stock Exchange Limited.

(III) In the Extra ordinary General Meeting held on 22nd March 2006 at 1.00 P.M. at the Registered office of the Company at Pipe Nagar, Raigad (Maharashtra), 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 related party transaction as reflected in notes to the accounts but they are not 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 year.

### 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 Certificate**

The Managing Director, Mr. Saket Jindal 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 : 28th September, 2007 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, Maharashtra – 402126

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

c) Book Closure : Tuesday, 25th September, 2007 to Friday, 28th September, 2007 (both days inclusive)

d) Dividend : 1st Interim Dividend @ 30% (Rs1.50 per share) paid on 25th September, 2006 and 2nd Interim Dividend @50% (Rs.2.50 per share) paid on 28th March, 2007 for the year ended 31st March, 2007, Final dividend @ 30%(Rs.1.50per share), if approved by the members, would be payable on and from 3rd October 2007 onwards.



**Financial Calendar (Tentative):**

- Financial reporting for the quarter ended 30th June, 2007 : July, 2007
- Financial reporting for the quarter ending 30th September, 2007 : October, 2007
- Financial reporting for the quarter ending 31st December, 2007 : January, 2008
- Financial reporting for the year ending 31st March, 2008 : April, 2008

**Code of Conduct:**

The Board of Directors has adopted the code of conduct and ethics for Directors, Senior Management and Designated Employees. The Code of Conduct has been communicated to the Directors and Designated employees of the Company and confirmed compliance with the said code. The code has also been posted on the Company’s website [www.jindal.com](http://www.jindal.com)

**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. The listing fee for the year 2007-08 has been paid to all the Stock Exchanges.

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

**Stock Market Data**

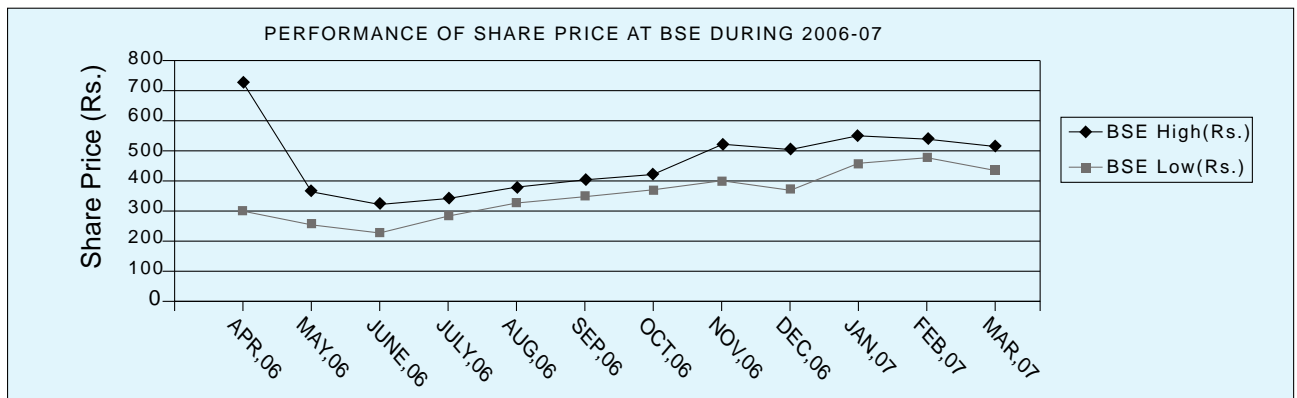
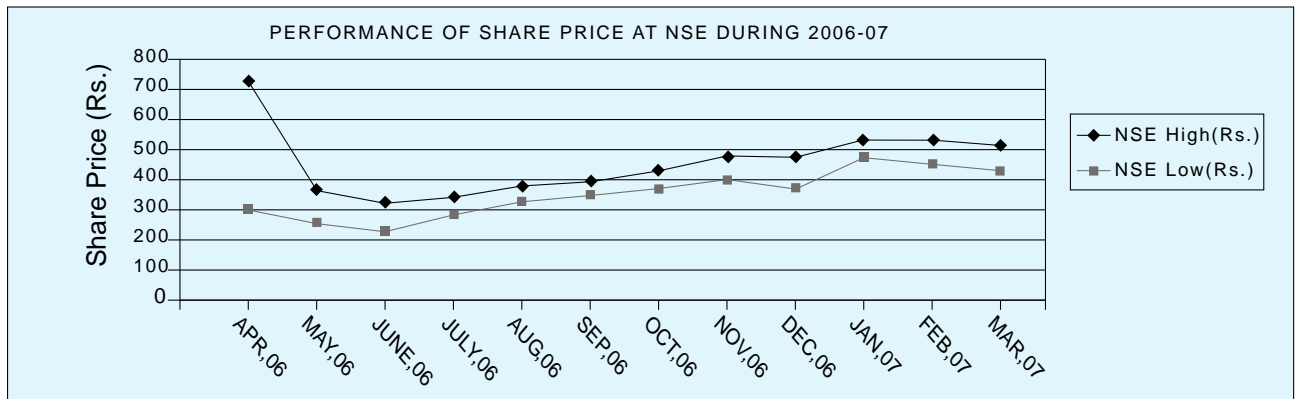
The monthly high and low quotations of shares traded on BSE and NSE are as under:-

MONTH	B S E		N S E	
	HIGH (Rs)	LOW (Rs)	HIGH (Rs)	LOW (Rs)
April 2006	719.90	278.00*	724.80	301.50*
May 2006	364.10	240.00	370.00	251.20
June 2006	333.00	232.00	325.50	233.00
July 2006	349.00	290.00	349.40	290.00
August 2006	381.95	316.35	381.00	326.00
September 2006	389.00	350.50	389.00	350.00
October 2006	421.00	371.20	425.00	362.00
November 2006	520.00	410.20	483.95	402.10
December 2006	503.00	381.00	485.00	380.00
January 2007	543.00	455.10	534.00	460.00
February 2007	533.95	465.00	533.75	460.00
March 2007	514.00	443.00	517.00	441.05

\* The Company has split its shares of Rs.10/- each into 2 equity shares of Rs.5/- each w.e.f. 18th April, 2006.



SHARE PERFORMANCE CHART



\* The Company has split its shares of Rs.10/- each into 2 equity shares of Rs.5/- each w.e.f. 18th April, 2006.

Distribution of shareholding as on 31st March, 2007

No. of Equity Shares held	No. of Shareholders	% of shareholders	No. of Shares held	% of Shareholding
Upto 500	18,605	91.45	3,331,264	4.76
501 to 1000	959	4.74	770,715	1.10
1001 to 5000	474	2.33	1,009,018	1.44
5001 to 10000	95	0.47	702,525	1.00
10001 to 20000	59	0.29	873,558	1.25
20001 to 30000	28	0.14	699,554	1.00
30001 to 40000	11	0.05	367,051	0.52
40001 to 50000	11	0.05	502,096	0.72
50001 to 100000	22	0.11	1,564,033	2.24
100001 to Above	82	0.40	60,112,153	85.97
<b>Grand Total</b>	<b>20,346</b>	<b>100.00</b>	<b>69,931,967</b>	<b>100.00</b>





**Shareholding Pattern as on 31st March, 2007:**

<b>CATEGORY</b>	<b>NO.OF SHARES HELD</b>	<b>% OF HOLDING</b>
Promoters	29,096,593	41.61
Financial Institutions, Mutual Funds, Banks	9,466,651	13.54
Foreign Institutional Investors	10,386,769	14.85
Private Body Corporates	14,430,465	20.63
Indian Public	5,567,916	7.96
NRIs / OCBs	983,573	1.41
<b>Grand Total</b>	<b>69,931,967</b>	<b>100.00</b>

**Dematerialisation of Shares and Liquidity**

The Company’s shares are compulsorily traded in dematerialised form. As on 31st March 2007, 55.10% 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, 75000 Zero Coupon Foreign Currency Convertible Bonds (FCCB) each of USD \$1000 each aggregating USD\$ 75,000,000 allotted on 29th July, 2005 in the international market since been fully converted into equity shares. The initial conversion price was fixed at Rs. 506.68 per share with a fixed rate of exchange on conversion of Rs 43.535=USD1.00 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. The Paid up capital of the Company has increased by 12,888,301 No. of Equity Shares (till the date of approval of Annual Accounts) of Rs.5/- each because of FCCB conversion.

**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,  
Distt. Satara (Maharashtra)

**Registrar and Share Transfer Agents:**

**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**

**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) a) **CHAIRMAN OF THE BOARD**

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

b) **TENURE OF INDEPENDENT DIRECTORS**

In terms of the Governance policy of the Company, all Directors, including Independent Directors (excluding Managing Director & Wholetime Director being appointed for a tenure of 5 years) are subject to retire by rotation. However, no maximum tenure, in the aggregate for independent directors has been specifically determined by the Board.

(2) **REMUNERATION COMMITTEE**

The Company does not have any Remuneration Committee. There are 6 members on the Board and remuneration of Managing Director / Wholetime Director 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 MEMEBRS**

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 2007

### 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 benefit.

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.

With the consolidation of 14" Seamless Mill, the Company has improved its market share and strengthened its position of market leadership in Seamless Pipe Industry. The Company enjoys enviable position in all segments of Seamless and ERW Pipes industry globally. Recently, the Company has also commissioned Coating Facility, which will improve its market penetration in Pipe segment. The Company has also started manufacturing 13 Crome Seamless Pipes, which is a value added product

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 Coating Facility and 13 Crome Seamless Pipes, value added products, 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.

Dumping by Chinese Companies and Competition from international players may pose some pricing pressures for the company's products.

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 77% of turnover of the Company. The contribution of the Seamless Pipes Division is over 82% of the total Profit Before Tax. ERW Division constitutes around 21% of turnover of the company. 7 MW Wind Power Project of the Company is meeting around 17% 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, Niko Resources 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 and/or delay in supplies may affect the production, the margins and the 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 funds by way of FCCB issue, which has been entirely converted in Indian Equity Shares. Thus, the amount is lying on the assets side in US Dollars and any change in the Foreign Exchange Rates would expose the Company to the currency risk. However, the Company is doing some partial hedging to minimise this 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 independent firm of Chartered Accountants carries out an extensive internal audit. 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.1551 crore from Rs. 1095 crore in the previous year - a growth of 42%. The profit before tax for the year was Rs.353 crore as against Rs207 crore in the previous year showing a growth of 71% . The profit after tax & adjustments for the year had been Rs. 234 crore as against Rs. 139 crore in the previous year.

In the year 2005, the Company raised US\$ 75 million on 29th July 2005, by way of Zero Coupon Foreign Currency Convertible Bonds (FCCB) to finance Capital Expenditure and Acquisitions. The entire FCCBs have been converted into Indian Equity Shares till the date of approval of Annual Accounts.

## FINANCE COST

The interest and finance charges for the year ended 31st March 2007 were Rs. 3.50crore as against Rs. 4.83 crore in the previous years.

## PAID-UP SHARE CAPITAL

Paid-up Share Capital of the company comprises Equity Share Capital of Rs34.96 crore as on 31st March 2007.

## RESERVES & SURPLUS

Reserves & Surplus of the Company were Rs.889 crore as on 31st March 2007 as against Rs.385 crore as on 31st March 2006.

## EARNING PER SHARE

Adjusted earning per share for the financial year 2006-07 improved to Rs.38.38 (on Rs.5/- per Share) from Rs.48.26 (on Rs.10/- per Share) in the previous year.

## Maharashtra Seamless 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 endeavor 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 up-gradation 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 Organizational 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 benchmark 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. In fact 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.

### HUMAN RESOURCE MANAGEMENT AND INDUSTRIAL RELATION

People power is one of the pillars of success at MSL. The Company's Human Resource Management system and procedures are formulated to create a responsive, customer centric, market focused culture and enhance organizational vitality. In a buoyant human capital market, the Company has successfully managed to attract, retain and nurture talent of high quality and has witnessed significant prospects from the human resource and industrial relations perspective. Your Company believes that the competence and the commitments of its people are the key drives of competitive advantage.

### CAUTIONARY STATEMENT

The statements in the Directors' Report and Management Discussion and Analysis Report contains "forward-looking statements" about our business, financial performance, skills and prospects. Statements about our plans, intentions, expectations, beliefs, estimates, predictions or similar expression for future are forward-looking statements.

Forward-looking statements should be viewed in the context of many risk issues, and events that could cause our actual performance to be different from that contemplated in the Directors' Report and Management Discussion and Analysis Report, including but not limited to, the impact of changes in oil, Steel prices worldwide and domestic, economic and political conditions. We cannot assure that outcome of this forward-looking statements will be realized. The Company disclaims any duty to update the information given in the aforesaid reports.

## AUDITORS' REPORT

To The Members of

### Maharashtra Seamless Limited

We have audited the attached Balance Sheet of **M/S MAHARASHTRA SEAMLESS LIMITED** as at 31<sup>st</sup> March 2007 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 31<sup>st</sup> March 2007, 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 31<sup>st</sup> March, 2007 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

**R.K KANODIA**

Partner

Membership

No.16121

Place : New Delhi

Dated : August 22, 2007



## 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 granted loans to two companies during the year. The maximum amount involved during the year was Rs. 80,916,306/- the year end balance of loan granted to such companies was Rs. 77,526,072/- . The company has not taken 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 taken loans in the previous year from two parties whose balance at the beginning of the financial year was Rs.413,666,228/-. The company has paid the entire loan during the year.
  - (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 within the provisions of Section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) rules 1975 have been complied with.
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 generally 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 31<sup>st</sup> March 2007 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 31<sup>st</sup> March, 2007 on account of any dispute are given below:

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period of which the amount relates	Amount (Rs.in Lacs)
Sales Tax	Demand for Sales Tax	Maharashtra Sales Tax Authority (Appellate Tribunal)	1992-1993	4.48
		ACST	2001-2002	193.22
Income Tax	Demand for Tax Liability (Amount deposited Rs. 586.15 lacs)	CIT (Appeal), New Delhi	2001-2002	386.15
			2002-2003	241.27
			2003-2004	150.00
Excise Duty	Demand for Excise Duty	CESTAT	Jan.1998-June 1999	18.70
		CESTAT	May1998-Feb.1999	6.73
		Commissioner Appeal	Feb.1999-Mar. 1999	0.84
		CESTAT	Dec.1999	2.42
		CESTAT	Apr. 2000-July 2000	5.03
		CESTAT	May 2000-Aug. 2001	3.74
		CESTAT	Oct.2002	0.37
		CESTAT	2001-2002	3.58
		Commissioner Appeal	July 2001-June 2003	0.11
		Commissioner Appeal	Jan. 2003-Dec. 2003	0.40
		CESTAT	Apr. 2003-July 2003	28.05
		CESTAT	2002-2003	12.12
		Commissioner Appeal	2003-2004	1.07
		Commissioner Appeal	2004-2005	0.21
		Commissioner Appeal	Jan. 2005-Sep. 2005	1.64
		CESTAT	Jan. 2005-Sep. 2005	91.99
Commissioner Appeal	Apr. 2005-Sep. 2005	6.74		
CESTAT	Oct.2005-Mar. 2005	107.16		
Commissioner Appeal	2005-2006	1.78		

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 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. According to the information and explanations given to us, the company has not obtained any term loan during the year, accordingly clause (xvi) of paragraph 4 of the Order is not applicable to the company.
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

**R.K KANODIA**

Partner

Membership No.16121

Place : New Delhi

Dated : August 22, 2007



**BALANCE SHEET**  
AS AT 31ST MARCH, 2007

	Schedules	As At 31.03.2007 (Rs.)	As At 31.03.2006 (Rs.)
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	349,659,835	288,225,600
b) Reserves and Surplus	2	8,891,251,489	3,850,938,984
		<u>9,240,911,324</u>	<u>4,139,164,584</u>
<b>2. Loan Funds</b>			
a) Secured Loans	3	98,740,991	381,074,215
b) Unsecured Loans	4	983,226,578	4,548,531,647
		<u>1,081,967,569</u>	<u>4,929,605,862</u>
<b>3. Deferred Tax Liabilities</b>			
		410,931,000	387,903,000
<b>TOTAL</b>		<u>10,733,809,893</u>	<u>9,456,673,446</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	5	3,683,715,075	3,367,172,712
Less : Depreciation		883,692,340	722,799,726
Net Block		<u>2,800,022,735</u>	<u>2,644,372,986</u>
b) Capital work in progress		57,917,416	163,080,934
		<u>2,857,940,151</u>	<u>2,807,453,920</u>
c) Silver Coins in hand		22,280	19,132
		<u>2,857,962,431</u>	<u>2,807,473,052</u>
<b>2. Investments</b>			
	6	538,220,434	204,780,000
<b>3. Current Assets, Loans &amp; Advances</b>			
a) Inventories	7	2,512,817,181	2,755,257,775
b) Sundry Debtors	8	1,995,767,641	1,399,796,328
c) Cash and Bank Balances	9	3,232,158,967	3,191,687,208
d) Loans and Advances	10	394,154,215	308,671,008
		<u>8,134,898,004</u>	<u>7,655,412,319</u>
<b>Less: Current Liabilities &amp; Provisions</b>	11	<u>797,270,976</u>	<u>1,210,991,925</u>
Net Current Assets		<u>7,337,627,028</u>	<u>6,444,420,394</u>
<b>TOTAL</b>		<u>10,733,809,893</u>	<u>9,456,673,446</u>

**Significant Accounting Policies & Notes on Accounts** 20

As per our report of even date attached

**For KANODIA SANYAL & ASSOCIATES**

Chartered Accountants

**R.K.Kanodia**

Partner

Membership No.16121

Place : Pipe Nagar, Distt. Raigad (Maharashtra)

Dated : 22nd August 2007

**Anil Jain**

CFO

**P. K. Puhan**

Company Secretary

**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



**PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2007**

	<b>Schedules</b>	<b>As At 31.03.2007 (Rs.)</b>	<b>As At 31.03.2006 (Rs.)</b>
<b>INCOME</b>			
Sales & Income From Operations	<b>12</b>	<b>15,196,148,400</b>	10,769,452,261
Less : Excise Duty		<b>1,225,614,145</b>	1,026,887,449
Net Sales & Income From Operations		<b>13,970,534,255</b>	9,742,564,812
Other Income	<b>13</b>	<b>314,491,695</b>	182,331,844
Increase/(Decrease) in Stock	<b>14</b>	<b>(204,348,100)</b>	226,063,204
		<b>14,080,677,850</b>	10,150,959,860
<b>EXPENDITURE</b>			
Materials, Manufacturing & Operating Expenses	<b>15</b>	<b>9,829,264,559</b>	7,531,179,467
Employees' Remuneration & Benefits	<b>16</b>	<b>169,791,583</b>	134,579,148
Administrative Expenses	<b>17</b>	<b>68,654,410</b>	59,532,751
Selling & Distribution Expenses	<b>18</b>	<b>288,349,118</b>	163,313,298
Interest & Financial Charges	<b>19</b>	<b>35,045,703</b>	48,329,366
Depreciation		<b>162,629,119</b>	145,529,914
		<b>10,553,734,492</b>	8,082,463,944
Profit before tax		<b>3,526,943,358</b>	2,068,495,916
Provision for taxation - Current		<b>1,163,500,000</b>	625,000,000
- Fringe Benefit		<b>2,000,000</b>	1,900,000
- Deferred		<b>23,028,000</b>	45,631,000
Profit after tax		<b>2,338,415,358</b>	1,395,964,916
Prior period adjustments / Tax Provision Written Back		<b>(116,165)</b>	(5,056,246)
Depreciation Written Back		<b>559,246</b>	-
Profit after tax and adjustment		<b>2,338,858,439</b>	1,390,908,670
Balance brought forward from previous year		<b>417,026,924</b>	169,168,783
Profit available for appropriation		<b>2,755,885,363</b>	1,560,077,453
<b>APPROPRIATIONS</b>			
<b>Dividends</b>			
- Interim Paid		<b>266,182,264</b>	-
- Proposed on Equity Shares		<b>105,800,132</b>	213,155,474
<b>Tax on Dividends</b>			
- Interim		<b>37,332,063</b>	-
- Proposed on Equity Shares		<b>17,980,732</b>	29,895,055
Transfer to General Reserve		<b>2,000,000,000</b>	900,000,000
Balance carried to Balance Sheet		<b>328,590,172</b>	417,026,924
		<b>2,755,885,363</b>	1,560,077,453
<b>Earning Per Share (Basic)</b>		<b>38.38</b>	48.26
<b>Earning Per Share (Diluted)</b>		<b>38.00</b>	42.69

**Significant Accounting Policies & Notes on Accounts 20**

As per our report of even date attached

**For KANODIA SANYAL & ASSOCIATES**

Chartered Accountants

**R.K.Kanodia**

Partner

Membership No.16121

Place : Pipe Nagar, Distt. Raigad (Maharashtra)

Dated : 22nd August 2007

**Anil Jain**

CFO

**P. K. Puhan**

Company Secretary

**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



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS**

	<b>As At 31.03.2007 (Rs.)</b>	<b>As At 31.03.2006 (Rs.)</b>
<b>SCHEDULE : 1</b>		
<b>SHARE CAPITAL</b>		
<u>Authorised</u>		
80,000,000 (Previous Year - 80,000,000) 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>	600,000,000
<u>Issued, Subscribed and Paid up</u>		
<b>Equity Capital</b>		
69,931,967 (Previous Year - 28,822,560 of Rs. 10/- Each) Equity Shares of Rs. 5 each fully paid up	<b>349,659,835</b>	288,225,600
	<b>349,659,835</b>	288,225,600
<b>SCHEDULE : 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Capital Redemption Reserve	<b>144,112,800</b>	144,112,800
Share Premium:		
As per last Balance Sheet	-	115,791,216
Less : Utilised for writing off expenses on issue of Zero Coupon Foreign Currency Convertible Bonds	-	59,341,483
Less : Amortization of premium payable on redemption of Zero Coupon Foreign Currency Convertible Bonds	-	56,449,733
Add : Premium on conversion of FCCB Bonds	<b>3,051,315,584</b>	-
Add : Premium earlier amortized to be written back as all the Zero Coupon Foreign Currency Convertible Bonds are allotted (Note No. 5)	<b>56,449,733</b> <b>3,107,765,317</b>	- -
Capital Investment Subsidy	<b>2,500,000</b>	2,500,000
General Reserve:		
As per last Balance Sheet	<b>3,287,299,260</b>	2,408,283,200
Add : Transferred from Profit & Loss Account	<b>2,000,000,000</b>	900,000,000
Less : Balance amount of amortization of premium payable on redemption of Zero Coupon Foreign Currency Convertible Bonds	-	20,983,940
Add : Premium earlier amortized to be written back as all the Zero Coupon Foreign Currency Convertible Bonds are allotted (Note No. 5)	<b>20,983,940</b> <b>5,308,283,200</b>	- 3,287,299,260
Profit and Loss Account	<b>328,590,172</b> <b>8,891,251,489</b>	417,026,924 3,850,938,984



	<u>As At 31.03.2007 (Rs.)</u>	<u>As At 31.03.2006 (Rs.)</u>
<b>SCHEDULE : 3</b>		
<b>SECURED LOANS</b>		
<b>Term Loan</b>		
From Banks		
- Foreign Currency Loan	<b>87,880,000</b>	134,910,000
<b>Working Capital Borrowings</b>		
From Banks	<b>10,860,991</b>	246,097,868
<b>Other Loans</b>	<b>-</b>	66,347
	<u><b>98,740,991</b></u>	<u>381,074,215</u>

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. 43,940,000/-** (Previous Year Rs. 44,970,000/-)

**SCHEDULE : 4**

**UNSECURED LOANS**

Zero Coupon Foreign Currency Convertible Bonds (Refer Note No. 5)	<b>3,342,558,673</b>	3,342,558,673
Less : Converted into Shares during the year	<b>3,190,186,173</b>	-
	<u><b>152,372,500</b></u>	<u>3,342,558,673</u>
Loans from Body Corporates	<b>-</b>	413,666,228
Security Deposit	<b>8,421,000</b>	8,415,000
Deferred Sales Tax	<b>822,433,078</b>	783,891,746
	<u><b>983,226,578</b></u>	<u>4,548,531,647</u>



**SCHEDULE : 5**

**FIXED ASSETS**

(Rs.)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	AS AT 31.03.2006	ADDITIONS	SALES/ ADJUST- MENT	AS AT 31.03.2007	UPTO 31.03.2006	FOR THE YEAR	SALES/ ADJUST- MENT	UPTO 31.03.2007	AS AT 31.03.2007	AS AT 31.03.2006
Land - Freehold	27,289,826	2,113,794	-	29,403,620	-	-	-	-	29,403,620	27,289,826
Shed & Building	615,351,396	112,619,295	-	727,970,691	65,750,881	16,962,524	-	82,713,405	645,257,286	549,600,515
Plant & Machinery *	2,671,668,742	161,320,449	2,000,000	2,830,989,191	639,855,244	139,696,932	559,246	778,992,930	2,051,996,261	2,031,813,498
Office Equipments	10,453,676	18,409,527	-	28,863,203	3,326,054	943,289	-	4,269,343	24,593,860	7,127,622
Computer	10,170,809	1,726,832	-	11,897,641	4,606,674	1,080,513	-	5,687,187	6,210,454	5,564,135
Furniture & Fixtures	6,694,818	16,924,366	-	23,619,184	3,240,364	1,037,165	-	4,277,529	19,341,655	3,454,454
Vehicles	25,543,445	6,866,360	1,438,260	30,971,545	6,020,509	2,908,696	1,177,259	7,751,946	23,219,599	19,522,936
<b>Total (A)</b>	3,367,172,712	319,980,623	3,438,260	3,683,715,075	722,799,726	162,629,119	1,736,505	883,692,340	2,800,022,735	2,644,372,986
Previous Year	2,868,857,483	498,772,666	457,437	3,367,172,712	577,615,558	145,529,914	345,746	722,799,726	2,644,372,986	2,291,241,925
<b>CAPITAL WORK IN PROGRESS</b>										
Land	90,971,111	300,000	86,924,261	4,346,850	-	-	-	-	4,346,850	90,971,111
Shed & Building	45,901,916	116,688,092	114,900,136	47,689,872	-	-	-	-	47,689,872	45,901,916
Plant & Machinery	7,975,699	1,860,953	7,975,699	1,860,953	-	-	-	-	1,860,953	7,975,699
Preoperative Expenses	8,938,326	-	8,938,326	-	-	-	-	-	-	8,938,326
Capital Advances	9,293,882	1,725,844	6,999,985	4,019,741	-	-	-	-	4,019,741	9,293,882
<b>Total (B)</b>	163,080,934	120,574,889	225,738,407	57,917,416	-	-	-	-	57,917,416	163,080,934
Previous Year	407,923,683	181,968,078	426,810,827	163,080,934	-	-	-	-	163,080,934	407,923,683
Current Year (A+B)									2,857,940,151	2,807,453,920
Previous Year									2,807,453,920	2,699,165,608
* During the year the company has received Capital Subsidy from MEDA amounting to Rs. 2,000,000/- and the same is being accounted for as per AS - 12 relating to Accounting for Government Grants issued by The Institute of Chartered Accountants of India.										





	As At 31.03.2007		As At 31.03.2006	
	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 Of Joint Venture Company</b>				
Rs. 10 each of Hydril Jindal International Pvt. Ltd.	4,290,000	42,900,000	4,290,000	42,900,000
<b>B. Non-trade</b>				
<b>Un-Quoted</b>				
<b>Bonds</b>				
7.99% Housing & Urban Development Corp. Ltd.	-	-	500	51,180,000
5.60% Rural Electrification Corp. Ltd.	-	-	2,000	20,000,000
5.15% Rural Electrification Corp. Ltd.	2,520	25,200,000	2,520	25,200,000
5.60% Rural Electrification Corp. Ltd.	5,150	51,500,000	5,150	51,500,000
5.60% National Highway Authority of India	1,400	14,000,000	1,400	14,000,000
<b>II. SHORT TERM</b>				
<b>Non - Trade</b>				
<b>Quoted</b>				
<b>Mutual Funds</b>				
ICICI Prudential FMP - Growth	5000000	50,000,000	-	-
LICMF Liquid Fund - Growth	8851840	120,369,974	-	-
Principal PNB FMP - Growth	3000000	30,000,000	-	-
Principal Cash Management Fund - Growth	13206531	154,250,460	-	-
Standard Chartered FMP - Growth	5000000	50,000,000	-	-
		<u>538,220,434</u>		<u>204,780,000</u>
Aggregate Value of Quoted Investments		404,620,434		-
Aggregate Value of Unquoted Investments		133,600,000		204,780,000
Market Value of Quoted Investments		405,598,107		-
			<u>As At 31.03.2007 (Rs.)</u>	<u>As At 31.03.2006 (Rs.)</u>

**SCHEDULE : 7**

**INVENTORIES**

(As Verified, Valued and Certified by the Management)

Raw Materials	1,398,016,361	1,566,660,426
Finished Goods	546,051,897	616,668,208
Work in Process	339,245,655	396,216,671
Scrap	23,695,929	26,583,323
Stock in Transit	-	3,088,188
Stores & Spares	205,807,339	146,040,959
	<u>2,512,817,181</u>	<u>2,755,257,775</u>



<b>As At 31.03.2007 (Rs.)</b>	<b>As At 31.03.2006 (Rs.)</b>
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**SCHEDULE : 8**

**SUNDRY DEBTORS**

(Unsecured, Considered Good)

Debts outstanding for a period exceeding six months	<b>205,991,432</b>	41,896,624
Other debts (Includes amount receivable from Joint Venture Company <b>Rs. 8,656,128/-</b> , Previous Year Rs. 4,781,085/-)	<b>1,789,776,209</b>	1,357,899,704
	<b><u>1,995,767,641</u></b>	<u>1,399,796,328</u>

**SCHEDULE : 9**

**CASH AND BANK BALANCES**

Cash in hand	<b>577,187</b>	641,382
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**Balances with Scheduled Banks**

- In Fixed Deposit Accounts (Refer Note No. 6)	<b>3,185,518,450</b>	3,176,204,510
- In Current Accounts	<b>14,823,551</b>	1,333,122
- In Unclaimed Dividend Accounts	<b>28,380,544</b>	10,448,125
- In Unclaimed Preference Share Redemption Account	<b>2,562,810</b>	2,633,310
- In Unclaimed NCD Redemption Accounts	<b>213,649</b>	213,649
- In Unclaimed Debenture Interest Accounts	<b>82,776</b>	213,110
	<b><u>3,232,158,967</u></b>	<u>3,191,687,208</u>

**SCHEDULE : 10**

**LOANS AND ADVANCES**

(Unsecured, Considered Good)

Loans	<b>77,526,072</b>	-
Advances Recoverable in Cash or in kind or for value to be received	<b>283,560,438</b>	202,777,042
Interest Accrued on fixed deposits but not due	<b>12,273,894</b>	72,031,715
Security Deposits	<b>20,792,764</b>	16,011,050
Balances with Government Authorities	<b>1,047</b>	1,709
Advance Tax (net of provisions)	<b>-</b>	17,849,492
	<b><u>394,154,215</u></b>	<u>308,671,008</u>



<b>As At 31.03.2007 (Rs.)</b>	<b>As At 31.03.2006 (Rs.)</b>
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**SCHEDULE : 11**

**CURRENT LIABILITIES & PROVISIONS**

**Current Liabilities**

Sundry Creditors	<b>361,559,965</b>	737,019,717
Other Liabilities	<b>146,565,620</b>	153,341,855
Advance From customers	<b>103,784,131</b>	63,250,820
Investor Education and Protection Fund : (Appropriate amount shall be transferred to Fund as & when due)		
- Unclaimed Dividend	<b>28,380,544</b>	10,448,125
- Unclaimed Preference Share Redemption Account	<b>2,562,810</b>	2,633,310
- Unclaimed NCD Redemption Accounts	<b>213,649</b>	213,649
- Unclaimed Debenture Interest Accounts	<b>82,776</b>	213,110
Interest accrued but not due on loans	<b>621,312</b>	820,810
	<b>643,770,807</b>	967,941,396

**Provisions**

Taxation ( Net of Advance Tax & TDS)	<b>29,719,305</b>	-
Proposed Dividend on Equity Shares	<b>105,800,132</b>	213,155,474
Proposed Dividend Distribution Tax	<b>17,980,732</b>	29,895,055
	<b>153,500,169</b>	243,050,529
	<b>797,270,976</b>	1,210,991,925

**SCHEDULE : 12**

**SALES & INCOME FROM OPERATIONS**

Manufacturing	<b>14,840,912,826</b>	10,575,371,630
Scrap	<b>354,334,995</b>	194,021,529
Job Work Services	<b>900,579</b>	59,102
	<b>15,196,148,400</b>	10,769,452,261

**SCHEDULE : 13**

**OTHER INCOME**

Interest received (TDS Rs. 662,091/-, Previous Year Rs. 337,614/-)	<b>176,309,638</b>	108,375,169
Dividend Received - Trade	<b>-</b>	450,000
- Non Trade	<b>12,947,570</b>	8,537,946
Profit on Sale of Current (Non Trade) Investments (Net)	<b>9,898,097</b>	889,625
Profit on Sale of Long Term (Trade) Investments	<b>-</b>	16,492,500
Foreign Exchange Fluctuation (Net)	<b>-</b>	696,001
Rent Received (TDS Rs. 2,840,904/-, Previous Year Rs. 1,772,821/-)	<b>12,792,696</b>	8,001,276
Miscellaneous Income	<b>102,543,694</b>	38,889,327
	<b>314,491,695</b>	182,331,844



	Year Ended 31.03.2007 (Rs.)	Year Ended 31.03.2006 (Rs.)
<b>SCHEDULE : 14</b>		
<b>INCREASE/(DECREASE) IN STOCK</b>		
<b>Closing Stock</b>		
Finished Goods	546,051,897	616,668,208
Work in Process	339,245,655	396,216,671
Scrap	23,695,929	26,583,323
	<u>908,993,481</u>	<u>1,039,468,202</u>
<b>Opening Stock</b>		
Finished Goods	616,668,208	486,895,539
Stock in Transit (Last Year)	3,088,188	-
Work in Process	396,216,671	225,392,437
Scrap	26,583,323	20,321,134
	<u>1,042,556,390</u>	<u>732,609,110</u>
Increase/(Decrease) in Stock	<u>(133,562,909)</u>	306,859,092
Excise Duty on Finished Goods	70,785,191	80,795,888
Increase/(Decrease) in Stock	<u>(204,348,100)</u>	<u>226,063,204</u>

**SCHEDULE : 15**

**MATERIALS, MANUFACTURING & OPERATING EXPENSES**

**Raw Materials Consumed**

Opening Stock	1,566,660,426	471,778,299
Add : Purchases	7,976,311,048	7,447,604,474
	<u>9,542,971,474</u>	<u>7,919,382,773</u>
Less : Closing Stock	1,398,016,361	1,566,660,426
	<u>8,144,955,113</u>	<u>6,352,722,347</u>

**Manufacturing Expenses**

Stores & Spares Consumed	623,112,693	394,215,512
Power & Fuel	921,915,803	688,297,004
Water Charges	6,877,310	6,095,516
Repairs to Machinery 23,775,359		<b>36,912,530</b>
Repairs to Building	5,692,856	1,279,018
Job Work Charges	89,798,254	64,794,711
	<u>9,829,264,559</u>	<u>7,531,179,467</u>

**SCHEDULE : 16**

**EMPLOYEES' REMUNERATION & BENEFITS**

Salaries, Wages & Other Allowances	153,843,671	125,666,996
Contribution to Provident & Other Funds	14,860,124	6,387,463
Staff Welfare Expenses 2,524,689		<b>1,087,788</b>
	<u>169,791,583</u>	<u>134,579,148</u>



<b>Year Ended 31.03.2007 (Rs.)</b>	<b>Year Ended 31.03.2006 (Rs.)</b>
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**SCHEDULE : 17**

**ADMINISTRATIVE EXPENSES**

Rent	<b>5,456,500</b>	4,859,000
Rates & Taxes	<b>3,109,709</b>	5,030,555
Postage, Telegram & Telephone	<b>4,541,091</b>	4,369,483
Printing & Stationery	<b>2,941,678</b>	2,738,038
Travelling & Conveyance:		
- Directors	<b>1,722,278</b>	2,936,972
- Others	<b>12,487,887</b>	11,759,934
Vehicle Upkeep & Maintenance	<b>5,328,831</b>	2,291,291
Directors' Fee	<b>285,000</b>	142,500
Insurance 6,076,281		<b>5,665,005</b>
Staff Recruitment & Training Expenses	<b>616,367</b>	1,173,494
Repair & Maintenance (Others)	<b>7,449,145</b>	4,247,745
Legal & Professional Charges	<b>3,467,009</b>	3,433,501
Filing Fees	<b>25,534</b>	368,472
Fees & Subscription	<b>3,477,201</b>	2,205,554
Electricity Charges	<b>1,431,376</b>	1,101,769
Auditors' Remuneration :		
- Audit Fee	<b>300,000</b>	200,000
- Tax Audit Fee	<b>50,000</b>	25,000
- Company Law Matters	<b>95,000</b>	117,602
- Other Expenses	<b>71,854</b>	92,074
Foreign Exchange Fluctuation (Net)	<b>4,130,044</b>	-
Internal Auditors' Remuneration	<b>174,089</b>	166,218
General Expenses	<b>4,567,811</b>	4,564,466
Loss on Sale of Long Term (Non Trade) Investments	<b>1,180,000</b>	1,590,000
Loss on sale of Fixed Assets (Net)	<b>81,001</b>	42,802
	<b>68,654,410</b>	59,532,751

**SCHEDULE : 18**

**SELLING & DISTRIBUTION EXPENSES**

Commission & Discount	<b>109,274,738</b>	80,684,515
Freight Outward & Claims	<b>162,537,799</b>	70,857,124
Testing & Inspection Fees	<b>9,847,122</b>	6,347,067
Advertisement & Business Promotion	<b>6,225,483</b>	4,765,199
Tender Fees	<b>463,976</b>	659,393
	<b>288,349,118</b>	163,313,298

**SCHEDULE : 19**

**INTEREST & FINANCIAL CHARGES**

Interest		
- Term Loan	<b>11,004,938</b>	16,912,715
- Others	<b>7,276,418</b>	13,525,825
- Working Capital Loan	<b>4,790,547</b>	4,007,844
Bank Charges	<b>11,973,800</b>	13,882,982
	<b>35,045,703</b>	48,329,366



**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.

Sale of goods is recognized at the point of 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 is 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 for the year ended 31<sup>st</sup> March 2007 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 recognised in Profit & Loss Account.

Any profit or loss on account of exchange difference on settlement/translation is recognised in the Profit and Loss Account.

i. **Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of 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 company, in accordance with relevant tax provision and tax advices wherever considered necessary, calculates the current Income Tax liability.

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 Statements have been considered.

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

Contingent Liabilities as defined in AS - 29 on "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of Notes to the accounts. Provision is made if it is probable that an outflow of future benefits will be required for an item previously dealt with as a contingent liability, recognised for liabilities that can be measured by using a substantial degree of estimation.

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

**NOTES ON ACCOUNTS**

1. **CONTINGENT LIABILITIES**

- a) Letter of Credit - **Rs. 247,833,809/-** (Previous Year Rs. 405,567,655/-)
- b) Bank Guarantee - **Rs. 98,110,494/-** (Previous Year Rs. 208,777,109/-)
- c) Corporate Guarantee - **Rs. 110,461,418/-** (Previous Year Rs. 132,300,000/-)
- d) Sales Tax Demand under appeal - **Rs. 19,770,868/-** (Previous Year Rs. 448,047/-)
- e) Income Tax Demand under appeal - **Rs. 77,741,933/-** (Previous Year Rs. 41,872,769/-)
- f) Excise Duty Demand under Appeal - **Rs. 29,269,942/-** (Previous Year Rs. 3,783,529/-)

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 import of capital goods during the year amounts to **Rs. 35,066,434/-** (Previous Year Rs. 47,354,715/-) and for this the company is under an obligation to export goods amounting to **Rs. 280,531,472/-** (Previous Year Rs. 378,837,720/-), within a period of eight years, commencing from the date of issue of licences. The company has, however, fulfilled the export obligation till date to the extent of **Rs. 153,522,840/-** (Previous Year 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. 67,827,334/-** (Previous Year Rs. 7,939,991/-).

3. Estimated amount of contracts remaining to be executed on Capital Account, net of advances, and not provided for is **Rs. 9,952,825/-** (Previous Year Rs. 138,853,623/-)
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.





5. The Company had 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 plans & acquisitions. The bond – holders 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 28<sup>th</sup> August 2005 upto 30<sup>th</sup> June 2010. The bonds are redeemable on 30<sup>th</sup> July 2010 at 135.70 percent of their principal amount, unless previously converted, redeemed or purchased and cancelled.

During the year upto 31<sup>st</sup> March 2007 the bondholders worth USD 71.50 million have exercised their conversion option for conversion of their Bonds into Equity Shares. The company had allotted 12,286,847 numbers of shares pursuant to this request. Consequently share capital and share premium account have gone up by Rs. 61,434,235/- and Rs. 3,051,315,584/- respectively. Further, till the date of approval of Annual Accounts, the company has received request for balance USD 3.50 million, which had been allotted. Consequently the entire amortised premium payable on redemption of bond has been written back in the respective account heads. Further as on date the entire FCCB Bonds are converted into Equity Shares.

6. Fixed deposits appearing under Cash & Bank Balances include an amount of **Rs. 3,175,976,728/-** (Previous Year Rs. 3,172,106,270/-), with Indian Banks & its overseas Branches and reputed International Bank, being unutilised balance out of FCCB issue proceeds.
- a) Options outstanding as at the end of the year on unissued share capital on conversion of Zero Coupon FCCB Bonds: 601,454 Equity Shares of Rs. 5 each and the company had allotted shares till the date of approval of Annual Accounts.
- 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.
7. In accordance with the 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.
8. a) Total amount due to Small Scale Industrial undertaking is **Rs. 3,536,809/-** (Previous Year Rs. 1,764,879/-). The name of the Small Scale Industrial Undertakings to whom the company owes a sum of more than Rupees One lac, which is outstanding for more than 30 days are:

<b>Name of the Party</b>	<b>Amount (Rs.)</b>
Anand Engineers Pvt. Ltd.	246,785
J. Mangsun & Company	153,957
PCP Chemicals Pvt Ltd	432,819
Tashkent Oil Co. Pvt Ltd	320,094

The above information regarding Small Scale Industrial undertaking 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.

- b) The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.
9. Stock includes material in transit.
10. 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.
11. 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. The company had contributed till 31<sup>st</sup> March 2007 **Rs. 42,900,000/-** (Previous Year Rs. 42,900,000/) towards equity contribution. The amount outstanding as on 31<sup>st</sup> March 2007 is **Rs. 13,409,766/-** (Previous Year Rs. Nil) towards loan given to JV.
- a) Financial Interest in Joint Venture Company

<b>As At 31.03.2007</b>		<b>Year Ended 31.03.2007</b>	
<b>Assets</b>	<b>Liabilities</b>	<b>Income</b>	<b>Expenditure</b>
<b>160,858,928</b>	<b>114,161,793</b>	<b>196,959,479</b>	<b>190,860,738</b>
(154,248,876)	(113,407,857)	(19,126,091)	(21,750,549)

**(Rs.)**

- b) Share in Contingent Liability of Joint Venture as on March 31, 2007 is **Rs. 1,835,000/-** (Previous Year Rs. 1,222,500/-).
- c) Share in estimated amount of contracts remaining to be executed on capital account and not provided for **Rs. Nil** (Previous Year Rs. 15,456,942/-)



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

(Rs.)

Particulars	As At 31.03.2007	As At 31.03.2006
Amount Brought Forward From Last Year	8,938,326	16,893,451
Addition During The Year	-	7,123,613
Amount Capitalised/ Adjusted During The Year	(8,938,326)	(15,078,738)
<b>Closing Balance</b>	-	8,938,326
<b>Represented By:</b>		
Power & fuel	-	19,737
Rent	-	434,250
Salaries, Wages & Other Allowances	-	2,010,352
Travelling & Conveyance	-	1,476,924
Communication Expenses	-	243,234
Legal & Professional	-	2,819,945
Interest & Financial Charges	-	813
Miscellaneous Expenses	-	1,933,071
<b>Total</b>	-	8,938,326

13. **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	Seamless Pipe	ERW Pipe*	Wind Power	Others	Total
Net External Sales/Income from operations	109,927 (70,229)	29,285 (26,850)	494 (346)	3,132 (1,808)	142,838 (99,233)
Inter-Segment Sales	11 (-)	15 (-)	494 (346)	- (-)	520 (346)
Segment Results	33,778 (18,752)	3,694 (4,044)	270 (122)	3,132 (1,808)	40,874 (24,726)
Interest & Financial Charges	327 (452)	23 (31)	- (-)	- (-)	350 (483)
Other un-allocable expenditure	4,303 (2,883)	925 (650)	27 (25)	- (-)	5,255 (3,558)
Profit before tax	29,148 (15,417)	2,746 (3,363)	243 (97)	3,132 (1,808)	35,269 (20,685)
Segment Assets (Including Capital Work In Progress)	59,307 (59,429)	14,267 (9,751)	5,472 (5,165)	37,199 (977)	116,245 (75,322)
Segment Liabilities	11,854 (21,493)	3,462 (3,964)	2,876 (2,342)	- (-)	18,192 (27,799)
Unallocable Liabilities					5,644 (6,131)
Capital Employed					92,409 (41,392)

\* During the year the company has commenced coating facility of pipes, which is a value added product. Figures in bracket are for previous year.



14. Related Parties Disclosures as per Accounting Standard - 18.

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

- a. **Joint Venture Company**  
Hydril Jindal International Pvt. Ltd.
- b. **Key Management Personnel**  
Shri Saket Jindal  
Shri S. P. Raj
- c. **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>31-03-2007</b>	31-03-2006
a.	<b>Purchase &amp; Other Services from related parties</b>		
	Joint Venture Company	<b>1,000,690</b>	373,826
	Relatives of Key Management Personnel	<b>84,645</b>	83,593
b.	<b>Sales &amp; Other Services to related parties</b>		
	Joint Venture Company	<b>258,279,960</b>	86,279,684
c.	<b>Investment in related parties</b>		
	Joint Venture Company	-	29,400,000
d.	<b>Loans/Inter Corporate deposits given (Maximum Outstanding)</b>		
	Joint Venture Company	<b>16,800,000</b>	-
e.	<b>Interest Received from related parties</b>		
	Joint Venture Company	<b>1,034,169</b>	-
f.	<b>Rent paid to related parties</b>		
	Relatives of Key Management Personnel	<b>120,000</b>	120,000
g.	<b>Remuneration</b>		
	Key Management Personnel	<b>4,496,511</b>	2,701,032
h.	<b>Balance as at 31<sup>st</sup> March 2007 Payable by the Company</b>		
	Relatives of Key Management Personnel	<b>19,521</b>	20,211
i.	<b>Balance as at 31<sup>st</sup> March 2007 Receivable by the Company</b>		
	Joint Venture Company	<b>24,995,949</b>	33,713,345

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.

15. In compliance with the 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. 23,028,000/-** in the Profit & Loss Account.

**Deferred Tax Liability**

		(Rs.)		
<b>Particulars</b>	As At 31.03.2006	During the Year	<b>As At 31.03.2007</b>	
Fixed Assets	388,617,510	24,427,448	<b>413,044,958</b>	

**Deferred Tax Assets**

<b>Particulars</b>	As At 31.03.2006	During the Year	<b>As At 31.03.2007</b>	
Others	714,510	1,399,448	<b>2,113,958</b>	
<b>Net Deferred Tax Liability</b>	<b>387,903,000</b>	<b>23,028,000</b>	<b>410,931,000</b>	



**16. Earning Per Share**

<b>Particulars</b>	<b>2006-07</b>	2005-06
<b>Basic</b>		
Net Profit available for equity shareholders (Rs.) (a)	<b>2,338,858,439</b>	1,390,908,670
Weighted average number of equity shares of Rs. 5/- each (Previous Year Rs. 10/- Each) (b)	<b>60,943,464</b>	28,822,560
Basic Earning per share (Rs.) (a/b)	<b>38.38</b>	48.26
<b>Diluted</b>		
Weighted average number of equity shares of Rs. 5/- each (Previous Year Rs. 10/- Each) (b)	<b>60,943,464</b>	28,822,560
Add: Weighted average number of potential equity shares of Rs. 5/- each (Previous Year Rs. 10/- each) that could arise on conversion of FCCBs	<b>601,454</b>	3,759,091
Weighted average number of shares (c)	<b>61,544,918</b>	32,581,651
Diluted Earning per share (Rs.) (a/c)	<b>38.00</b>	42.69

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

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

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**.

**18. 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)**

<b>Particulars</b>	<b>Year ended 31.03.2007</b>	Year ended 31.03.2006
Installed Capacity	<b>350,000</b>	225,000
Production	<b>228,616</b>	149,744

Includes Production of Pipe Fittings of **73.396 MT** (Previous Year 63.999 MT).

**ERW Pipe**

**(MT)**

<b>Particulars</b>	<b>Year ended 31.03.2007</b>	Year ended 31.03.2006
Installed Capacity	<b>200,000</b>	200,000
Production	<b>85,533</b>	83,293

Includes production of **13,146 MT** (Previous Year 11,641 MT) pipe by third party on job work basis as orders executed were not in our size range.

**Wind Power**

**(Kwh)**

<b>Particulars</b>	<b>Year ended 31.03.2007</b>	Year ended 31.03.2006
Installed Capacity	<b>61,320,000</b>	61,320,000
Units Generated	<b>10,205,172</b>	8,831,328

The installed capacity is as certified by the Management.



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

**Seamless Pipe**

Items	Year ended 31.03.2007		Year ended 31.03.2006	
	Qty. (MT)	Amt. (Rs.)	Qty. (MT)	Amt. (Rs.)
Opening Stock	14,193	481,038,789	9,035	315,877,801
Turnover*	231,612	11,541,795,643	144,586	7,515,706,085
Closing Stock	11,197	414,075,912	14,193	481,038,789

\* It includes captive consumption of **Rs. 4,297,702/- (162.149 MT)** (Previous Year Rs.13,841,900/-) (542.660 MT).

\* It Includes **Rs. 5,299,452/- (52.689 MT)** (Previous Year Rs. 5,878,820/-) (53.595 MT) of Pipe Fittings.

Closing Stock Includes **Rs. 3,617,022/- (35.827 MT)** (Previous Year Rs.1,708,827/-) (15.120 MT) of Pipe Fittings.

**ERW Pipe**

Items	Year ended 31.03.2007		Year ended 31.03.2006	
	Qty. (MT)	Amt. (Rs.)	Qty. (MT)	Amt. (Rs.)
Opening Stock	5,226	135,629,419	4,926	171,017,738
Turnover*	86,672	3,249,737,013	82,993	3,025,046,739
Closing Stock	4,087	131,975,985	5,226	135,629,419

\* It includes captive consumption of **Rs. 3,620,420 (119.410 MT)** (Previous Year Rs. 1,319,497/-) (47.930 MT).

\* It includes Coating pipes sale amounting to **Rs. 1,392,064/-** (Previous Year Rs. Nil)

**Wind Power**

Items	Year ended 31.03.2007		Year ended 31.03.2006	
	Units (KWH)	Amt. (Rs.)	Units (KWH)	Amt. (Rs.)
Income from Power Generation	10,205,172	49,380,170	8,831,328	34,618,806

**III. RAW MATERIALS CONSUMED**

Items	Year ended 31.03.2007		Year ended 31.03.2006	
	Qty. (MT)	Amt. (Rs.)	Qty. (MT)	Amt. (Rs.)
Round Billets	246,288	5,690,037,601	168,947	4,256,977,108
HR Coil	90,614	2,398,060,872	84,765	2,055,396,025
Pipes (Sq. Metre)	719	1,401,460	-	-
Zinc	315	52,900,779	371	37,880,237
Others	-	2,554,401	-	2,468,977
<b>Total</b>		<b>8,144,955,113</b>		<b>6,352,722,347</b>

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

**RAW MATERIALS**

Items	Year ended 31.03.2007		Year ended 31.03.2006	
	(%)	Amt. (Rs.)	(%)	Amt. (Rs.)
Imported	30.18	2,458,470,804	43.84	2,784,949,574
Indigenous	69.82	5,686,484,309	56.16	3,567,772,773
<b>Total</b>	<b>100.00</b>	<b>8,144,955,113</b>	<b>100.00</b>	<b>6,352,722,347</b>



**STORES & SPARE PARTS CONSUMED**

Items	Year ended 31.03.2007		Year ended 31.03.2006	
	(%)	Amt. (Rs.)	(%)	Amt. (Rs.)
Imported	18.73	116,707,437	9.09	35,835,456
Indigenous	81.27	506,405,256	90.91	358,380,056
<b>Total</b>	<b>100.00</b>	<b>623,112,693</b>	100.00	394,215,512

**V. CIF VALUE OF IMPORTS**

(Rs.)

Items	Year ended 31.03.2007	Year ended 31.03.2006
Raw Materials	2,295,415,315	2,960,007,404
Stores & Spares	77,997,760	42,607,874
Capital Goods	48,058,140	-

**VI. EXPENDITURE IN FOREIGN CURRENCY**

(Rs.)

Items	Year ended 31.03.2007	Year ended 31.03.2006
Travelling	1,595,350	2,233,418
FCCB Issue Expenses	-	56,077,960
Interest	11,004,938	9,031,966
Others	628,997	414,334

**VII. EARNING IN FOREIGN CURRENCY**

(Rs.)

Items	Year ended 31.03.2007	Year ended 31.03.2006
Supplies to Oil Sector	1,949,892,200	1,027,900,546
Interest Received	159,563,244	92,693,672

**VIII. MANAGERIAL REMUNERATION**

The Details of Managerial Remuneration is as under:

(Rs.)

Particulars	Year ended 31.03.2007	Year ended 31.03.2006
Salary	3,349,540	1,891,920
Contribution to PF & other Funds	452,243	223,632
Perquisites	694,728	585,480
<b>Total</b>	<b>4,496,511</b>	2,701,032

The Managing / Wholtime Directors of the Company were paid remuneration (without any commission) in accordance with the provision of Schedule XIII to the Companies Act, 1956. Therefore computation of the profit under section 198 of the Companies Act 1956 is not applicable.



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

<b>NAME OF THE COMPANY</b>	<b>No. of Units</b>	<b>PURCHASE VALUE (Rs.)</b>	<b>SALE VALUE (Rs.)</b>
ABN AMRO Floating Rate Fund - Institutional - Growth	- (2826545.888)	- (30,000,000)	- (30,116,309)
ABN AMRO Cash Fund - Institutional - Growth	<b>3168772.730</b> (-)	<b>35,000,000</b> (-)	<b>35,362,236</b> (-)
Birla Index Fund - Dividend	<b>464156.545</b> (-)	<b>10,100,000</b> (-)	<b>6,998,094</b> (-)
Birla Sun Life Cash Manager - Institutional - Growth	<b>1213327.186</b> (-)	<b>15,000,000</b> (-)	<b>15,133,223</b> (-)
Birla Sun Life Short Term Fund - Growth	<b>1513477.517</b> (-)	<b>20,000,000</b> (-)	<b>20,221,876</b> (-)
DSPML Liquid Plus - Institutional - Growth	<b>86187.816</b> (-)	<b>90,010,546</b> (-)	<b>90,270,628</b> (-)
DSPML Liquidity Fund - Institutional - Growth	<b>131360.847</b> (-)	<b>140,000,000</b> (-)	<b>140,060,356</b> (-)
DSP Merrill Lynch Floating Rate Fund - Growth	- (9017230.095)	- (100,000,000)	- (100,579,917)
DWS Insta Cash Plus Fund - Growth	<b>2899559.267</b> (-)	<b>35,000,000</b> (-)	<b>35,082,348</b> (-)
DWS Short Maturity Fund - Growth	<b>7400451.761</b> (-)	<b>90,000,000</b> (-)	<b>90,693,073</b> (-)
Grindlays Cash Fund - Institutional Plan B - Growth	<b>15259453.411</b> (8085228.889)	<b>200,000,000</b> (105,000,000)	<b>200,201,860</b> (105,094,231)
Grindlays Floating Rate - Short Term - Institutional Plan B - Growth	- (51345918.628)	- (577,500,000)	- (578,812,973)
HDFC Cash Management Fund - Savings Plan - Growth	<b>14027982.365</b> (8085228.889)	<b>207,500,000</b> (105,000,000)	<b>208,573,318</b> (105,094,231)
HDFC Liquid Fund - Premium Plan - Growth	<b>5749338.827</b> (8085228.889)	<b>85,500,000</b> (105,000,000)	<b>85,770,682</b> (105,094,231)
HDFC Floating Rate Income Fund - Short Term Plan - Growth	- (12468022.354)	- (140,000,000)	- (140,653,899)
HSBC Income Fund - Short Term - Institutional - Growth	<b>6885373.121</b> (-)	<b>85,000,000</b> (-)	<b>86,484,496</b> (-)
ING Vysya Nifty Plus - Dividend	- (1674107.143)	- (22,500,000)	- (17,309,062)
JM Short Term Fund - Institutional Plan - Growth	<b>11494338.091</b> (-)	<b>140,000,000</b> (-)	<b>142,463,667</b> (-)
JM Floater Fund - Short Term Plan - Growth	- (6387734.415)	- (70,000,000)	- (70,761,093)
Kotak Bond Short Term - Growth	<b>11680098.989</b> (-)	<b>152,500,000</b> (-)	<b>156,525,745</b> (-)
Kotak Flexi Debt Scheme - Growth	<b>4515488.124</b> (-)	<b>50,000,000</b> (-)	<b>50,476,384</b> (-)





Kotak Floater Short Term - Growth	<b>1227184.593</b> (-)	<b>15,000,000</b> (-)	<b>15,053,873</b> (-)
LICMF Floating Rate Fund - Short Term Plan - Growth	<b>3372595.971</b> (-)	<b>40,000,000</b> (-)	<b>40,369,974</b> (-)
LICMF Index Fund - Nifty - Dividend	<b>1986110.467</b> (-)	<b>30,000,000</b> (-)	<b>20,523,476</b> (-)
LICMF Liquid Fund - Growth	<b>22095282.271</b> (-)	<b>292,000,000</b> (-)	<b>292,800,988</b> (-)
Lotus India Liquid Fund - Institutional - Growth	<b>9526458.172</b> (-)	<b>97,500,000</b> (-)	<b>97,569,985</b> (-)
Principal Cash Management Fund Liquid Option - Inst. Plan - Growth	<b>14357330.265</b> (-)	<b>172,500,000</b> (-)	<b>173,105,671</b> (-)
Principal Cash Management Fund Liquid Option - Inst. Premium Plan - Growth	<b>20852207.814</b> (-)	<b>239,500,000</b> (-)	<b>239,614,375</b> (-)
Principal Floating Rate Fund FMP - Inst. Plan - Growth	<b>7138523.040</b> (-)	<b>80,000,000</b> (-)	<b>80,280,544</b> (-)
Principal Income Fund Short Term - Inst. Plan - Growth	<b>8668074.981</b> (-)	<b>105,000,000</b> (-)	<b>107,701,453</b> (-)
Principal Floating Rate Fund SMP Institutional Option - Growth	- (10654173.56)	- (110,000,000)	- (111,580,906)
Prudential ICICI Institutional Liquid Plan - Growth	<b>563110.623</b> (-)	<b>10,000,000</b> (-)	<b>10,041,389</b> (-)
Prudential ICICI Institutional Liquid Plan - Super Institutional - Growth	<b>4760499.281</b> (-)	<b>50,000,000</b> (-)	<b>50,308,956</b> (-)
Prudential ICICI Floating Rate Plan - Growth	- (2674774.204)	- (30,000,000)	- (30,058,310)
Reliance Floating Rate Fund - Growth	<b>864423.775</b> (-)	<b>10,000,000</b> (-)	<b>10,051,001</b> (-)
Reliance Short Term Fund - Growth	<b>2377066.067</b> (-)	<b>30,000,000</b> (-)	<b>30,745,686</b> (-)
Standard Chartered Liquidity Manager Plus - Growth	<b>395719.940</b> (-)	<b>410,000,000</b> (-)	<b>411,853,789</b> (-)
Standard Chartered Liquidity Manager - Growth	- (1486649.884)	- (15,000,000)	- (15,009,812)
Sundaram Floater ST Institutional - Growth	- (8809140.382)	- (90,000,000)	- (90,913,113)
Tata Floating Rate Short Term Inst. Plan - Growth	<b>4528251.711</b> (-)	<b>52,500,000</b> (-)	<b>52,783,566</b> (-)
Templeton Floating Rate Income Fund Long Term Plan - Growth	<b>3080501.198</b> (-)	<b>40,000,000</b> (-)	<b>41,053,223</b> (-)
Templeton India Short Term Income Plan Institutional - Growth	<b>47165.673</b> (-)	<b>50,000,000</b> (-)	<b>51,332,708</b> (-)



**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**

Registration No.	<b>80545</b>	State Code	<b>11</b>
Balance Sheet Date	<b>31-03-2007</b>		

**II. Capital Raised during the year**

**(Rs. in thousand)**

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

<b>Bonus Issue</b>	<b>Private Placement*</b>
Nil	61,434

\* Conversion of Foreign Currency Convertible Bonds.

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

<b>Total Liabilities</b>	<b>Total Assets</b>
10,733,810	10,733,810

**Sources of Funds**

<b>Paid Up Capital</b>	<b>Reserves &amp; Surplus</b>
349,660	8,891,251

<b>Secured Loans</b>	<b>Unsecured Loans &amp; Deferred Tax</b>
98,741	1,394,158

**Application of Funds**

<b>Net Fixed Assets</b>	<b>Investments</b>
2,857,962	538,221

<b>Net Current Assets</b>	<b>Misc. Expenditure</b>
7,337,627	Nil

<b>Accumulated Losses</b>
Nil



**IV. Performance of Company**

<b>Turnover (including other income)</b>	<b>Total Expenditure</b>
14,285,026	10,758,083
<b>Profit before tax</b>	<b>Profit after tax &amp; adjustment</b>
3,526,943	2,338,858
<b>Basic Earning per share (Rs)</b>	<b>Dividend (%)</b>
38.38	110
<b>Diluted Earning per share (Rs)</b>	
38.00	

**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

19. Paise have been rounded off to the nearest rupee.

20. Previous years' figures have been re-grouped/re-arranged wherever considered necessary.

21. 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

Place : Pipe Nagar, Distt. Raigad (Maharashtra)

Dated : 22nd August 2007

**Anil Jain**  
CFO  
**P. K. Puhan**  
Company Secretary

**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 2007**

	<b>Year Ended 31.03.2007 (Rs.)</b>	Year Ended 31.03.2006 (Rs.)
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit before tax and extraordinary items</b>	<b>3,526,943,358</b>	2,068,495,916
<b>Adjusted for:</b>		
Depreciation	162,629,119	145,529,914
Dividend Received	(12,947,570)	(8,987,946)
Prior Period Adjustments	443,081	(5,056,246)
Interest Received	(176,309,638)	(108,375,169)
Interest Paid	12,066,965	17,533,669
Loss on Sale of Fixed Assets	81,001	42,802
Profit on Sale of Investments	(9,898,097)	(17,382,125)
Loss on Sale of Investments	1,180,000	1,590,000
<b>Operating Profit before Working Capital Changes</b>	<b>3,504,188,219</b>	<b>2,093,390,815</b>
<b>Adjusted for:</b>		
Trade & Other Receivables	(759,061,833)	(503,803,568)
Inventories	242,440,594	(1,424,382,590)
Trade Payables & Others	(342,103,008)	345,501,461
<b>Cash Generated from operations</b>	<b>2,645,463,972</b>	510,706,118
Direct taxes Paid	(1,117,931,203)	(672,868,120)
<b>Cash Flow before extraordinary items</b>	<b>1,527,532,769</b>	(162,162,002)
Extraordinary item	-	-
<b>Net Cash From Operating Activities</b>	<b>1,527,532,769</b>	(162,162,002)
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(214,820,253)	(253,929,917)
Sale of Fixed Assets	1,620,754	68,889
Purchase of Investments	(3,464,230,980)	(1,384,899,999)
Sale of Investments	3,139,508,643	1,388,889,624
Interest Received	236,067,459	45,475,634
Dividend Received	12,947,570	8,987,946
<b>Net Cash used in Investing Activities</b>	<b>(288,906,807)</b>	(195,407,823)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	(8,485,349)	3,107,005,036
Proceeds from Short Term Borrowings	(648,969,452)	601,729,723
Interest Paid	(12,066,965)	(17,533,669)
Dividend Paid	(461,405,319)	(143,154,383)
Tax paid on dividend	(67,227,118)	(20,211,820)
<b>Net Cash used in Financing Activities</b>	<b>(1,198,154,203)</b>	3,527,834,887
<b>Net increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>40,471,759</b>	3,170,265,062
Opening Balances of Cash and Cash Equivalents	3,191,687,208	21,422,146
Closing Balances of Cash and Cash Equivalents	3,232,158,967	3,191,687,208
Change in Cash and Cash Equivalents	40,471,759	3,170,265,062

**For KANODIA SANYAL & ASSOCIATES**

Chartered Accountants

**R.K.Kanodia**

Partner

Membership No.16121

Place : Pipe Nagar, Distt. Raigad (Maharashtra)

Dated : 22nd August 2007

**Anil Jain**

CFO

**P. K. Puhan**

Company Secretary

**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



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**JINDAL**  
D.P. JINDAL GROUP

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If undelivered, please return to:

**MAHARASHTRA SEAMLESS LIMITED**

Plot No. 30, Institutional Sector 44,

Gurgaon-122 002

Haryana

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