

November 21, 2011

FOR THE ATTENTION OF EQUITY SHAREHOLDERS OF JINDAL SAW LIMITED

Pursuant to the Scheme of Arrangement and Demerger ('Scheme') between Jindal Saw Limited ("Company") and Hexa Tradex Limited, the 'Investment Undertaking', as defined in the Scheme, has been demerged to Hexa Tradex Limited with an Appointed Date of January 01, 2011.

In this regard, the Board of Directors of the Company at its meeting held on November 11, 2011 had fixed November 23, 2011 as the record date for determining the Shareholders to whom the shares will be allotted by Hexa Tradex Limited ("New Shares") as consideration of transfer of Investment Undertaking of the Company to its Shareholders as per the Scheme sanctioned by the Hon'ble High Court of Allahabad. Accordingly, pursuant to the Scheme, Hexa Tradex Limited will allot its 1 (one) equity share of Rs. 2/- each for every 5 (five) equity shares of Rs.2/- each held by the Shareholders of the Company as on the Record Date.

This information is for the Shareholders about the method of calculation of the Cost of Acquisition and Date of Acquisition of New Shares and Cost of Acquisition of the Company's shares as per the Provisions of the Income Tax Act, 1961 ("the Act") and is based on expert's opinion.

In this regard, please note the followings:

1. The Company has been advised that as per Section 47(vii) of the Act, the issue of shares by Hexa Tradex Limited, in the Scheme to the Shareholders of the Company in consideration of demerger of the Investment Undertaking will not be regarded as transfer and accordingly, there would not be any capital gains implications on the Shareholders of the Company. In respect of New Shares, Date of Acquisition for the purpose of computation of capital gains will be deemed to be the date when the equity shares of the Company were acquired in accordance with clause (g) in Explanation 1 to Section 2(42A) of the Act.
2. The cost of acquisition in respect of each Shareholder will be different. The formula for ascertaining Cost of Acquisition in each case in Hexa Tradex Limited as provided in Section 49(2C) of the Income Tax Act, 1961 will be as under:-

Cost of acquisition of New Shares =

Cost of acquisition of shares in the Company x $\frac{\text{Net book value of assets transferred to Hexa Tradex Limited}}{\text{Net worth}^1 \text{ of the Company before demerger}}$

The cost of acquisition of the shares of the Company in the hands of the respective Shareholders will be reduced by the cost of acquisition ascribable to the New Shares.

3. For the purpose of determining the post demerger Cost of Acquisition of equity shares of the Company and New Shares under the Act, the Shareholders are advised to apportion their pre-demerger cost of acquisition of the Company's shares in the following manner:-

¹ Net worth shall mean the aggregate of the paid up share capital and general reserves as appearing in the books of accounts of the Company immediately before the demerger.

:: 2 ::

Name of Company	Classification of shares	Percentage of Cost of Acquisition of Company's Shares
Jindal Saw Limited	Original shares held	94.53%
Hexa Tradex Limited	New Shares allotted pursuant to the Scheme	5.47%
Total		100.00%

This communication is merely for the general guidance and benefit of the Shareholders. This guidance should not be considered as a substitute for any independent opinion that the shareholders may obtain at their own discretion.

Please note that if there is a change, including a change having a retrospective effect, in the statutory laws and regulations, the comments expressed in this communication would necessarily have to be re-evaluated in light of the changes. We do not undertake any responsibility of updating this communication at any time in future.

The concerned regulatory, statutory or judicial authorities, including any assessing officer / appropriate appellate authority, could take a different view. The Company takes no express or implied liability in relation to this guidance.

For JINDAL SAW LTD.,


SUNIL JAIN
COMPANY SECRETARY