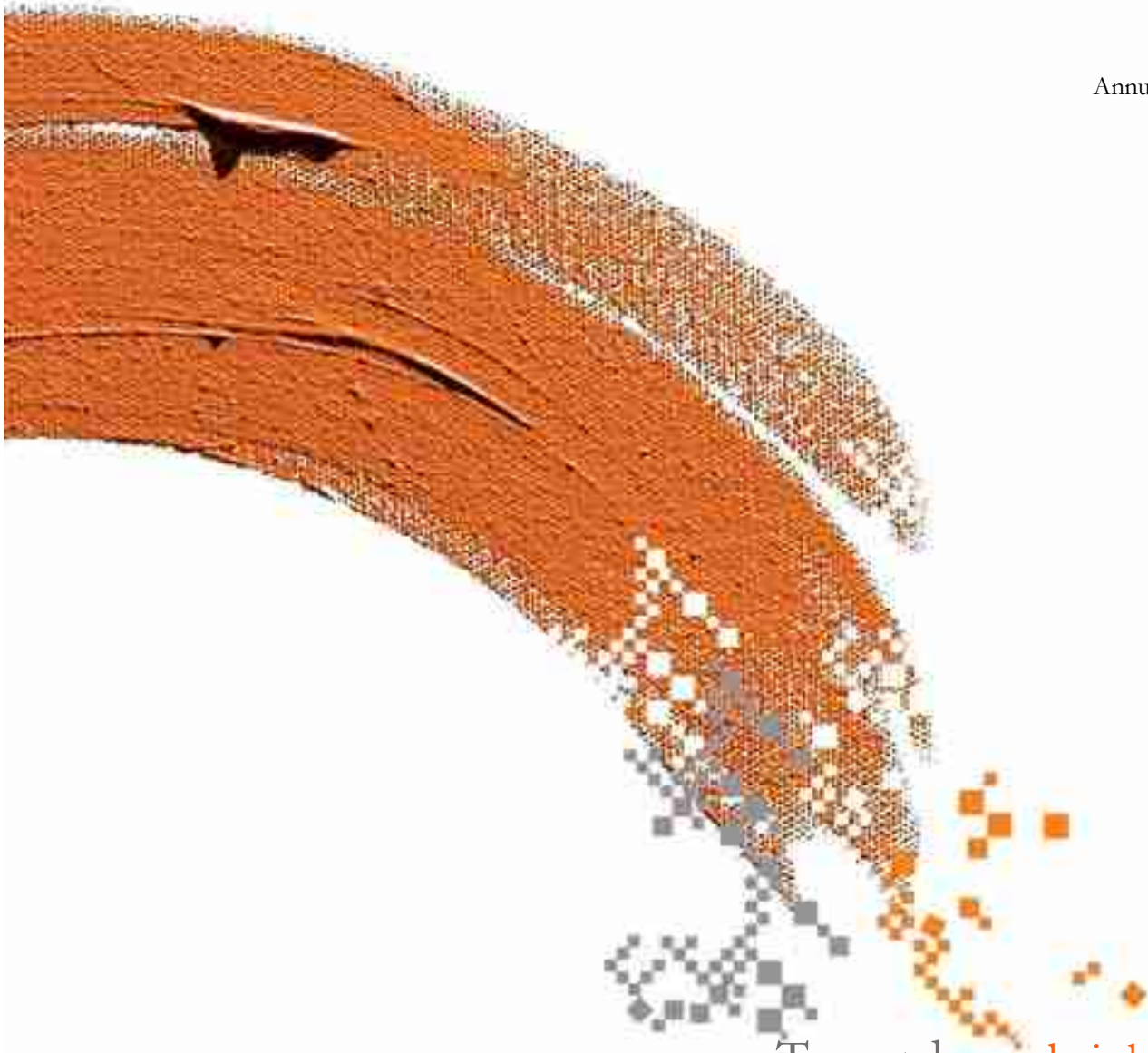
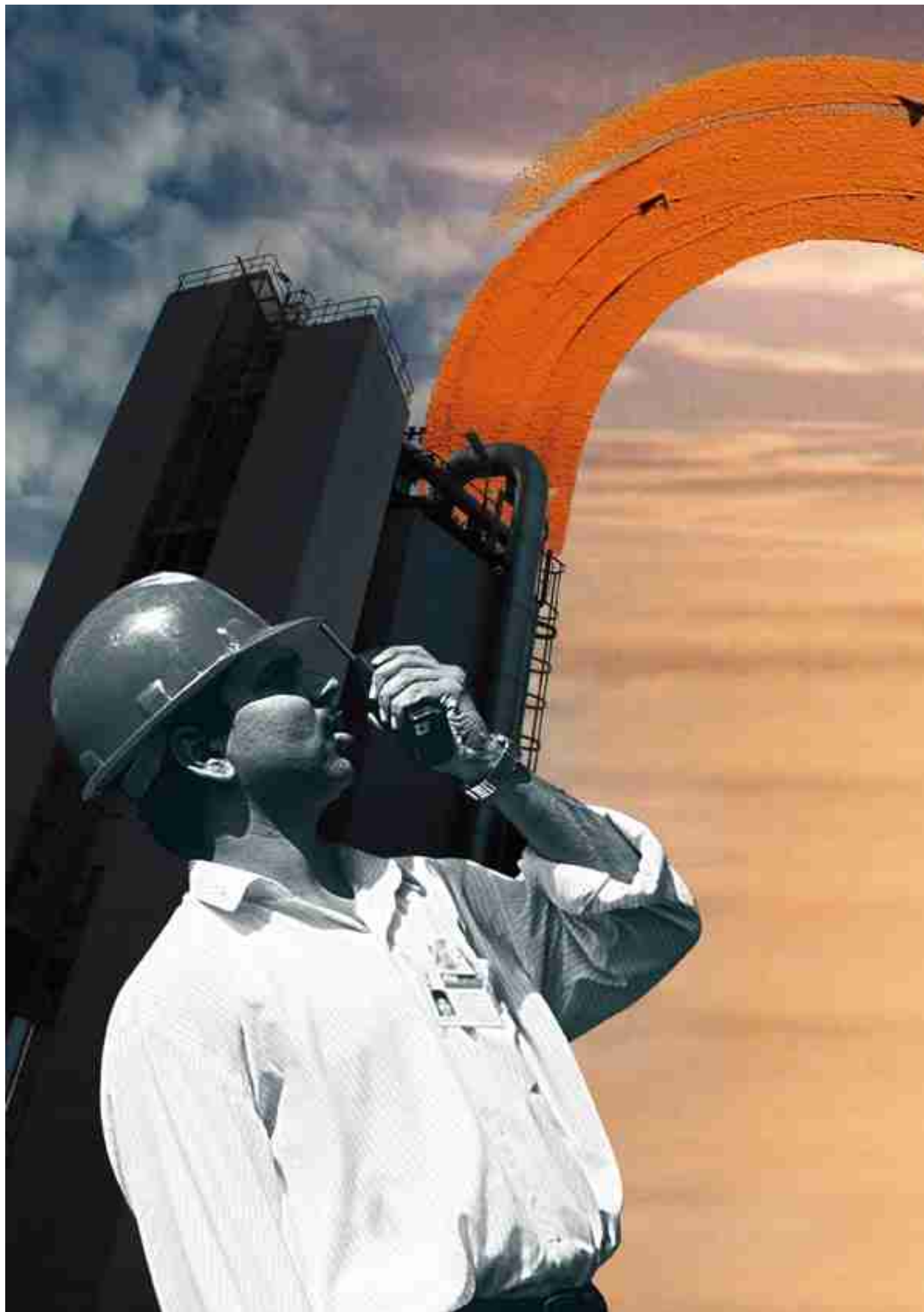


Annual Report 2007-08



Towards - a brighter future







A brand new direction, newer ideas and renewed synergies:

As we open the way to expanding vistas of opportunities, we continue to follow our vision and commitment towards exceeding excellence & enterprise. We bring to you, the new - dynamic face of Jindal Stainless.

Now JSL – one that builds on our history of innovation, leadership and customer-intensive approach, we embark on an ambitious journey to unify and re-invent our business synergies integrated with JSL's forward ventures - Jindal Architecture Ltd. (arc) and Austenitic Creations Pvt. Ltd. (art d'inox).

Attuned to the future, our new identity expresses the company's explorative business canvas into newer grounds of Energy, Minerals & Mines, Public Infrastructure, Lifestyle, Media and the journey shall go on.

The enthused colour element of **orange** in our new logo signifies the refreshing vigour, robust energy and assuring warmth of the Sun; while we stand steady on the ground of our inherent expertise and proven maturity grayed in thoughts, processes & vision.

At Jindal Stainless, we have been redefining our business map consistently and this fresh identity is a mark forward, announcing our re-structured goals, corporate strategies and long-term objective of sustainable growth & value-addition.

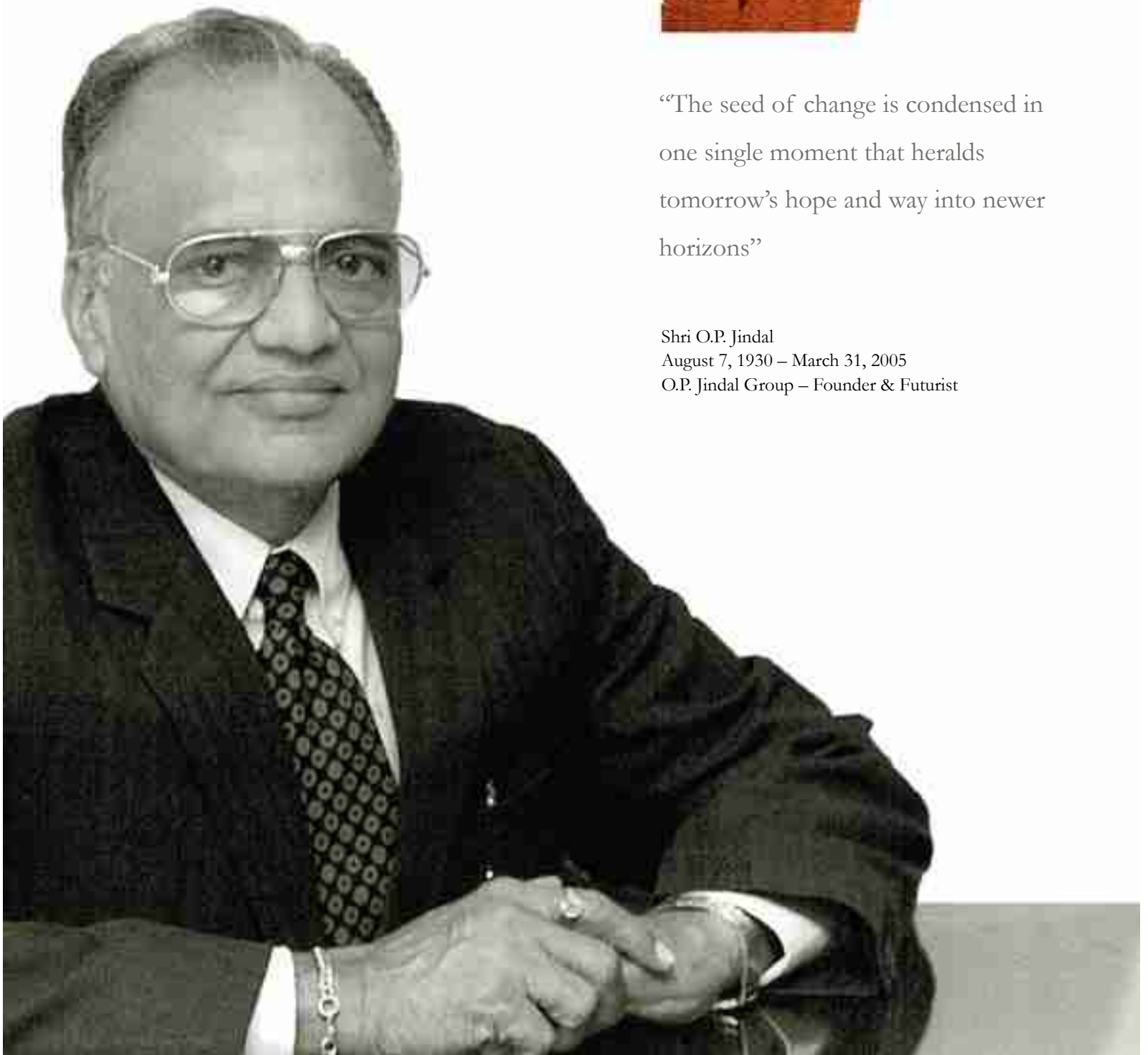
Taking a leaf from our leadership strengths and accomplishments this far, we look forward to re-discover ourselves in a new colour of change, sealed with a promise of stainless future.

## Vision



“The seed of change is condensed in one single moment that heralds tomorrow’s hope and way into newer horizons”

Shri O.P. Jindal  
August 7, 1930 – March 31, 2005  
O.P. Jindal Group – Founder & Futurist





Dear Shareholders,

Change - the only thing that is constant & exciting and we are living in a time where this transcending phenomenon is evident across our social & economic environment. We, at Jindal Stainless have inherently placed our convictions and actions basis the changing dynamics of customer needs and environmental factors to exceed your expectations of excellence & enterprise from our stainless leadership and go beyond statutory corporate compliances, encompassing the societal aspiration and developmental needs.

In our 38 years of success scripted journey so far, Jindal Stainless has consistently aimed to go beyond the function of business leadership, and be sustained wealth-creators in an ever more competitive global economy; thus ensuring our focus remains on social & economic developmental needs of the people & region we operate in.

As we made significant progress and capital investments in improving our manufacturing capabilities and capacity expansions in respective accordance of Long-Term and Medium-Term Business Plan strategies, we also invested in environmental conservation and improvements.

Keeping in tandem with your changing needs, market sensibilities and growth plans, Jindal Stainless is poised to turn a new leaf towards greater progress, corporate vision & mission in a newer light of capacity strength and enhanced performance. We embark on renewed journey ensuring a progressive state, promoting and practicing actions, directly touching lives of people & institutions towards a brighter tomorrow.

I remain in trust of your unflinching support in our quest towards sustained continuous growth and enhanced value addition for our customers, investors, stakeholders and our employees.

Savitri Jindal  
Chairperson



Towards - a brighter future



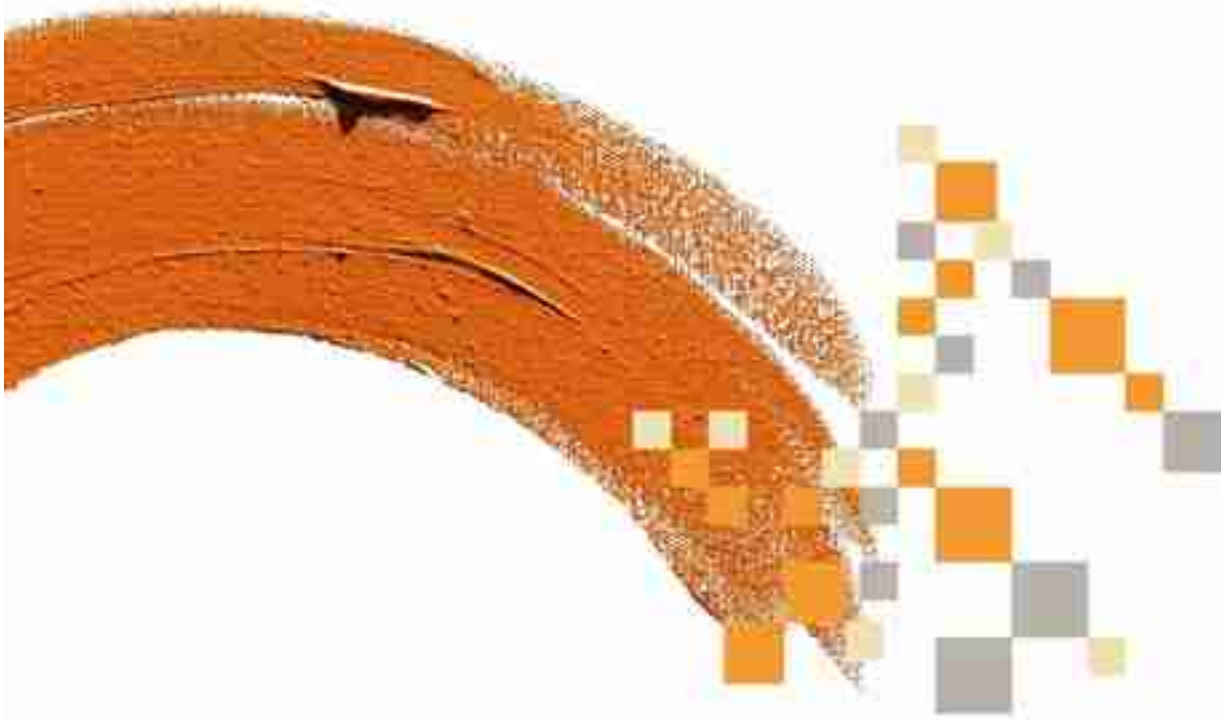
Dear Shareholders,

In the last fiscal, we made significant progress towards attainment of our corporate vision of being amongst the few global cost competitive stainless steel producers.

It was a year of challenges and volatile markets in the backdrop of uncertainty in the global commodity market, financial market crisis in US and the emanating global cash liquidity issues thereof.

Jindal Stainless Limited Continues to endeavor to move on its strategic path of becoming the most cost competitive global stainless steel facilities with high level of upstream and downstream integration. During the year, we achieved financial closure for Phase II of our Orissa Project envisaging setting up of 0.8 million tons integrated stainless steel facilities. The capital expenditure initiated couple of years back focusing of expansion of stainless steel facilities at Hissar as well as Ferro Alloys and Thermal Power project in Orissa, reached a major milestone towards achievement of our long term strategic goals.

Despite all odds, your company during the financial year 2007-2008 sustained a marginal increase in gross revenue of Rs. 5698.20 crore. However, Profit After Tax during the year stands at Rs. 241.16 crore, and was under pressure due to high volatility in the raw-materials' prices especially Nickle which had seen a high of around US \$53,500 per ton and a low of almost US \$25,000 in a short span of time resulting in pricing pressure on variable market sentiments.



The emergence of confidence of the global investment community towards India, leaves ample opportunity of growth in the domestic market. Considering the fact that GDP growth is expected at the rate of 8-9%, the nation has to go a long way in developing the infrastructure to have sustained growth. Jindal Stainless is poised to take advantages by this growth being the largest producer of stainless steel in India.

In order to take advantage of this new demand of stainless steel from the infrastructure segment, the company plans to expand its downstream facilities which would include further strengthening of Jindal Architecture Limited, Austenitic Creations Limited & Jindal Stainless Steelways Limited.

We are in the process of further extending our network of service centers within India and globally for value addition and catering the local customers' need. During the year, we also undertook certain BOT (Build Operate & Transfer) contracts wherein unique modelled stainless steel street furniture has been fabricated and installed in New Delhi for further beautification of the city, gearing for the Commonwealth Games 2010. The Company has also taken certain CSR initiatives to further enhance the landscaping of New Delhi using stainless steel in public display.

As a part of our upstream integration strategy and to develop reliable long-term resource base for sustainable operation of our stainless steel business, we are looking for availability of various mineral ores globally either by way of acquisition or by entering into joint ventures. During last year we acquired certain Ferro Chrome resources in Vietnam and Turkey through our subsidiaries and are further concentrating on acquisition of

some more resources in Indonesia, Turkey and other parts of the world.

Moving forward our priorities will continue to maximize our shareholders' values by becoming the most cost effective stainless steel producer worldwide. We are committed towards continuous improvement in the quality of our products to meet international standards and our customer intensive approach has been an important competitive strength. We will continue to expand our

leading position in the Indian market with specific focus on development of new product and new markets.

Although we are optimistic about the global stainless steel demand, especially demand coming from the Asian countries like China and India, at the same time we are working towards creation of all

integrated chains which can take on the impact of the global uncertainty, fluctuations in demand and supply situation and would also at the same time focus on attaining an optimal capital structure for sustained growth and liquidity considering the uncertainty of global financial markets.

We would like to thank all our Shareholders, Customers, Bankers for their continuous support towards the growth of our company. Today we are a family of a strong management and sincere and talented work force, whose immeasurable contribution has helped us in reaching our goals to present success. Therefore, I would also like to express my sincere thanks to all our employees and their families for their continued support.

**Ratan Jindal**  
Vice Chairman & Managing Director

Moving forward our priorities will continue to maximize our shareholders' values by becoming the most cost effective stainless steel producer worldwide.

# Towards - backward and forward integration

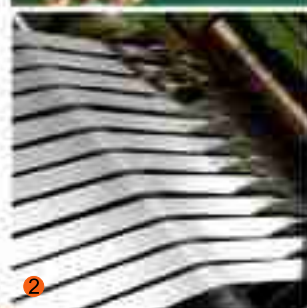
Capacity expansion and increasing operations footprint across the globe forms the fulcrum of JSL's growthline going forward

Growth, end-to-end integration & sustained value-creation characterise JSL's leadership in India; for the largest integrated producer of international grade stainless steel, change is in the air to further expand its stronghold position in the domestic as well as global expanses. Fortifying the company's unique backward & forward integration strength, JSL is looking beyond horizons and pushing the envelope towards finding solutions & answers to challenges faced today, for a shining forward.

Having led the stainless pack with flat products in Austenitic, Ferritic and Martensitic grades & showing the way to Cr-Mn 200 series, JSL is now focussing towards more feasible solutions for the prevailing industry challenges in terms of volatile market movements & alarming raw material price hikes. Stringing the value-chain from mining to melting, towards high end lifestyle products and shining installations in Stainless Steel, JSL could successfully contain the challenges to retain its cost-leadership for most stainless produce.

Capacity expansion and increasing operations footprint across the globe forms the fulcrum of JSL's growthline going forward; equipped with inimitable integration value-chain and inherent competence for quality excellence, JSL moves forward with defined goals, improved product mix & optimized operations to address wider spectrum of markets & open newer avenues for stainless steel applications.

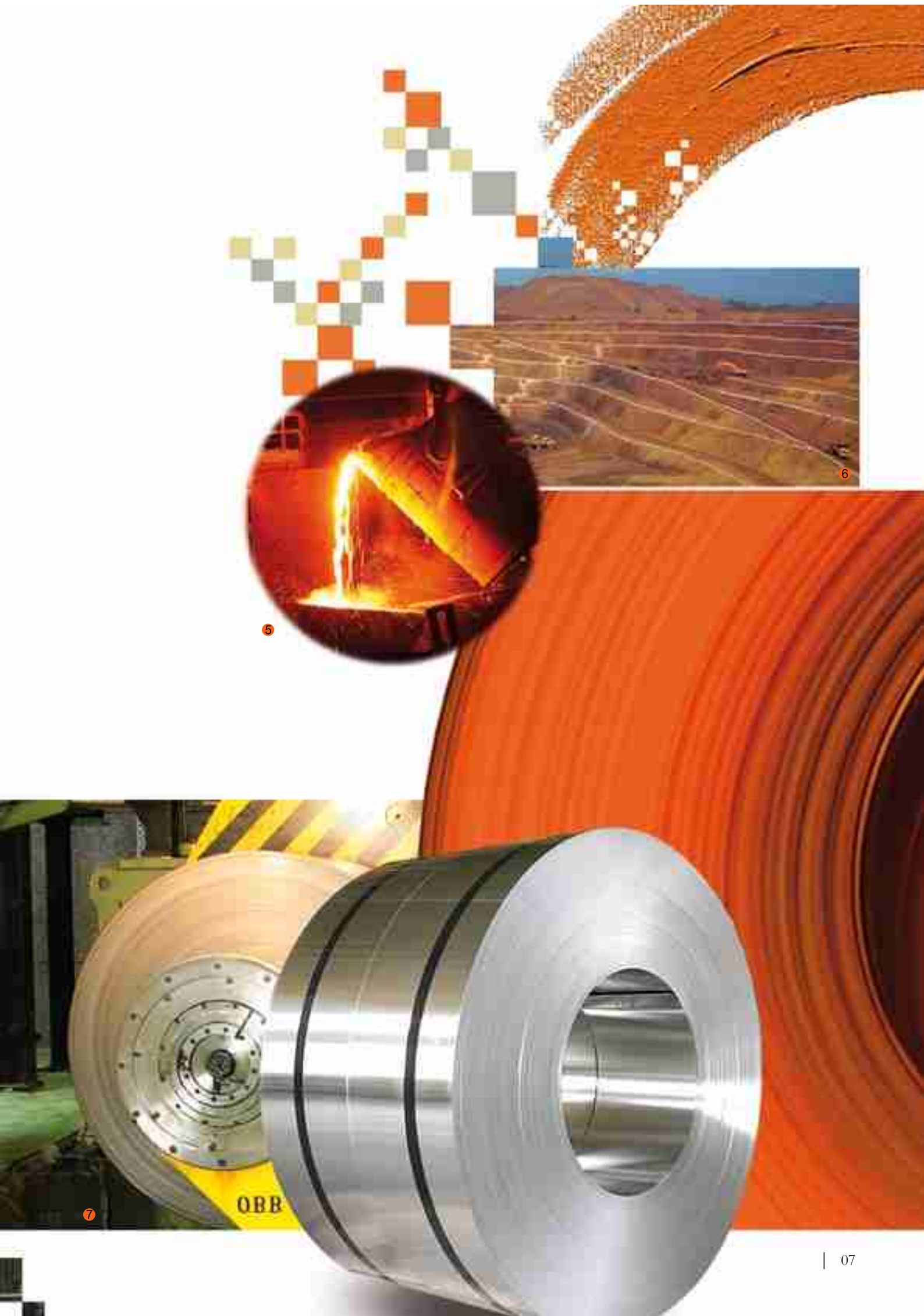
At JSL, we stand to exceed the expectations of our valued customers & shareholders with futuristic vision, maximized processes, globally competitive products & pricing and keep the fire of excellence burning Stainless Bright !



1. Stainless Steel in interior architecture
2. Precision Strips
3. Coin Blanking
4. R&D Centre
5. Meltshop-Tapping
6. Ore Mine
7. Cold Rolling







6

6

7

OBB

## Towards - reining raw material inputs

### Our Ore

- Minerals in Newer Grounds
- Captive Mines
- Processing

#### Reining Raw Material Inputs > Vantage JSL Cost Effectiveness

To be able to rein in raw material sources for any kind of production renders substantial vantage ground for manufacturers across verticals; JSL scores ahead with ability to rein in most sources of raw material inputs & costs and has successfully been able to contain most of the market volatility due to market & material price hikes to a large extent.

With strong integration through its captive mines & long-term sourcing arrangements alongwith Ferro Alloys operations, JSL leaps forward with both cost & quality advantage and is underway gaining new grounds in both domestic & global mining arenas.

In Orissa, India's richest mineral resource state - JSL has entered into an JV agreement with Mahanadi Coalfields Ltd, a subsidiary of Coal India Ltd. to mine Utkal A- Gopalprasad Coal Block West project, located in Talcher Coalfield of Angul district; the agreement aims to meet the coal consumption of the JSL power plant in the state.

On the international front, JSL has signed an MoU in Vietnam, to set up 20, 000 TPA Ferro Chrome plant in the region; further a step ahead to ensure supply of a key raw material input, JSL has formed JV with Indonesian mining & nickel processing major PT. Antam Tbk for Nickel smelting and Stainless Steel facility; the proposed capacity of the project is 20, 000 TPA of contained Nickel in Ferro Nickel and approx. 250, 000 TPA for Stainless Steel- mainly high quality 300 series.

JV with Indonesian major PT. Antam Tbk

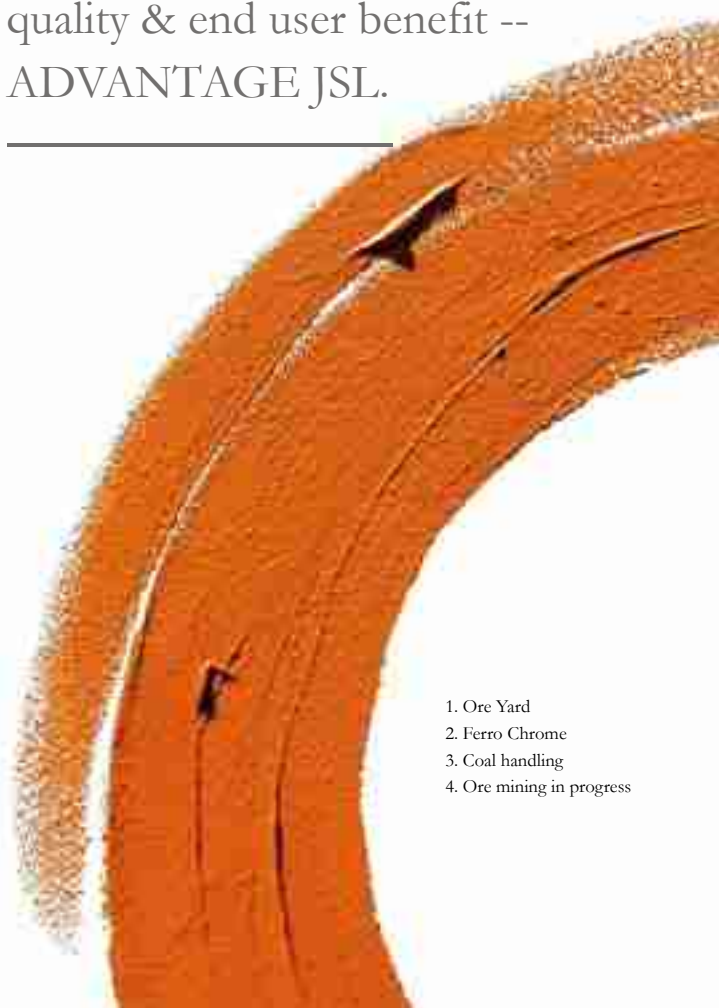
for nickel smelting having proposed capacity of approx.

**20,000** TPA

Stainless Steel facility having proposed capacity of approx.

**250,000** TPA

Mapping raw material inputs at key strategic locations and thus effectively reining production & third party sourcing cost(S) JSL stands to gain unparalleled competitive edge both in product quality & end user benefit --  
**ADVANTAGE JSL.**

- 
1. Ore Yard
  2. Ferro Chrome
  3. Coal handling
  4. Ore mining in progress



2



# Towards - harnessing power

## Our Power

### Power Generation

#### Captive Power Plant

Phase-I	Proposed Expansion	Fully Commissioned
250MW	250MW	500MW

### Captive Power > Cost Rationalisation

The 1.6 Million Tonnes Greenfield Stainless Steel plant and the Ferro alloys facility is powered with high capacity 2 X 125 MW power units for uninterrupted integrated operation from mining to cold rolling; installed in phases, JSL has successfully commissioned 1x125 MW power units with another 1x125 MW to be commissioned by September 2008 making it to 250MW, while the full operational capacity is of 500 MW on completion.

Equipped with in-house captive power, JSL is assured of uninterrupted power generation at highly rationalized cost for its plant operations, thus scoring high on competence & value ;

structured basis conventional thermal operating system, the plant functions on sub critical pressure, single reheat system cycle with regenerative feed heating arrangement. The 500 MW plant is configured with Pulverised Coal Fired steam generators and steam turbine generators. The company has also been allotted coal blocks for captive coal mining required to address requisite fuel needs.



1. Greenfield Orissa thermal power plant
2. Automated power control room
3. Power transmission grid



# Towards - leadership & excellence

## Our Enterprise

### JSL Greenfield Orissa

#### Poised to Join Global league of Top 10 Stainless Steel Producers Worldwide

As part of the massive expansion plans across locations, JSL is setting up one of world's largest single location fully integrated stainless steel plant at Orissa; the 1.6 Million Tons Per Annum Greenfield Project envisages complete integration from mining to cold rolling, alongwith 500MW captive power plant.

Entailing investments of INR 2257 Million in Phase I & INR 5597 Million in Phase II, the project is being commissioned in phases, with majority of Phase I envisaging the Ferro Alloy shops and thermal power already become operational in 2007 -08.

JSL Orissa Greenfield Phase I facilities include :

- 2 x 60MVA Ferro Chrome Furnaces with 150000Tper annum Capacity
- 1 x 27.5MVA Ferro Manganese Furnace with 50000T per annum Capacity
- 2 x 27.5MVA Silico Manganese Furnaces with 50000T per annum Capacity
- 2 x 125MW Power Plant
- Coke Oven Battery 425000T Per annum Coke

JSL Orissa Greenfield Phase II (0.8 MTPA Stainless Steel) facilities include :

- Stainless Steel Making & Continuous Casting Plant
- 100 MT EAF for Steel making
- 100 MT EAF for liquid Ferro Chrome
- 150 MT AOD converter
- 150 MT ladle furnace
- 8.5 m radius continuous bending vertical caster
- Slab conditioning facilities
- Rolling Mill – 1.6 MTPA with provision for upgrading to 3.2 MTPA
- Cold rolling facilities – HRAP (0.8 MT/Y) and WRAP

While the facilities are set up, JSL Orissa has taken care to ensure the best eco-friendly processes & practices. Pollution control equipments with state-of-art technology have been installed and emissions are ensured within norms. Further, provisions were made at project conceptualization stage, for dust extraction, dust suppression, bag filters and ESPs in all the Units.

With complete commissioning, the Orissa plant would reach a capacity of 1.6 Million Tonnes, and this along with expansion at Hisar, JSL is poised to turn a new leaf joining the top league of leading global stainless steel producers in the world, with 2.5 Million Tonnes capacity.



1. Raw material conveyor
2. Greenfield Orissa plant machinery-inside view
3. Cooling tower
4. Night view of Greenfield Orissa plant
5. Ferro chrome production-tapping process



5

# Towards - leadership & excellence

## Our People

- Partners in Progress
- Building Excellence
- Nurturing Talent

“Partners-in-Progress” forms the fulcrum of JSL corporate ethos and human resource principles. The innate values of ‘Respect & Care’ and sustainable growth through people are demonstrated in the way JSL builds teams, creates shared vision, executes its growth plans and nurtures human talent to address the business challenges.

This “Progress with People” as integral to JSL, guides our Talent Management practices - right from Onboarding of talents to their Deployment on the job and continued professional growth. An environment that nurtures meritocracy, creativity, and open communication enables our people to find a rewarding and purposeful engagement at JSL.

Our people partnership has been strengthened by the company moving beyond the statutory requirements of providing welfare amenities & social security measures, which have become benchmarks. Schemes of highly subsidized Education & Health benefits at the grass root levels have reinforced our core values of “Respect & Care” for our people.

The hallmark of JSL HR practices is to develop a winning employee value proposition, with significant emphasis on individual development. Development at JSL is addressed towards building adequate change response capabilities in the speedy business scenario. The desire and ability of our employees to continually up skill themselves and rapidly convert this learning into value stream is our ultimate competitive advantage. In an effort to institutionalize learning, JSL maintains a well-equipped Knowledge Center and many other learning initiatives for employees.



Talent Management and creating a robust talent pool makes for key growth drivers for JSL. Supporting this practice are our structured systems and processes to ensure that our people grow in equal acceleration to the company’s expanding canvas. To realize this effort is JSL HR initiative “LEAP: Leadership Enhancement for Accelerated Performance” which is competency based and accounts not only performance but also individual potential. Our drive for innovation and change continues to guide us towards enhanced leadership & excellence going forward.



Jindal Stainless cherishes this continued “Progress with People”.





## Towards - solutions & tomorrow

### | Our CRM

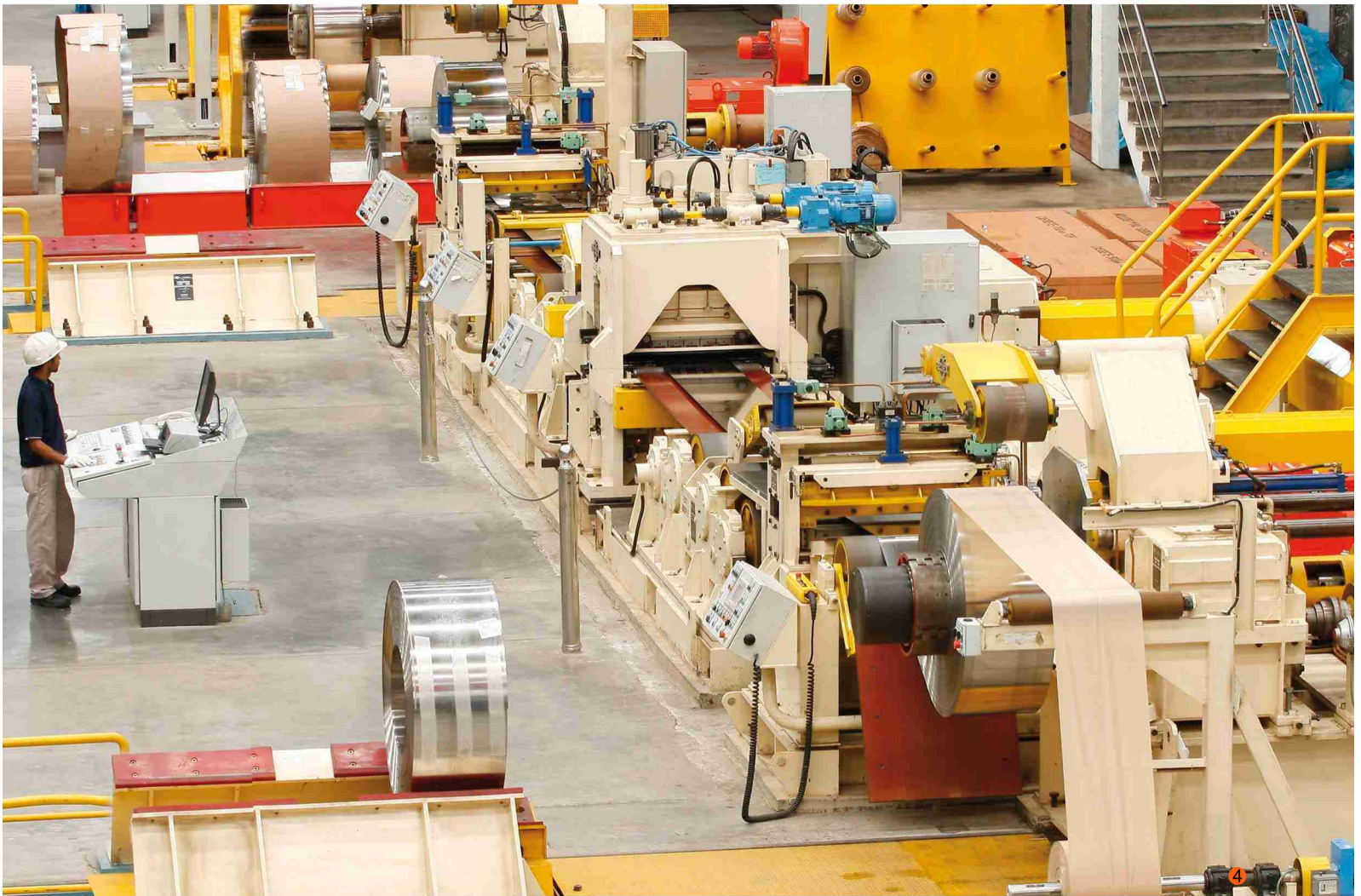
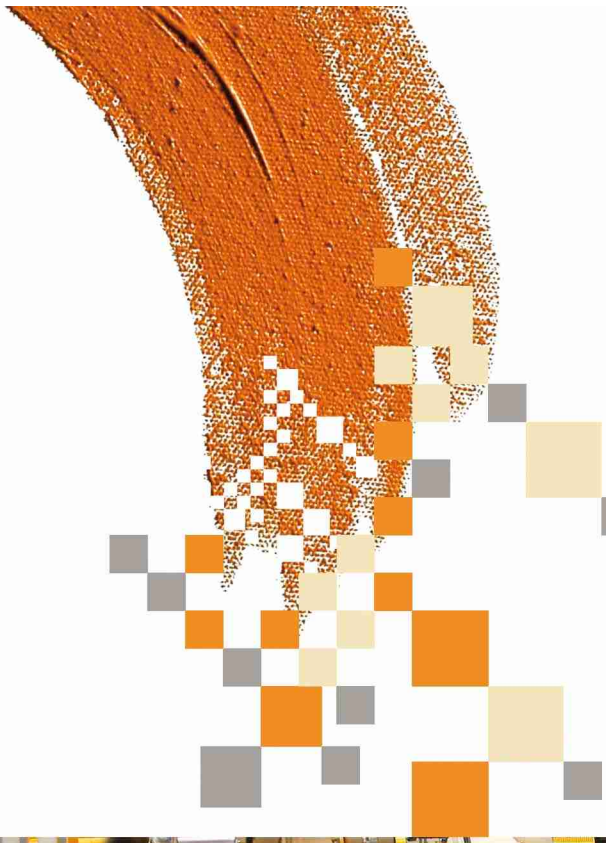
- JSSL Service Centre
- Value Added-Products

### Fine tune individual customer requirements to Customized Solutions – JSL Service edge

It's the Stainless Age: curving life out of premium designer products or the architectural renditions, the 'new age' metal finds its place in the sun; JSL has walked the path together and takes pride to witness the stainless charm take over from the old guards; having said that, our findings revealed non-parable requirements of our each valued customers that could only be addressed through nuanced customization of our products & services.

Continuous improved CRM & optimal customer satisfaction drives our service synergies in a time when steel industry witnessed the growing need for customized services; an early bird in India's steel service centre industry, Jindal Stainless Steelway Ltd. was established in collaboration with Steelways s.r.l. Italy, to provide customized products and distribution services in stainless steel to meet specific requirements of Slitting /CTL / Blanks, for the customers across consumer durable, automotive segments, OEMs and is the largest provider of coin blanks to the Govt. of India mint. JSSL has two service centers in operation at Gurgaon and Mumbai and additional two under way commissioning at strategic locations for just-in-time delivery services.





1. Precision Strip process-Hisar
2. Slitting line, JSSL
3. JSSL facility, Gurgaon
4. Special product division-Hisar
5. JSSL- factory floor view

# Towards - touching lives everyday

We live in your day, following your each step in more than one way that you experience life! From sunrise to midnight we are there by your side, in quite assurance yet quality service – you can feel our precision focus in your morning razor blade; taste our excellence in the kitchenware & utility items, share our thoughts in the stainless Bus-Q-Shelters, guarding you with our stainless railings while your day is suitably accessorised with our premium lifestyle products -- JSL moves with you in the path of discovering life in Stainless Light !

## Integrating forward

arc (Jindal Architecture Limited)

The brand line for Jindal Architecture essentially epitomizes the versatility and innovative possibilities that only Stainless Steel could justify. Signifying JSL's impassioned efforts to bring Stainless Steel closer to commonplace application, JAL was conceived to realize JSL's incessant quest to 'push the envelope' and actualize some hitherto unconsidered creative propensities of a purely commercial metal, itself raises the bar of expectation! Inmatch arc justifies as the 'state of the art' design and architectural solutions hub for the burgeoning infrastructure and lifestyle living sectors.

art d'inox (Austenitic Creations Pvt. Ltd)

This forward integration venture echos JSL's 360 degrees approach in making Stainless Steel a part of everyday life; Art d'inox offers premium, designer lifestyle products in Stainless Steel for Home Decor, lifestyle, office, bar, bath and fine accessories. Art d'inox has 11 exclusive boutiques across the country and over 300 shop-in-shop retail outlets. The young company has successfully created a niche market while breaking new grounds with innovation and style.

Green Delhi B-Q-S | Parivartan City Infrastructure Ltd.

Subsidiaries of JSL, Green Delhi B-Q-S and Parivartan City Infrastructure Ltd. was formed to manage the Stainless Steel bus Q shelters, fabricated and installed by JAL as part of the DTC (Delhi Transport Corporation) project awarded to JSL for 225 B-Q-S sites; while Parivartan manages the media space selling of the B-Q-S sites as part of out-of-home advertisement management. Being an integral part of Public-Private Partnership with the Government, Green Delhi B-Q-S and Parivartan is all set to add new dimensions to outdoor display industry and modern public infrastructure for urban living.

Coins

Precision Strips

Automotive

Lifestyle

Public Utility





Destination	Time
विश्वविद्यालय	18:17
शिवालय	18:17



## Towards - empowering lives

### Our Touch

- Women & child welfare
- Healthcare & education
- Go green
- Creativity & innovation

Under the aegis of 'Stainless Foundation' JSL Corporate Social Responsibility outlines various initiatives to encompass societal aspiration and needs, which operates on a sustainable CSR model in partnership with communities across Hisar, Jajpur (Orissa), Vishakhapatnam and Delhi.

Each initiative is customized to address the stakeholders, both internal & external, with voluntary employee involvement across rural development schemes; integrated community healthcare programmes; education - skill training programmes; women empowerment and micro-financing programmes.

JSL's focus on women empowerment and educational initiatives for the community at large, bears diligent efforts through adult education, study centres and skill training to the underprivileged; two of north India's best schools stand proud in achievements of the students from Vidya Devi Jindal and OP Jindal Modern School in Hisar.

All JSL operational practices are based on stringent 'green compliances' and processes certified & awarded to meet international environmental standards; our environmental sensitivities takes shape in form of adopting the best practices & technologies for a "stainless-green" tomorrow.

Our efforts echo values pertinent for a progressive state, promoting and practicing actions beyond mere statutory compliances and continue to create positive impact through our activities both business & voluntary; we remain true to our cause...

## Touching Lives - at Jajpur Orissa

### Developing Health Care Facilities

Aimed at employee and at large community development, JSL has implemented and initiated various awareness campaigns like Mobile Medical Camps | Dental Clinic | HIV - AIDS Awareness Program | Family Planning / Basic Health Care and such, for general welfare & development on regular basis.

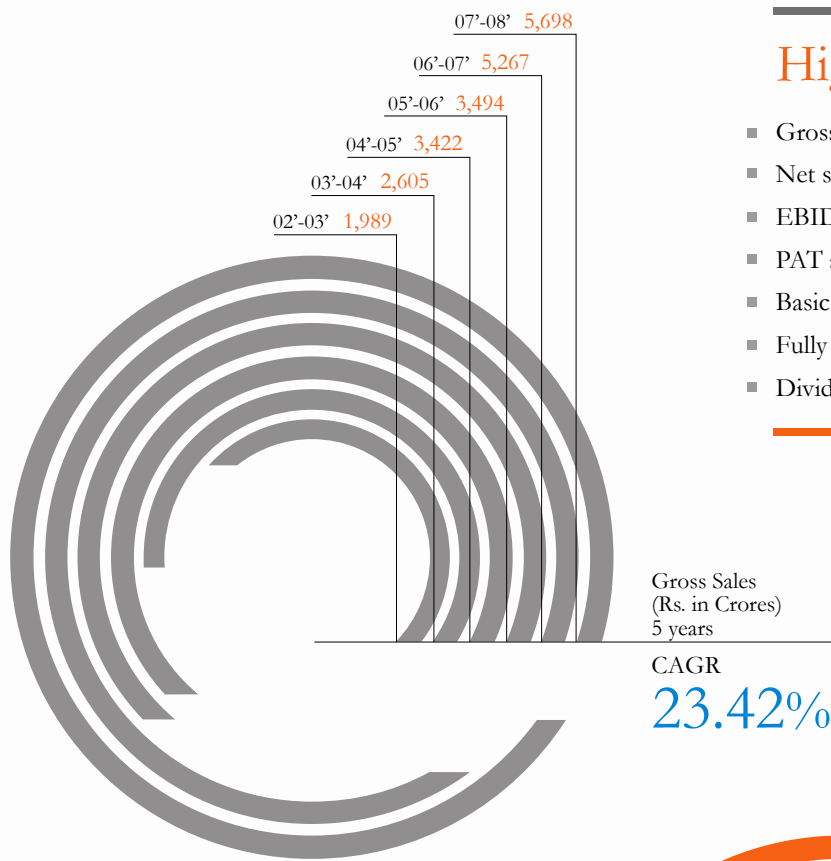
### Community Welfare - Locality Management

The company has adopted villages and the management is identifying areas for community welfare programmes like health care ; providing drinking water to rehabilitation colonies; development of village and mines access road; vocational training; adult education; art and craft training; sports programs & more.



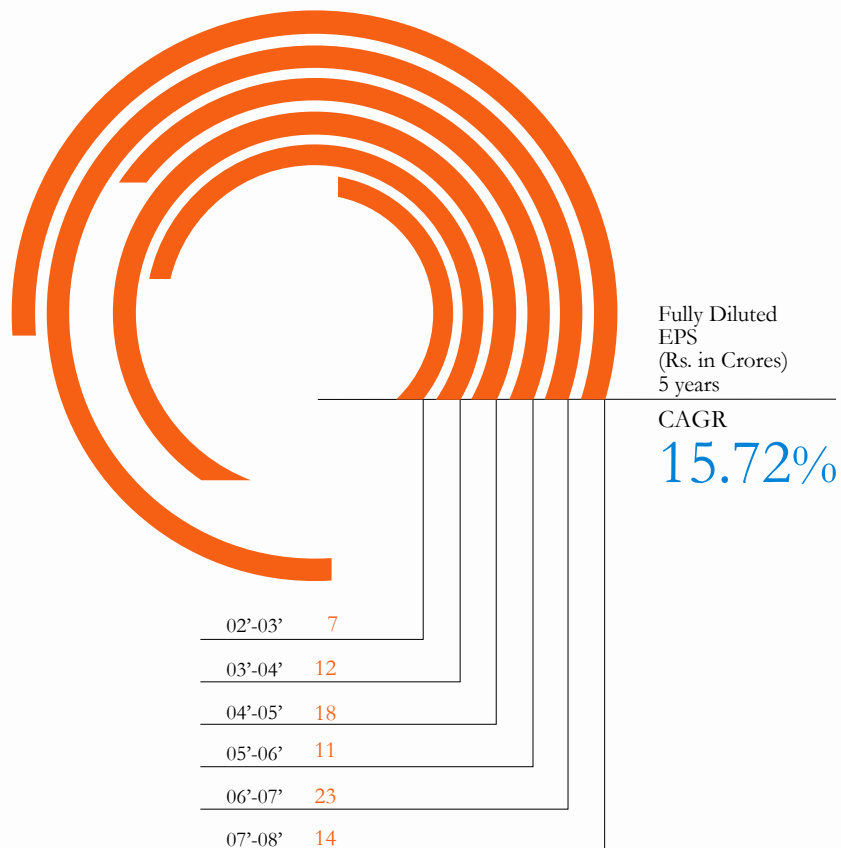


# Towards - higher performance

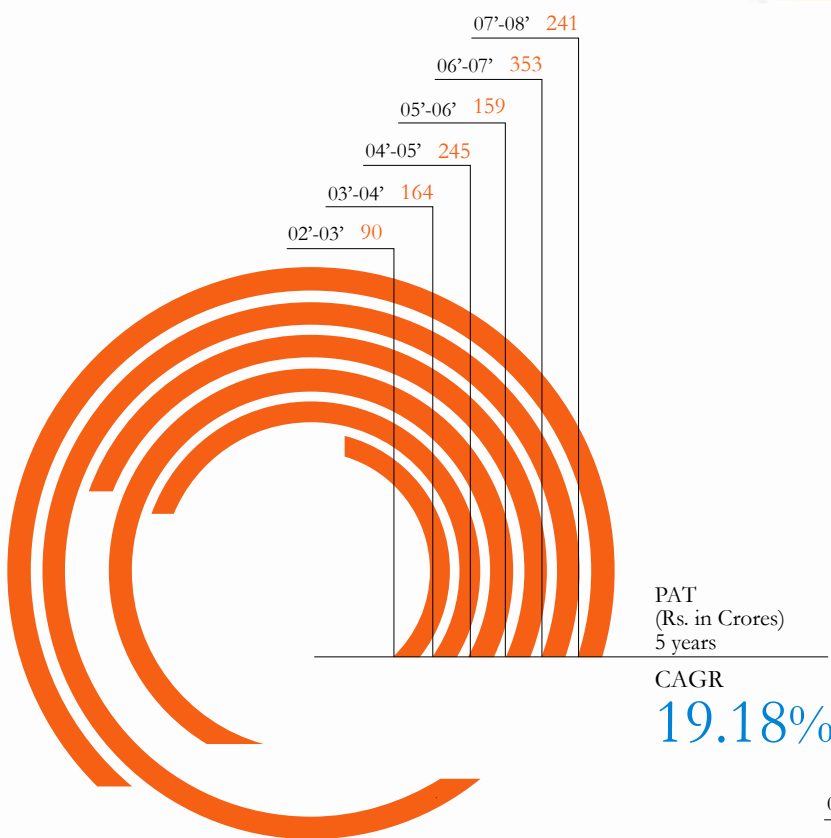
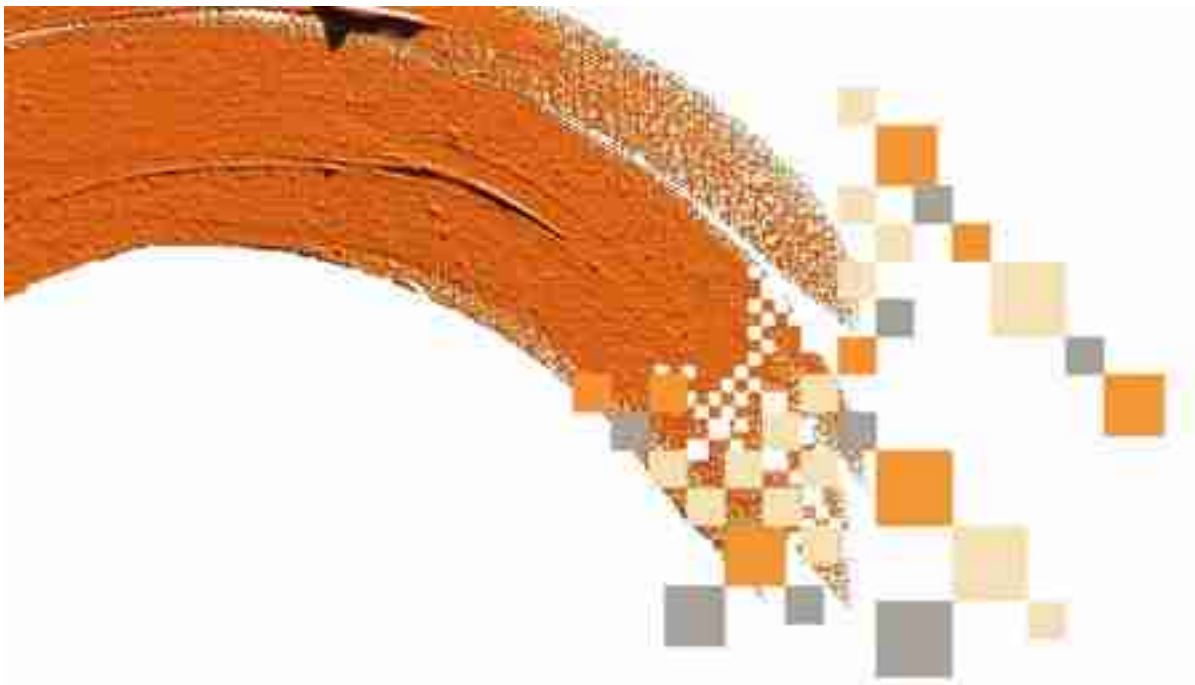


## Highlights 2007-08

- Gross sales at Rs. 5698 crore; 5 years CAGR @ 23.42%
- Net sales at Rs. 5164 crore; 5 years CAGR @ 23.19%
- EBIDTA at Rs. 808 crore; 5 years CAGR @ 19.18%
- PAT at Rs. 241 crore; 5 years CAGR @ 21.75%
- Basic EPS at Rs. 17.24; 5 years CAGR @ 13.14%
- Fully Diluted EPS at Rs. 14.98; 5 years CAGR @ 15.72%
- Dividend per share @ Rs. 2 per share (100%)

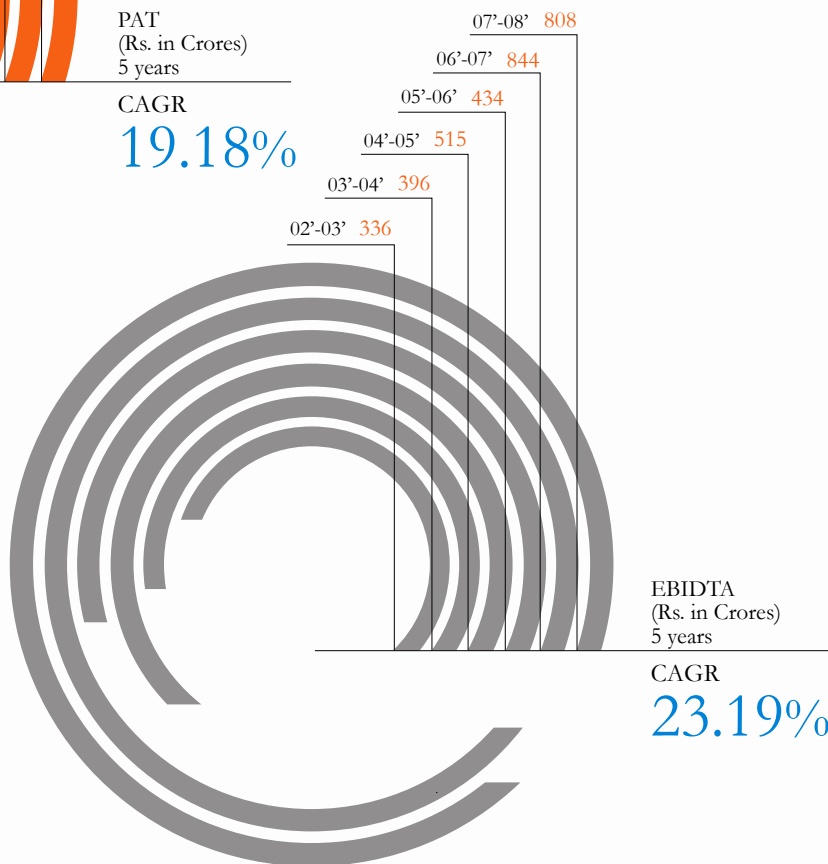






PAT  
(Rs. in Crores)  
5 years

CAGR  
**19.18%**



EBIDTA  
(Rs. in Crores)  
5 years

CAGR  
**23.19%**

Towards - making news



# Building Jindal Stainless Q4 PAT up 3-fold

Jindal Stainless posted nearly three fold increase in profit after tax at Rs 92.12 crore for

# Jindal Stainless enters billion-dollar club

**NEW DELHI:** Jindal Stainless has reported 181.8% increase in net profit for the fourth quarter ending March 31. The largest in the country Rs 92.12 crore during d to Rs 32.7 crore es for the

# Jindal Stainless Q4 net rises 3-fold; announces Rs 5,600-cr expansion plan

Rs 92.12 crore as compared with Rs 32.7 crore posted for the last quarter March 31, 2016. The gross turnover of the company increased 37 per cent to Rs 2,267.8 crore as against Rs 1,654.4 crore in the corresponding quarter of the year before, said Mr. Bhanu Jindal, Vice-Chairman and Managing Director of the company. Mr. Jindal also announced a major expansion plan of Rs 5,600 crore in Orissa

to invest Rs 5,600 crore in the second phase. The cost placed assessments in this phase of the project are Rs 2,500 crore," Mr. Jindal said in a press conference here on Monday. He added that the company has already invested Rs 2,200 crore during phase I which is nearing completion. During next phase, the company will invest Rs 3,400 crore over a period of three years.

# Jindal Stainless to set up Rs 5,600-cr plant at Kalinga Nagar

73.2% to Rs 92.12 crore during the quarter ending March 31, 2016, as compared to Rs 32.7 crore in the corresponding quarter of the year before. The gross turnover of the company increased 37 per cent to Rs 2,267.8 crore as against Rs 1,654.4 crore in the corresponding quarter of the year before, said Mr. Bhanu Jindal, Vice-Chairman and Managing Director of the company. Mr. Jindal also announced a major expansion plan of Rs 5,600 crore in Orissa to invest Rs 5,600 crore in the second phase. The cost placed assessments in this phase of the project are Rs 2,500 crore," Mr. Jindal said in a press conference here on Monday. He added that the company has already invested Rs 2,200 crore during phase I which is nearing completion. During next phase, the company will invest Rs 3,400 crore over a period of three years.

# Jindal Stainless to invest Rs 9,600 cr in Orissa plant

In the process of increasing its melting, hot rolling capacity

The company plans to invest Rs 9,600 crore in the second phase of its Orissa plant. The cost placed assessments in this phase of the project are Rs 2,500 crore," Mr. Jindal said in a press conference here on Monday. He added that the company has already invested Rs 2,200 crore during phase I which is nearing completion. During next phase, the company will invest Rs 3,400 crore over a period of three years.

**'Huge potential for stainless steel in India'**  
Press Trust of India, Mumbai, Oct 9  
As much as 70 per cent of stainless steel produced in the country goes into making ornaments, compared to other countries where a major portion is used for construction work, the Stainless Managing Director, Mr. Bhanu Jindal, said. Mr. Jindal, whose accounts for about 30 per cent of stainless steel production in the country, said the use of stainless steel has increased five-fold over the last five years.

# Steel: Building on Asia's strengths

Increasing demand for stainless steel has been witnessed from users across construction, transport and several industrial sectors, and steel use is set to grow by leaps and bounds in India and China, though the latter's per capita consumption of the metal is far higher than the former's, says K. C. Saha.



The Asia region (except the developed nations) is considered production of 55 per cent of the world's stainless steel.

Stair fold in... its may acts in a way, but proper yield when, he

## International Joint Ventures : JSL Expanding Global Footprints



### Jindal Stainless Signs Joint Venture with PT. Antam Tbk Indonesia for Nickel Smelting



In a significant development, Jindal Stainless has signed a Joint Venture Agreement to develop a nickel smelting and stainless steel facility in North Konawe, South East Sulawesi. Antam will have a 55% interest in the project with Jindal owning a 45% share. Initially the project is planned to have a capacity of around 20,000 tonnes per annum (TPA) of contained nickel in ferro nickel and approx. 250,000 TPA for stainless steel, mainly the high quality 300 Series; with this strategic partnership, JSL is poised to become one of the leading players in the Stainless Steel industry globally.



### JSL Ferro Chrome Plant at Vietnam - Jindal - Nong Cong Ferro - Chrome Company Limited

JSL has partnered with the government of Vietnam for setting up a Ferro-chrome manufacturing plant - Jindal - Nong Cong Ferro Chrome Company Limited; the project envisages production of Ferro Chrome with capacity from 60, 000 TPA going upto 200, 000 TPA, with full equipments & commissioning. The JV is a step towards JSL's expanding footprints across key markets across the globe & suitable ensure its raw material provides in highly competitive time to come.



### Jindal Stainless Joint - Venture With Spanish Giant Fagor Industrial

JSL signed yet another joint venture in 2008 with Fagor Industrial to develop a service centre for steel sheet formats in Spain. Signed at Fagor's headquarters in Onate by Mr. Ratan Jindal - VC MD & CEO Jindal Stainless and Mr. Kepa Bedialauneta, Chairman of Fagor Industrial, the JV envisages a unique Service Centre to be called JSL España, S.L., located next to Fagor Industrial warehouse in Lucena, Cordoba and will produce custom\_tailored formats for the Spanish market, with rolls imported directly from India.

This is Jindal Stainless' first cutting facility in Europe and signals the company's entrance into the Spanish and European markets as supplier of steel sheet formats instead of rolls.

## Board of Directors

Chairperson	Savitri Jindal
Vice Chairman & Managing Director	Ratan Jindal
Managing Director & Chief Operating Officer	R.G. Garg
Director - Strategy & Business Development	Arvind Parakh
Director - Corporate Affairs	N.C. Mathur
Directors	Naveen Jindal
	Suman Jyoti Khaitan
	L.K. Singhal
	T.R. Sridharan
Executive Directors	Rajinder Parkash
	N.P. Jayaswal
Sr. Vice President & Company Secretary	A.P. Garg

### Management Team

Director - Operations	S. Bhattacharya
Director - Commercial	R.K. Goyal
Director - Projects	P.N. Kapur
	R.S. Ravi
Executive Director - Minerals	P. Roy

### Bankers

State Bank of India  
State Bank of Patiala  
Punjab National Bank  
Canara Bank  
Standard Chartered Bank  
ICICI Bank  
Axis Bank  
Export Import Bank of India  
Bank of Baroda

### Statutory Auditors

Messrs Lodha & Co., Chartered Accountants  
Messrs S.S. Kothari Mehta & Co., Chartered Accountants

### Cost Auditors

Messrs Ramanath Iyer & Co., Cost Accountants

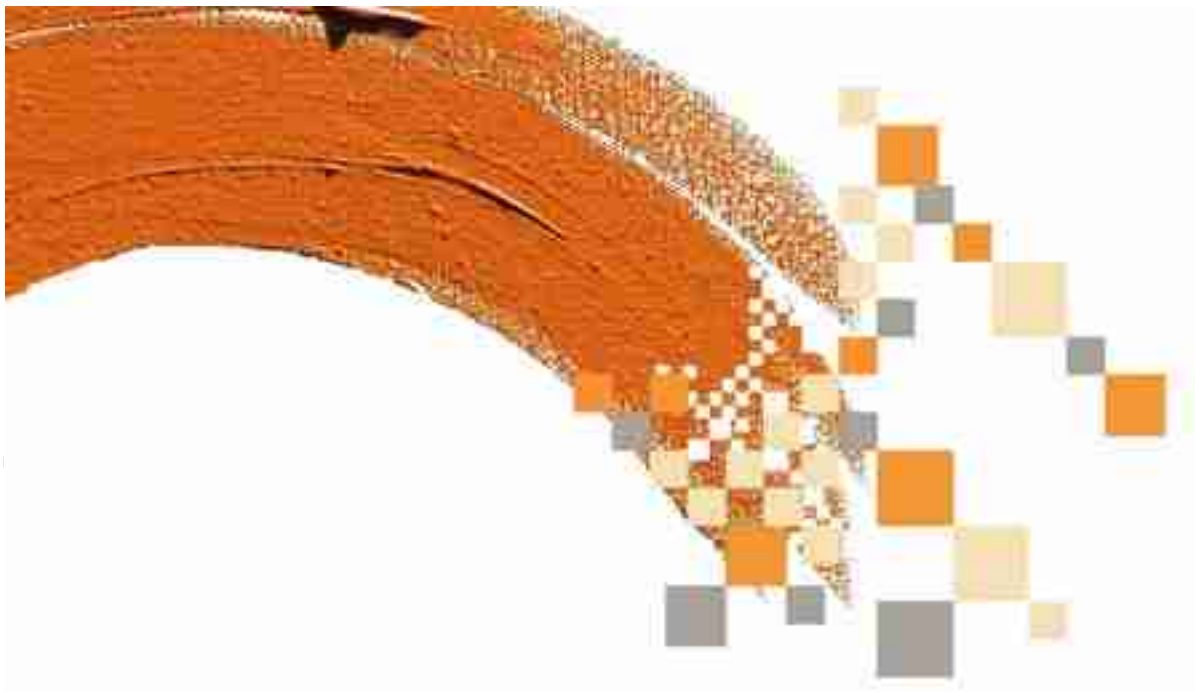
### Registered Office

O.P. Jindal Marg, Hisar -125 005 (Haryana)

### Works

Hisar (Haryana), Kothavalasa (A.P.), Danagadi, Dist. Jajpur (Orissa)





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## Notice

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**NOTICE** is hereby given that the 28th Annual General Meeting of shareholders of JINDAL STAINLESS LIMITED will be held on Tuesday, 16th day of September, 2008 at 12.00 noon at Registered Office of the company at O.P. JINDAL MARG, HISAR (Haryana) to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Auditors and the Board of directors.
2. To declare dividend on equity shares for the year ended 31st March, 2008.
3. To appoint a director in place of Sh. Naveen Jindal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Sh. N.C. Mathur, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Sh. T.R. Sridharan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To re-appoint M/s. Lodha & Co., Chartered Accountants and M/s. S.S. Kothari Mehta & Co., Chartered Accountants as joint statutory auditors of the company, to conduct audit of books of accounts of the company and hold office from the conclusion of this annual general meeting to the conclusion of the next annual general meeting and to re-appoint M/s. N.C. Aggarwal & Co., Chartered Accountants, as branch auditors of Visakhapatnam division of the company.

### AS ORDINARY RESOLUTIONS:

- I. "RESOLVED that the retiring joint statutory auditors, M/s. Lodha & Co., Chartered Accountants, and M/s. S.S. Kothari Mehta & Co., Chartered Accountants, who, being eligible, offer themselves for re-appointment be and are hereby re-appointed as joint statutory auditors of the company to conduct audit of the books of accounts of the company for the year 2008-09 and to hold office until the conclusion of the next annual general meeting at a remuneration to be finalised by the Board of directors."
- II. "RESOLVED FURTHER that M/s. N.C. Aggarwal & Co., Chartered Accountants, be and are hereby re-appointed as Branch Auditors of Visakhapatnam division of the company for the year ending 31st March, 2009 on the terms and conditions and remuneration as may be finalised by the Board of directors."

### SPECIAL BUSINESS:

TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTIONS:

#### 7. AS AN ORDINARY RESOLUTION:

"RESOLVED that in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Sh. Arvind Parakh, an Additional Director of the company who holds office upto the date of this annual general meeting pursuant to section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the company, liable to retire by rotation."

#### 8. AS AN ORDINARY RESOLUTION:

"RESOLVED that in accordance with the provisions of sections 198, 269 and 309 read with schedule XIII and other applicable provisions of the Companies Act, 1956 or any amendment thereto from time to time, consent of the company be and is hereby given to the appointment of Sh. Arvind Parakh as Director (Strategy & Business Development) for a period of 5 years w.e.f. 21st January, 2008 to 20th January, 2013 at remuneration and other perquisites and terms and conditions as detailed in the Explanatory Statement, with liberty to the Board of directors to alter or vary the same so as not to exceed the limits set out in sections 198 and 309 read with schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed upon between the Board of directors and Sh. Arvind Parakh provided, however, that the normal annual increment as per policy of the company shall be granted to him by the Vice Chairman & Managing Director."

**9. AS AN ORDINARY RESOLUTION:**

“RESOLVED that in accordance with the provisions of sections 198, 269 and 309 read with schedule XIII and other applicable provisions of the Companies Act, 1956 or any amendment thereto from time to time, Sh. R.G. Garg be and is hereby re-appointed as Managing Director & Chief Operating Officer for a period of five years with effect from 23rd July, 2008 at remuneration and other perquisites and as per terms and conditions as detailed in the Explanatory Statement, with liberty to the Board of directors to alter or vary the same so as not to exceed the limits set out in sections 198 and 309 read with schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed upon between the Board of directors and Sh. R.G. Garg provided, however, that the normal annual increment as per policy of the company shall be granted to him by the Vice Chairman & Managing Director.”

**10. AS AN ORDINARY RESOLUTION:**

“RESOLVED that in accordance with the provisions of sections 198, 269 and 309 read with schedule XIII and other applicable provisions of the Companies Act, 1956 or any amendment thereto from time to time, Sh. Rajinder Parkash be and is hereby re-appointed as Executive Director for a period of five years with effect from 23rd July, 2008 at remuneration and other perquisites and as per terms and conditions as detailed in the Explanatory Statement, with liberty to the Board of directors to alter or vary the same so as not to exceed the limits set out in sections 198 and 309 read with schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed upon between the Board of directors and Sh. Rajinder Parkash provided, however, that the normal annual increment as per policy of the company shall be granted to him by the Vice Chairman & Managing Director.”

**11. AS AN ORDINARY RESOLUTION:**

“RESOLVED that in accordance with the provisions of sections 198, 269 and 309 read with schedule XIII and other applicable provisions of the Companies Act, 1956 or any amendment thereto from time to time, Sh. N.C. Mathur be and is hereby re-appointed as Director – Corporate Affairs for a period of five years with effect from 23rd July, 2008 at remuneration and other perquisites and as per terms and conditions as detailed in the Explanatory Statement, with liberty to the Board of directors to alter or vary the same so as not to exceed the limits set out in sections 198 and 309 read with schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed upon between the Board of directors and Sh. N.C. Mathur provided, however, that the normal annual increment as per policy of the company shall be granted to him by the Vice Chairman & Managing Director.”

**12. AS A SPECIAL RESOLUTION:**

“RESOLVED that pursuant to section 21 and all other applicable provisions, if any, of the Companies Act, 1956, the name of the Company be and is hereby changed from “JINDAL STAINLESS LIMITED” to “JSL LIMITED.”

“RESOLVED FURTHER that the name “JINDAL STAINLESS LIMITED” wherever occurs in the Memorandum and Articles of Association of the Company be substituted by the new name “JSL LIMITED.”

**13. AS SPECIAL RESOLUTIONS:**

(I) “RESOLVED that pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as “SEBI Guidelines”) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee, including the Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Director of the Company, whether whole time or otherwise, options exercisable into not more than 40,00,000 equity shares of the

## Notice

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Company (including any equity shares issued pursuant to the Resolution at Item No. 13(II) of the Notice) under one or more Employee Stock Option Scheme(s) (“ESOP”), in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority; each option would be exercisable for one Equity share of a face value of Rs.2/- each fully paid-up on payment of the requisite exercise price to the Company.

RESOLVED FURTHER that the number of options that may be granted to any Non-Executive director (including any independent director) in any financial year under the Scheme shall not exceed 15,000 and in aggregate shall not exceed 75,000.

RESOLVED FURTHER that in case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 40,00,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot Equity shares upon exercise of options from time to time in accordance with the employee stock option scheme and such Equity shares shall rank pari-passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER that in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.2/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.”

RESOLVED FURTHER that the Board including the compensation committee be and is hereby authorized to decide about the manner in which and employees to which options may be granted.

RESOLVED FURTHER that the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions, to issue clarification for removal of difficulties/ doubts etc. in the said schemes as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws.

- (II) “RESOLVED that pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as “SEBI Guidelines”) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee, including the Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of

1. Jindal Stainless UK Limited
2. Jindal Stainless FZE
3. PT Jindal Stainless Indonesia
4. Jindal Stainless Italy s.r.l.
5. Jindal Stainless Madencilik Sanayi VE Ticaret A.S., Turkey
6. Jindal Stainless Steelway Limited
7. Austenitic Creations Private Limited
8. Jindal Architecture Limited



9. Green Delhi BQS Limited

10. Parivartan City Infrastructure Limited

the subsidiaries of the company and such further subsidiaries that may be acquired by the company, including any Director of the Company, whether whole time or otherwise, options exercisable into shares or securities convertible into 40,00,000 equity shares of the Company (including any equity shares issued pursuant to the Resolution at Item No. 13(I) of the Notice) under one or more Employee Stock Option Scheme(s) (“ESOP”), in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority; each option would be exercisable for one Equity share of a face value of Rs.2/- each fully paid-up on payment of the requisite exercise price to the Company.

RESOLVED FURTHER that in case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above overall ceiling of 40,00,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot Equity shares upon exercise of options from time to time in accordance with the employee stock option scheme and such Equity shares shall rank pari-passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER that in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 2 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.”

RESOLVED FURTHER that the Board including the compensation committee be and is hereby authorized to decide about the manner in which and employees to which options may be granted.

RESOLVED FURTHER that the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions, to issue clarification for removal of difficulties/ doubts etc. in the said schemes as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and any other applicable laws.”

#### 14. AS A SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any modification or re-enactment thereof, for the time being in force), subject to all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with the stock exchanges where the Company’s shares are listed and subject to any necessary approval, consent, permission and/or sanction of the Central Government, Reserve Bank of India, Ministry of Finance and/or any other appropriate authorities, including banks, financial institutions or other creditors, and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, or sanction, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”) and/or duly authorised persons thereof for the time being exercising the powers conferred by the Board by this resolution, the Company issue, offer and allot, in the course of an international offering to eligible foreign investors (whether or not such investors are members of the Company), by way of circulation of an offering circular or prospectus or by way of private placement, Foreign Currency Convertible Bonds (“FCCBs”) mandatorily / optionally convertible into equity shares or global depository receipts of the Company either in full or part, Global Depository Receipts (“GDRs”), American Depositary Receipts (“ADRs”), which GDRs or ADRs, may at the option of the holders of such GDRs or ADRs or at the option of the company be surrendered for the purpose of cancellation against receipt of corresponding number of underlying equity shares of the Company, or any other equity related instrument (“Securities”) up to an aggregate principal amount of USD 400,000,000 (United States Dollars Four Hundred Million) in one or more tranche or tranches, to be subscribed in foreign currency, on such terms and conditions as may be decided and deemed appropriate by the authorised persons of the Board at the time of issue or allotment.

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RESOLVED FURTHER that without prejudice to the generality of the above and subject to all applicable laws, the aforesaid issue of Securities may have all or any terms or combination of terms in accordance with international practices including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment, any other debt service payments, terms for issue of equity shares or global depository receipts upon conversion of Securities being FCCBs, variation of the conversion price of the Securities during the term of the Securities, terms relating to surrender of Securities being GDRs / ADRs for the purposes of cancellation against receipt of the corresponding number of underlying equity shares and the Company is also entitled to enter into and execute all such arrangements/agreements as the case may be with any lead managers, managers, underwriters, advisors, depositories and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the like, and also to seek the listing of any or all of such Securities or securities representing the same in one or more stock exchanges outside India.

RESOLVED FURTHER THAT the Board or any committee thereof be and is hereby authorised to finalise and approve the offering circular for the proposed issue of the Securities and to authorise any director or directors of the Company or any other officer or officers of the Company to sign the above documents for and behalf of the Company together with the authority to amend, vary or modify the same as such authorised persons may consider necessary, desirable or expedient and for the purpose aforesaid to give such declarations, affidavits, certificates, consents and/or authorities as may, in the opinion of such authorised person, be required from time to time, and to arrange for the submission of the offering circular, and any amendments and supplements thereto, with any applicable stock exchanges, government and regulatory authorities, institutions or bodies, as may be required.”

RESOLVED FURTHER that the Securities issued in foreign markets shall be deemed to have been made abroad and/or in the international market and/or at the place of issue of the Securities in the international market and may be governed by foreign laws, as applicable.

RESOLVED FURTHER that the equity shares of the Company issued against GDRs may be converted into GDRs at the option of the Company or the holder of the GDRs in accordance with the procedure prescribed in the offering circular and the deposit agreement.

RESOLVED FURTHER that the Company may enter into any arrangement with any agency or body authorised by the Company for the issue, upon conversion of the Securities, of equity shares of the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradeability or free transferability thereof as per the international practices and regulations, and under the forms and practices prevalent in the international markets.

RESOLVED FURTHER that the Board or any committee thereof be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted for the issue of the Securities or as may be necessary in accordance with the terms of the offering, all such equity shares being pari passu with the then existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT the Board or any committee thereof, be and is hereby authorised to do such acts, deeds and things the Committee, in its absolute discretion deems necessary or desirable in connection with the issue of the Securities, including, without limitation, the following:

- (i) sign, execute and issue all documents necessary in connection with the issue of the Securities, including listing applications to stock exchanges and various agreements, undertakings, deeds, declarations;
- (ii) seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the issue and allotment of the Securities;
- (iii) giving or authorising the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time; and
- (iv) settling any questions, difficulties or doubts that may arise in regard to any such issue or allotment of Securities as it may in its absolute discretion deem fit.

15. AS A SPECIAL RESOLUTION:

“RESOLVED THAT in accordance with Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), as also provisions of Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000, as amended (the “SEBI Guidelines”), the provisions of the Foreign Exchange Management Act, 1999, as amended, and rules and regulations made thereunder, including the Foreign Exchange Management (Transfer and Issue of Securities by a Person Resident outside India) Regulations, 2000, and any other applicable laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company and listing agreements entered into by the Company with the stock exchanges where the shares of the Company are listed and subject to the approval, if required, of the Reserve Bank of India and/or all other necessary authorities, institutions or bodies, including banks, financial institutions or other creditors, and subject to such conditions as may be prescribed by any of them while granting such approval, the Company do create, issue, offer and allot in one or more tranches, equity shares, fully convertible debentures, partly convertible debentures, whether optionally or compulsorily convertible or any securities other than warrants which are convertible into or exchangeable with equity shares of the Company, in one or more foreign markets or domestic markets, to qualified institutional buyers including public financial institutions, scheduled commercial banks, mutual funds, foreign institutional investors, multilateral and bilateral development financial institutions, venture capital funds, foreign venture capital investors, state industrial development corporations, insurance companies, pension funds and provident funds, through a qualified institutional placement on a private placement basis within the meaning of Chapter XIII A of the SEBI Guidelines, with or without an over allotment/green shoe option, listed on any stock exchange in India, through a placement document in accordance with Chapter XIII A of the SEBI Guidelines, upto an aggregate of Rs.800,00,00,000 (Rupees Eight Hundred Crores) (hereinafter referred to as the “Securities”).”

“RESOLVED FURTHER THAT the Securities to be created, issued, offered and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing equity shares of the Company.”

“RESOLVED FURTHER THAT the Board or any committee thereof be and is hereby authorised on behalf of the Company to finalise the form, terms and conditions and timing of the issue(s)/offering(s), including the investors to whom the Securities are to be allotted, the proportion in which they are allotted, issue price, face value, number of Securities, the stock exchanges on which such Securities will be listed, finalisation of the allotment of the Securities on the basis of the subscriptions received, and any other matter in connection with, or incidental to, the issue of the Securities as the Board or any committee thereof, in its absolute discretion, deems necessary or desirable, together with any amendments or modifications thereto, provided that such Securities shall be fully paid-up, the allotment of such Securities shall be completed within 12 months from the date of the shareholders resolution approving the proposed issue or such other time as may be allowed by SEBI Guidelines from time to time, the pricing of the Securities shall be made subject to and in compliance with all applicable laws and regulations and the Securities shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized stock exchange, or except as may be permitted from time to time by the SEBI Guidelines.”

“RESOLVED FURTHER THAT the Board or any committee thereof be and is hereby authorised to finalise and approve the preliminary as well as the final placement document for the proposed issue of the Securities and to authorise any director or directors of the Company or any other officer or officers of the Company to sign the above documents for and behalf of the Company together with the authority to amend, vary or modify the same as such authorised persons may consider necessary, desirable or expedient and for the purpose aforesaid to give such declarations, affidavits, certificates, consents and/or authorities as may, in the opinion of such authorised person, be required from time to time, and to arrange for the submission of the preliminary and final placement document, and any amendments and supplements thereto, with any applicable government and regulatory authorities, institutions or bodies, as may be required.”

“RESOLVED FURTHER THAT the Board or any committee thereof be and is hereby authorised to appoint, in its absolute discretion, managers (including lead managers), investment bankers, merchant bankers, underwriters, guarantors, financial and/or legal advisors, depositories, custodians, listing agents, registrars and all other agencies, whether in India or abroad, in connection with the proposed offering of the Securities and to negotiate and finalise the terms and conditions (including the payment of their fees, commission, out of pocket expenses and charges) of the aforesaid appointments and also to, in its absolute discretion, renew or terminate the appointments so made.”

## Notice

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“RESOLVED FURTHER THAT the relevant date for the determination of the price of the Securities shall be 16th August, 2008, i.e. the date which is 30 days prior to the date on which the meeting of the shareholders is held for approving the proposed issue of Securities or such other time as may be allowed by SEBI Guidelines from time to time and such price shall be subject to appropriate adjustments in accordance with the applicable SEBI Guidelines.”

“RESOLVED FURTHER THAT the Board or any committee thereof, be and is or are hereby authorised to do such acts, deeds and things the Board or any committee thereof, in its absolute discretion deem necessary or desirable in connection with the issue of the Securities, including, without limitation, the following:

- (a) sign, execute and issue all documents necessary in connection with the issue of the Securities, including listing applications to stock exchanges, various agreements, undertakings, deeds, declarations;
- (b) seeking, if required, the consent of the Company’s lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the issue and allotment of the Securities;
- (c) seeking the listing of the Securities on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;
- (d) giving or authorising the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time.

### 16. AS A SPECIAL RESOLUTION:

“RESOLVED that in supersession of earlier resolutions passed by the shareholders from time to time pursuant to section 293 (1)(d) of the Companies Act, 1956, the consent of the company be and is hereby accorded in pursuance of the provisions of section 293 (1)(d) of the Companies Act, 1956, to the Board of directors of the company to borrow from time to time all such sums of money as they may deem necessary for the purpose of business of the company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained from the company’s bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not so set apart for any specific purpose provided that the total amount upto which the moneys may be borrowed by the Board of directors shall exceed the aggregate of the paid up capital and free reserves of the company by not more than a sum of Rs.20,000 Crore (Rupees twenty thousand crore only) at any time.”

By order of the Board

Registered Office:  
O.P. Jindal Marg, HISAR - 125 005  
22nd July, 2008

(A.P. Garg)  
Sr. Vice President &  
Company Secretary

### NOTES:

- A 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.
- B. A blank proxy form is sent herewith.
- C. The instrument appointing the proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
- D. An explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of item nos. 7 to 16 of the Notice is annexed hereto.

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

ITEM NOS. 7 & 8

The Board of directors, in its meeting held on 21st January, 2008 appointed Sh. Arvind Parakh as Additional Director with effect from 21st January, 2008 pursuant to Article 78 of Articles of Association of the company and section 260 of the Companies Act, 1956 and elevated him as Director (Strategy & Business Development) for a period of 5 years w.e.f. 21st January, 2008 to 20th January, 2013, subject to the approval of shareholders. A notice pursuant to section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose him as a candidate for the office of Director.

In terms of schedule XIII to the Companies Act, 1956, Sh. Arvind Parakh is eligible for appointment as Director (Strategy & Business Development). Hence the proposal. His appointment shall be subject to retirement by rotation. The profile of Sh. Arvind Parakh is given hereto under the head 'Additional Information'. The terms and conditions of his appointment are as mentioned hereunder:

Particulars of terms and conditions and remuneration:

1. Period: 5 years with effect from 21.1.2008 to 20.1.2013
2. Remuneration :

- (a) Salary : Rs.4,00,000/- (Rupees four lacs only) per month
- (b) Perquisites and allowances:

In addition to the salary, Sh. Arvind Parakh, Director (Strategy & Business Development) shall also be entitled to:

- (i) House Rent Allowance @ Rs.2,00,000/- (Rupees two lacs only) per month.
- (ii) Reimbursement of medical expenses @ Rs.1,250/- (Rupees one thousand two hundred fifty only) per month.
- (iii) Leave Travel Assistance @ Rs.4,250/- (Rupees four thousand two hundred fifty only) per month.
- (iv) Bonus @ 20% of salary.
- (v) Reimbursement of Professional Pursuits @ Rs.2,000/- (Rupees two thousand only) per month.
- (vi) Choice Pay @ Rs.5,08,250/- (Rupees five lacs eight thousand two hundred fifty only) per month.
- (vii) Reimbursement of discretionary expenses @ Rs.6,250/- (Rupees six thousand two hundred fifty only) per month.
- (viii) Club Membership of maximum two clubs.
- (ix) Personal Accident Insurance as per rules of the company.
- (x) Reimbursement of telephone expenses for business purposes in accordance with the rules of the company.
- (xi) Leave with salary as per rules of the company.
- (xii) Mediclaim Insurance coverage as per company rules.
- (xiii) Group Personal Accident Insurance Coverage as per company rules.
- (xiv) Chauffeur driven car for business and personal usage.
- (xv) Provident Fund as per rules thereof.
- (xvi) Gratuity as per rules thereof.
- (xvii) Performance Linked Variable Reward (PLVR) as per scheme of the company.
- (xviii) He shall be also entitled to Employees Stock Option Schemes / Plans of the company as per company rules as and when applicable.
- (xix) Other allowances as per rules of the company.

## Notice

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### 3. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Sh. Arvind Parakh, Director (Strategy & Business Development), the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances as specified above, subject to Central Government approval.

4. He shall also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the company.
5. He shall not be paid any sitting fees for attending the meetings of the Board of directors or committees thereof.
6. The above remuneration payable to him shall be subject to the limits of 5% or 10% of the net profits of the company, as the case may be as laid down in section 309 of the Companies Act, 1956 read with schedule XIII to the Companies Act, 1956 and the overall limit of 11% of the net profits of the company as laid down in Section 198(1) of the said Act.
7. He shall be liable to retire by rotation.

In compliance with the provisions of section 309 of the Companies Act, 1956, the terms of remuneration specified above is placed before the members in the general meeting for their approval.

The above may be treated as an abstract required under section 302 of the Companies Act, 1956. There is no written agreement in this regard.

Sh. Arvind Parakh, being concerned, is interested in this resolution. None of the other directors of the company is concerned or interested in the resolution. Your Directors, therefore, recommend the resolutions for your approval.

### ITEM NO. 9

Sh. R.G. Garg was appointed by the Board of directors in its meeting held on 5th July, 2003 as Deputy Managing Director with effect from 23rd July, 2003 for a period of five years. His appointment as well as remuneration was approved by the shareholders in the Extraordinary General Meeting held on 1st August, 2003.

On 2nd September, 2006, the Board of directors elevated him as Joint Managing Director & Chief Operating Officer (Hisar Division) with effect from 2nd September, 2006. On 27th November, 2007, the Board of directors by passing the resolution through circulation, further elevated Sh. R.G. Garg as Managing Director & Chief Operating Officer with effect from 27th November, 2007.

The present term of appointment of Sh. R.G. Garg is due to expire on 23rd July, 2008. Keeping in view the vast experience of Sh. R.G. Garg, the Board of directors, in its meeting held on 30th April, 2008 re-appointed him as Managing Director & Chief Operating Offer for a period of five years with effect from 23rd July, 2008, subject to approval of shareholders.

In terms of schedule XIII to the Companies Act, 1956, Sh. R.G. Garg is eligible for re-appointment. Hence the proposal. His re-appointment shall be subject to retirement by rotation. The profile of Sh. R.G. Garg is given hereto under the head 'Additional Information'. The terms and conditions of his re-appointment are as mentioned hereunder:

Particulars of terms and conditions and remuneration :

1. Period: 5 years with effect from 23.7.2008 to 22.7.2013
2. Remuneration :
  - (a) Salary : Rs.300,000/- per month
  - (b) Perquisites and allowances:

In addition to the salary, Sh. R.G. Garg, Managing Director & Chief Operating Officer shall also be entitled to:

- (i) House Rent Allowance @ Rs.150,000/- per month.

- (ii) Reimbursement of medical expenses @ Rs.1,250/- per month.
- (iii) Leave Travel Assistance @ Rs.2,500/- per month.
- (iv) Bonus @ 20% of salary.
- (v) Reimbursement of Professional Pursuits @ Rs1,000/- per month.
- (vi) Choice Pay @ Rs. 324,250/- per month.
- (vii) Reimbursement of telephone expenses for business purposes in accordance with the rules of the company.
- (viii) Chauffeur driven company car.
- (ix) Leave with salary as per rules of the company.
- (x) Mediclaim Insurance coverage as per company rules.
- (xi) Group Personal Accident Insurance Coverage as per company rules.
- (xii) Provident Fund as per rules thereof.
- (xiii) Gratuity as per rules thereof.
- (xiv) Performance Linked Variable Reward (PLVR) as per scheme of the company.
- (xv) Other allowances as per rules of the company.

3. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Sh. R.G. Garg, Managing Director & Chief Operating Officer, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances as specified above, subject to Central Government approval.

- 4. He shall also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the company.
- 5. He shall not be paid any sitting fees for attending the meetings of the Board of directors or committees thereof.
- 6. The above remuneration payable to him shall be subject to the limits of 5% or 10% of the net profits of the company, as the case may be as laid down in section 309 of the Companies Act, 1956 read with schedule XIII to the Companies Act, 1956 and the overall limit of 11% of the net profits of the company as laid down in Section 198(1) of the said Act.
- 7. He shall be liable to retire by rotation.

In compliance with the provisions of section 309 of the Companies Act, 1956, the terms of remuneration specified above is placed before the members in the annual general meeting for their approval.

The above may be treated as an abstract required under section 302 of the Companies Act, 1956. There is no written agreement in this regard.

Sh. R.G. Garg, being concerned, is interested in this resolution. None of the other directors of the company is concerned or interested in the resolution. Your Directors, therefore, recommend the resolutions for your approval.

**ITEM NO. 10**

Sh. Rajinder Parkash was appointed by the Board of directors in its meeting held on 5th July, 2003 as Executive Director with effect from 23rd July, 2003 for a period of five years. His appointment as well as remuneration was approved by the shareholders in the Extraordinary General Meeting held on 1st August, 2003.

The present term of appointment of Sh. Rajinder Parkash is due to expire on 23rd July, 2008. Keeping in view the vast experience of Sh. Rajinder Parkash, the Board of directors, in its meeting held on 30th April, 2008, re-appointed Sh. Rajinder Parkash as Executive Director for a period of five years with effect from 23rd July, 2008, subject to approval of shareholders.

## Notice

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In terms of schedule XIII to the Companies Act, 1956, Sh. Rajinder Parkash is eligible for re-appointment. Hence the proposal. His re-appointment shall be subject to retirement by rotation. The profile of Sh. Rajinder Parkash is given hereto under the head 'Additional Information'. The terms and conditions of his re-appointment are as mentioned hereunder:

1. Period: 5 years with effect from 23.7.2008 to 22.7.2013

2. Remuneration :

(a) Salary : Rs.92000/- per month

(b) Perquisites and allowances:

In addition to the salary, Sh. Rajinder Parkash, Executive Director shall also be entitled to:

- (i) House Rent Allowance @ Rs. 10,000/- per month.
- (ii) Reimbursement of medical expenses @ Rs. 1,250/- per month.
- (iii) Leave Travel Assistance @ Rs.1,250/- per month.
- (iv) Bonus @ 20% of salary.
- (v) Reimbursement of Professional Pursuits @ Rs.500/- per month.
- (vi) Choice Pay @ Rs. 16,815/- per month.
- (vii) Reimbursement of telephone expenses for business purposes in accordance with the rules of the company.
- (viii) Leave with salary as per rules of the company.
- (ix) Company car/Composite Car Allowance @ Rs.24,000/- per month
- (x) Petrol & Maintenance expenses reimbursement @ Rs.120,000/- per annum.
- (xi) Driver's wages @ Rs,7,000/- per month.
- (xii) Medclaim Insurance coverage as per company rules.
- (xiii) Group Personal Accident Insurance Coverage as per company rules.
- (xiv) Provident Fund as per rules thereof.
- (xv) Gratuity as per rules thereof.
- (xvi) Performance Linked Variable Reward (PLVR) as per scheme of the company.
- (xvii) Other allowances as per rules of the company.

3. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Sh. Rajinder Parkash, Executive Director, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances as specified above, subject to Central Government approval.

4. He shall also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the company.
5. He shall not be paid any sitting fees for attending the meetings of the Board of directors or committees thereof.
6. The above remuneration payable to him shall be subject to the limits of 5% or 10% of the net profits of the company, as the case may be as laid down in section 309 of the Companies Act, 1956 read with schedule XIII to the Companies Act, 1956 and the overall limit of 11% of the net profits of the company as laid down in Section 198(1) of the said Act.
7. He shall be liable to retire by rotation.

In compliance with the provisions of section 309 of the Companies Act, 1956, the terms of remuneration specified above is placed before the members in the annual general meeting for their approval.



The above may be treated as an abstract required under section 302 of the Companies Act, 1956. There is no written agreement in this regard.

Sh. Rajinder Parkash, being concerned, is interested in this resolution. None of the other directors of the company is concerned or interested in the resolution. Your Directors, therefore, recommend the resolutions for your approval.

**ITEM NO. 11**

Sh. N.C. Mathur was appointed by the Board of directors in its meeting held on 5th July, 2003 as Director - International Marketing with effect from 23rd July, 2003 for a period of five years. His appointment as well as remuneration was approved by the shareholders in the Extraordinary General Meeting held on 1st August, 2003.

On 2nd September, 2006, the Board of directors re-designated Sh. N.C. Mathur as Director - Corporate Affairs.

The present term of appointment of Sh. N.C. Mathur is due to expire on 23rd July, 2008. Keeping in view his vast experience, the Board of directors, in its meeting held on 30th April, 2008 re-appointed Sh. N.C. Mathur, as Director – Corporate Affairs for a period of five years with effect from 23rd July, 2008, subject to approval of shareholders.

In terms of schedule XIII to the Companies Act, 1956, Sh. N.C. Mathur is eligible for re-appointment. Hence the proposal. His re-appointment shall be subject to retirement by rotation. The profile of Sh. N.C. Mathur is given hereto under the head 'Additional Information'. The terms and conditions of his re-appointment are as mentioned hereunder:

Particulars of terms and conditions and remuneration :

1. Period: 5 years with effect from 23.7.2008 to 22.7.2013
2. Remuneration :

- (a) Salary : Rs.116,100/- per month
- (b) Perquisites and allowances:

In addition to the salary, Sh. N.C. Mathur, Director – Corporate Affairs shall also be entitled to:

- (i) Reimbursement of medical expenses @ Rs,1,250/- per month.
- (ii) Leave Travel Assistance @ Rs.2,500/- per month.
- (iii) Bonus @ 20% of salary.
- (iv) Reimbursement of Professional Pursuits @ Rs.1,000/- per month.
- (v) Choice Pay @ Rs.50,998/- per month.
- (vi) Reimbursement of telephone expenses for business purposes in accordance with the rules of the company.
- (vii) Leave with salary as per rules of the company.
- (viii) Company car/Composite car Allowance @ Rs.32,000/- per month
- (ix) Petrol & Maintenance @ Rs.2,16,000/- per annum.
- (x) Driver's wages @ Rs.8,500/- per month.
- (xi) Mediclaim Insurance coverage as per company rules.
- (xii) Group Personal Accident Insurance Coverage as per company rules.
- (xiii) Provident Fund as per rules thereof.
- (xiv) Gratuity as per rules thereof.
- (xv) Performance Linked Variable Reward (PLVR) as per scheme of the company.
- (xvi) Other allowances as per rules of the company.

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### 3. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Sh. N.C. Mathur, Director - Corporate Affairs, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances as specified above, subject to Central Government approval.

4. He shall also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the company.
5. He shall not be paid any sitting fees for attending the meetings of the Board of directors or committees thereof.
6. The above remuneration payable to him shall be subject to the limits of 5% or 10% of the net profits of the company, as the case may be as laid down in section 309 of the Companies Act, 1956 read with schedule XIII to the Companies Act, 1956 and the overall limit of 11% of the net profits of the company as laid down in Section 198(1) of the said Act.
7. He shall be liable to retire by rotation.

In compliance with the provisions of section 309 of the Companies Act, 1956, the terms of remuneration specified above is placed before the members in the ensuing general meeting for their approval.

The above may be treated as an abstract required under section 302 of the Companies Act, 1956. There is no written agreement in this regard.

Sh. N.C. Mathur, being concerned, is interested in this resolution. None of the other directors of the company is concerned or interested in the resolution. Your Directors, therefore, recommend the resolutions for your approval.

### ITEM NO. 12

The Company was incorporated on September 29, 1980 and was renamed as Jindal Stainless Limited (JSL) on January 28, 2003. Pursuant to a court approved Scheme of Arrangement and Demerger, effective from April 1, 2002, all properties, assets, rights, powers and liabilities relating to the stainless steel undertaking of Jindal Strips Limited were transferred to the Company. Prior to this, the stainless steel manufacturing activities were carried on by Jindal Strips Limited (JSL) which was incorporated on 18th November, 1970. Thus, the company and its stainless steel activities are well known as 'JSL' for more than three decades in the market.

Earlier, the activities of JSL were restricted to production of stainless steel only. As an industry leader, JSL recognize the need to stay current with ever changing business environment, therefore, the company has taken up various diversified activities such as mining, power, media, life style product, infrastructure etc. JSL has a Ferro-Chrome manufacturing facilities in Jajpur, Orissa, which is part of the proposed 0.8 MTPA integrated stainless steel plant. Now, JSL manufactures a broad range of products for sale in the domestic market for customers in segments such as architecture, building construction, automobiles, white goods and appliances, railways, power plants, fertilizer, pharmaceuticals, kitchenware and tableware, and other industrial applications. JSL also produces stainless steel for value-added and specialty products such as razor blades, precision strips and coin blanks.

JSL has acquired mines and established power plants. Through its subsidiaries, JSL has started infrastructure development in cities with modernized technologies. Thus, the JSL has now not limited only to Stainless Steel Manufacturing activities.

The word Jindal denotes a family only and any one can use the word "Jindal" with its name and can dilute the brand image of the company. Therefore, it has become necessary to establish our brand as "JSL" that is denoting our entity and will also establish our brand image like ABB Limited and DLF Limited. The word 'JSL' which is abbreviation of the present name Jindal Stainless Limited will strengthen our entity in relation to our diversified goals keeping us an isolated entity with global presence. It has been vehemently felt that there is a need of new face of Jindal Stainless Limited.

"JSL Limited" will be definite replacement of our existing name which is not only an abbreviation but also drives our vision and aim for re-inventing our business synergies in a newer way with greater diversification. JSL builds on our history of innovation, leadership and customer-intensive approach and takes us forward in our commitment & vision to greater heights.

Section 21 of the Companies Act, 1956, inter alia provides that a company may, by special resolution and with the approval of the Central Government, change its name.

The Registrar of Companies, Delhi & Haryana has already granted availability of the said name. Accordingly, consent of the shareholders is being sought pursuant to the provisions of section 21 of the Companies Act, 1956 to change the name of the company from Jindal Stainless Limited to JSL Limited.

None of the Directors of the company is, in any way, concerned or interested in the resolution.

**ITEM NO. 13**

The Company recognizes and appreciates the critical role played by the employees of the Company and its subsidiaries in bringing about growth of the organization. It strongly feels that the value created by them should be shared with them. To promote the culture of employee ownership in the company, approval of the shareholders is being sought for issue of stock options to the employees of the company and its subsidiaries.

The main features of the employee stock option schemes are as under:

1. Total number of options to be granted:

A total number of options equal to 40,00,000 equity shares would be available for being granted to eligible employees of the company and the subsidiaries of the company and further subsidiaries to be formed, if any, including any Director of the Company, whether whole time or otherwise under the ESOP. Each option when exercised would be converted into one Equity share of Rs.2/- (Rupees two only) each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

SEBI guidelines require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are issued by the Company to the Option Grantees for making such fair and reasonable adjustment, the overall ceiling of 40,00,000 equity shares for the employees of the company and the subsidiaries as stated above shall be deemed to be increased to the extent of such additional equity shares issued.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

All permanent employees of the Company, its subsidiaries and further subsidiaries to be formed, if any, including the Directors but excluding the promoters of the Company and any director who directly or indirectly holds more than 10% of the outstanding equity shares of the company, as may be decided by the Compensation Committee from time to time, would be entitled to be granted stock options under the ESOP Scheme(s).

3. Transferability of employee stock options

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

4. Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment of the Company and its subsidiaries, as the case may be. The Compensation Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below).

The options would vest not earlier than one year and not later than five years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options.

5. Exercise Price:

The options will be granted at either of the following exercise prices as decided by the Compensation Committee

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- 1) At a price equal to 20% discount to the average of the closing market price (at a stock exchange as determined by the Compensation Committee) in the 30 trading days immediately preceding the date of grant of options
- 2) At a price equal to the market price as on the date of grant.
- 3) At a price equal to the average of the closing market price (at a stock exchange as determined by the Compensation Committee) in the 30 trading days immediately preceding the date of grant.

6. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of three years from the date of vesting of options.

The options will be exercisable by the Employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

7. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee, and will be based on criteria such as role / designation of the employee, length of service with the Company and its subsidiaries, as the case may be, past performance record, future potential of the employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

8. Maximum number of options to be issued per employee and in aggregate:

The Maximum number of options to be issued per employee and in aggregate shall not exceed 0.25% of the issued capital of the Company at the time of grant of options.

9. Maximum number of options to be granted to Non-Executive directors (including independent directors) in any financial year and in aggregate:

The number of options that may be granted to any Non-Executive director (including any independent director) in any financial year under the Scheme shall not exceed 15,000 and in aggregate shall not exceed 75,000.

10. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI Guidelines and other concerned Authorities.

11. Method of option valuation

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted.

The difference between the employee compensation cost computed using the Intrinsic Value Method and the cost that shall have been recognized if it had used the Fair Value Method, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the employee stock option schemes provide for issue of shares to be offered to persons other than existing shareholders of the company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and the SEBI Guidelines.

Your Directors believe that ESOP would be in the interest of the company and therefore recommend the resolutions at item no. 13 as special resolutions.

None of the Directors of the company is, in any way, concerned or interested in the resolutions, except to the extent of the securities that may be offered to them under the scheme.

A copy of the Scheme approved by the Board of directors shall be available for inspection to the members at the registered office of the company between 11.00 a.m. and 1.00 p.m. on all working days upto the date of the annual general meeting.

#### ITEM NO. 14

The Company is currently in the final stage of implementation of an expansion cum modernization plan at Hisar envisaging capacity expansion, de-bottlenecking and quality improvement. and Phase-I of its project at Orissa envisaging the installation of ferro-alloy facilities, coke oven battery, coal based thermal captive power plant and waste gas recovery power plant. The company has also achieved the financial closure in terms of debt financing of the Phase – II of its project at Orissa, being a 0.8 million tonnes stainless steel plant. The facilities to be installed in Phase-II include slab caster, hot rolling mill, hot rolled annealing pickling line and cold rolled annealing pickling line and bell annealing furnace.

In order to meet the funds requirements in respect of the expansion-cum-modernization plan at Hisar, Phase I and II of the Orissa project and for other working capital requirements and general corporate needs of the Company, the Company plans to raise funds through the issue of foreign currency convertible bonds / global depository receipts / American depository receipts or any other equity linked instruments (“Securities”) up to an aggregate amount of USD 400,000,000 (United States Dollars Four Hundred Million) to any eligible international investor(s) in one or more tranches, at a price determined in accordance with applicable law and otherwise on such terms and conditions as may be deemed appropriate by the Board at the time of the issue or allotment of the Securities.

The detailed terms and conditions for the issuance of Securities will be determined in consultation with the lead managers, consultants, advisors and/or such other intermediaries as may be appointed for the issue/offer. The Securities issued and allotted by the Company as mentioned above shall be convertible into equity share of the Company and the shares issuable upon conversion of such Securities shall rank *pari passu* in all respects with the existing equity shares of the Company. The Securities issued pursuant to the offering(s) would be listed on the stock exchanges abroad.

Since the pricing of the offering cannot be decided at this stage, it is not possible to state the price or the exact number of Securities or shares to be issued and hence an enabling resolution is proposed to give adequate flexibility and discretion to the Board/any committee constituted thereunder to finalise the terms of the issue of the Securities in consultation with the lead managers/ underwriters or such other authorities as need to be consulted including in relation to the pricing of the issue which will be in accordance with the international practices and applicable law.

Section 81(1A) of the Companies Act, 1956, provides *inter alia* that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the company in the manner laid down in section 81(1A), unless the shareholders in a general meeting decide otherwise.

The listing agreements with the stock exchanges on which the shares of the Company are listed provide *inter alia* that the Company, in the first instance, should offer all shares to be issued by the Company for subscription, *pro-rata* to the existing equity shareholders of the Company unless the shareholders decide otherwise in a general meeting.

Under the said special resolution, consent of the shareholders is being sought pursuant to the provisions of section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the listing agreements executed by the Company with the various stock exchanges in India where the Company’s shares are listed.

The said resolution will, if passed, enable the Board on behalf of the company to issue and allot securities, otherwise than on a *pro rata* basis to the existing shareholders, as permitted by section 81 of the Companies Act, 1956.

The Board of directors believes that the proposed international issue of Securities will be in the best interest of the Company.

Directors, therefore, recommend the resolution for approval of the shareholders.

None of the directors of the company are, in any way concerned with or interested in the resolution.

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### ITEM NO. 15

The Company is currently in the final stage of implementation of an expansion cum modernization plan at Hisar envisaging capacity expansion, de-bottlenecking and quality improvement and Phase-I of its project at Orissa envisaging the installation of ferro-alloy facilities, coke oven battery, coal based thermal captive power plant and waste gas recovery power plant. The company has also achieved the financial closure in terms of debt financing of the Phase – II of its project at Orissa, being a 0.8 million tonnes stainless steel plant. The facilities to be installed in Phase-II include slab caster, hot rolling mill, hot rolled annealing pickling line and cold rolled annealing pickling line and bell annealing furnace.

In order to meet the funds requirements in respect of the expansion-cum-modernization plan at Hisar, Phase I and II of the Orissa project and for other working capital requirements and general corporate needs of the Company, the Company plans to raise funds through the issue of equity/ equity linked instruments.

The Board of directors of the Company, at their meeting held on 22nd July, 2008 has approved the raising of funds by the Company up to an amount of Rs. 800,00,00,000 (Rupees Eight Hundred Crores) by way of a Qualified Institutional Placement on a private placement basis to qualified institutional buyers as per the provisions of Chapter XIII A of the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines), 2000 (“SEBI Guidelines”) (hereinafter referred to as “Securities”).

The issuance of Securities will be in conformity with the provisions of Chapter XIII A of the SEBI Guidelines. The detailed terms and conditions for the issuance of Securities will be determined in consultation with the lead managers, consultants, advisors and/or such other intermediaries as may be appointed for the issue/offer. The pricing of the Securities will be in compliance with Chapter XIII A of the SEBI Guidelines. As the pricing of the offering cannot be decided except at a later stage, it is not possible to state the price or the exact number of Securities to be issued. For the reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board of directors to finalise the terms of the issue.

The special resolution gives the Board of directors the power to issue the securities in one or more tranches to Qualified Institutional Buyers, at such times and such price as determined in accordance with Chapter XIII-A of the Guidelines.

Section 81(1A) of the Companies Act, 1956 provides inter alia that a company in the first instance should offer any securities to be issued by the company to its existing equity shareholders, unless the shareholders approve the same at a general meeting by way of a special resolution. Accordingly, consent of the shareholders is being sought pursuant to the provisions of the said section 81 (1A) of the Companies Act, 1956 to issue and allot the said securities, to the Qualified Institutional Buyers, as may be decided by the Board of directors.

Further, the listing agreements executed by the Company with the stock exchanges where the shares of the Company are presently listed, provide inter-alia that the Company in the first instance should offer any shares to be issued by the Company for subscription on a pro-rata basis to its existing equity shareholders unless the shareholders approve the same at a general meeting. Accordingly, the required consent of the shareholders is being sought pursuant to the provisions of the listing agreements and other applicable provisions to issue and allot the said securities, to the Qualified Institutional Buyers, as may be decided by the Board of directors.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution.

The Board recommends the Special Resolution for approval by the Members.

### ITEM NO. 16

At present, the company has powers to borrow money in excess of paid up capital and free reserves upto Rs.12,000 crore. Keeping in view of the various expansions, projects, general corporate purposes including capital expenditures, working capital requirements, it would become necessary for the company to borrow in excess of the paid up capital and free reserves upto Rs.20,000 crore.

Section 293 (1)(d) of the Companies Act, 1956 provides that except with the approval of the shareholders in the general meeting, the company shall not borrow moneys in excess of the paid up share capital and free reserves. The sanction of the shareholders is sought to authorise the Board to borrow moneys in excess of the company’s capital and free reserves up to Rs.20,000 crore (Rupees twenty thousand crore only).

None of the directors is, in any way, concerned or interested in the resolution.

Additional Information : As required in terms of clause 49 of the listing agreement.

Brief Profile of new director appointed / re-appointed and the directors, who retire by rotation and are eligible for re-appointment:

Brief Profile of Sh. Arvind Parakh

Sh. Arvind Parakh, Director (Strategy & Business Development) has over 25 years of experience in corporate finance and business management. He is a chartered accountant. He has worked overseas at senior positions. He was with Jindal Stainless Limited for ten years before leaving as Director (Finance). He also worked in Omaxe Limited, a real estate company as Chief Executive Officer (Strategy & Finance) before joining back Jindal Stainless Limited.

Outside Directorship : Director in Omaxe Ltd., Taj Capital Partners Pvt. Ltd., Jindal Stainless (Mauritius) Ltd., Jindal Stainless FZE, Jindal Stainless UK Ltd., Jindal Stainless Italy s.r.l.

Committee Membership : Nil

Brief Profile of Sh. Naveen Jindal

Sh. Naveen Jindal, Director, an MBA (University of Texas, USA) is Executive Vice Chairman & Managing Director of Jindal Steel & Power Limited. He is associated with a number of Industries and other associations including FICCI, Sponge Iron Manufacturers Association and Captive Power Producers of Madhya Pradesh. He is a Member of Parliament from Kurukshetra Constituency.

Outside Directorship : Jindal Steel & Power Limited, (Executive Vice Chairman & Managing Director), Jindal Power Limited (Director), Salasar Finvest Limited (Director), Jindal Synergy Investments Limited (Director), Nalwa Farms Private Limited (Director).

Committee Membership : Nil

Brief Profile of Sh. R.G. Garg

Sh. R.G. Garg, Managing Director & Chief Operating Officer oversees the operations of the company and is assisted by senior executives for various functional areas. He is responsible for formulating and implementing the company's business strategy and annual plans. He has over 40 years of experience in the steel industry. He holds a B.Sc. Engg. (Hons) degree in mechanical engineering from Punjab Engineering College, Chandigarh.

Outside Directorship : Nalwa Sons Investments Limited (Director).

Committee Membership : Chairman of Shareholders / Investors Grievance Committee and Member of Audit Committee of Nalwa Sons Investments Limited. Member of Shareholders / Investors Grievance Committee of Jindal Stainless Limited.

Brief Profile of Sh. Rajinder Parkash

Sh. Rajinder Parkash, Executive Director is responsible for providing comprehensive legal support and advice. He monitors the compliance and legal matters of the company. He holds a diploma in mechanical engineering. He has over 36 years of experience in the steel industry.

Outside Directorship : Nalwa Sons Investments Limited (Director),  
Nalwa Investments Limited (Director),  
Jindal Steel & Alloys Limited (Director).

Committee Membership : Chairman of Audit Committee of Nalwa Sons Investments Limited, Member of Remuneration Committee of Nalwa Sons Investments Limited, Member of Shareholders/ Investors Grievance Committee of Jindal Stainless Limited and Nalwa Sons Investments Limited.

## Notice

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### Brief Profile of Sh. N.C. Mathur

Sh. N.C. Mathur represents the company at various forums such as the Federation of Indian Chambers of Commerce and Industry, the Confederation of Indian Industry, the Indian Stainless Steel Development Association and the International Stainless Steel Forum. He has over 41 years of experience in various industries, including the steel industry. Prior to joining the company, he was with the Birla group for 17 years. He holds a B. Tech. (Hons.) from BITS, Pilani.

Outside Directorship : Jindal Architecture Limited (Director), Green Delhi BQS Limited (Director).

Committee Membership : Nil

### Brief Profile of Sh. T.R. Sridharan

Sh. T.R. Sridharan, Director, has over forty years of experience in international banking, capital markets, administrative and operational portfolios in domestic banking. He is Ex-Chairman & Managing Directors of Canara Bank. He has five years experience as member of BIFR. He is currently involved in the evaluation of “Country Financial Accountability Assessment (CFAA)” of various countries, as a consultant for the World Bank.

Outside Directorship : Optimus Outsourcing Solutions Limited (Director).

Committee Membership : Member of Audit Committee of Jindal Stainless Limited and Optimus Outsourcing Solutions Limited.

By order of the Board

Registered Office:  
O.P. Jindal Marg, HISAR - 125 005  
22nd July, 2008

(A.P. Garg)  
Sr. Vice President &  
Company Secretary



#### FOR ATTENTION OF SHAREHOLDERS

1. The register of members and share transfer books of the company will remain closed from Saturday, 16th August, 2008 to Saturday, 23rd August, 2008 (both days inclusive).
2. Members are requested to immediately notify to the Registrar any change in their address, in respect of equity shares held in physical mode and to their depository participants (DPs) in respect of equity shares held in dematerialised form.
3. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of their folios and send relevant share certificates to the company.
4. Section 109A of the Companies Act, 1956 extends nomination facility to all shareholders. They may like to avail it.
5. The company's equity shares are compulsorily traded in dematerialised form by all investors. Shareholders are requested to get the shares dematerialised in their own interest.
6. The company has created a new Email Id. 'investorcare@jindalstainless.com', which is being used exclusively for the purpose of redressing the complaints of the investors.

#### REQUEST TO THE MEMBERS

- \* Members having old share certificates of Jindal Strips Limited (now Nalwa Sons Investments Limited) issued prior to the Scheme of Arrangement and Demerger between Jindal Strips Limited (now Nalwa Sons Investments Limited) and Jindal Stainless Limited and members having share certificates of erstwhile Jindal Ferro Alloys Limited are hereby requested to surrender their share certificates to THE COMPANY SECRETARY, NALWA SONS INVESTMENTS LIMITED (FORMERLY: JINDAL STRIPS LIMITED), O.P. JINDAL MARG, HISAR – 125 005 (HARYANA) INDIA, to enable both Nalwa Sons Investments Limited and Jindal Stainless Limited to issue new share certificates. Members having share certificates of Nalwa Sons Investments Limited (Formerly: Jindal Strips Limited) having distinctive numbers in the range of 60000001-65136163 are not required to surrender their share certificates.
- \* Members having old share certificates of Jindal Stainless Limited comprising shares of face value of Rs.10/- each are hereby requested to surrender their share certificates to THE COMPANY SECRETARY, JINDAL STAINLESS LIMITED, O.P. JINDAL MARG, HISAR – 125 005 (HARYANA) INDIA to issue new share certificates of face value of Rs.2/- each.
- \* Members should keep a record of their specimen signature before lodging shares with the company to prevent the possibility of a difference in signature at a later date.
- \* Members should quote their email addresses, telephone / fax numbers to get a prompt reply to their communications.
- \* Members may give their valuable suggestions for improvement of our investor services.
- \* Members desiring any information/clarification on the accounts are requested to write to the company at least seven days in advance, so as to enable the management to keep the information ready at the annual general meeting.
- \* As a measure of economy, copies of the annual report will not be distributed at the meeting. Members are requested to bring along their copies.
- \* Members/proxies are requested to bring the attendance slip, duly filled in.
- \* As per Central Government's approval under section 212(8) of the Companies Act, 1956 vide its letter dated 6th June, 2008, the annual accounts of all the ten subsidiary companies are not attached with this report. Any shareholder / investor of the company or its above said subsidiary companies, interested in obtaining the annual accounts of the subsidiary companies and the related detailed information may write to the Company Secretary at registered office of the company.  
The annual accounts of the subsidiary companies would be open and accessible for inspection by shareholder / investor at registered office of the company and registered office of the subsidiary companies on any working day except holidays till the date of the annual general meeting between 11.00 a.m. and 1.00 p.m.
- \* Members attending the AGM and desiring to go round the factory, are requested to inform a week in advance so that necessary arrangements are made.

IN DEFERENCE TO THE GOVT. POLICY, NO GIFTS WILL BE DISTRIBUTED AT THE A.G.M.

## Directors' Report

TO

THE MEMBERS,

With immense pleasure, your directors are herewith presenting the 28th annual report on the business and operations of your company together with the audited statement of accounts for the year ended 31st March, 2008.

### Financial Results

Your Company's performance for the financial year ending 31st March, 2008 is stated below:

(Rs. in Crore)

	Year Ended 31.03.2008	Year Ended 31.03.2007
Gross Sales & Income from Operations	5698.20	5267.80
Less: Excise duty	533.85	390.30
Net Sales/Income from Operations	5164.35	4877.50
Add: Other Income	29.12	18.93
Total Sales/Income	5193.47	4896.43
Profit before Interest, Depreciation, Tax and extraordinary item	808.39	844.18
Less: Interest/Bank Charges	149.35	70.35
Depreciation / Amortisation	252.38	216.10
Extraordinary Item	36.13	-
Provision for Tax	42.78	85.22
MAT Credit entitlement	(10.66)	-
Provision for Deferred Tax	96.13	113.28
Fringe benefit tax	1.11	0.91
Previous year taxation adjustment	-	5.31
Net Profit after Tax & Extraordinary Item	241.17	353.01
Add / (Less):		
Amount brought forward	48.35	33.14
Debenture Redemption Reserve written back	16.34	0.45
Profit available for Appropriation	305.86	386.60
Less: Proposed dividend on Equity Shares	32.43	5.53
Dividend on Equity Shares for Previous Year	0.19	0.14
Interim Dividend on Equity Shares	-	22.12
Corporate Dividend Tax	5.54	4.06
Debenture Redemption Reserve	25.19	31.40
General Reserve	180.00	275.00
Balance carried to Balance Sheet	62.51	48.35

### Change of Name

Earlier, the activities of the company were restricted to production of stainless steel only. However, to stay current with ever changing business environment, the company has taken up various diversified activities such as mining, power, media, life style product, infrastructure etc. JSL has a Ferro-Chrome manufacturing facilities in Jajpur, Orissa, which is part of the proposed 0.8 MTPA integrated stainless steel plant. Now, the company manufactures a broad range of products for sale in the domestic market for customers in segments such as architecture, building construction, automobiles, white goods and appliances, railways, power plants, fertilizer, pharmaceuticals, kitchenware and tableware, and other industrial applications. JSL also produces stainless steel for value-added and specialty products such as razor blades, precision strips and coin blanks. The company has acquired mines and established power plants. Through its subsidiaries, the company has started infrastructure development in cities with modernized technologies. Thus, the company has now not limited only to Stainless Steel Manufacturing activities.

The word 'JSL' which is abbreviation of the present name Jindal Stainless Limited will strengthen our entity in relation to our diversified goals keeping us an isolated entity with global presence. To establish company's brand as "JSL", its name is being changed from Jindal Stainless Limited to JSL Limited.

The Registrar of Companies, Delhi & Haryana has already granted availability of the said name. Accordingly, a special resolution has been proposed to obtain consent of the shareholders pursuant to the provisions of section 21 of the Companies Act, 1956 to change the name of the company from Jindal Stainless Limited to JSL Limited.

### Share Capital

As on 31st March, 2008, the subscribed and paid up share capital of the company stands at Rs.30,91,69,864/- divided into 15,45,84,932 equity shares of Rs.2/- each. During the year, the company has converted 5,049 numbers of 0.50% Foreign Currency Convertible Bonds of USD 5,000 each and allotted 92,13,726 equity shares of Rs.2/- each upon conversion of the same. Further, during the year the company has allotted 71,50,000 equity shares of Rs.2/- each to the promoters, upon conversion of 71,50,000 warrants convertible into equity shares of the company. Consequently, the paid up capital of the company enhanced from Rs.27.64 crore to Rs.30.92 crore.

Further on 25th April, 2008, the company has allotted 75,50,000 equity shares of Rs.2/- each to the promoters upon conversion of balance 75,50,000 warrants convertible into equity shares of the company. Consequently, the paid up capital of the company has further increased to Rs.32,42,69,864/- divided into 16,21,34,932 equity shares of Rs.2/- each.

### Dividend

Your directors are pleased to recommend a dividend of 100% i.e. Rs.2/- per equity share of Rs.2/- each for the financial year 2007-08.

Dividend, if approved at the ensuing annual general meeting, will be paid to those shareholders whose names appear in the Register of Members of the company as on 15th August, 2008. The total dividend cost to the company will be Rs.37.94 crore, inclusive of dividend tax.

### Operations

Being India's largest stainless steel manufacturer in terms of production volume and net sales revenue, with integrated melting, hot rolling and cold rolling facilities, your company produce standard and specialty steels, in each of the Austenitic (300 series), Martenitic (200 series) and Ferritic (400 series) grades, for commercial and industrial applications. Your company manufacture and sell a broad range of stainless steel flat products including slabs, blooms, flat bars, hot rolled and cold rolled coils, plates and sheets and specialty products. We sell hot rolled, cold rolled and specialty products in the international markets catering to approximately 50 countries globally as well as in the domestic market. Our manufacturing facilities are located at Hisar in the state of Haryana, Vizag in the state of Andhra Pradesh and Duburi in the state of Orissa.

### Hisar Division

The Hisar plant comprises melting, hot rolling and cold rolling facilities for the manufacture of a wide range of stainless steel products. As a part of Hisar expansion the steel melting shop and the steckel mill capacity is being enhanced. 220 KV sub-station has been commissioned successfully, which will improve the quality and reliability of power for Hisar plant. During the year capacity of the Steel melt shop has increased to 650,000 tons per annum from 600,000 tons per annum last year and will further increase to 720,000

## Directors' Report

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tons with completion of the expansion plans. During the year, the hot rolling division produced 580,554 tons of hot liquid and rolled around 561,129 tons of hot rolled coils.

The Cold Rolling Division is consisting of four cold rolling lines with total capacity of 250,000 tons per annum. During the year the division produced 156,759 tons of cold rolled stainless steel. The cold rolling division has also been awarded Ist Prize for Energy Conservation in Re-Roller Category in November 2007 by Ministry of Power. Cold rolling division also has additional facility of coin blanking with annual capacity of 10000 tons for producing coin blanks and special steel division with annual capacity of 12000 tons of special steel. During the year 1137 tons of coin blanks and 13854 tons of special steel were produced.

### Vizag Division

Vizag plant produces high carbon ferro chrome with annual capacity of 40,000 tons per annum. Vizag unit uses chrome ore supplied from captive Sukhinda chrome mines and sells output to Hisar plant as well as in the export market. The division has worked at 84% of the installed capacity and has produced 33,504 tons of high carbon ferro chrome during the year 2007-08 as compared to 31,414 tons during the preceding year.

### Orissa - Ferro Alloys Division and Chromite Mines

Orissa ferro alloys division consists of ferro alloys manufacturing facilities including ferro chrome, ferro manganese and silico manganese and waste heat recovery based and thermal captive power plants. During the year ferro alloys division has produced 1,09,908 tons of ferro chrome, 686 tons of ferro manganese and 1,886 tons of silico manganese and generated 13.3 million units of power from waste heat recovery power plant and 95 million units of power from thermal power plant.

During the current financial year, the company's chromites mine division has produced 57,079 tons and 25,070 tons of chrome Ore and chrome ore concentrate respectively. A project for beneficiation of low grade/tailings has been started during the year. The order for beneficiation plant have been placed and the plant is likely to be commissioned by March 2009.

### Integrated Stainless Steel Project at Orissa

Your company is in the process of setting-up an integrated stainless steel plant at Kalinganagar Industrial Complex, Duburi, Jajpur in the State Orissa, with an installed capacity to manufacture about 0.8 million tons of stainless steel slabs for subsequent processing into hot and cold rolled products. The company has achieved the financial closure for the phase-II, and placed the orders for the major equipments. Phase II will have an integrated stainless steel melting capacity, and will produce hot and cold rolled flat products. The company has entered into a joint venture to mine coal in Orissa for which we have already been allotted two coal blocks by the state government. Following completion of these two phases, we expect to have high level of integration in stainless steel manufacturing at the same location, resulting in economies of scale and enhanced cost competitiveness.

Your company has been granted formal approval for setting up of a sector specific SEZ for stainless steel sector by the Department of Commerce. In terms of the approval, the company has already initiated action for carrying out necessary developmental activities as the "Developer" and "Business Unit". Phase-II of the Orissa project will be covered under this SEZ area.

### Subsidiary Companies

The company has following subsidiaries, namely Jindal Stainless UK Limited, Jindal Stainless FZE, Dubai, PT Jindal Stainless Indonesia, Jindal Stainless Italy s.r.l., Jindal Stainless Madencilik Sanayi Ve Ticaret A.S., Turkey, Jindal Stainless Steelway Limited, Jindal Architecture Limited, Austenitic Creations Private Limited, Green Delhi BQS Limited, Parivartan City Infrastructure Limited.

### PT Jindal Stainless, Indonesia (PTJISI)

PT Jindal Stainless Indonesia is our 99.9 per cent owned subsidiary acquired to develop stainless steel markets for our products in the ASEAN region. During the year ended March 31, 2008, the production of cold rolled products at PTJISI was recorded at 65,472 tons as compared to production of 65,357 tons in the year ended March 31, 2007. PTJISI also attained sales of 64,709 tons which amounted to sales of U.S.\$149.8 million. Export markets included the United States, China, Vietnam, Malaysia, Philippines, Korea and the Middle East. In order to benefit from economies of scale and increase our product range, we are commissioning a second cold rolling mill at our Indonesia steel plant, which is expected to increase the capacity to 150,000 tons per annum. We are also commissioning a bright annealing furnace of 30,000 tons per annum capacity and a gas based power generators of 6MW for captive consumption.

### Jindal Stainless Steelway Limited (JSSL)

Jindal Stainless Steelway Limited ("JSSL") provides customized products and services, inventory management, technical value engineering, warehousing and material testing through its service centers. These service centers act as intermediaries between us and our consumers. JSSL achieved a turnover of Rs.201 crore and profit after tax of Rs.6.2 crore in the current financial year of operations in the year ended March 31, 2008. (JSSL plans to vertically integrate its operations by venturing into stainless steel tube manufacturing through the high frequency induction welding process). JSSL's service centres are located in Gurgaon, and Mumbai. The service centres are equipped with high-end precision slitting, cutting-to-length, blanking and polishing instruments that have been supplied by leading steel finishing equipment manufacturers. JSSL is also planning to establish more service centre in India as well as abroad.

JSSL has entered into a joint venture with Inox Market Services s.r.l of Italy and Jensita Holdings have jointly initiated under the joint venture company JSS Steelitalia Limited to manufacture stainless steel tube through the high frequency induction welding process. It aims to redefine the business of tubes processing & ultimate distribution to end users in India as well in the global market.

### Austenitic Creations Private Limited (ACPL)

Austenitic Creations Private Limited ("ACPL") is in the business of lifestyle products and accessories under the brand name of Art d'inox. ACPL designs and produces stainless steel products for use in the home, office and other locations. Art d'inox products are currently sold through stand alone and franchise stores and other outlets throughout India, including large retail chains. In addition, the division is now exporting to countries including the United States, Canada and the United Kingdom as well as other parts of Europe. Internationally, the brand has been identified with Design Innovation, Superior Quality, International Appeal and functional design and is growing very rapidly. Art d'inox has also expanded its footprint all across India - available through more than 300 Multibrand Outlets & Boutique stores, Art d'inox has also opened its Exclusive Boutiques in Delhi, Gurgaon and Mumbai. The current expansion plan includes increasing the number of Exclusive Boutiques in major metro cities across India & increasing the capacity of the factory. During the year ended March 31, 2008 the gross turnover of ACPL was at Rs.20.3 crore and loss after tax was Rs.8.03 crore.

### Jindal Architecture Limited (JAL)

Jindal Architecture Limited ("JAL") specializes in the design, fabrication and installation of high quality stainless steel architectural building and construction products. Its in-house design team consists of architects, product designers and engineers. JAL manufacturing unit, located in Delhi, is equipped with modern CNC machines for fabricating and machining specialty products in stainless steel. We believe JAL enables us to meet the specialized product requirements that industry leading designers and retailers require, including all types of cladding, handrails, false ceilings, atriums, canopies, space frames and sky lights. JAL also is developing products for the household, office and industrial market segments. JAL has its manufacturing facilities strategically located near the service centre in Gurgaon to utilise "off the shelf" supplies of customised stainless steel raw material. JAL has a commercial alliance with "Simply Stainless" of Australia to manufacture modular kitchens in India and has also begun initial groundwork with NKI of Netherlands for stainless steel architectural applications in domestic airport modernisation. JAL is also a member of the consortium which has recently won the bid for installation of stainless steel bus shelters at various locations in New Delhi.

During the year ended March 31, 2008 the gross turnover of JAL was Rs.56.35 crore and profit after tax was Rs.1.70 Crore.

### Green Delhi BQS Limited

Green Delhi BQS Limited (GDBL) is a 51% subsidiary of Jindal Stainless Limited and is incorporated for the purpose of executing the concession agreement awarded to the consortium of Jindal Stainless Limited, Jindal Architecture Limited and a media partner for construction, operation and transfer of 225 Bus Queue Shelters (BQS) in New Delhi, by Delhi Transport Corporation (DTC). GDBL will construct these stainless steel BQS on designated sites and will transfer them to DTC at the end of contract period i.e. 10 years from the date of its signing of agreement with DTC which is 26th July, 2007 and in turn GDBL has received exclusive rights for sale of advertisement space over bus shelters.

### Parivartan City Infrastructure Limited

Parivartan City Infrastructure Ltd. is 99.9% subsidiary of Jindal stainless Limited and is incorporated to act as media arm of the company to get entry in the Out-Of-Home segment in the Media Industry, one of the fastest growing Industry. The Indian outdoor market contributes 10 per cent of the advertising expenditure and has been growing at 20 per cent for the last couple of years. OOH

## Directors' Report

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is essentially all type of advertising that tries to reach the consumer while he is “Out Of Home”. Be it while traveling in the metro to reach office or while taking a coffee break. OOH advertising is on/in bus, taxi, railway station, airport, malls, retail store, road, club and scores of other touch points. OOH is everywhere where customers are. It is the medium that reaches active consumers where they are most available to take notice i.e. out of home.

Jindal Stainless Madencilik Sanayi Ve Ticaret A.S., Turkey

Jindal Stainless Madencilik Sanayi Tic A.S. (“JSMS”) is a 89.99% subsidiary of your company established to explore opportunities in Turkey for buying minerals assets and developing them into workable, long-term resource bases. Our operations in Turkey will also be engaged in the sales and marketing of our products in the region.

### Jindal Stainless UK Limited

Jindal Stainless UK Limited is engaged in developing new customers in European region and promoting JSL's products.

### Jindal Stainless Italy s.r.l.

Jindal Stainless Italy s.r.l. started operation in 2007 and is a step down subsidiary of your company through JSUK. This subsidiary act as a nodal point in servicing domestic market in Italy. It coordinates with customers in Italy for establishment of smooth and easy business transaction with Jindal Stainless Limited and facilitates distribution of material within Italy.

### Jindal Stainless FZE, Dubai

Middle East is emerging as a global trading center. Growing manufacturing sector and abundant financial resources has increased the demand of stainless steel in UAE and other Gulf countries. Jindal Stainless FZE is acting as local representative of Jindal Stainless to serve the domestic customers in UAE and other Gulf countries and thus enabling the company to take advantage of emerging business opportunities.

### Quality and ISO Certifications

Jindal Stainless Limited is an ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999 certified organization.

Jindal Stainless Limited is committed to continuous quality improvement of all of its products, processes and services to meet customer requirements and expectations by means of a stringent Quality Management System (ISO 9001:2000). The QMS is the foundation of our company's culture and is the responsibility of all employees. Our culture is built on integrity, excellence, entrepreneurship, and attention to detail. This is manifested in our insistence on meeting commitments, the use of advanced technologies, on-time delivery of unquestioned quality and the continuous improvement of our Quality Management System.

Apart from QMS, Jindal Stainless is also ISO 14001:2004 (EMS) & OHSAS 18001:1999 certified. We believe that Health & Safety of our employees is of utmost importance. These systems ensure that quality of the product is world class, and at the same time, the processes that go into making such products, are environmental friendly and risk free, thus providing a conducive work environment for all.

JSL has implemented Six Sigma initiatives in various production process focused on cost reduction and better customer services. A number of employees has been trained as six sigma black belt holders and company wide six sigma projects have been taken up. JSL has also undertaken certain Total Productivity Maintenance (TPM) initiatives and efforts are on to maintain this activities for consistent TPM commitments and raise the level of compliance further.

### Research & Development

We believe that quality improvement and cost reduction strategies are continuous process and are most important for any company to strengthen its position in the present market. We have a full fledged research and development centre at Hisar division to give thrust towards new product development, quality improvement of existing products and cost reduction by process improvement and optimization. R&D centre interacts with the marketing and operations personnel on continuous basis for their feedbacks on the existing products to explore the possibility of developing new grades of stainless steel.

### Information Technology

In the modern IT driven economy, we have implemented SAP organization wide to ensure effective IT security and systems in place.

## Directors' Report

SAP is used to record data for accounting and management information purposes and ensures real time availability of information at various locations.

We have developed video conferencing facilities at all our manufacturing plants and corporate office to ensure timely and effective communication between the top management at all locations.

### Listing on Stock Exchanges

In the annual general meeting of the company held on 29th September, 2006, shareholders of the company had approved voluntary delisting of equity shares of the company from the stock exchanges at Delhi, Ahmedabad, Kolkata and Chennai. In pursuance to the above, the company applied for voluntary delisting of its equity shares from these four stock exchanges and all these four stock exchanges have delisted the company's shares.

The Company's equity shares continue to be listed at Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

### Fixed Deposits

The company has accepted / renewed deposits amounting to Rs.19,37,86,000 during financial year 2007-08. There were no overdue deposits on 31st March, 2008, save Rs.91,21,000 which remained unclaimed. Out of this, the deposits amounting to Rs.33,65,000 have since been repaid / renewed upto 14th June, 2008. The current scheme of fixed deposits is proposed to be renewed.

### Particulars Regarding the Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The Information relating to energy conservation, technology absorption, foreign exchange earnings and outgo required to be disclosed under The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure-1 forming part of this report.

### Particulars of Employees

As required by the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the directors' report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all the shareholders of the company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the company secretary at the registered office of the company.

### Auditors and Auditors' Report

M/s. Lodha & Co. and M/s. S.S. Kothari Mehta & Co., statutory auditors of the company, hold office until the conclusion of the ensuing annual general meeting and are eligible for re-appointment. The company has received letters from them to the effect that their appointments, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub section (3) of section 226 of the Companies Act, 1956, for such appointment.

The notes to the accounts referred to in the auditors' report are self-explanatory and, therefore, do not call for any further comments.

### Cost Auditors

M/s. Ramanath Iyer & Co., Cost Accountants, the cost auditors for conducting the cost audit for the financial year 2007-08 were appointed by the board of directors subject to approval of Central Government, which was received vide Central Government's letter dated 13th November, 2007.

The board of directors has re-appointed M/s. Ramanath Iyer & Co., cost accountants, the cost auditors for conducting the cost audit for the financial year 2008-09 subject to approval of the Central Government. Application for approval of the Central Government for re-appointment is being made.

### Directors

Sh. V.S. Jain and Sh. B.D. Gupta have resigned from the Board of directors of the company with effect from 26th October, 2007 and 19th June, 2008 respectively. The board places on record its appreciation for the valuable contribution of Sh. V.S. Jain and Sh. B.D. Gupta.

## Directors' Report

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The Board of director has appointed Sh. Arvind Parakh as additional director and elevated him as Director – Strategy & Business Development with effect from 21st January, 2008.

The Board of directors has also re-appointed Sh. R.G. Garg, Sh. Rajinder Parkash and Sh. N.C. Mathur for a period of five years with effect from 23rd July, 2008.

Sh. Naveen Jindal, Sh. N.C. Mathur and Sh. T.R. Sridharan, directors, will retire at the annual general meeting by rotation and, being eligible, offer themselves for re-appointment.

Brief resume of the above directors, nature of their expertise in specific functional areas, details of directorship in other companies and the membership/ chairmanship of committees of the board, as stipulated under clause 49 of the listing agreement with the stock exchanges, are given in the section on corporate governance in the annual report.

### Dematerialisation of Shares

The members are aware that the company's equity shares are under compulsory trading in dematerialised form for all categories of investors. The members are, therefore, again advised to get their shares dematerialised as trading of the shares will have to be in the electronic form only.

### Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to directors' responsibility statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2008 and of the profit of the company for the year ended on that date;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (d) the directors have prepared the annual accounts of the company on a 'going concern' basis.

### Corporate Governance

A separate section on corporate governance and a certificate from the practicing company secretary regarding compliance of conditions of corporate governance as stipulated under clause 49 of the listing agreement with the stock exchanges, forms part of the annual report.

### Management Discussion and Analysis Report

Management discussion and analysis report as required under the listing agreements with the stock exchanges is enclosed with this report.

### Acknowledgement

Your directors would like to express their gratitude for the valuable assistance and co-operation received from shareholders, banks, government authorities, customers and vendors. Your directors also wish to place on record their appreciation for the committed services of all the employees of the company.

for and on behalf of the Board of directors

Savitri Jindal  
Chairperson

New Delhi  
22nd July, 2008



### ANNEXURE I

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

**a) Conservation of Energy**

Energy conservation measures taken:

- 220 KV Sub Station has been commissioned successfully which has resulted in improving quality of power and reducing interruption from the Grid side which has resulted in improving productivity and hence reducing cost of power consumption.
- High efficiency AC Motors has been ordered and replaced from low efficiency motors.
- Variable speed drives are provided for water pumps, hydraulic pumps, cooling towers, and air compressor and blowers to reduce energy consumption.
- Pumps and blowers have been put on closed loop system by providing automation to reduce power consumption.
- Energy audit was carried out and actions suggested in the reports were implemented.
- In office area all the lights has been replaced by CFL lights.

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

- New capacitors bank has been ordered to improve power factor.
- SCADA system has been ordered for close monitoring of power flow in complete plant.
- Conventional lights will be replaced from CFL lights and order for CFL lights has already been placed.

**c) Impact of above measures.**

- Uninterrupted power supply and improving in quality of power productivity of the plant has increased and power consumption tonne of sellable stainless steel has reduced.

### FORM - "A"

Form for Disclosure of Particulars with respect to Conservation of Energy.

(Excluding Ferro Alloys Divisions being not covered)

**A. Power and Fuel Consumption**

	2007-08	2006-07
1. Electricity		
a) Purchased		
Units (in '000 Kwh) *	474010.18	264022.67
Total amount (Rs. in lacs)	19783.77	10316.68
Rate/Unit (Rs.)	A	3.91
* Net of exports to HSEB		
b) (i) Own Generation through DG Sets		
Units (in '000 Kwh) #	121514.54	266437.38
Units per litre of Oil	4.33	4.34
Cost /Unit (Rs.)	B	5.34
# Excluding diesel generator auxiliary consumption		
2. Fuel Oils (FO, FOLV, LDO, HSD)		
Quantity (Kilo Litre)*	62006.99	92762.59
Total cost (Rs. in Lacs)	13205.22	16704.38
Average rate/litre (Rs.)	21.30	18.01
* including fuel used for power generation.		

## Directors' Report

3. Coal / Coke		
Quantity (MT)	28.59	1767.54
Total cost (Rs. in Lacs)	3.11	171.07
Average Rate/Kg. (Rs.)	10.89	9.68
4. Gases (Propane)		
Quantity (MT)	17882.92	10682.47
Total cost (Rs. in Lacs)	6427.09	3165.54
Average rate/Kg. (Rs.)	35.94	29.63
5. Gases (Ammonia)		
Quantity (MT)	515.84	929.76
Total cost (Rs. in Lacs)	112.80	199.47
Average rate/Kg. (Rs.)	21.87	21.45

### B. Consumption per unit of production

Production:

Steel Strips, Plates, Flats, Bloom, Ingots, Ferro Chrome, Oxygen and Argon Gases.

1. Electricity:			
(i) for alloys steel melting (unit/tonne)	C	490.52	487.40
(ii) for gas manufacturing (unit/cum)		0.77	0.83
(iii) for cold rolled stainless steel manufacturing (unit/tonne)	D	484.69	480.03
(iv) for blade steel manufacturing (unit/tonne)		1509.39	1549.19
2. Fuel Oils:			
(i) For alloys steel melting (litre/tonne)		8.72	7.83
(ii) for cold rolled stainless steel manufacturing (litre/tonne)		7.87	4.06
(iii) for blade steel manufacturing (litre/tonne)		36.09	31.68
3. Coal:			
(i) for alloy steel melting (MT/tonne)		0.000	0.003
4. Gases (Propane):			
(i) for alloy steel melting (kg/tonne)	E	1.83	1.59
(ii) for cold rolled stainless steel manufacturing (unit/tonne)		68.87	66.06
(iii) for blade steel manufacturing (unit/tonne)		81.98	37.85
5. Gases (Ammonia):			
(i) for blade steel manufacturing (Unit/tonne)		25.61	20.51
(ii) For cold rolled stainless steel manufacturing (Kg/tonne)		0.91	5.58

The previous year's figures have been regrouped / rearranged where necessary.

### Reasoning for variation:

- A. The HSEB rate has been increased on account of FSA charges @38 paise per unit.
- B. Increase in the power generation cost was due to rise in the prices of fuel and low generation of power.
- C. Power and fuel consumption per MT increased due to product mix range.
- D. CR Division:  
 Propane consumption increased due to commissioning of AP4, increase in capacity of AP3, LPG fired boiler run for steam generation due to low utilization of DG Set. Oil consumption per MT increased due to oil fired boiler run for steam generation since DG set was not running at full capacity.  
 Ammonia consumption has increased in SPD per MT due to new BA line commissioned.  
 Ammonia consumption has decreased in CRD because wider BA line not run.
- E. Propane consumption increased due to the running of Co-Jet for alloy steel melting.

### FORM – “B”

Form of Disclosure of Particulars with respect to Technology Absorption 2007-08.

#### 1) Specific areas in which, the company carried out Research & Development

- Development of 216L to substitute Cr-Ni-Mo(316L) grade in various media successfully supplied for sugar refinery..
- Development of Ni free IRSM-44-97 and 409M grades with required mechanical properties as per customer's requirement.
- Development of 430 ferritic stainless steel for washing machine drum application.
- Development of ferritic grade 436 LM with excellent drawability for automotive industry.
- Development of ferritic grade 439 for superior oxidation and corrosion resistance and automotive exhaust application..
- Development of ferritic grade 441 for superior pitting & crevice corrosion resistance.
- Development of welding electrodes for 216L and 201LN grades.

#### 2) Benefits derived

- Diversification of product range
- New application areas explored
- Quality Improvement

#### 3) Future plan of action

- Development of Nickelbased superalloy Inconel 600
- Development of stainless steel with scratch resistant finish & antifinger print resistant coating
- Process modification in 430 grade by developing pit type furnace
- Application Engineering in Dairy, Material handling, LPG, Chemical industry, Paper & Power sectors in association with market development.
- Improving yield and inclusion float out from single strand slab casting tundish.
- Intergranular corrosion and stress corrosion cracking studies on various stainless steels
- Laboratory scale development of two novel austenitic and one novel duplex stainless steel

#### 4) Expenditure on R & D

(Rs. in Lacs)

a)	Capital	-	69.48
b)	Revenue	-	83.00
	Total	-	152.48
c)	Total R&D expenditure as a percentage of total turnover	-	0.03%

## Directors' Report

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### 5) Technology absorption, adaptation and innovation

1. Efforts made, in brief, towards technological absorption, adaptation and innovation
  - Modification in AP-3 line with capacity enhancement by addition of scale breaker, new shot blasting, heavy abrasive brushing.
  - Installation and commissioning of new cold rolling mill (Z-4) for capacity enhancement with high level of automation (level 3), automatic gauge control, flatness control.
  - New Strip grinder line in SPD
  - Denox system installed in pickling line 1 and AP2 to reduce Nox below 100 ppm, Quality, Safety, Health Improvement
  - Z1 mill: Roll coolant filtration system for addition of cooling capacity, quality improvement
2. Benefits derived as a result of the above efforts:
  - Capacity augmentation
  - Process improvement
  - Quality improvement

### 6) Foreign Exchange Earnings & Outgo

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans	Mentioned in the Directors' Report.
	(Rs. in Crore)
b) Foreign Exchange Earnings	1746.51
Foreign Exchange Outgo	2991.03

## Corporate Governance

Your company recognizes communication as a key element of the overall corporate governance framework and therefore, emphasizes on seamless and efficient flow of relevant communication to all external constituencies. Your company follows the principles of fair representation and full disclosure in all its dealings and communications. The company's annual reports, results presentations and other forms of corporate and financial communications provide extensive details and convey important information on a timely basis. Your company has fully complied with all mandatory requirements of corporate governance in all material aspects. A report on corporate governance as per listing agreement is given below:

### 1. Company's philosophy on the code of corporate governance:

Your company's philosophy on corporate governance envisages the alignment of the highest levels of transparency, accountability and equity, in all facts of its operations and in all its interactions with its stakeholders including shareholders, employees, government and lenders. The company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value, over a sustained period of time.

### 2. Board of directors:

The composition of Board of directors presently consists of eleven directors as detailed hereunder indicating their status as independent or otherwise against their respective names:

#### Executive Directors:

Sr. No.	Name of Director	Designation	Status
1.	Sh. Ratan Jindal	Vice Chairman & Managing Director	Promoter
2.	Sh. R.G. Garg	Managing Director & Chief Operating Officer	Non-Independent
3.	Sh. Arvind Parakh	Director – Strategy & Business Development	Non-Independent
4.	Sh. N.C. Mathur	Director – Corporate Affairs	Non-Independent
5.	Sh. Rajinder Parkash	Executive Director	Non-Independent
6.	Sh. N.P. Jayaswal	Executive Director	Non-Independent

#### Non Executive Directors:

Sr. No.	Name of Director	Designation	Status
1.	Smt. Savitri Jindal	Chairperson	Promoter
2.	Sh. Naveen Jindal	Director	Promoter
3.	Sh. Suman Jyoti Khaitan	Director	Independent
4.	Dr. L.K. Singhal	Director	Independent
5.	Sh. T.R. Sridharan	Director	Independent

Smt Savitri Jindal, Chairperson of the company is mother of Sh. Ratan Jindal and Sh. Naveen Jindal.

Apart from the sitting fee paid for attending Board/Committee meetings, the non executive directors, except Smt. Savitri Jindal and Sh. Naveen Jindal who are promoter directors and transactions relating to them have been covered under related party segment, did not have any material pecuniary relationship or transactions with the company, during the year 2007-08.

During financial year 2007-08, five Board meetings were held on 28th May, 2007, 23rd July, 2007, 26th October, 2007, 21st January, 2008 and 13th March, 2008. The maximum time gap between any two meetings was not more than four calendar months.

## Corporate Governance

Attendance of the directors at the Board meetings, last annual general meeting and number of other directorships and chairmanships / memberships of committee of each director in various companies:

Sr. No.	Name of the Director	Attendance Particulars		No. of total directorships and committee memberships/ chairmanships in limited companies, excluding foreign companies (excluding remuneration committee)		
		Board meetings	Last AGM	Total Directorships	Committee Memberships	Committee Chairmanships
1.	Smt. Savitri Jindal	2	No	7	-	-
2.	Sh. Ratan Jindal	5	Yes	7	-	-
3.	Sh. Naveen Jindal	2	No	5	-	-
4.	Sh. R.G. Garg	4	Yes	2	2	1
5.	Sh. Arvind Parakh *	1	*	2	-	-
6.	Sh. Suman J. Khaitan	4	Yes	5	3	1
7.	Dr. L.K. Singhal	5	No	1	1	1
8.	Sh. N.C. Mathur	4	No	2	-	-
9.	Sh. Rajinder Parkash	5	Yes	4	3	2
10.	Sh. T.R. Sridharan	4	No	2	2	-
11.	Sh. N.P. Jayaswal	3	No	1	-	-
A.	Sh. V.S. Jain #	2	Yes	#	#	#
B.	Sh. B.D. Gupta ##	4	No	#	#	#

\* Appointed as additional director w.e.f. 21st January, 2008 and elevated as Director – Strategy & Business Development.

# Ceased to be director with effect from 26th October, 2007.

## Ceased to be director with effect from 19th June, 2008.

None of the directors on the Board is a director on more than 15 companies (as specified in section 275 of the Companies Act, 1956) and is a member of more than 10 committees and chairman of more than 5 committees (as specified in clause 49 of the listing agreement) across all the companies in which he/she is a director.

As on 31st March 2008, non executive directors hold following number of shares in the company:

Name of non executive director	No. of shares
Smt. Savitri Jindal	88573
Sh. Naveen Jindal	113448
Sh. Suman Jyoti Khaitan	Nil
Dr. L.K. Singhal	Nil
Sh. T.R. Sridharan	Nil

### Board Meetings, its committee meetings and procedures

#### A. Scheduling and selection of agenda items for Board meetings

- (i) The company holds minimum of four Board meetings in each year, which are pre-scheduled after the end of each financial quarter. Apart from the four pre-scheduled Board meeting, additional Board meeting are convened by giving appropriate

## Corporate Governance

notice at any time to address the specific needs of the company. The Board may also approve permitted urgent matters by passing resolutions by circulation.

- (ii) The meetings are usually held at the company's corporate office at New Delhi.
- (iii) All divisions/departments in the company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion/approval/decision in the Board/Committee meetings. All such matters are communicated to the company secretary in advance so that the same could be included in the agenda for the Board meetings.
- (iv) The Board is given presentations covering finance, sales and marketing, and the major business segments and operations of the company, before taking on record the results of the company for the preceding financial quarter at each of the pre-scheduled Board meeting. The Board's annual agenda includes recommending dividend, determining directors who shall retire by rotation and recommending appointment of directors/ auditors, authentication of annual accounts and approving Directors' Report, long term strategic plan for the company and the principal issues that the company expects to face in the future, Board meetings also take note and review functions of its Committees.
- (v) The Chairperson / Vice Chairman & Managing Director / Managing Director & Chief Operating Officer and the company secretary in consultation with other concerned persons in the top management, finalise the agenda papers for the Board meetings.

### B. Board material distributed in advance

- (i) Agenda papers are circulated to the directors, in advance, in the defined agenda format. All material information is incorporated in the agenda papers for facilitating meaningful, informed and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same are placed on the table at the meeting with specific reference to this effect in the agenda.
- (ii) With the permission of Chairman / Chairperson, additional or supplementary item(s) on the agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance for the meeting.

### C. Recording minutes of proceedings at Board meeting

The Company Secretary records the minutes of the proceedings of each Board and Committee meetings. The minutes of Board/ Audit Committee meeting are circulated with the agenda papers of the next Board/ Audit Committee meeting for confirmation of members. The minutes of the proceedings of a meeting are entered in the minutes book within thirty days from the conclusion of the meeting and signed by the Chairman / Chairperson of the next Board/ Audit Committee meeting.

### D. Post meeting follow up mechanism

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the action taken on decisions of the Board and Committees.

### E. Compliance

The Company Secretary while preparing the agenda, notes on agenda, minutes etc. of the meeting(s) and holding and conducting the meetings, is responsible for and is required to ensure adherence to all the applicable provisions of law. Certificate relating to compliance of provisions of law is placed in every Board meeting.

## 3. Audit Committee:

### I. Composition and attendance:

An Audit Committee constituted in terms of section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000 and as per requirement of clause 49 of the Listing Agreement, comprises following non-executive directors:

1. Sh. Suman Jyoti Khaitan - Chairman
2. Dr. L.K. Singhal - Member
3. Sh. T.R. Sridharan - Member

Sh. A.P. Garg, Sr. Vice President & Company Secretary, is the Secretary of the audit committee.

During financial year 2007-08, four meetings of audit committee were held on 28th May, 2007, 23rd July, 2007, 26th October, 2007 and 21st January, 2008. Sh. Suman Jyoti Khaitan, Dr. L.K. Singhal and Sh. T.R. Sridharan were present in all the four meetings.

## Corporate Governance

### II. Terms of Reference:

Terms of reference of the Audit Committee are as per section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreement with the stock exchanges.

### 4. Remuneration Committee:

The Remuneration Committee, being no longer required, was dissolved by the Board of directors in its meeting held on 2nd September, 2006.

Remuneration of Executive Directors:

Details of the remuneration paid to the Managing / Executive Directors for the financial year ended 31st March, 2008 is given below :

Name of Directors	Designation	Salary	Commission	(Amount in Rs.)			Total
				Contribution to PF	Others		
Sh. Ratan Jindal *	Vice Chairman & Managing Director	-	7,62,10,489	-	8,250	7,62,18,739	
Sh. R.G. Garg	Managing Director & Chief Operating Officer	25,20,000	-	3,02,400	57,25,534	85,47,934	
Sh. Arvind Parakh #	Director - Strategy & Business Development	8,00,000	-	96,000	17,86,365	26,82,365	
Sh. N.C. Mathur	Director - Corporate Affairs	12,13,200	-	1,55,290	13,25,837	26,94,327	
Sh. Rajinder Parkash	Executive Director	9,72,000	-	1,24,416	7,37,467	18,33,883	
Sh. N.P. Jayaswal	Executive Director	15,00,000	-	1,80,000	20,09,106	36,89,106	
Sh. V.S. Jain **	Managing Director & CEO	17,50,000	20,59,166	2,40,000	50,78,267	91,27,433	

\* In addition to commission of Rs.7,62,10,489 received from Jindal Stainless Limited, Sh. Ratan Jindal has also received salary of Rs.3,60,00,000 from Jindal Stainless FZE in the capacity of Director and Rs.1,20,00,000 from Jindal Stainless UK Limited in the capacity of Managing Director during financial year 2007-08. Jindal Stainless FZE and Jindal Stainless UK Limited, both are subsidiary companies of Jindal Stainless Limited.

# Sh. Arvind Parakh was appointed as additional director w.e.f. 21st January, 2008 and elevated as Director – Strategy & Business Development.

\*\* Sh. V.S. Jain resigned from the company with effect from 26th October, 2007.

All the above directors are on contractual service. Upto financial year 2007-08, the company did not have any stock option plan as part of remuneration package for any director. This year, two special resolutions are proposed to be passed at the annual general meeting, one for grant of stock options to the employees and directors of the company and the other for grant of stock options to the employees and directors of subsidiary companies.

Sitting fees paid to Non Executive Directors :

The sitting fees paid for the year ended 31st March, 2008 to the directors are as follows: Sh. Naveen Jindal, Rs.40,000/-, Smt. Suman Jyoti Khaitan, Rs.1,20,000/-, Dr. L.K. Singhal, Rs.1,40,000/-, Sh. T.R. Sridharan, Rs.1,20,000/-, Sh. B.D. Gupta, Rs.80,000/-. No commission has been paid to the non-executive directors.



## Corporate Governance

### 5. Shareholders'/ Investors' Grievance Committee:

Shareholders'/ Investors' Grievance Committee of the company comprising Dr. L.K. Singhal, Chairman, Sh. R.G. Garg and Sh. Rajinder Parkash, looks into the grievances of the shareholders concerning transfer of shares, payment of dividend and non receipt of annual report and recommend measure for expeditious and effective investor service.

The company has duly appointed share transfer agent (R&T Agent) for servicing the shareholders holding shares in physical or dematerialised form. All requests for dematerialisation of shares are likewise processed and confirmations thereof are communicated to the investors within the prescribed time. The committee also monitors redressal of investors' grievances.

As required by the stock exchanges, the company has appointed Sh. A.P. Garg, Sr. Vice President & Company Secretary as the Compliance Officer to monitor the transfer process and liaison with the regulatory authorities. The company complies with the various requirements of the listing agreements and the depositories with respect to transfer of shares, the requisite certificates are sent to them within the prescribed time.

No. of shareholders' complaints received during the year ended 31st March, 2008	:	125
Number not solved to the satisfaction of shareholders	:	Nil
No. of pending complaints	:	Nil

#### Share Transfer Committee:

The Board of directors has delegated the power of approving transfer of securities and other related formalities to the share transfer committee comprising Sh. Ratan Jindal, Vice Chairman & Managing Director, Sh. Rajinder Parkash, Executive Director, Sh. A.P. Garg, Sr. Vice President & Company Secretary and Sh. Jeewat Rai, Vice President, Abhipra Capital Limited.

### 6. General Body Meetings:

The last three annual general meetings were held at registered office of the company at O.P. Jindal Marg, Hisar – 125 005 (Haryana), as per details given below:

Year	Date	Day	Time
2004-05	27.9.2005	Tuesday	11.30 a.m.
2005-06	29.9.2006	Friday	11.30 a.m.
2006-07	31.8.2007	Friday	12.00 noon

No. of special resolutions passed during last three AGMs

AGM	No. of special resolutions
2004-05	0
2005-06	1
2006-07	2

No special resolution was put through postal ballot last year. At ensuing annual general meeting also, there is no resolution proposed to be passed through postal ballot.

### 7 Disclosures :

- (i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large:

The company has not entered into any transaction of material nature with the promoters, the directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interests of the company.

- (ii) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years; no penalties or strictures have been imposed on the company by the stock exchanges or SEBI or any other statutory authorities relating to the above.

- (iii) Whistle Blower Policy

The employees of the company are accessible to the senior management for any counseling or consultation and the company has not denied any employee access to the audit committee.

- (iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause

The company has complied with the mandatory requirement of this clause.

73,50,000 shares of Rs.2/- each to Sh. Ratan Jindal and 1,41,50,000 shares of Rs.2/- each to Jindal Overseas Holdings Limited aggregating to 2,15,00,000 shares have been allotted at a price of Rs.103/- per share upon conversion of 2,15,00,000 warrants held by them. The funds raised have been utilized towards the objects of the issue as stated in the explanatory statement contained in the Notice of the Extraordinary General Meeting held on 20th October, 2006, i.e. towards financing of long term corporate funds including capital expenditure for ongoing expansion of company's projects.

### Compliance with non-mandatory requirements

- (1) The Board

The office of non-executive Chairperson of the company is maintained by the company at its expenses.

Independent directors do not have a tenure exceeding, in the aggregate, nine years on the Board of the company.

- (2) Remuneration Committee:

The Remuneration Committee, being no longer required, was dissolved by the Board of directors in its meeting held on 2nd September, 2006.

- (3) Shareholders' Rights

The quarterly results of the company are published in one English (National daily) and one Hindi newspaper, having wide circulation in Haryana. Further, the quarterly results are also posted on the website of the company - [www.jindalstainless.com](http://www.jindalstainless.com). The results are also available on [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in). In view of the forgoing, the half yearly results of the company are not sent to the shareholders individually.

- (4) Audit Qualifications

During the period under review, there were no audit qualifications in the company's financial statements. The company continues to adopt best accounting practices.

- (5) Training of Board members / Mechanism for evaluating non-executive Board members

The Board of directors of the company comprises of 6 non-executive directors. The directors appointed on the Board are from diverse fields relevant to the company's business and have long-standing experience and expertise in their respective fields. They have considerable experience in managing large corporates and have been in public life for decades. The enormously rich background of the Directors is of considerable value to the company.

Non-executive directors add substantial value through the deliberations at the meetings of the Board and committees thereof. To safeguard the interests of the investors, they also play a controlling role. In important committees of the Board like the audit committee etc., they play an important role by contributing to the deliberations of the committee meetings. Besides contributing at the meetings of the Board and committees, the non-executive directors also have off-line deliberations with the management of the company and also add value through such deliberations.

- (6) Whistle Blower Policy

The employees of the company are accessible to the senior management for any counseling or consultation and the company has not denied any employee access to the audit committee.

### 8. Means of Communication:

- |   |  |
|---|--|
| i) Quarterly Results  | Yes, the quarterly, half yearly and yearly financial results of the company are faxed /sent to the stock exchanges after they are approved by the Board. These are also published in the prescribed format as per the provisions of the listing agreement. |
| ii) Newspapers wherein results normally published                       | Economic Times (English)Jansatta (Hindi)   |
| iii) Any website, where displayed                                       | www.jindalstainless.com(for the year 2007-08)  |
| iv) Whether it also displays official news releases                     | The company gives important Press Releases.  |
| v) The Presentations made to institutional investors or to the analysts | The company holds Analysts' Meet from time to time.  |

### 9. General Shareholder Information

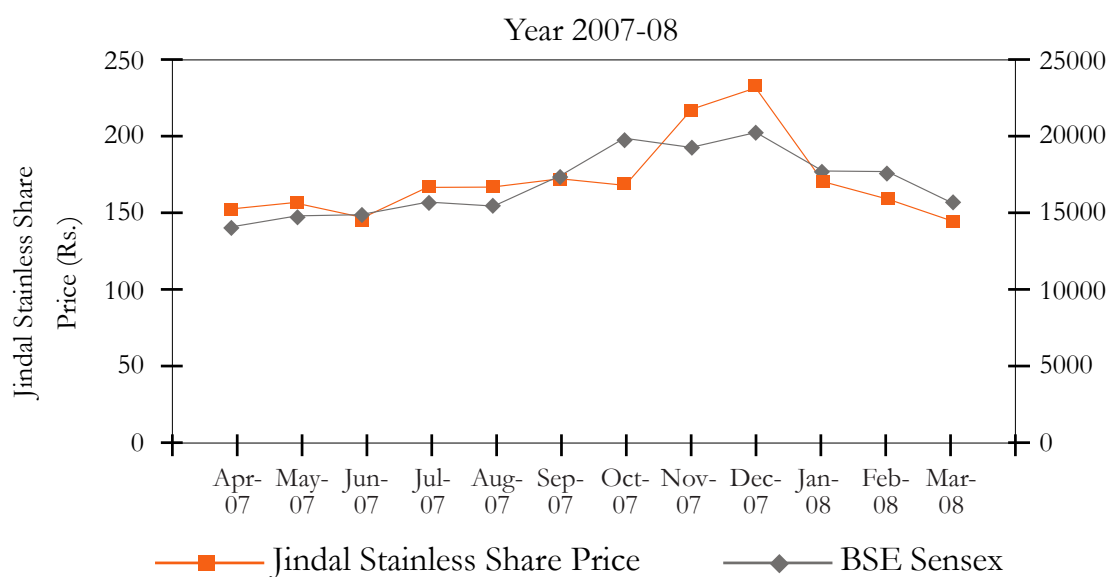
- 9.1 Annual General Meeting :
- Date and Time : 16th September, 2008 at 12.00 noon
  - Venue : At registered office of the company at Jindal Stainless Limited, O.P. Jindal Marg, Hisar - 125 005 (Haryana).
- 9.2 Financial Calendar : Annual General Meeting – (Next Year) September, 2009
- |                       |   |   |               |
|-----------------------|---|---|---------------|
| 2008 - 09 (Tentative) | Board Meetings                                | Results for quarter ended June 30, 2008 | July, 2008    |
|                       | Results for quarter ending September 30, 2008 |   | October, 2008 |
|                       | Results for quarter ending December 31, 2008  |   | January, 2009 |
|                       | Results for quarter ending March 31, 2009     |   | April, 2009   |
- 9.3 Book Closure date : 16th August, 2008 to 23rd August, 2008  
(both days inclusive) for annual general meeting and payment of dividend.
- 9.4 Dividend payment date : Immediately after the annual general meeting.
- Nomination facility
- The Companies (Amendment) Act, 1999 has provided for a nomination facility to the shareholders of the company. Your company is pleased to offer the facility of nomination to shareholders and shareholders may avail this facility by sending the duly completed Form 2B as revised vide Notification no. GSR 836(E) dated 24th October, 2000, Department of Company Affairs, to the Registrar of the company.
- 9.5 (a) Listing of Equity Shares on Stock Exchanges at :
- |  |  |   |
|--|--|---|
| National Stock Exchange of India Ltd.,<br>Exchange Plaza, 5th Floor, Plot No. C/1,<br>G - Block, Bandra-Kurla Complex, Bandra (E),<br>Mumbai - 400 051 |  | The Bombay Stock Exchange Ltd.,<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Mumbai - 400 001 |
|--|--|---|
- The company confirms that it has paid annual listing fees due to both the above stock exchanges.
- (b) Listing of 0.50% Foreign Currency Convertible Bonds (FCCBs) on Stock Exchange at :
- |  |  |
|--|--|
| Singapore Exchange Securities Trading Limited<br>2, Shenton Way, #19-00, SGX Centre 1,<br>Singapore 068804 |  |
|--|--|
- (c) Listing of GDS on Stock Exchange at : Luxembourg Stock Exchange,  
P.O. Box 165,L – 2011, Luxembourg.
- (d) Debenture Trustee : UTI Bank Limited Maker Towers “F”, 13th Floor,  
Cuffee Parade, Colaba, Mumbai – 400 005.
- 9.6 Stock Code (Equity Shares) : Trading Symbol - Bombay Stock Exchange (Demat Segment) 532508  
Trading Symbol - National Stock Exchange (Demat Segment) JSTAINLESS
- International Securities Identification Number (ISIN)
- |               |  |
|---------------|--|
| Equity Shares | : INE 220G01021  |
| 0.50% FCCBs   | : XS0208872902   |
| GDS           | : US4775862000   |
| Reuters Code  | : JIST.BO (Bombay Stock Exchange)<br>JIST.NS (National Stock Exchange) |

## Corporate Governance

### 9.7 Stock Market Data :

	National Stock Exchange (NSE)(In Rs.)		Bombay Stock Exchange (BSE)(In Rs.)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2007	158.65	118.00	158.50	118.00
May, 2007	171.70	144.00	170.00	144.05
June, 2007	158.35	140.20	158.40	140.15
July, 2007	178.00	142.20	177.50	142.25
August, 2007	169.00	140.00	169.00	138.00
September, 2007	172.95	153.00	172.85	153.00
October, 2007	185.00	151.35	185.50	151.50
November, 2007	236.40	154.50	235.90	154.85
December, 2007	243.40	223.75	143.80	216.50
January, 2008	241.00	108.00	241.00	115.50
February, 2008	175.00	145.15	177.60	145.15
March, 2008	154.90	122.90	155.00	125.05

### Stock Price Performance - Jindal Stainless Vs. BSE Sensex



### 9.8 Share price performance in comparison to broad based indices – BSE Sensex

Note : Based on the Monthly closing data of Jindal Stainless (Rs. per share) and BSE Sensex (Pts)

### 9.9 Registrar and Transfer Agents

Abhipra Capital Limited  
Ground Floor - Abhipra Complex, Dilkhush Industrial Area,  
A-387, G.T. Karnal Road, Azadpur, New Delhi – 110 033.  
Phone No. (011) 42390909 Fax No. (011) 27215530

### 9.10 Share Transfer System : Share transfer requests are registered within 15 – 20 days.

## Corporate Governance

### 9.11 Distribution of shareholding as at 30th June, 2008:

#### By size of shareholding

Number of Shares	Shareholders		Equity shares held	
	Number	Percentage	Number	Percentage
1 - 2500	57378	98.18	15658114	9.66
2501 - 5000	562	0.96	1989886	1.23
5001 - 10000	231	0.40	1626108	1.00
10001 - 15000	73	0.12	882880	0.54
15001 - 20000	28	0.05	488859	0.30
20001 - 25000	14	0.02	319229	0.20
25001 - 50000	55	0.09	1985457	1.22
50001 & Above	103	0.18	139184399	85.85
<b>TOTAL</b>	<b>58444</b>	<b>100.00</b>	<b>162134932</b>	<b>100.00</b>
Physical Mode	15597	26.69	55496600	34.23
Electronic Mode	42847	73.31	106638332	65.77

#### By category of shareholders

	Equity shares held	
	Number	Percentage
Promoters	74465935	45.93
GDS held by promoters underlying shares	16734984	10.32
GDS held by others underlying shares	869350	0.54
FIs/Banks/Mutual Funds	16061632	9.91
Corporate Bodies	9364065	5.78
Foreign Bank	9997524	6.17
FII's	14600932	9.01
NRI's/OCBs	1992771	1.22
Public	18047739	11.12
<b>Total</b>	<b>162134932</b>	<b>100.00</b>

9.12 Dematerialisation of shares : 65.77% of the shares have been dematerialised upto 30th June, 2008. Trading in equity shares of the company is permitted only in dematerialized form.

9.13 Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion dates and likely impact on equity : During financial year 2004-05, the company issued 0.5%, 12000 Foreign Currency Convertible Bonds (FCCBs) due 2009 of USD 5000 each for an aggregate amount of USD 60 million. During the financial year ended 31st March, 2006, 2141 – 0.5% bonds amounting to USD 10.70 million have been converted into 39,07,028 equity shares of Rs.2/- each and during the financial year ended 31st March, 2008, 5049 – 0.5% bonds amounting to USD 25.24 million have been converted into 92,13,726 equity shares of Rs.2/- each. Unless previously redeemed, the balance 4810 may be converted at any time on or after 22.1.2005 and upto 9.12.2009 into equity shares of Rs.2/- each of the company at conversion price of Rs.119.872 per share, subject to adjustment in certain events. During financial year 2006-07, the company issued and allotted 2,15,00,000 warrants convertible into equity shares to promoters @ Rs.103/- each warrants. Out of said warrants, 1,39,50,000 warrants have been converted into 1,39,50,000 equity shares upto 31st March, 2008. The balance 75,50,000 warrants have also been converted into 75,50,000 equity shares of Rs. 2/- each on 25th April, 2008.

## Corporate Governance

9.14 Plant locations : HISAR KOTHAVALASA  
O.P. Jindal Marg, Jindal Nagar,  
Hisar – 125 005 Kothavalasa – 535 183  
(Haryana). Dist. Vizianagaram (A.P.)

ORISSA  
Kalinga Nagar Industrial Complex,  
P.O. Danagadi – 755 026  
Dist. Jajpur (Orissa) India

9.15 Investor Correspondence : Name : Sh. Jeewat Rai  
For transfer/ dematerialisation : Designation : Vice President  
of shares, payment of dividend : Address : Abhipra Capital Limited  
on shares, query on Annual : (Unit: Jindal Stainless Limited)  
Report and any other query : Ground Floor – Abhipra Complex,  
on the shares of the company. : Dilkhush Industrial Area,  
A-387, G.T. Karnal Road, Azadpur,  
New Delhi – 110 033.  
Phone No. : (011) 42390909  
Fax No. : (011) 27215530  
Email: : investorcare@jindalstainless.com

Shareholders holding shares in electronic mode should address all their correspondence relating to change of address, bank mandate and status to their respective Depository Participants (DPs).

### 10. OTHER INFORMATION

(a) Risk Management Framework:

The company has in place mechanisms to inform Board members about the risk assessment and minimization procedures and periodical reviews to ensure that risk is controlled by the executive management through the means of a properly defined framework.

(b) Code of Conduct

The company has laid down a code of conduct for all Board members and senior management personnel of the company. The code of conduct is available on the website of the company. The declaration of Managing Director & Chief Operating Officer is given below:

To the Shareholders of Jindal Stainless Limited  
Sub.: Compliance with Code of Conduct

I hereby declare that all the Board members and senior management personnel have affirmed compliance with the Code of Conduct as adopted by the Board of directors.

Place : New Delhi  
Date : 22nd July, 2008

R.G. GARG  
Managing Director & Chief Operating Officer

### General Disclosures

- (i) A summary of transactions with related parties in the ordinary course of business is periodically placed before the audit committee;
- (ii) The mandatory disclosure of transactions with related parties in compliance with Accounting Standard AS-18 is a part of this annual report.
- (iii) In preparing with annual accounts in respect of the financial year ended 31st March, 2008, no accounting treatment was different from that prescribed in the Accounting Standards;
- (iv) The company has a Code of Conduct for Prevention of Insider Trading in the shares of the company for directors and other identified persons in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

## Corporate Governance

### Certification

We, R.G. Garg, Managing Director & Chief Operating Officer and Sandeep Sikka, Head – Corporate Finance of Jindal Stainless Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the balance sheet and profit and loss account (both consolidated and stand alone) of the company for the year ended March 31, 2008 and all its schedules and notes to accounts, as well as the cash flow statements.
2. To the best of our knowledge and information:
  - a. The financial statements and other financial information included in this report, fairly present in all material respects, the financial conditions, results of the operations and cash flows of the company as of and for the periods presented in the Annual report, and are in compliance with the existing accounting standards and/or applicable laws and regulations:
  - b. The financial statements and other financial information do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
  - c. These statements together present a true and fair view of the company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
  - d. There is no continuing failure of internal controls and all controls are placed in the company.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or in violation of the Company's code of conduct.
4. We along with the Company's other certifying officers i.e. the functional heads, are responsible for establishing and maintaining disclosures controls and procedures for the financial reporting of the Company, and we have:-
  - a. Designed such disclosure controls and procedures to ensure that material information relating to the Company, including transactions entered into with Foreign subsidiaries and all related party is made known to us by the officials in these entities, particularly during the period in which the Annual report is being prepared and
  - b. Evaluated the effectiveness of the company's disclosure, controls and procedures
5. We, along-with the other certifying officers of the company, have disclosed based on our most recent evaluation, wherefore applicable, to the Company's Statutory auditors and to the Audit Committee of the board of Directors:
  - a. All significant deficiencies in the design or operation of the internal controls, which we are aware could adversely affect the company's ability to record, process, summarize and report financial data and identified any material weakness in the internal controls and taken steps to rectify these deficiencies;
  - b. Whether there were significant changes in the internal controls over financial reporting subsequent to the date of our most recent evaluation, including any corrective actions with regards to significant deficiencies and material weakness;
  - c. Fraud, if any which we have become aware of and that involves management or other employees who have a significant role in the Company's internal control systems over financial reporting;
  - d. Significant changes in the accounting policies during the year, if any, have been disclosed in the notes to the financial statements.

The above is conveyed to the Board of directors of the Company.

Place : New Delhi  
Dated : 22nd July, 2008

R.G. GARG  
Managing Director &  
Chief Operating Officer

SANDEEP SIKKA  
Head - Corporate Finance

### CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To the members of Jindal Stainless Limited

We have examined the compliance of conditions of Corporate Governance Procedure implemented by Jindal Stainless Limited for the year ended on March 31, 2008 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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.

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

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchanges have been complied with in all material respect by the company and that no investor grievance(s) is/are pending for the exceeding one month against the Company as per the records maintained by the Shareholders Grievance/Allotment & Transfer Committee of the Board.

Place : New Delhi  
Dated : 31st May, 2008

B.D. Tapriya  
Company Secretary  
C.P. No. 2059

## Management Discussion and Analysis

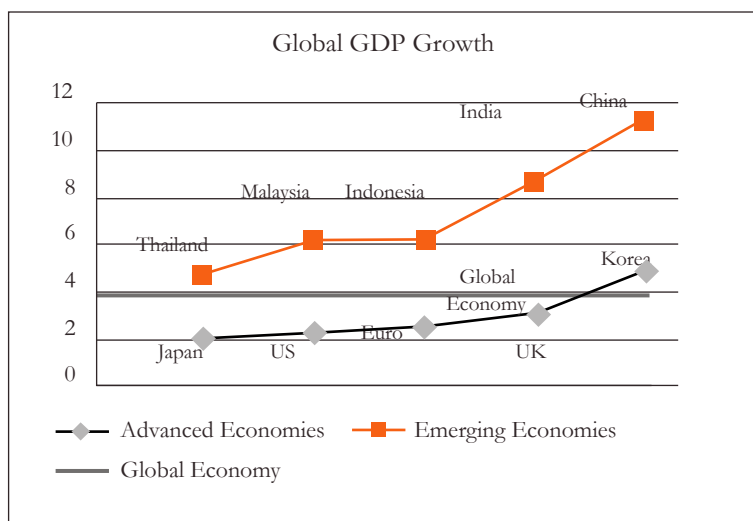
### Global Economic Scenario

Globally last year was a challenging year, which witnessed unforeseen global financial market turmoils & uncertainties about growth of major global economies. The year saw global economic growth at 3.7% as against 3.9% in 2006. Emerging economies, China and India showed much stable growth, driven by strong demand lead economic fundamentals. China's GDP is currently expected to grow at double digit rates with India's GDP growth expected between 8-9%. United States, Japan, United Kingdom & major European economies are forecasted to grow between 2-3% during the year.

Continued inflation, volatile and increased commodity prices, fluctuating financial markets are threats to future economic growth. However, the strong continued growth in Asia still shows an encouraging sign and is partially offsetting slow down in developed economies, although challenges remain. The current year has seen oil prices much ahead above \$100 a barrel. The rise in oil prices is attributed to sluggish oil production growth as well rising energy demand especially in emerging economies.

The weakening dollar and rise in oil & food prices have curtailed the real incomes of the emerging economies, which together with sustained strong economic growth have fueled global inflationary pressures. These inflationary pressures present a further challenge for these economies to implement such economic policies, which will stabilize the growth and reduce inflation.

Despite these underlying challenges, the long term growth in most developing countries is still targeted to remain above historical averages.



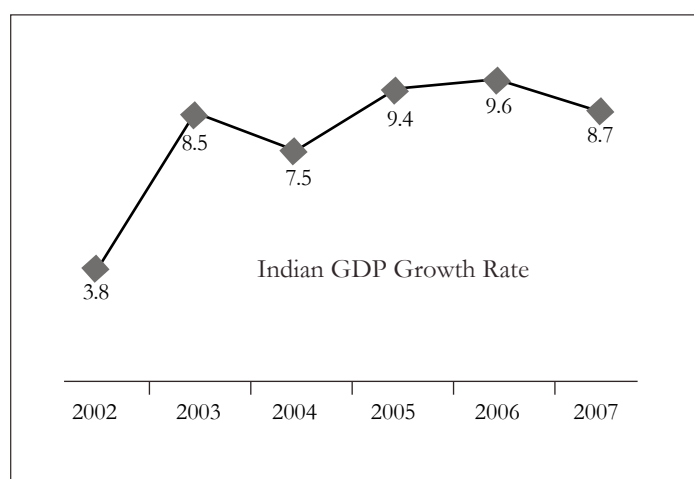
### Indian Economy

Backed by rising foreign exchange reserves, focused approach for infrastructure development and booming confidence of global investment community; once again India has given an impressive economic performance and emerged out as the second fastest growing economy in the world. Indian economy is running on high growth trajectory and has been consistently growing at an average growth rate of above 8% in the last four fiscal years (2003-04 to 2006-07).

Advance estimates as released from Indian Statistical Organization show a GDP growth of 8.7% in 2007-08 which has slowed down from 9.6% in 2006-07. RBI's attempts to tighten the monetary policy to cool down the inflationary pressure are the main reason for this deceleration in the growth rate.

India's strong economic growth was led by two important sectors viz. manufacturing sector and service sector, which not only includes business and financial services but also represents trade, hotel, transport and communication services. In spite of weakening consumer purchasing power due to rising inflation and high borrowing costs, manufacturing sector has contributed significantly.

The most important aspect of this growth is that this is driven primarily by the domestic demand rather than export demand, signifying strong fundamentals of Indian economy. The challenge ahead is to sustain this growth, while facing the global financial turmoil and controlling the rising food and fuel prices. Inflation has touched 6% in March 2008 and further doubled to 11.63% in June 2008. Crude oil prices are on its peak and are having a sweeping impact on the Indian economy. Rupee appreciation of almost 11% during 2007-08 from its previous levels, touching a low of Rs. 39.30, has damaged the competitiveness of exports; however rupee has sharply depreciated again in early 2008-09. The Indian government is trying to curb inflation without sacrificing the economic growth, but global economic pressure and continuous tightening of monetary policy is expected to moderate the economic growth. Still, the Indian economy has gained sufficient momentum, and this will help in sustaining the growth pace.





## Management Discussion and Analysis

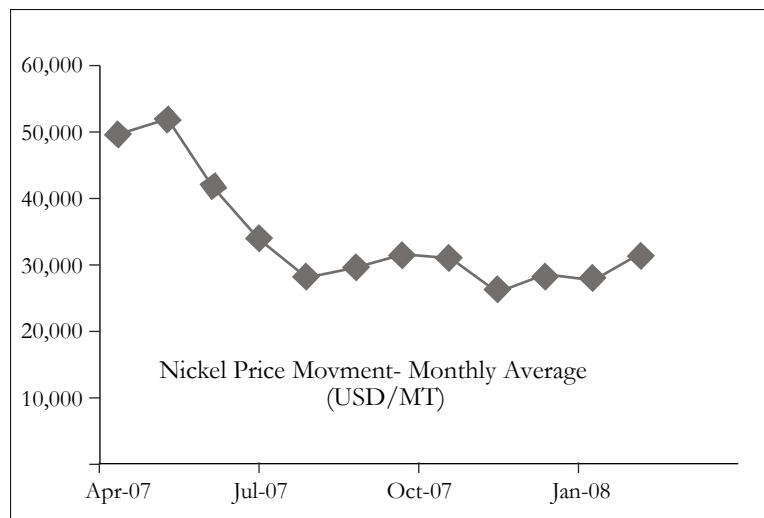
### Global Stainless Steel Industry

2007-08 has been a difficult year for the stainless steel industry. Stainless steel demand was subdued due to high volatility in raw material prices, specially Nickel and rising trends of other raw material prices such as Chrome. Within the year, from an all time high of USD 54,200 per ton, Nickel prices touched a low of USD 25,055 per ton, Ferro Chrome prices have reached a level above USD 4,750 per ton, Ferro Manganese prices above USD 2,750 per ton and Silico Manganese prices above USD 2,450 per ton.

Global stainless steel production was at 27.6 million tons in 2007, a decline of 2.9%, against 28.4 million tons in 2006. The decrease in production occurred in most stainless steel producing countries and regions except in China. In China, stainless steel production was up by 36% at 7.2 million tons in 2007 as against 5.3 million tons in 2006. The strong increase in Chinese production was mainly because of new capacity that became operational during 2007. Stainless steel production in Asia grew by 6.3% to 16 million tons as against 15 million tons last year and it produced more than 50% of the total global stainless steel production. The second largest stainless steel producing country was Japan with 3.7 million tons production during 2007 down by 4.7%.

In all other Asian countries, stainless steel production declined by 3% to 15%. Production in European Union countries declined by 13.5% at 8.01 million tons and US production was at 2.2 million tons down by 11.7%.

Developments in the price of nickel during 2007 caused dramatic changes in the product mix of stainless steel produced. Efforts by the stainless steel companies to market low nickel or nickel-free stainless steel in order to protect market share contributed to the change. The market share of Austenitic Grades (300 series) with higher Nickel content, decreased substantially with considerable shift to low Nickel Chrome Manganese (200 Series) and Nickel free Ferritic grades (400 Series).



### Indian Stainless Steel Industry

During the year stainless steel production in India was down marginally by 2.5% at 1.65 million tons, but the demand of stainless steel went up. Higher economic growth and government policies are promoting the usage of stainless steel in infrastructure projects, street furniture, transport systems, real estate and various process industries. Stainless steel has become now the most preferred material because of its elegance, durability, lightweight, corrosion resistance, aesthetic finish and low maintenance cost.

Stainless steel is now no more synonymous to kitchenware only. In the coming years, huge domestic demand is expected to come from railways, airports, architectural building and construction sector, automobiles sector, urban infrastructure development, and the upcoming common-wealth games in 2010.

**Railways:** In the annual rail budget for the financial year 2008-09, Indian Government has declared the use of stainless steel in all new coaches in near future and up gradation of the existing coaches, Delhi Metro has already become a showcase for usage of stainless steel. Now expansion of Delhi Metro's services and replication of similar metro facilities in major cities across India, including Mumbai, Bangalore, Ahmedabad, Chennai, Kochi and Kolkata has created a high potential demand in domestic market. Besides this, Indian government is also planning the modernization of platforms by using stainless steel as model stations.

**Airport Infrastructure:** A major drive for modernization of airports is under process. Two new airports Bangalore and Hyderabad, have already started operations, whereas work for modernization of New Delhi and Mumbai airports is in progress. To ensure balanced airport development around the country, a comprehensive plan for the development of other non-metro airports is also under preparation. All the airport development projects have high potential for usage of stainless steel, which includes roofing, fireproof doors, seating, railings, barriers, trolleys, counter tops, column cladding, building construction, wall panels, elevators/ escalators, and conveyor systems.

**Urban Infrastructure Development:** Growing urbanization and infrastructure is driving the customer demand. Under Jawaharlal Nehru Urban Renewal Mission, Indian government is planning to develop 63 cities (million plus population) across the India with an investment of more than Rs.1,00,000 crore. This will stimulate the demand of stainless steel. Stainless steel will be used in benches, bus shelters, railings, kiosks and public utilities, signage systems, sitting space, fences, dustbins, park development, playground equipments, food vending carts and other street furniture.

## Management Discussion and Analysis

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**Commonwealth Games 2010:** Commonwealth Games will be held in India in 2010 and this will put India under international focus. Delhi government has prepared an action plan for the improvement and beautification of the city with an estimated budget of Rs. 1,300 crore. This opens another potential area for stainless steel demand.

**Street Furniture:** New Delhi Municipal council has started replacing the existing bus shelters with sleek stainless steel bus shelters. Similar exercises are going on in Mumbai, Hyderabad and Chennai to convert the existing bus shelters into stainless steel bus shelters. This will bring a countrywide acceptance / demand for stainless steel in outdoor applications. Each bus shelter uses around one ton of stainless steel.

**Automobile Sector:** Indian automobile industry witnessed a strong growth during the financial year 2007-08. With the implementation of Euro III norms, stainless steel is becoming the de facto material of choice for exhaust systems. This is a huge market of about 40,000 tons per annum with a high growth potential. Another big opportunity comes in the form of the bus body manufacturing which is now moving from small time fabricators to the organized sector. With the demonstrated benefits of lightweight and savings in maintenance costs besides the improved life, this sector will open up huge opportunities.

**Architecture, building & construction:** The construction sector fuelled by mushrooming of malls, shopping complexes, residential apartments and IT parks etc. provide a big market for the stainless steel industry in the domestic market.

### Upcoming Opportunities, Our Strengths and Forthcoming Threats

Rising economic growth and acceptability of stainless steel as the best available metal in various usages as explained above have made India the leading market for finished stainless steel. Jindal Stainless Limited being the largest stainless steel manufacturer in India with integrated facility of hot rolling, and cold rolling, we are poised to take advantage of the booming stainless steel demand in the domestic market. Apart from producing standard grades, we are also catering to the special stainless steel market in order to address the increasing industrial application in India.

Due to high volatility in Nickel prices, there has been a considerable shift from regular Austenitic grades (300 Series) worldwide towards low Nickel grades Chrome Manganese (200 Series) and Ferritic, Nickel free grades (400 Series) and they can be used as a replacement of 300 series in most of the applications.

Till 2006-07, China was our most important market for stainless steel exports. However due to new capacity build up in China, it has now emerged as one of the strongest competitor in the global market. We believe that our integrated production facilities, with in house mining, ferro alloys and power plants, flexible production facilities, high capacity utilization, productivity rates and comparatively low employee wage costs will help us to succeed in the global competition. We believe that our Orissa project with benefits from captive power supply and port access enhances our ability to produce and price our products competitively.

We are progressing on our path of achieving the long-term objectives of being cost competitive producer of hot rolled and cold rolled stainless steel products. To achieve these objectives, we have implemented a business strategy, which intends to:

- \* Increase production capacity and further integrate our production facilities
- \* Secure raw material supply
- \* Strengthen & expand our leading position in the Indian market
- \* Continue focusing on high quality customer service
- \* Maintain our focus on exports to international markets
- \* Develop new products and new markets.

We are investing significant capital and other resources to develop our fully integrated ferro-alloys and stainless steel project in Orissa in phases, which, when completed, is expected to add 0.8 million tons of stainless steel to our current production capacity. Majority of phase I of the project envisaging the Ferro alloy shops and thermal power plant have already become operational in 2007-08. We believe the Orissa project will effectively position us as a fully integrated and globally cost competitive stainless steel producer. The capacity expansion at Hisar plant to 0.72 million tons is also underway with expansion of melting, hot rolling and cold rolling facilities. We are also enhancing cold rolling capacity at our Indonesian cold rolling plant to 150,000 tons.

Creating long-term value, by way of upstream and downstream integration is our core strategy. As a part of upstream integration strategy we are actively pursuing opportunities globally, to obtain mining rights to key raw materials, including coal, coking coal, chrome, iron and manganese ore, to ensure the robustness of our future growth as an integrated stainless steel producer. We will seek to acquire these rights in India and overseas both directly, by purchasing and operating our own mines, and indirectly, by investing in companies with access to mining rights. We have already established subsidiary in Turkey for acquiring such resources.

Towards downstream integration, we are reaching to the level of end consumer and are focusing on further strengthening of our value driving group companies viz. Jindal Architecture Limited (brand “arc”), Austenitic Creations Private Limited (brand “art d’inox”) and our service centre - Jindal Stainless Steelway Limited. We are in the process of establishing service centres in different cities across

## Management Discussion and Analysis

India and overseas to introduce products with special finishes and to develop new applications for stainless steel in our key markets. We believe that this will enable us to provide customized products at competitive prices and with relatively short delivery times, fostering customer loyalty. We also believe this will help us engage more closely with end users of our products and better understand their specific product requirements.

During the year, we also undertook certain BOT (Build Operate & Transfer) contracts with stainless steel usage as street furniture. This street furniture has been fabricated and erected in New Delhi for city beautification for the forthcoming Commonwealth Games in 2010.

### Risk and Concerns

Success of any organization depends upon its ability to understand and to formulate the efficient risk management policies. Our risk management policies are based on the philosophy of achieving sustainable growth while mitigating and managing the risks involved. Risks associated with our business include the following:

- \* Raw material - price & availability risk. To resolve the risk associated with the availability and volatility in raw material prices, we are actively pursuing opportunities globally, to obtain mining rights to key raw materials, including coal, coking coal, chrome, iron, nickel and manganese ore. We have already acquired certain chrome resources in Turkey and Vietnam and entered into a joint venture agreement in Indonesia. In India, we have been allocated a coal block, in consortium with 3 other companies.
- \* Finished product - price and demand risk. Stainless steel industry is cyclical in nature. Price and demand of stainless steel is affected by global economic & market fluctuations. To mitigate this risk, we are producing a broad range of product mix, producing almost all grades of stainless steel. Our production facilities are flexible and can be used to produce any grade of stainless steel. Further we are strengthening our value adding units to reach the end customers and become their partners in growth. Our policy is to educate, create, capture and retain the market.
- \* Financial risk - foreign exchange fluctuation and interest rate risk. We are naturally hedged against foreign exchange fluctuation as our imports are backed by our exports. Further any additional exposure due to operations or capital expenditures are managed using various hedging strategies including forward contracts, currency swaps and options. Rising interest cost risk is managed through various interest swapping tools available in the market to maintain a strategic balance between the fixed and floating rate debts and to reduce the overall financing cost to the minimum extent possible.
- \* Operational risk - failure to operate the existing plants. Team of highly professional and talented senior management team manages day to day affairs of the company. Most of the members have experience of more than 15 years in this steel business. We have implemented strong management information systems, effective risk monitoring systems and standard policies and procedures to ensure efficient operations. We also maintain insurance cover for all our assets to cover the risk of fire, accidents and other natural disasters. Our policies also cover losses associated with the breakdown of equipment and machinery we use in our production process.
- \* Growth risk - failure in successful implementation of expansion plans. All the capital expenditures are thoroughly appraised by team of qualified professionals for the technical and financial viabilities. As per our standard procedure all new capex requires board approval. All projects are monitored by a specific project monitoring team to ensure timely and efficiently completion of capital projects.

### Internal Control Systems

Company has adequate internal audit and control systems commensurate with its size and nature of its operation that continuously monitors the adequacy and efficiency of internal controls across the company. These systems have been designed to ensure the optimal utilization of resources, accurate reporting of financial transaction, complying with applicable statute, safeguarding assets from unauthorized use.

We have an internal audit department to monitor the internal control systems in the company. Additional internal audit is also conducted by external agencies. The Audit Committee monitors the performance of internal control audit on regular basis, review the audit plans and audit findings and promptly resolves the issues through continuous follow up.

In an IT driven network environment, we have implemented SAP organization wide to ensure effective IT security and systems in place. SAP is used to record data for accounting and management information purposes and ensures real time availability of information at various locations.

Jindal Stainless is an ISO 9001:2000, ISO 14001 and OHSAS 18001 certified company indicating that documented systems and procedures are in place for ensuring a consistent product quality, compliance to environmental standards and a safe and healthy environment for its stakeholders.

## Management Discussion and Analysis

### Financial Performance

Despite the challenges, robust domestic demand has helped the company to achieve a marginal increase in the gross turnover. Domestic turnover accounts for almost 70% of the total turnover. However due to high volatility in raw material price net margins were under pressure.

The financial highlights for the year 2007-08 are as follows:

Particulars	2007-08	2006-07
Gross Sales	5698	5267
EBIDTA	808	844
PBT	370	557
PAT	241	353

### Environment, Health and Safety Measures

Environment concerns have been the focused topics over recent years. A real change in the behavior is visible, with more stringent regulations being implemented all over the world. As a socially responsible corporate, we are committed for sustainable development, which incorporates environment, health, safety and community responsibilities.

We aim to achieve zero tolerance limits in our environment, health and safety performance. We intend to apply a systematic approach towards environmental risk management and to increase our engagement with society.

Our management regularly sets health and safety targets to continually reduce the risk of harm to employees, contractors and visitors to our operational facilities. We have set up health and safety committees at all our operational facilities with participation of all levels of employees. We have qualified safety officers at our operational facilities. Appropriate safety equipment is provided to all employees, contractors and visitors to our operational facilities. Regular health check ups and training programs are conducted at our operational facilities. Our operational facilities are regularly audited to ensure compliance for the areas in which they operate, as well as for compliance with the safety management system.

The requirements of existing Environmental Legislations/ Standard are complied with. Our operations continue to pursue the values of IS/ISO9001: 2000: QMS, IS/ISO-14001: 2004: EMS, OHSAS: 18001: 1999 and TPM Certification towards Environment Friendly and Safe Production.

We believe that we comply in all material respects with local, state and central governmental occupational health and safety laws, regulations and other mandatory requirements relevant to the health and safety of employees, contractors and visitors to our operational facilities.

### Human Capital

We believe that our employees are our key to success and our most important assets. Company's partnership with people is deeply rooted in the company's work ethos and organizational values. The innate values of 'Respect and Care' and sustainable growth through people is demonstrated in the way the company builds teams, creates shared vision, executes its growth plans and nurtures human talent to address the business challenges.

The company is systematically focusing on Talent Management initiatives and building a robust pipeline of talent at all levels to drive aggressive business growth. Our quality focus on hiring both at entry and lateral levels present a very rich complement of professionals. 70% of our workforce is professionally qualified. 51% of our management staff comprises of engineering backgrounds. At entry level we hire Graduate Engineers from premier engineering campuses like IIT and NITs.

We have tied up with Management Development Institute, Gurgaon to focus on future competence building program, "Jindal Executives' Education for Tomorrow (JEET)", a comprehensive program spanning 2 weeks of classroom training. The company has further accelerated its efforts for enhancing and connecting organizational knowledge and corporate performance through a well-equipped Knowledge Center at Hisar plant, which has rich knowledge resources in the form of books, journals, training manuals, e-resources etc.

Communication at JSL through open forums, meets, newsletters etc. aims to share news and information within the organization while encouraging cross over of ideas and best practices. Open sessions are conducted regularly with the top management to share highlights, latest developments and at the same time provide a platform for employees to discuss any issues related to their work environment.

## Management Discussion and Analysis

### Social Concerns

As part of its Corporate Social Responsibility under the aegis of 'Jindal Stainless Foundation', Jindal Stainless has been very focused toward giving back to society through various community based structured sustainable programmes.

The implementation strategy of its various initiatives launched is a mix of public-private-people-partnership models and direct intervention programmes through the CSR teams positioned at the plant / factory locations at Hisar, Jajpur (Orissa), Vishakapatnam and Delhi. A number of community development programs have been initiated, which include rural development schemes, integrated community healthcare programmes, education and skill training programmes, women empowerment and micro-financing programmes, infrastructure development and watershed management. Some of the major initiatives are as follows:

- \* Running a residential girls school, a co-education senior secondary school, adult education centres, remedial education programmes, tuition centres and NIOS Study centres for school dropouts at Hisar.
- \* Established skill training institutes close to our plant locations at Hisar and Jajpur, Orissa.
- \* A new Cancer unit has been constructed in the multi specialty 300-bedded hospital at Hisar.
- \* Operating mobile and static clinics in the remote areas of Orissa, Andhra Pradesh and Haryana to outreach services for the poor.
- \* Eye camp & dental care initiative in Orissa
- \* Establishment of a DOT Centre and a Culture Sensitivity Test Centre in Haryana.
- \* Environment is another area of our intervention, where the activities are linked to 'Climate Change', to include advocacy, adaptation and mitigation.
- \* Organising training for farmers to increase agriculture production through organic farming and other techniques.
- \* One key initiative is the OP Jindal Family Welfare Scheme which provides financial assistance to the employee/his family in the case of Death/permanent total disablement of the employee, an amount equivalent to his last drawn 'basic pay' or minimum of Rs. 3000/- up to a maximum of Rs. 15,000/- up to the period of attaining the notional age of 58 years by the deceased.
- \* JSL partnered the "OPJEMS" - (OP Jindal Engineering and Management Scholarships) - to promote academic and leadership excellence among students from across the premier engineering and management institutes in the country. In the year 2007, 99 meritorious students of the top 30 management and engineering institutes were awarded OPJEMS scholarships.

### Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

## Auditors' Report

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### To THE MEMBERS OF JINDAL STAINLESS LIMITED

We have audited the attached Balance Sheet of JINDAL STAINLESS LIMITED, as at 31st March, 2008 and the Profit & Loss Account and also the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (herein after called The Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
  - c) The reports on the accounts of the branch audited by other Auditors have been forwarded to us and have been appropriately dealt with by us in preparing our report;
  - d) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account and with the audited accounts from the branch;
  - e) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
  - f) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2008 from being appointed as a Director of the company in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
  - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - I. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
    - II. In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and
    - III. In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For LODHA & CO.  
Chartered Accountants

(N. K. LODHA)  
Partner  
M.No. 85155

For S.S. KOTHARI MEHTA & CO.  
Chartered Accountants

(ARUN K. TULSIAN)  
Partner  
M.No. 89907

Place : New Delhi  
Date : 22nd July, 2008

### ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 1 of our report of even date to the Members of JINDAL STAINLESS LIMITED on the Financial Statements for the year ended 31st March, 2008.

1. (a) The company has maintained proper records in respect of its fixed assets showing full particulars, including quantitative details and situation of fixed assets.
  - (b) We have been informed that certain fixed assets of the company have been physically verified by the management according to a phased programme of periodic verification which, in our opinion, is reasonable having regard to the size of the company and nature of fixed assets. As informed, no material discrepancies between book records and physical inventory have been noticed in respect of the fixed assets physically verified during the year.
  - (c) As per records and information and explanation given to us, no substantial part of fixed assets has been disposed off during the year.
2. (a) As informed, the inventory of the company at all its locations, except stocks lying with third parties, in transit and part of the stores and spares, have been physically verified by the management either at the end of the year or after the year end, and in respect of stores and spares, there is perpetual inventory system and a substantial portion of the stocks have been verified during the year. In our opinion, the frequency of verification is reasonable.
  - (b) According to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory; in respect of process stock, the records are updated as and when physical verification has been carried out. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
3. (a) As informed to us, the company has not given any loan, secured or unsecured to companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4(iii) (b) to (d) of the order are not applicable.
  - (e) As informed to us, the company has taken unsecured loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of said company is Rs.1249.49 Lacs and the year end balance of such loan is Rs.1249.49 Lacs respectively. The company has not taken any other loans, secured or unsecured, from the firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (f) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions on which aforesaid loan has been taken are not, prima facie, prejudicial to the interest of the Company.
  - (g) In respect of aforesaid loan, the amount, principal as well as interest, is repayable on demand and the company is regular in repaying the amounts as and when demanded.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that certain items purchased/sold are of special nature for which, as explained, suitable alternatives sources, do not exist for obtaining comparative quotations, taking into consideration the quality, usage and such other factors, there are adequate internal control systems commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given, we have neither come across nor have we been informed of any instance of major weaknesses in aforesaid internal control systems.
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and having regard to our comments in paragraphs 4 above, and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered into the register maintained under section

## Auditors' Report

301 of the Companies Act and exceeding the value of rupees five lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.

6. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under with regard to deposits accepted from public. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
7. In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the Company's products and are of the opinion that, prime facie, the prescribed records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.
9. (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited during the year with appropriate authorities. No undisputed amount payable in respect of the aforesaid statutory dues were outstanding as at last day of the financial year for a period of more than six months from the date they became payable.
- (b) In our opinion and according to the information and explanations given to us, there are no dues in respect of Wealth Tax and Custom Duty that have not been deposited with appropriate authorities on account of disputes and the dues in respect of Income Tax, Excise duty, Service Tax, Sales Tax and Cess that have not been deposited with appropriate authorities on account of dispute and the forum where the dispute is pending are as given below:-

Name of the Statute	Nature of the Dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where dispute is pending.
Central Excise Act	Excise Duty	1.69	1995-96	High Court, New Delhi.
		21.69	1994-95	Reference application to CESTAT, New Delhi allowed for reference to High Court.
		356.23	1999-05	CESTAT, Delhi
		64.37	2005-08	Commissioner (Appeals), Gurgaon
		266.56	1998-05	CESTAT, Bangalore
		57.14	1994-96	Commissioner of Central Excise, Rohtak.
		44.27	2004-06	Commissioner/Assistant Commissioner of Central Excise, Vishakhapatnam.
		7.63	1994-95	Addl. Commissioner of Central Excise, Rohtak.
		7.57	2000-01	CESTAT, Delhi
		18.02	1995-97	Joint Commissioner of Central Excise, Rohtak.
Finance Act	Service Tax	0.40	1996-97	Commissioner (Appeals), Gurgaon.
		2002.00	2007-08	Commissioner of Central Excise, Bhuvanshver
Sale Tax Act	Sales Tax	88.40	2005-06	CESTAT, Delhi.
		222.83	2003-06	CESTAT, Delhi
Sale Tax Act	Sales Tax	3.00	1993-94	High Court of Punjab & Haryana.
ORISED Act - 2004	Cess	320.49	2005-07	Supreme Court.
Entry Tax Act 1999	Entry Tax	351.64	2007-08	High Court Orissa
Income Tax Act	Income Tax	2076.48	2003-04 & 2004-05	Commissioner of Income Tax (Appeal)



10. The company does not have accumulated losses as at the end of the financial year and has not incurred cash losses in the immediately preceding financial year.
11. In our opinion, on the basis of books and records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks and debenture holders.
12. In our opinion and according to information and explanations given to us, no loans and advances have been granted by the company on the basis of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of The Order are not applicable to the Company.
14. In our opinion, and according to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of Clause 4 (xiv) of The Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the terms and conditions on which Company has given guarantee aggregating to Rs 4002.00 Lacs for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interest of the Company. (Read with note no. 2(e) (ii) of Notes to Accounts).
16. In our opinion and on the basis of information and explanations given to us, the term loans raised during the year by the Company were applied for the purposes for which the loans were obtained where such end use has been stipulated by the lender, however pending utilization during the course of the year the loan fund has been temporarily deployed in mutual funds/bonds/deposited with banks.
17. On the basis of information and explanations given to us, and on the basis of an overall examination of the balance sheet of the Company, no funds raised on short-term basis have been used for long-term investments.
18. No preferential allotment has been made by the company during the year however equity shares have been issued upon conversion of equity share warrants to two parties covered in the register maintained under Section 301 of the Act. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the Company. (Read with note no. 21 of Notes to Accounts)
19. On the basis of the records made available to us, the Company has created necessary security and charge in respect of debentures outstanding at the year end.
20. The company has not raised any money through public issue during the year.
21. During the course 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 neither come across any instance of material fraud on or by the company, noticed or reported during the year nor we have been informed of such case by the management.

For LODHA & CO.  
Chartered Accountants

For S.S. KOTHARI MEHTA & CO.  
Chartered Accountants

(N. K. LODHA)  
Partner  
M.No. 85155

(ARUN K. TULSIAN)  
Partner  
M.No. 89907

Place : New Delhi  
Date : 22nd July, 2008

## Balance Sheet As At 31st march, 2008

DESCRIPTION	SCHEDULE	(Rs. in Lacs)	
		31.03.2008	31.03.2007
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital - Equity	1	3,091.70	2,764.42
Equity Share Warrants	1(a)	5,260.63	1,514.10
Reserves and Surplus	2	175,714.03	137,412.76
		184,066.36	141,691.28
<b>LOAN FUNDS</b>			
Secured Loans	3	382,034.41	222,895.31
Unsecured Loans	4	48,574.91	44,337.52
		430,609.32	267,232.83
Deferred Tax Liability (Net) (Note No. 27 of Schedule 20)		48,770.20	39,157.69
<b>TOTAL</b>		<b>663,445.88</b>	<b>448,081.80</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	5		
Gross Block		420,909.26	332,596.83
Less: Depreciation / Amortisation		79,711.80	60,227.88
Net Block		341,197.46	272,368.95
Add: Capital Work in Progress		137,377.03	105,708.77
		478,574.49	378,077.72
<b>INVESTMENTS</b>	6	9,328.72	18,855.93
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	219,464.98	106,972.99
Sundry Debtors	8	75,365.63	58,041.39
Cash and Bank Balances	9	74,031.55	19,623.69
Loans and Advances	10	87,828.66	65,305.71
		456,690.82	249,943.78
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Liabilities	11	253,980.48	177,893.04
Provisions	12	28,755.17	21,133.17
		282,735.65	199,026.21
<b>NET CURRENT ASSETS</b>		<b>173,955.17</b>	<b>50,917.57</b>
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	13	1,587.50	230.58
<b>TOTAL</b>		<b>663,445.88</b>	<b>448,081.80</b>
Notes forming part of accounts	20		

Schedules referred to above form an integral part of the accounts

### AUDITORS' REPORT

In terms of our report of even date annexed hereto

for LODHA & CO.

Chartered Accountants

(N.K. LODHA)

Partner (Membership No. 85155)

for S.S. KOTHARI MEHTA & CO.

Chartered Accountants

(ARUN K. TULSIAN)

Partner (Membership No. 89907)

PLACE : New Delhi

DATED : 22nd July, 2008

RATAN JINDAL

Vice Chairman & Managing Director

ARVIND PARAKH

Director - Strategy & Business Development

A.P. GARG

Sr. Vice President & Company Secretary

R.G. GARG

Managing Director & Chief Operating Officer

RAJINDER PARKASH

Executive Director

SANDEEP SIKKA

Head - Corporate Finance

Directors

SUMAN JYOTI KHAITAN

T.R. SRIDHARAN

L.K. SINGHAL

## Profit & Loss Account For the Year Ended 31st March, 2008

DESCRIPTION	SCHEDULE	(Rs. in Lacs)	
		31.03.2008	31.03.2007
<b>INCOME</b>			
Gross Sales and Operational Income	14	569,820.47	526,780.09
Less : Excise Duty		53,384.77	39,030.31
Net Sales and Operational Income		516,435.70	487,749.78
Other Income	15	2,911.95	1,893.98
		519,347.65	489,643.76
<b>EXPENDITURE</b>			
Material, Manufacturing and Others	16	404,912.22	373,069.88
Personnel	17	10,361.78	7,351.58
Administrative and Selling	18	23,196.32	24,757.43
Interest and Bank Charges	19	14,934.94	7,035.15
Miscellaneous Expenditure Written off		38.51	46.86
Depreciation / Amortisation		25,238.18	21,609.96
		478,681.95	433,870.86
<b>NET PROFIT BEFORE EXTRAORDINARY ITEMS</b>			
		40,665.70	55,772.90
Less : Extraordinary Items (Note No. 20 of Schedule 20)		3,613.27	-
<b>NET PROFIT BEFORE TAXATION</b>			
		37,052.43	55,772.90
Less :			
Provision for Taxation		4,277.57	8,521.99
MAT Credit Entitlement		(1,065.75)	-
Provision for Fringe Benefit Tax		111.41	91.09
Provision for Deferred Tax		9,612.51	11,327.86
Previous Year Taxation Adjustment		(0.05)	531.37
<b>PROFIT AFTER TAXATION AND EXTRAORDINARY ITEMS</b>			
		24,116.74	35,300.59
ADD/(LESS) :			
Amount Brought Forward		4,835.21	3,314.49
Debenture Redemption Reserve Written Back		1,633.60	44.63
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			
		30,585.55	38,659.71
Proposed Dividend on Equity Shares		3,242.70	552.88
Dividend on Equity Shares for previous year		19.19	13.91
Interim Dividend on Equity Shares		-	2,211.54
Corporate Dividend Tax		554.36	406.08
Debenture Redemption Reserve		2,518.69	3,140.09
General Reserve		18,000.00	27,500.00
Balance carried to Balance Sheet		6,250.61	4,835.21
		30,585.55	38,659.71
Earning Per Share (in Rs.) (Note No. 26 of Schedule 20)			
Before Extraordinary Items			
- Basic		19.21	26.76
- Diluted		17.24	23.35
After Extraordinary Items			
- Basic		16.70	26.76
- Diluted		14.98	23.35
Notes forming part of accounts	20		

Schedules referred to above form an integral part of the accounts

### AUDITORS' REPORT

In terms of our report of even date annexed hereto

for LODHA & CO.  
Chartered Accountants

(N.K. LODHA )  
Partner (Membership No. 85155)

for S.S. KOTHARI MEHTA & CO.  
Chartered Accountants

( ARUN K. TULSIAN )  
Partner (Membership No. 89907)

PLACE : New Delhi  
DATED : 22nd July, 2008

RATAN JINDAL  
Vice Chairman & Managing Director

ARVIND PARAKH  
Director - Strategy & Business Development

A.P. GARG  
Sr. Vice President & Company Secretary

R.G. GARG  
Managing Director & Chief Operating Officer

RAJINDER PARKASH  
Executive Director

SANDEEP SIKKA  
Head - Corporate Finance

Directors  
SUMAN JYOTI KHAITAN  
T.R. SRIDHARAN  
L.K. SINGHAL

## Schedule to the Balance Sheet

DESCRIPTION	(Rs. in Lacs)	
	31.03.2008	31.03.2007
<b>SCHEDULE - " 1 "</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
475,000,000 (274,500,000) Equity Shares of Rs.2/- each	9,500.00	5,490.00
Nil (100,500,000) Unclassified Shares of Rs.2/- each	-	2,010.00
Nil (20,000,000) Redeemable Cumulative Non-Convertible Preference Shares of Rs.10/- each	-	2,000.00
	9,500.00	9,500.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
154,584,932 - Equity Shares of Rs.2/-each fully paid up	3,091.70	2,764.42
(138,221,206 - Equity Shares of Rs.2/-each fully paid up)		
<b>TOTAL</b>	<b>3,091.70</b>	<b>2,764.42</b>

of the above :-

- A) 13,778,717 Equity Shares of Rs.10/- each fully paid up issued to Shareholders of Jindal Strips Limited pursuant to Scheme of Arrangement & Demerger.
- B) One Equity Share of Rs.10/- each fully paid up issued to Shareholders of J - Inox Creations (P) Ltd. and Austenitic Creations (P) Ltd. pursuant to the Scheme of Amalgamation.
- C) 5,153,293 Fully Paid Up Bonus Equity Shares of Rs.10/- each in the ratio of 253 Equity Shares of Rs.10/- each for every 679 Equity Shares of Rs.10/- each, allotted out of Share Premium and Capital Redemption Reserve to the equity shareholders of the company pursuant to scheme of Arrangement and Demerger.
- D) 999,752 Equity Shares of Rs.10/- each fully paid up allotted to the holders of 460 ECB of US \$ 5000 each at predetermined (as per scheme) conversion rate of Rs.100/- each on 13.01.2004.
- E) Company has subdivided the Equity Shares of Rs.10/- each into Equity Shares of Rs.2/- each on 10.03.2004.
- F) 9,997,524 Equity Shares of Rs.2/- each fully paid up allotted to the holders of 920 ECB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs.20/- each on 24.12.2004.
- G) 3,907,028 Equity Shares of Rs.2/- each fully paid up allotted to the holders of 2141 FCCB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs.119.872 each during the year ended on 31.03.2006.
- H) 16,734,984 (represented by 8,367,492 nos. GDS) Equity Shares of Rs.2/- each fully paid up allotted to the holders of 1540 ECB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs.20/- each during the year ended on 31.03.2006.
- I) 869,350 (represented by 434,675 nos. GDS) Equity Shares of Rs.2/- each fully paid up allotted to the holders of 80 ECB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs.20/- each during the year ended on 31.03.2007.
- J) 6,800,000 Equity Shares of Rs.2/- each fully paid up allotted to the holders of Equity Share warrants at predetermined conversion rate of Rs. 103/- each during the year ended on 31.03.2007.
- K) 9,213,726 Equity Shares of Rs.2/- each fully paid up allotted to the holders of 5049 FCCB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs.119.872 each during the year ended on 31.03.2008.
- L) 7,150,000 Equity Shares of Rs.2/- each fully paid up allotted to the holders of Equity Share warrants at predetermined conversion rate of Rs.103/- each during the year ended on 31.03.2008.

### SCHEDULE - " 1 (a) "

<b>EQUITY SHARE WARRANTS</b> (Note No. 21 of Schedule 20)	5,260.63	1,514.10
<b>TOTAL</b>	<b>5,260.63</b>	<b>1,514.10</b>

## Schedule to the Balance Sheet

DESCRIPTION	(Rs. in Lacs)	
	31.03.2008	31.03.2007
<b>SCHEDULE - "2"</b>		
<b>RESERVES AND SURPLUS</b>		
<b>A. SECURITIES PREMIUM ACCOUNT</b>		
As per last account	25,388.73	18,364.25
Add : On Conversion of ECB / FCCB / Equity Share Warrants	18,081.91	7,024.48
	43,470.64	25,388.73
<b>B. GENERAL RESERVE</b>		
As per last account	96,588.34	69,088.34
Add : Transferred from Profit and Loss Account	18,000.00	27,500.00
	114,588.34	96,588.34
Less : Foreign Currency Translation Reserve	(131.34)	(50.21)
	114,457.00	96,538.13
<b>C. DEBENTURE REDEMPTION RESERVE</b>		
As per last account	8,489.87	5,394.41
Add : Transferred from Profit and Loss Account	2,518.69	3,140.09
Less : Written Back During the Year	(1,633.60)	(44.63)
	9,374.96	8,489.87
<b>D. CENTRAL/STATE SUBSIDY RESERVE</b>		
As per last account ( Against fulfillment of certain stipulations )	39.27	39.27
	39.27	39.27
<b>E. CAPITAL REDEMPTION RESERVE</b>		
As per last account	2,000.00	2,000.00
	2,000.00	2,000.00
<b>F. AMALGAMATION RESERVE</b>		
As per last account	121.55	121.55
	121.55	121.55
<b>G. SURPLUS-PROFIT AND LOSS ACCOUNT</b>		
TOTAL	175,714.03	137,412.76

## Schedule to the Balance Sheet

DESCRIPTION	(Rs. in Lacs)	
	31.03.2008	31.03.2007
<b>SCHEDULE - "3"</b>		
<b>SECURED LOANS</b>		
A. Redeemable Non-Convertible Debentures	43,000.00	43,000.00
B. Term Loans from Banks		
Rupee Term Loans	157,216.02	126,806.41
Foreign Currency Loans	134,723.50	40,390.79
	291,939.52	167,197.20
C. Car Loans from Banks	205.32	158.73
D. Working Capital Loans from Banks	46,889.57	12,539.38
<b>TOTAL</b>	<b>382,034.41</b>	<b>222,895.31</b>

### NOTES :

A.

(1) Debentures referred to in A above are secured by pari-passu charge by way of equitable mortgage on the company's immovable properties located in State of Gujarat, Hisar, Vizag and hypothecation of moveable assets in favour of debenture trustee ranking pari-passu with other Financial Institutions/Banks.

(2) Debentures referred to in A above are privately placed and consist of :

- i) 6.90% debentures of Rs.10,00,000 each aggregating to **Rs.20,000.00 Lacs** (Rs.20,000.00 Lacs) are redeemable in five equal annual installments at the end of 6th, 7th, 8th, 9th & 10th year from the date of allotment i.e. 3rd August, 2004.
- ii) 7.50% debentures of Rs.10,00,000 each aggregating to **Rs.10,000.00 Lacs** (Rs.10,000.00 Lacs) are redeemable in five equal annual installments at the end of 6th, 7th, 8th, 9th & 10th year from the date of allotment i.e. 15th April, 2005.
- iii) 7.75% debentures of Rs.10,00,000 each aggregating to **Rs.13,000.00 Lacs** (Rs.13,000.00 Lacs) are redeemable in five equal annual installments at the end of 6th, 7th, 8th, 9th & 10th year from the date of allotment i.e. 28th Dec., 2005.

B.

- i) Term loans from Banks include loans of **Rs.284,870.14 Lacs** (Rs.149,566.19 Lacs), for which charge is created / to be created by way of mortgage of company's immovable properties and hypothecation of moveable assets both present and future ranking pari-passu with other Financial Institutions/Banks.
- ii) Term loans from Banks include loans of **Rs.1,041.49 Lacs** (Rs.2,660.76 Lacs) secured by way of mortgage of immovable properties and hypothecation of moveable assets of the company and second charge on the current assets of the company ranking pari-passu with other Financial Institutions/Banks.
- iii) Term loans from Banks include loans of **Rs.Nil** (Rs.14,595.26 Lacs), which are secured by way of mortgage of company's immovable properties and hypothecation of moveable assets and by way of second charge on current assets of company and personal guarantee of the two Directors.
- iv) Term loans from Banks include loans of **Rs.Nil** (Rs.375.00 Lacs) which are secured by way of mortgage of immovable properties and hypothecation of moveable assets of the company ranking pari-passu with Banks/ Financial Institutions and guaranteed by Managing Director.
- v) Term loans from Banks include sub debts term loans of **Rs.1,027.89 Lacs** (Rs.Nil) secured by way of second charge on all movable and immovable fixed assets of the company ranking pari-passu with other Financial Institutions/ Banks.
- vi) Term loans from Banks include loans of **Rs.5,000.00 Lacs** (Rs.Nil) secured by way of residual charge (ranking subservient to first and second charge holders) over movable fixed assets of the company.

C. Secured by way of hypothecation of vehicles purchased thereunder.

D. Working capital loans are secured by way of hypothecation of finished goods, raw-materials, work-in-progress, stores and spares, book debts and by way of second charge in respect of other moveable and immovable properties of the company ranking pari-passu with other Banks/ Financial Institutions.

## Schedule to the Balance Sheet

DESCRIPTION	(Rs. in Lacs)	
	31.03.2008	31.03.2007
<b>SCHEDULE - "4"</b>		
<b>UNSECURED LOANS</b>		
0.50% Foreign Currency Convertible Bonds * ( FCCB )	9,624.81	21,265.86
Fixed Deposits	2,846.67	1,971.22
Loans from Banks	29,500.00	14,500.00
Loans from Others	5,000.00	5,000.00
Security Deposits from Agents / Dealers / Others	1,603.43	1,600.44
<b>TOTAL</b>	<b>48,574.91</b>	<b>44,337.52</b>

### NOTE :

\* 0.50% Foreign Currency Convertible Bonds (net of Indian Withholding Tax ) were issued to foreign investors on 24th December, 2004 by the company, in terms of the Offering Memorandum dated 17th December, 2004. These Bonds at the option of the holder, may be converted into Equity Shares of normal value of Rs.2/- each at any time on or after 22nd January, 2005 at a pre-determined price of Rs.119.872 per share.

Unless previously redeemed, repurchased and cancelled, or converted, the Bonds are redeemable at 129.939% of their principal amount on 24th December, 2009.

Holders of 5,049 No. of Foreign Currency Convertible Bonds of US \$ 5000.00 each opted for conversion into Equity Shares of nominal value of Rs.2/- each at pre-determined price of Rs.119.872 per share during the year ended 31.03.2008.

### SCHEDULE - "5"

#### FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	COST AS ON 01.04.2007	ADDITIONS DURING THE YEAR	SALE/ ADJUSTMENT DURING THE YEAR	TOTAL AS ON 31.03.2008	UPTO LAST YEAR	DURING THE YEAR	ON SALE/ ADJUSTMENT	TOTAL UPTO 31.03.2008	31.03.2008	31.03.2007
LAND*	9,258.02	1,490.32	-	10,748.34	81.10	41.60	-	122.70	10,625.64	9,176.92
BUILDINGS	31,319.73	7,761.65	37.79	39,043.59	2,136.21	913.97	6.96	3,043.22	36,000.37	29,183.52
PLANT & MACHINERY	276,591.17	86,563.19	7,951.23	355,203.13	56,007.99	23,099.02	5,706.98	73,400.03	281,803.10	220,583.18
ELECTRIC INSTALLATION	9,593.40	61.49	-	9,654.89	447.99	523.86	-	971.85	8,683.04	9,145.41
VEHICLES	1,740.80	232.61	113.83	1,859.58	528.26	167.64	40.27	655.63	1,203.95	1,212.54
FURNITURE, FIXTURES & EQUIPMENTS	1,272.97	216.83	0.19	1,489.61	364.65	124.24	0.05	488.84	1,000.77	908.32
POWER LINE AND BAY EXTENSION **	712.49	-	-	712.49	142.50	71.25	-	213.75	498.74	569.99
<b>INTANGIBLE ASSETS</b>										
TECHNICAL KNOW HOW	1,369.18	-	-	1,369.18	299.52	136.92	-	436.44	932.74	1,069.66
SOFTWARE	739.07	89.38	-	828.45	219.66	159.68	-	379.34	449.11	519.41
<b>TOTAL</b>	<b>332,596.83</b>	<b>96,415.47</b>	<b>8,103.04</b>	<b>420,909.26</b>	<b>60,227.88</b>	<b>25,238.18</b>	<b>5,754.26</b>	<b>79,711.80</b>	<b>341,197.46</b>	<b>272,368.95</b>
CAPITAL WORK IN PROGRESS *** {Including preoperative expenses pending allocation/ capitalisation}									137,377.03	105,708.77
Previous Year	219,669.54	119,035.93	6,108.65	332,596.83	41,967.24	21,609.96	3,349.32	60,227.88	272,368.95	-

\* Include land acquire on lease amounting to Rs.3541.94 Lacs (Rs.3531.62 Lacs) and amount amortised thereon during the year is Rs.41.60 Lacs (Rs.41.55 Lacs).

\* Include Rs.948.55 Lacs (Nil) jointly owned with other body corporate with 50% share.

\*\* Not owned by the Company.

\*\*\* Includes capital advances Rs.33670.28 Lacs (Rs.13894.97 Lacs) and project inventory Rs.12453.30 Lacs (Rs.19442.85 Lacs).

§ Intangible Assets are amortised as under :

Technical Know How	10 Years
Software	5 years

## Schedule to the Balance Sheet

### SCHEDULE - "6"

#### INVESTMENTS

##### DETAILS OF INVESTMENTS

Sr. No.	PARTICULARS	31.03.2008			31.03.2007		
		Nos.	Face Value (Rs.)	Amount (Rs. in Lacs)	Nos.	Face Value (Rs.)	Amount (Rs. in Lacs)
Current Investment - Non Trade (At Cost Less Provision)							
<b>A Mutual Funds / Debentures</b>							
1	DBS Floating Rate Fund	-	-	-	41,137,999	10.00	4,586.00
2	LIC Liquid Fund	-	-	-	49,175,753	10.00	6,676.50
3	Reliance Liquidity Fund	4,112,789	10.00	500.00	-	-	-
4	Reliance Liquid Plus Fund	46,195	1,000.00	505.00	-	-	-
5	8.00% NCD JSW Steel Limited	266,594	22.97	44.21	266,594	53.46	104.92
Total (A)				1,049.21	11,367.42		
<b>B Equity Share Fully Paid Up - Quoted</b>							
1	Transport Corporation of India Limited	-	-	-	201,676	2.00	116.77
2	Bhartiya International Limited	114,609	10.00	65.50	114,609	10.00	128.02
3	Hotel Leela Ventures Limited	90,000	2.00	36.13	90,000	2.00	50.27
4	Central Bank of India	7,247	10.00	6.30	-	-	-
5	Mundra Port Ltd.	1,471	10.00	6.47	-	-	-
Total (B)				114.40	295.06		
Long Term Investments							
<b>A Govt./Semi Govt. Securities - Non Trade</b>							
1	12.40% Government of India Stocks (Face value Rs. 40 Lacs)	-	-	41.14	-	-	41.14
2	13.05% Government of India Stocks (Face value Rs. 40 Lacs)	-	-	-	-	-	40.66
3	National Savings Certificate *	-	-	1.17	-	-	0.77
4	8.40% Transmission Corp. of A.P. Ltd.	10	1,000,000.00	103.40	10	1,000,000.00	103.40
5	7.50% Bank of India	4	1,000,000.00	40.00	4	1,000,000.00	40.00
6	7.64% KSFC 2016	10	1,000,000.00	97.71	10	1,000,000.00	97.71
Total (A)				283.42	323.68		
<b>B Equity Share Fully Paid Up - Unquoted</b>							
1	Jab Resources Limited	3,333,067	15 Cents	179.59	-	-	-
Total (B)				179.59			



## Schedule to the Balance Sheet

DETAILS OF INVESTMENTS		31.03.2008			31.03.2007		
Sr. No.	PARTICULARS	Nos.	Face Value (Rs.)	Amount (Rs. in Lacs)	Nos.	Face Value (Rs.)	Amount (Rs. in Lacs)
C	Equity Shares Fully Paid Up of Subsidiary Company - Trade Unquoted						
1	Jindal Stainless Steelway Ltd.	14,061,667	10.00	2,581.25	12,980,000	10.00	1,770.00
2	PT Jindal Stainless Indonesia **	7,499,900	1 USD	3,468.37	7,499,900	1 USD	3,468.37
3	Jindal Architecture Limited	4,100,100	10.00	410.01	4,100,100	10.00	410.01
4	Austenitic Creations Pvt. Limited	4,203,900	10.00	420.39	4,203,900	10.00	420.39
5	Jindal Stainless FZE Wholly owned subsidiary	6	1000000 AED	723.80	6	1000000 AED	723.80
6	Jindal Stainless UK Limited Wholly owned subsidiary	100,000	1 GBP	77.20	100,000	1 GBP	77.20
7	Green Delhi BQS Pvt. Limited	51,000	10.00	5.10	-	-	-
8	Parivartan City Infracture Pvt. Ltd.	9,970	10.00	1.00	-	-	-
9	JSL Madencilik Sanayi Ve Ticaret A.S.	49,997	1 YTL	14.98	-	-	-
	Total ( C )			7,702.10			6,869.77
	GRAND TOTAL :			9,328.72			18,855.93
	* Lodged with Government Authorities as Security						
	** Refer Note No.2 (e) (iii) of schedule 20						
	Aggregate value of Current Investment			1,163.61			11,662.48
	Aggregate value of unquoted investment			8,165.11			7,193.45
	Aggregate value of quoted investment			114.40			295.06
	Market value of quoted investment			116.45			295.06

### INVESTMENTS

The Company has purchased and sold the following Current Investments during the year :-

(Rs. in Lacs)

Sr. No.	DESCRIPTION	31.03.2008			31.03.2007		
		Purchase Value	Sale Value	NO. OF UNITS (Sold/Purchase)	Purchase Value	Sale Value	NO. OF UNITS (Sold/Purchase)
A	MUTUAL FUNDS						
1	ABN AMRO Cash Fund Institutional Growth	6,110.00	6,114.00	61,020,832.57	40,165.00	40,212.00	682,672,226.12
2	ABN AMRO Money Plus Fund Growth	4,211.00	4,233.00	36,568,398.98	-	-	-
3	ABN AMRO Floating Rate Fund Institutional-G	-	-	-	28.00	28.00	263,477.34
4	Birla Cash Plus Institutional Premium Plan	-	-	-	4,912.00	4,919.00	81,480,453.12
5	Birla Liquid Fund Growth	7,580.00	7,590.00	61,506,329.19	-	-	-
6	CAN Bank LIQUID FUND -INST - GROWTH	-	-	-	5,830.00	5,834.00	73,198,146.56
7	Chola Insta Cash Plan Fund - Inst. Plan	-	-	-	2,672.00	2,679.00	25,093,422.02
8	DBS Chola Insta Cash Plan Fund - Cumulative	-	-	-	7,765.00	7,786.00	94,746,592.81
9	DBS Chola Insta Cash Plan Fund - Regular	-	-	-	46,184.00	46,280.00	629,449,140.49
10	DBS Chola Short Term Rate Fund	5,523.00	5,530.00	42,962,547.64	-	-	-

## Schedule to the Balance Sheet

(Rs. in Lacs)							
DETAILS OF INVESTMENTS							
Sr. No.	DESCRIPTION	31.03.2008			31.03.2007		
		Purchase Value	Sale Value	NO. OF UNITS (Sold/Purchase)	Purchase Value	Sale Value	NO. OF UNITS (Sold/Purchase)
11	Deutsche Insta Cash Plan Fund- Institutional Plan-(G)	12,939.00	12,954.00	108,203,518.00	19,287.00	19,327.00	334,502,909.52
12	DSP Merill Lynch - Floating rate Fund - Growth	-	-	-	6,950.00	6,987.00	187,108.77
13	Fidelity Short Term Fund	-	-	-	1,000.00	1,008.00	15,050,000.00
14	FIDELITY LIQUID FUND- CASH FUND	8,205.00	8,217.00	77,310,278.43	-	-	-
15	FIDELITY LIQUID FUND- SUPER INST GR	1,770.00	1,773.00	17,703,657.47	-	-	-
16	Franklin Templeton Mutual Fund	7,790.00	7,803.00	682,441.48	-	-	-
17	Grindlays Cash Fund-Inst Plan -G	-	-	-	1,234.00	1,234.00	20,329,856.26
18	HDFC Mutual Fund	2,000.00	2,001.00	12,702,122.53	-	-	-
19	JP Morgan India Liquid Plus-Growth Fund	500.00	506.00	5,000,000.00	-	-	-
20	Kotak Mutual Fund	4,000.00	4,006.00	26,195,840.10	4,000.00	4,003.00	28,345,623.31
21	LIC MF-Liquid Fund- Growth Plan	89,824.00	89,965.00	642,164,674.70	122,172.00	122,332.00	1,721,253,788.05
22	LOTUS LIQUID FUND INST GROWTH	16,292.00	16,312.00	153,958,652.97	-	-	-
23	MIIF Of SBI	18,995.00	19,010.00	156,147,570.60	130,826.00	130,916.00	1,123,184,354.20
24	Principal Cash Management Fund	15,330.00	15,337.00	128,112,533.14	60,117.00	60,175.00	533,428,443.05
25	Principal Liquid Insta Prem Plan-Growth	1,200.00	1,201.00	9,722,897.42	8,637.00	8,656.00	152,227,485.71
26	Prudential ICICI Liquid Plan Institutional Plus- G	6,500.00	6,512.00	34,268,817.73	1,404.00	1,406.00	10,232,126.10
27	Prudential ICICI Sweep Option	-	-	-	4,725.00	4,735.00	92,568,286.68
28	PRINCIPAL MUTUAL FUND	7,330.00	7,346.00	62,225,840.00	-	-	-
29	Reliance Equity Fund - Growth Plan BB	500.00	501.00	46,147.67	27,458.00	27,528.00	495,068,428.13
30	Reliance Liquid Fund	20,494.00	20,530.00	171,844,001.78	-	-	-
31	S C Liquidity Manager Fund-plus	284,156.00	284,279.00	25,555,176.38	263,993.00	264,156.00	339,118,236.24
32	Tata Gilt Securities Fund - Bonus	-	-	-	200.00	212.00	1,898,208.57
33	UTI Liquid Cash Plan Institutional	8,170.00	12,802.00	6,732,358.74	8,518.00	8,554.00	1,371,576.19
34	UTI Money Market Fund - Div Plan	-	-	-	11,863.00	11,876.00	120,296,805.78
35	UTI Liquid Fund - Growth Plan	25,681.00	21,097.00	20,003,295.11	-	-	-

## Schedule to the Balance Sheet

(Rs. in Lacs)

DETAILS OF INVESTMENTS		31.03.2008			31.03.2007		
Sr. No.	DESCRIPTION	Purchase Value	Sale Value	NO. OF UNITS (Sold/Purchase)	Purchase Value	Sale Value	NO. OF UNITS (Sold/Purchase)
B	BONDS						
1	10.95% AP Power Finance Corporation Ltd.	-	-	-	1,024.00	1,025.00	1,000,000.00
2	8.95% APTRANSCO Vidyut Board	-	-	-	2,000.00	1,954.00	2,000,000.00
3	8.70% BOR 2015	-	-	-	250.00	251.00	250,000.00
4	8.85% Canara Bank 2016	-	-	-	802.00	802.00	800,000.00
5	8.15% CBI 2015	-	-	-	88.00	88.00	90,000.00
6	8.33% GOI 2036	-	-	-	2,399.00	2,508.00	2,500,000.00
7	8.15% GOI FCI 2022	-	-	-	751.00	753.00	750,000.00
8	9.05% HUDCO 2016	-	-	-	300.00	300.00	300,000.00
9	8.95% ICICI 2021	-	-	-	767.00	769.00	780,000.00
10	10.10% ICICI Perpetual Bond	-	-	-	162.00	162.00	160,000.00
11	9.98% ICICI Perpetual Bond	-	-	-	401.00	401.00	400,000.00
12	11.50% IFCI 2010	-	-	-	56.00	56.00	50,000.00
13	10.25% INDUSIND Bank Ltd.	-	-	-	501.00	504.00	500,000.00
14	8.40% INDUSIND Bank 2015	-	-	-	201.00	205.00	200,000.00
15	8.75% NCD UTI	-	-	-	502.00	502.00	500,000.00
16	8.85% PFC 2021	-	-	-	247.00	247.00	250,000.00
17	9.25% PNB Housing Finance 2017	-	-	-	900.00	901.00	900,000.00
18	7.65% REC 2016	-	-	-	298.00	299.00	310,000.00
19	8.80% SBI 2021	-	-	-	1,002.00	1,002.00	1,000,000.00
20	9.50% SSNNL 2009	-	-	-	105.00	105.00	100,000.00
21	7.45% SBI 2015-	-	-	-	262.00	262.00	280,000.00
22	8.25% SSNNL 2014-	-	-	-	488.00	488.00	500,000.00
23	9.25% UCO Bank 2016	-	-	-	666.00	666.00	650,000.00
24	9.25% United Bank of India 2016	-	-	-	1,710.00	1,691.00	1,700,000.00
25	9.25% Vijaya Bank 2016	-	-	-	953.00	955.00	950,000.00
26	12.50% VIDC	-	-	-	574.00	574.00	500,000.00
27	9.10% West Bengal IDFC	-	-	-	6,525.00	6,546.00	6,500,000.00
28	10.35% HDFC 2017	213.00	213.00	200,000.00	-	-	-
29	7.77% UP SDL	41.00	41.00	42,000.00	-	-	-
30	8.33% GOI 2036	68.00	68.00	69,000.00	-	-	-
31	10.50% GOI 2014	10.00	10.00	9,000.00	-	-	-
32	10.65% UBI 2022	11.00	11.00	10,000.00	-	-	-

## Schedule to the Balance Sheet

							(Rs. in Lacs)
DETAILS OF INVESTMENTS		31.03.2008			31.03.2007		
Sr. No.	DESCRIPTION	Purchase Value	Sale Value	NO. OF UNITS (Sold/Purchase)	Purchase Value	Sale Value	NO. OF UNITS (Sold/Purchase)
C	EQUITY						
1	Bharat Earthmovers Limited	-	-	-	2.00	1.00	144.00
2	Bhartiya International Limited	-	-	-	5.00	6.00	2,759.00
3	Central Bank Of India	8.00	10.00	8,000.00	-	-	-
4	DS Kulkarni Developers Limited	-	-	-	38.00	41.00	13,853.00
5	GHCL LTD	-	-	-	90.00	89.00	50,000.00
6	GTC Industries Limited	-	-	-	313.00	411.00	125,155.00
7	Hotel Leelaventures Limited	-	-	-	8.00	6.00	10,000.00
8	India Bulls Financial Services Limited	-	-	-	1,194.00	1,474.00	440,000.00
9	New Delhi Television Limited	-	-	-	290.00	332.00	110,000.00
10	Patel Engineering Limited	-	-	-	367.00	380.00	83,311.00
11	Power Finance Corporation Limited	-	-	-	53.00	70.00	62,269.00
12	Power Grid Corporation Limited	13.00	26.00	24,972.00	-	-	-
13	Praj Industries Limited	-	-	-	30.00	31.00	15,000.00
14	Radico Khaitan Limited	-	-	-	126.00	115.00	70,000.00
15	Reliance Communication Limited	-	-	-	302.00	352.00	100,000.00
16	Reliance Capital Ventures Limited	-	-	-	461.00	488.00	86,538.00
17	Reliance Natural Resources Limited	-	-	-	174.00	153.00	550,000.00
18	Reliance Petroleum Limited	-	-	-	42.00	56.00	70,009.00
19	Transport Corporation Of India Limited	-	-	-	3.00	3.00	4,069.00
20	THE KCP LTD	-	-	-	80.00	89.00	30,000.00

		(Rs. in Lacs)	
DESCRIPTION		31.03.2008	31.03.2007
<b>SCHEDULE - "7"</b>			
<b>INVENTORIES</b>			
(As taken, valued and Certified by the Management)			
(at lower of cost and net realisable value unless otherwise stated)			
i) Stores and Spares [Including material in transit Rs.3,838.84 Lacs (Rs.906.98 Lacs )]		13,802.97	6,715.14
ii) Raw Materials [Including material in transit Rs.32,691.57 Lacs (Rs.21,523.99 Lacs)]		74,842.32	48,235.66
iii) Finished Goods		85,672.80	32,101.76
iv) Trading Goods		242.02	299.75
v) Work in Progress		44,385.99	19,027.86
vi) Scrap (at estimated realisable value)		518.88	592.82
<b>TOTAL</b>		<b>219,464.98</b>	<b>106,972.99</b>

## Schedule to the Balance Sheet

DESCRIPTION	(Rs. in Lacs)	
	31.03.2008	31.03.2007
<b>SCHEDULE - " 8 "</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered good unless otherwise stated)		
Exceeding Six months		
i) Considered good	3,825.14	3,820.84
ii) Considered doubtful	80.62	80.62
Less: Provision	80.62	80.62
	3,825.14	3,820.84
Others - Considered good	71,540.49	54,220.55
<b>TOTAL</b>	<b>75,365.63</b>	<b>58,041.39</b>
<b>SCHEDULE - " 9 "</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	25.90	21.57
Cheques / Money in Transit (Note No. 21 of Schedule 20)	6,264.95	6,022.56
Stamps in Hand	1.55	3.70
Balance with Scheduled Banks		
In Current Accounts	773.84	2,953.54
In Fixed Deposit Accounts Indian Currency	310.13	10,595.00
In Fixed Deposit Accounts Foreign Currency (Unutilised money out of ECB proceeds)	66,615.50	-
Balance with Non-Scheduled Banks in Foreign Currency in Current Accounts		
In ANZ Bank	12.49	3.13
[Maximum Outstanding during the year <b>Rs.13.02 Lacs</b> (Rs.9.41 Lacs)]		
In ICBC Bank	8.81	1.75
[Maximum Outstanding during the year <b>Rs.15.91 Lacs</b> (Rs.23.94 Lacs)]		
In Bank of China	2.55	0.30
[Maximum Outstanding during the year <b>Rs.6.40 Lacs</b> (Rs.1.85 Lacs)]		
In SA Korea First Bank	3.96	22.10
[Maximum Outstanding during the year <b>Rs.20.85 Lacs</b> (Rs.22.10 Lacs)]		
In ZAO Citi Bank, Moscow	11.60	-
[Maximum Outstanding during the year <b>Rs. 11.60 Lacs</b> (Rs.Nil)]		
In Raiffeisen Bank, Poland	0.23	-
[Maximum Outstanding during the year <b>Rs.33.30 Lacs</b> (Rs.Nil)]		
Puja & Silver Coins	0.04	0.04
<b>TOTAL</b>	<b>74,031.55</b>	<b>19,623.69</b>
<b>SCHEDULE - " 10 "</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in Cash or in kind or for value to be received (Net of Provision)	50,510.88	36,964.52
[Including Advances to Subsidiary Companies <b>Rs.4,921.39 Lacs</b> (Rs.1,007.09 Lacs)]		
[Net of Provision of <b>Rs.23.66 Lacs</b> (Rs.23.66 Lacs)]		
Interest Accrued on Investments / FDR	964.20	19.49
Loans to Subsidiary Companies	4,019.36	3,404.56
Security Deposits	5,941.47	5,081.11
Pre-paid Taxes	25,324.63	19,831.71
MAT Credit Entitlement	1,065.75	-
Balance with Central Excise	2.37	4.32
<b>TOTAL</b>	<b>87,828.66</b>	<b>65,305.71</b>

## Schedule to the Balance Sheet

DESCRIPTION	(Rs. in Lacs)	
	31.03.2008	31.03.2007
<b>SCHEDULE - " 11 "</b>		
<b>CURRENT LIABILITIES</b>		
Acceptances	126,453.51	68,931.36
Sundry Creditors - Others [Including due to SME Rs.67.44 Lacs (Due to SSI Rs. 47.81 Lacs)]	84,995.49	82,033.40
Other Outstanding Liabilities	32,122.76	15,240.48
Interim Dividend Payable	-	2,211.54
Due to Customers and others	4,356.71	4,355.37
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 not due		
i) Unpaid Dividends	148.61	122.64
ii) Unclaimed Matured Deposits	104.59	84.19
iii) Interest Accrued on (i) to (ii)	19.35	15.54
Interest Accrued but not due	5,779.46	4,898.52
<b>TOTAL</b>	<b>253,980.48</b>	<b>177,893.04</b>
<b>SCHEDULE - " 12 "</b>		
<b>PROVISIONS:</b>		
For Taxation	24,524.43	20,148.50
For Employee Benefits	436.94	337.83
Proposed Dividend on Equity Shares	3,242.70	552.88
Corporate Tax on Dividend	551.10	93.96
<b>TOTAL</b>	<b>28,755.17</b>	<b>21,133.17</b>
<b>SCHEDULE - " 13 "</b>		
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)		
Preliminary Expenses	-	2.25
Less : Written off During the year	-	2.25
	-	-
Euro Issue Expenses	-	8.35
Less : Written off During the year	-	8.35
	-	-
Mine Development Expenses	230.58	193.23
Add : Additions During the Year	1,395.43	73.61
Less : Written off During the Year	38.51	36.26
	1,587.50	230.58
<b>TOTAL</b>	<b>1,587.50</b>	<b>230.58</b>
<b>SCHEDULE - " 14 "</b>		
<b>SALES AND OPERATIONAL INCOME</b>		
Sales	563,467.77	517,256.78
Job Charges Received	996.61	2,400.37
Export Benefits	5,356.09	7,122.94
<b>TOTAL</b>	<b>569,820.47</b>	<b>526,780.09</b>

## Schedule to the Balance Sheet

DESCRIPTION	31.03.2008	31.03.2007
(Rs. in Lacs)		
<b>SCHEDULE - " 15 "</b>		
<b>OTHER INCOME</b>		
Dividend Received on Current Investments	2.37	11.62
Profit on Sale of Investments (Net)	400.97	533.83
[On Current Investments Profit <b>Rs.452.35 Lacs</b> (Rs.845.21 Lacs)]		
[On Current Investments Loss <b>Rs.0.37 Lacs</b> (Rs.169.23 Lacs)]		
[On Current Investments Loss on Diminution in value <b>Rs.52.96 Lacs</b> (Rs.167.17 Lacs)]		
[On Long Term Investments Profit <b>Rs.1.95 Lacs</b> (Rs.25.92 Lacs)]		
[On Long Term Investments Loss <b>Rs.Nil</b> (Rs.0.90 Lacs)]		
Previous Years Adjustment (Net)	278.69	68.46
(Note No.23 of Schedule 20)		
Guarantee Commission	97.02	149.21
Lease Rent	3.00	3.00
Miscellaneous Receipt	1,996.83	1,059.01
Claims Received	133.07	68.85
<b>TOTAL</b>	<b>2,911.95</b>	<b>1,893.98</b>
<b>SCHEDULE - " 16 "</b>		
<b>MATERIAL, MANUFACTURING AND OTHERS</b>		
Raw Material Consumed	390,189.58	300,923.18
Goods Purchased for Sale	2,041.10	13,074.37
Stores and Spares Consumed	20,577.16	19,946.69
Carriage Inward	2,242.97	1,771.96
Power and Fuel	56,177.93	43,612.70
Repairs to Buildings	63.16	69.01
Repairs to Plant & Machinery	1,047.51	1,205.02
Job Work Expenses	2,161.43	1,856.14
Other Manufacturing Expenses	3,203.24	2,661.91
<b>TOTAL - A</b>	<b>477,704.08</b>	<b>385,120.98</b>
<b>(INCREASE)/ DECREASE IN STOCK</b>		
<b>Opening Stock</b>		
Finished Goods - Manufactured	32,101.76	28,737.05
Trading Goods	299.75	121.59
Scrap	592.82	191.94
Work in Progress	19,027.86	10,238.12
<b>TOTAL - B</b>	<b>52,022.19</b>	<b>39,288.70</b>
<b>Closing Stock</b>		
Finished Goods - Manufactured	85,672.80	32,101.76
Trading Goods	242.02	299.75
Scrap	518.88	592.82
Work in Progress	44,385.99	19,027.86
<b>TOTAL - C</b>	<b>130,819.69</b>	<b>52,022.19</b>
<b>INCREASE IN STOCKS - D (B - C)</b>	<b>(78,797.50)</b>	<b>(12,733.49)</b>
Excise Duty on account of Inc./ (Dec.) on Stock of Finished Products (E)	6,005.64	682.39
<b>GRAND TOTAL (A + D + E)</b>	<b>404,912.22</b>	<b>373,069.88</b>

## Schedule to the Balance Sheet

DESCRIPTION	(Rs. in Lacs)	
	31.03.2008	31.03.2007
<b>SCHEDULE - " 17 "</b>		
<b>PERSONNEL</b>		
Salaries, Wages, Bonus and other benefits	9,474.11	6,667.08
Contribution to Provident and other funds	484.87	393.62
Workmen and Staff Welfare	402.80	290.88
TOTAL	10,361.78	7,351.58
<b>SCHEDULE - " 18 "</b>		
<b>ADMINISTRATIVE AND SELLING</b>		
Rent	135.28	65.83
Lease Rent	10.44	4.56
Rates and Taxes	36.87	28.74
Insurance	423.66	530.95
Legal and Professional	1,763.25	1,667.91
Postage, Telegram, Telex and Telephone	367.40	246.60
Printing and Stationery	278.09	233.23
Travelling and Conveyance	762.56	618.34
Directors' Meeting Fees	5.00	5.40
Vehicle Upkeep and Maintenance	209.14	139.12
Auditors' Remuneration	22.74	19.12
Selling Expenses	1,028.32	890.15
Freight & Forwarding Expenses	8,239.14	10,001.01
Commission on Sales	4,982.41	5,000.49
Provision for Doubtful Debts / Advances	-	23.66
Bad Debts	Rs. Nil (Rs.411.57 Lacs)	-
Less : Provision for Doubtful Debts, reversed	Rs. Nil (Rs.403.34 Lacs)	8.23
Advertisement & Publicity	299.31	238.55
Miscellaneous Expenses	1,274.35	973.92
Donation	863.00	385.53
Discount & Rebate	1,935.69	1,949.23
Loss on Sale / Discard of Fixed Assets (Net)	559.67	1,726.86
[Profit of Rs.2.04 Lacs (Rs.6.50 Lacs) on Sale]		
[Loss of Rs.532.28 Lacs (Rs.5.99 Lacs) on Sale]		
[Loss of Rs.29.43 Lacs (Rs.1727.37 Lacs) on Discard]		
TOTAL	23,196.32	24,757.43
<b>SCHEDULE - " 19 "</b>		
<b>INTEREST AND BANK CHARGES</b>		
<b>INTEREST ON</b>		
Fixed Loans	13,002.37	8,016.05
Others	8,376.70	6,678.26
Financial Expenses / Bank Charges	1,530.14	1,046.08
	22,909.21	15,740.39
Less: Interest received		
Interest on Securities (Net) [TDS Rs.6.16 Lacs (Rs.55.99 Lacs)]	29.96	67.53
[Including interest on Current investments Rs.1.94 Lacs (Rs.53.35 Lacs)]		
Loans & Advances [TDS Rs.91.57 Lacs (Rs.456.21 Lacs)]	439.18	1,871.78
[Including interest on loan to subsidiary companies Rs.428.91 Lacs (Rs.287.55 Lacs)]		
Banks [TDS Rs.13.37 Lacs (Rs.17.74 Lacs)]	44.45	73.45
Interest on Debtors [TDS Rs.527.19 Lacs (Rs.135.07 Lacs)]	1,681.28	1,661.89
Foreign Exchange Gain (Net) [Including MTM Loss of Rs.264.00 Lacs (Rs.Nil)]	5,656.70	4,900.15
Others	122.70	130.44
	7,974.27	8,705.24
TOTAL	14,934.94	7,035.15



### SCHEDULE - " 20 "

#### NOTES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

##### 1. SIGNIFICANT ACCOUNTING POLICIES:

- i) **Basis of Preparation of Financial Statements:**  
The financial statements are prepared under the historical cost convention, on accrual basis of accounting, in accordance with the generally accepted accounting principles as applicable, accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
  - ii) **Use of Estimates:**  
The preparation of financial statements requires use of estimates and assumptions to be made that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialised.
  - iii) **A) Fixed Assets & Depreciation :**
    - a) **Fixed Assets:**  
Fixed Assets are stated at their cost of acquisition / construction less accumulated depreciation and impairment losses. Cost comprises of all cost, net of income (if any), incurred to bring the assets to their present location and working condition and other related overheads till such assets are ready for intended use. Assets vested in the company pursuant to the scheme of Arrangement and Demerger are stated at their fair market values based on the valuation report of financial consultant.
    - b) **Depreciation & Amortisation:**  
Depreciation on Fixed Assets is provided on Straight Line Method basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. For assets acquired pursuant to the Scheme of Arrangement and Demerger where the residual life of assets are estimated at less than that worked out on the basis of rates under Schedule XIV, the same are depreciated over their respective residual lives.
    - c) Assets not owned by the Company are amortised over a period of ten years.
    - d) Lease Hold Land is amortised over the period of lease.
    - e) Classification of plant & machinery into continuous and non-continuous is made on the basis of technical assessment and depreciation is provided for accordingly.
  - B) Intangible Assets:**  
Intangible Assets are stated at cost which includes any directly attributable expenditure on making the asset ready for its intended use. Intangible Assets are amortised over the expected duration of benefit or 10 years, whichever is lower.
  - C) Impairment:**  
Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit and loss and carrying amount of the asset is reduced to its recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.  
Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.
- iv) **Revenue Recognition:**  
Revenue is recognized when it is earned and no significant uncertainty exists to its realization or collection.  
Revenue from sale of goods: is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred and no effective ownership is retained.  
Revenue from other activities: is recognized based on the nature of activity, when consideration can be reasonably measured. Certain claims like those relating to Railways, Insurance, Electricity, Customs and Excise are accounted for on acceptance basis on account of uncertainties.
  - v) **Borrowing Costs:**  
Borrowing costs attributable to the acquisition / construction of qualifying assets are capitalized as part of cost of such assets and other borrowing costs are recognized as expense in the period in which these are incurred.
  - vi) **Foreign Currency Transactions:**  
Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at year end rate.  
The difference in translation of Monetary assets and liabilities and realized gains and losses on foreign exchange transaction are recognized in profit & loss account.  
Foreign currency gain/loss relating to translation of net investment in non-integral foreign operation is recognized in the foreign currency translation reserve.  
Premium/Discount on forward foreign exchange contracts are pro-rated over the period of contract.
  - vii) **Investments:**  
Long term investments are carried at cost. When there is a decline other than temporary in their value, the carrying amount is reduced on an individual investment basis and decline is charged to the Profit & Loss Account. Appropriate adjustment is made in carrying cost of investment in case of subsequent rise in value of investments.  
Current Investments are carried at lower of cost or market value.
  - viii) **Valuation of Inventories:**  
Inventories are valued at the lower of cost and net realisable value except scrap which is valued at net realisable value. The cost is computed on Weighted Average basis. Finished goods and Work in Progress includes cost of conversion and other overheads incurred in bringing the inventories to their present location and condition.

## Notes to Accounts

- ix) Employee Benefits:
- a) Short term Employee Benefits:  
Short term employee benefits are recognized during the year in which the services have been rendered and are measured at cost.
- b) Defined Contribution Plans:  
The Provident Fund and Employees' State Insurance are defined contribution plans and the contributions to the same are expensed in the Profit and Loss Account during the year in which the services have been rendered and are measured at cost.
- c) Defined Benefit Plans:  
The Provident Fund (Funded), Leave Encashment and Gratuity are defined benefit plans. The Company has provided for the liability at year end based on actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses are recognized as and when incurred.
- x) Miscellaneous Expenditure:
- a) Preliminary expenses are written off over the period of ten years.
- b) Bonds issue expenses and premium on redemption are written off over the expected duration of benefit or life of the bonds, whichever is earlier.
- c) Mines development expenses incurred for developing and preparing new mines are written off over the period of expected duration of benefits or ten years, whichever is earlier.
- xi) Taxation:  
Provision is made for income-tax liability in accordance with the provisions of Income-Tax Act, 1961.  
Deferred tax resulting from timing differences between book profits and tax profits is accounted for applying the tax rates and laws that have been enacted or substantively enacted till the Balance Sheet date.  
Deferred Tax Assets arising from timing differences are recognized to the extent there is a reasonable/virtual certainty that the assets can be realized in future.  
Fringe Benefit Tax is accounted for in accordance with the provisions of the Income Tax Act, 1961.
- xii) Management of Metal Price Risk/ Derivatives:  
Risks associated with fluctuations in the price of the precious raw material metal are mitigated by hedging on futures/option market. The results of metal hedging contracts/transactions are recorded upon their settlement as part of raw material cost.  
Risk of movements in the interest rates, foreign currencies are hedged by derivatives contract such as Interest Rate Swaps, Currency Swaps, Forward Contracts and Currency Options.  
All outstanding derivative instruments at year end are marked-to-market by type of risk and the resultant losses, if any, are recognized in the Profit & Loss Account/Pre-operative expenses, gains are ignored.
- xiii) Contingent Liabilities  
Contingent liabilities, if material, are disclosed by way of notes.

### 2. Contingent Liabilities not provided for in respect of:

(As Certified by Management)	(Rs. in Lacs)	
	As At March 31, 2008	As At March 31, 2007
a) Counter Guarantee given to Company's Bankers for the guarantee given by them on behalf of Company.	6,052.37	2,801.20
b) Letter of Credit outstanding	153,128.88	44,615.74
c) Bills discounted by banks	15,407.47	18,360.75
d) i) a) Sales tax Demands against which Company has preferred appeals.	3.00	94.13
b) Income tax Demands against which Company has preferred appeals.	2,076.48	-
ii) Excise Duty/Service Tax Show Cause Notices/Demands against which company has preferred appeals.	5,249.07	2,387.97
e) i) Corporate Guarantee given to Government/Banks on behalf of subsidiaries.	420.93	702.37
ii) Corporate Guarantee given to Banks against credit facilities/ financial assistance availed by subsidiary.	4,002.00	4,314.00
iii) Corporate Guarantee and Pledging/ Undertaking for non disposing of Equity Investment given to Banks against credit facilities/financial assistance availed by subsidiary.	-	5,811.13
f) Guarantee given to custom authorities for import under EPCG Scheme.	14,888.74	6,549.21
g) Demand made by Sr. Dy. Director of Mines, Notified Authority, Jajpur Road Circle, Orissa as cess on Chromite Ore production. The matter being pending with Hon'ble Supreme Court.	320.49	320.49
h) Demand raised by NESCO in respect of power purchases. The company has filed Writ petition with Hon'ble High Court of Orissa.	-	1,332.34

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) **Rs.229,136.73 Lacs** (Rs.63,560.27 Lacs)
4. Appeals in respect of certain assessments of Sales Tax/Income Tax are pending and additional tax liabilities/refunds, if any, are not determinable at this stage. Adjustments for the same will be made after the same are finally determined. In the opinion of management there will not be material liability on this account.
5. a) The Exchange rate difference amounting to **Rs. 5,449.55 Lacs (Net Gain)** {Rs. 3,084.36 Lacs (Net Gain)} is not shown separately and the same is included under the related head of expenditure and income.

## Notes to Accounts

- b) Addition/adjustment to Capital Work-In-Progress includes **Rs. 1,276.43 Lacs (Net Gain)** {Rs.739.60 Lacs (Net Gain)} on account of foreign exchange fluctuation on Loan/Liability (Includes amount disclosed in Note No.17 (c) below).
- c) Foreign exchange fluctuation amounting to **Rs. 5,656.70 Lacs (Net Gain)** {Rs.4,900.15 lacs (Net Gain)} includes fluctuation relating to forward cover **Rs. 3,870.98 Lacs (Net Gain)** {Rs. 3,763.94 Lacs (Net Gain)}.
- d) Interest paid on fixed loan includes pro-rata premium of **Rs. 202.70 Lacs (Net Credit)** {Rs. 467.75 Lacs (Net Debit)}
6. After evaluation of the Technical and Commercial bids, The Industrial Infrastructure Development Corporation of Orissa Ltd (IDCOL) had recommended JSL as Joint Venture partner for developing 505 Hectares of Chromite Ore Mine near Tangarapada Area in Dhenkanal District, Orissa, which was challenged in the Hon'ble High Court of Orissa by other interested parties. The Hon'ble High Court quashed the recommendation of IDCOL and advised for fresh tender. Aggrieved by the Order of the High Court, SLPs were filed by the affected parties in the Hon'ble Supreme Court, who after hearing the parties directed IDCOL to take decision on the basis of original Technical Bids and revised Financial Bids – if submitted – by the respective parties.
7. The Company had entered into an Agreement with M/s North Eastern Electricity Supply Company of Orissa Ltd (NESCO) for purchasing Power for its Unit at Orissa. The Company has made payment for the monthly energy bills till February, 2006 as per calculations made by NESCO. However, based on legal advice received, the Company has contended that NESCO has calculated the charges in violation of the Agreement with it / relevant Tariff Order and the OERC (Condition of Supply) Code and filed a Writ Petition in the Hon'ble High Court of Orissa for refund of excess amount paid. During the year, the Company has settled out of court with M/s NESCO the pending dispute on account of tariff classification & paid Rs 2,288 Lacs as one time settlement and charged to revenue.
8. The company has been granted approval for developing Sector Specific SEZ in Orissa vide notification no 1472 dated 28th November,2007 by Ministry of Commerce, Government of India over an area of 351.18 Acres. The Company has spent an amount of Rs. 47,866 Lacs (Nil) on the SEZ which is shown under Capital Work In Progress, as on 31st March, 2008.
9. During the financial year 2007-08 the company had filed writ petition in Hon'ble High Court of Orissa challenging the validity of Entry Tax Act.1999. The Hon'ble High Court of Orissa vide their order dated 16.05.2007 granted stay to the execute of depositing 50% of the entry tax demand raised by the Commercial Tax Department. Subsequently in Feb-08, the Hon'ble High Court disposed off the writ petition, the impact of which will be assessed on receipt of the certified copy of the order.  
However the company has provided full liability for Entry Tax in the books of account during the year while deposited of 50% amount with the department. The outstanding amount of liability on this account as on 31st March-08 was Rs. 351.64 Lacs.
10. During the year the company received show cause notice dated 12.12.07 from the Commissioner of Central Excise, Bhubaneswar of Rs. 2002 Lacs asking for reversal of Cenvat credit on Cement, Reinforcement Steel and Structural Steel used in the foundations, other Civil structures and in fabrication of various Plant & Machinery for the period March'04 to April'07. The company is in the process of reply, with consultation of legal experts.
11. a) The board has approved an Employee Stock Option Scheme (ESOP) up to 40,00,000 shares to the employees and directors of the company and its subsidiaries companies.  
b) The company has signed JV agreement, with Mahanadi Coalfield Limited & others, for the development of the coal blocks allotted to meet its requirement for captive 500 MW Power Project.
12. Based on the intimation received from supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the required disclosure is given below:
- | Sr. No. | Particulars   | (Rs. in Lacs) |
|---------|---|---------------|
| 1.      | Principal amount due outstanding as at 31st March 2008.                 | 67.44         |
| 2.      | Interest due on (1) above and unpaid as at 31st March 2008              | -             |
| 3.      | Interest paid to the supplier   | -             |
| 4.      | Payments made to the supplier beyond the appointed day during the year. | -             |
| 5.      | Interest due and payable for the period of delay                        | -             |
| 6.      | Interest accrued and remaining unpaid as at 31st March, 2008.           | -             |
| 7.      | Amount of further interest remaining due and payable in succeeding year | -             |
13. a) Certain balances of sundry debtors, sundry creditors are subject to confirmation and/or reconciliation.  
b) Although the book value of investment in a subsidiary company is lower than the cost, considering the strategic and long term nature of the investments, future prospects and assets base of investee company, such decline, in the opinion of the management has been considered to be of a temporary nature and hence no provision of the same is considered necessary.
14. Advance Recoverable in Cash or in kind or for value to be received includes:  
a) **Rs.0.76 Lacs** (Rs.0.24 Lacs), maximum amount outstanding at any time during the Year is **Rs.10.75 Lacs** (Rs.80.08 Lacs) being the amount due from directors/officers of the company.  
b) Interest free loan to employees amounting to **Rs. 13.23 Lacs** (Rs.12.14 Lacs) in the ordinary course of the business and as per employee service rules of the Company. Maximum balance outstanding during the year **Rs.19.15 Lacs** (Rs.16.11 Lacs).  
c) **Rs.3,513.21 Lacs** (Rs. 58.70 Lacs) as advance against share application money with subsidiary companies.
15. Loans to Body Corporate include **Rs.NIL** (Rs.NIL) due from Nalwa Sons Investments Limited, a company under the same management as per Section 370 (1B) of the Companies Act, 1956. Maximum amount due during the year **Rs.NIL** (Rs.2,843.04 Lacs).
16. Research and Development expenses for the year amounting to **Rs.83.00 Lacs** (Rs.91.29 Lacs) on account of revenue expenditure and **Rs.69.48 Lacs** (Rs.12.71 Lacs) on account of capital expenditure have been charged/debited to respective head of accounts.

## Notes to Accounts

17. a) Derivative contracts entered into by the company and outstanding as on 31st March, 2008 for hedging currency risks:-

Nature	Foreign Currency	Rs. in Lacs
Forward Covers		
Account Receivable		
USD	42,955,445	17,182.18
	(127,689,985)	(55,034.38)
EURO	16,063,144	10,155.12
	(-)	(-)
Account Payable		
USD	30,129,549	12,057.85
	(92,314,455)	(39,824.46)
EURO	19,289,659	12,202.64
	(-)	(-)
GBP	1,900,000	1,510.12
	(-)	(-)
Fixed Deposits		
USD	55,500,000	22,200.00
	(-)	(-)
Options		
USD	52,000,000	20,800.00
	(-)	(-)
Cross Currency Swap		
Yen	2,990,074,442	10,000.00
	(-)	(-)

b) Foreign Currency exposure that are not hedged by derivative instruments or otherwise outstanding as on 31st March, 2008 is as under:-

Account Receivable		
USD	3,931,793	1,572.72
	(-)	(-)
GBP	205,959	163.57
	(-)	(-)
EURO	-	-
	(3,621,553)	(2,084.20)
Loans		
USD	362,285,043	144,986.47
	(137,489,508)	(59,312.97)
Fixed Deposits		
USD	111,038,756	44,415.50
	(-)	(-)
Account Payable		
USD	256,474,429	102,641.07
	(77,942,104)	(33,624.22)
EURO	2,814,446	1,780.42
	(13,573,813)	(7,822.59)
GBP	106	0.08
	(-)	(-)
AUD	70	0.03
	(70)	(0.02)
CAD	1,250,547	487.59
	(-)	(-)
SEK	4,483	0.30
	(4,483)	(0.28)

## Notes to Accounts

- c) In compliance of clarifications of ICAI on outstanding derivatives which are not covered by AS-11 "Accounting for effects of changes in foreign exchange rates", the Company has accounted for Marked to market losses on derivatives entered for INR Term Loans amounting to Rs.1632 Lacs - which have been charged to Pre-operative expenses.
- d) As per the metal price risk management policy of the Company, the Company has entered into future & options contracts for hedging on the LME. The transactions outstanding as at year-end are as below:

METAL	EXCHANGE	NATURE OF TRANSACTION	QTY (MT)
Nickel	LME	Purchase	2,301 (11,050)

18. In accordance with the accounting treatment prescribed in Accounting Standard AS-11 "Effects of Change in Foreign Exchange Rates" notified in the Companies (Accounting Standards) Rules, 2006, the Company has accounted for exchange differences arising on liabilities incurred to acquire fixed assets from outside India in profit & loss account instead of adjusting them to the cost of such fixed assets followed hitherto. This revised accounting treatment has no material impact on profit for the year.
19. The State Government of Haryana promulgated an Ordinance on 05.05.2000 for levy of Local Area Development Tax (LADT) on manufacturing units in the State of Haryana on purchases made outside the State either for sale on consignment basis or transfer of stock to their branches for sale. On the Special Leave Petition filed by the Company before the Hon'ble Supreme Court against the Order of the Punjab & Haryana High Court, Hon'ble Supreme Court had issued an Interim Order asking Company to deposit due amount in installments and file returns with the Authorities. Liability in this regard has been provided for fully. During the previous year, on appeal of the Company, the High Court of Punjab & Haryana vide its Order dated 14th March, 2007, held that the levy of the LADT is not in the compensating nature of tax in terms of the parameters laid down by the Hon'ble Supreme Court (certain other Hon'ble Courts have also passed similar Orders). The final Order of the Hon'ble Supreme Court on above is pending.
20. Pursuant to the announcement by ICAI on "Accounting for Derivatives" and AS-1 enunciating "Principles of Prudence", the company has accounted losses Rs.3,613.27 Lacs (Including Marked to Market losses Rs. 266.60 Lacs) during the year on account of hedging its nickel exposure. The same has been treated as an Extra-Ordinary item.
21. In terms of the approval of the Shareholders obtained at the Extraordinary General Meeting of the Company held on 20th October, 2006, the Company has issued and allotted, 21,500,000 warrants (face value of Rs.103/- each and amount paid-up of Rs.10.30 each) on 26th October, 2006, to Promoter Group on preferential basis, to finance the long term corporate fund. The holders of each warrant will be entitled to apply for and be allotted one equity share of Rs.2/- each of the Company, at a price of Rs.103/- (including Rs.101/- on account of premium), any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. Of the above, the holders of 7,150,000 Nos. (6,800,000 Nos.) warrants have exercised the option and were allotted one equity share per warrant. Amount received during the year of Rs.6,637.60 Lacs (excluding money in transit of Rs.4,473.43 Lacs) (Rs.8,518.10 Lacs) has been utilized towards financing of Long Term corporate fund including capital expenditure for ongoing expansion of company projects. Subsequent to balance sheet date, 7,550,000 warrants holders have exercised the options and were allotted equal nos. of equity shares at predetermined price of Rs.103/- (including premium of Rs.101/-).

22. a) During the year, the Company has recognized the following amounts in the Profit and Loss Account (Refer Schedule-17) and pre-operative expenses:-

	(Rs. in Lacs)		
	Year ended March 31, 2008	Year ended March 31, 2007	
Defined Contribution Plans			
Employer's Contribution to Provident Fund	253.67	184.11	
Employer's Contribution to ESI	51.44	60.60	
Defined Benefit Plans			
Employer's Contribution to Provident Fund	207.92	158.48	
	Gratuity Funded	Gratuity Unfunded	Leave Encashment Unfunded
Current service cost	84.55	24.52	113.68
Interest cost	61.25	2.22	21.65
Expected Return on plan assets	(69.04)	-	-
Actuarial (gain)/loss	93.43	(1.82)	75.58
Past service cost	-	-	-
Curtailement and settlement cost/ Credit	-	-	-
Net Cost	170.19	24.92	210.91
Actual Return on Plan Assets	71.49	N.A.	N.A.

## Notes to Accounts

### b) Change in Benefit Obligation :

Present value of obligation as at the beginning of the year	712.95	27.81	270.66
Current service cost	84.55	24.52	113.68
Interest cost	61.25	2.22	21.65
Benefits paid	(60.10)	(0.48)	(102.46)
Curtailment and Settlement cost	-	-	-
Past service cost	-	-	-
Actuarial (gain)/loss	95.88	(1.82)	75.58
Present value of obligation as at the end of year	894.53	52.25	379.11

### c) Change in Plan Assets :

Fair value of plan assets as at the beginning of the year	646.75	-	-
Expected return on plan assets	69.04	-	-
Actuarial gain/(loss)	2.45	-	-
Employer contribution	241.74	-	-
Settlement cost	-	-	-
Benefits paid	(59.56)	-	-
Fair value of plan assets as at the end of the year	900.42	-	-
Liability recognized in Balance Sheet	5.89	(52.27)	(379.12)

### d) Composition of plan assets as a percentage of total plan assets :

	Gratuity	
	Rs. in Lacs	%
Insurer Managed Fund	900.42	100%
Total	900.42	100%

### e) The assumptions used to determine the benefit obligations are as follows :

	Gratuity	Leave Encashment
Discount rate	8%	8%
Expected Rate of Return on Plan Assets	8%	N.A.
Salary Escalation	5.50%-6%	5.50%-6%
Mortality		LIC (1994-96) duly modified

The expected return on the plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of assets management, historical results of returns on the plan assets and the policy for the management of plan assets management.

The estimates of future salary increase, considered in actuarial valuation, taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

f) Pending the issuance of the Guidance Note from the Actuarial Society of India, the company's actuary has expressed his inability to reliably measure the provident fund (funded) liability.

g) The Company adopted Accounting Standard (Revised 15) on "Employee Benefits" issued by ICAI w.e.f. 1st April, 2007. Pursuant to the adoption, the company has charged an amount of Rs. 27.26 Lacs to Profit and Loss Account on account of the transitional provision.

### 23. Prior Period Adjustment **Rs. 278.69 Lacs (Net Income)** {Rs.68.46 Lacs (Net Income)} includes:

	(Rs. in Lacs)	
	2007-08	2006-07
Expenses relating to earlier years	89.05	56.03
Income relating to earlier years	19.83	53.60
Liability no longer required	347.91	70.89

### 24 Segment Reporting:

- i) Information about Business Segment (for the year 2007-08)  
Company operates in a Single Primary Segment (Business Segment) i.e. Stainless Steel products.
- ii) Secondary Segments (Geographical Segment)

	2007-08 (Rs. in Lacs)			2006-07 (Rs. in Lacs)		
	Within India	Outside India	Total	Within India	Outside India	Total
1 Revenue	395,494.54	174,325.93	569,820.47	295,320.43	231,459.66	526,780.09
2 Segment Assets *	815,116.73	92,365.84	907,482.57	583,870.18	32,901.56	616,771.74
3 Capital Expenditure incurred during the year *	129,360.16	-	129,360.16	142,837.92	265.65	143,103.57

\* The Company's operating facilities are located in India

### 25 Related Party Transactions

#### A List of Related Party & Relationship (As identified by the Management)

- a) Subsidiary Companies:
  - 1 PT Jindal Stainless Indonesia
  - 2 Jindal Stainless Steelway Limited
  - 3 Austenitic Creations Private Limited
  - 4 Jindal Architecture Limited
  - 5 Jindal Stainless UK Limited
  - 6 Jindal Stainless FZE
  - 7 Jindal Stainless Italy s.r.l.
  - 8 Green Delhi BQS Private Limited (w.e.f. 25.06.2007)
  - 9 Jindal Stainless Madencilik Sanayi Ve Ticaret Anonim Sirketi (w.e.f. 05.12.2007)
  - 10 Parivartan City Infrastructure Private Limited (w.e.f.12.02.2008)
- b) Key Management Personnel :
 

1 Smt. Savitri Devi Jindal	Chairperson
2 Shri Ratan Jindal	Vice Chairman & Managing Director
3 Shri V.S. Jain	Managing Director & CEO (till 25.10.2007)
4 Shri R.G. Garg	Managing Director & COO
5 Shri Arvind Parakh	Director - Strategy & Business Development (w.e.f. 21.01.2008)
6 Shri N.C. Mathur	Director - Corporate Affairs
7 Shri Rajinder Parkash	Executive Director
8 Shri N.P. Jayaswal	Executive Director
9 Shri A.P. Garg	Sr. Vice President & Company Secretary
10 Shri Sanjeev Pandiya	Sr. Vice President & Chief Financial Officer (till 31.07.2007)
- c) Enterprises over which Key Management Personnel and their relatives exercise significant influence with whom transactions have been taken place during the year:
  - 1 Jindal Steel & Power Limited
  - 2 JSW Steel Limited
  - 3 Jindal Saw Limited
  - 4 Jindal Industries Limited
  - 5 Nalwa Steel & Power Limited (formerly Nalwa Sponge Iron Limited)
  - 6 Bir Plantation Private Limited
  - 7 Sona Bheel Tea Limited
  - 8 Bharat Metals
  - 9 Jindal Overseas Holding Limited
  - 10 Nalwa Sons Investment Limited

## Notes to Accounts

(Rs. in Lacs)

Description	2007-08			2006-07		
	Subsidiary	Key Management Personnels	Enterprises Controlled by Key Management Personnels & their Relatives	Subsidiary	Key Management Personnels	Enterprises Controlled by Key Management Personnels & their Relatives
Transactions						
Purchase of Goods	3,073.38	-	3,545.19	2,141.23	-	5,527.78
PT Jindal Stainless Indonesia	1,595.40	-	-	1,292.77	-	-
Jindal Stainless Steelway Limited	953.35	-	-	-	-	-
Jindal Steel & Power Limited*	-	-	2,896.97	-	-	4,867.03
Others	524.63	-	648.21	848.46	-	660.75
Sale of Goods	65,950.64	-	6,362.30	62,428.60	-	3,130.45
PT Jindal Stainless Indonesia	47,289.35	-	-	47,655.43	-	-
Jindal Stainless Steelway Limited	17,397.13	-	-	13,846.75	-	-
Others**	1,264.16	-	6,362.30	926.42	-	3,130.45
Job Work Charges Paid	1,360.99	-	-	684.09	-	13.45
Jindal Stainless Steelway Limited	1,360.99	-	-	684.09	-	-
Others	-	-	-	-	-	13.45
Receiving of Services ( Remuneration paid )	-	1,092.52	-	-	805.27	-
Sh. Ratan Jindal-Vice Chairman & M.D.	-	762.19	-	-	561.31	-
Others	-	330.33	-	-	243.96	-
Rent Received	-	15.60	3.31	-	13.80	3.60
Sh. Ratan Jindal-Vice Chairman & M.D.	-	15.60	-	-	13.80	-
Jindal Saw Limited	-	-	3.31	-	-	3.00
Others	-	-	-	-	-	0.60
Miscellaneous Receipts	-	-	-	-	198.52	-
Sh. Ratan Jindal-Vice Chairman & M.D.***	-	-	-	-	198.52	-
Rent Paid	-	-	3.60	-	-	3.60
Bir Plantation Private Limited	-	-	3.60	-	-	3.60
Loans & Advances Given	3,849.63	-	-	655.82	50.00	1,745.09
Austenitic Creations Private Limited	1,175.00	-	-	260.00	-	-
Jindal Architecture Limited	2,270.00	-	-	375.00	-	-
Green Delhi BQS Private Limited	404.63	-	-	-	-	-
Nalwa Sons Investment Limited	-	-	-	-	-	1,745.09
Others	-	-	-	20.82	50.00	-
Loans & Advances Recovered	3,221.68	-	-	300.00	10.00	4,749.21
Austenitic Creations Private Limited	887.32	-	-	-	-	-
Jindal Architecture Limited	2,270.00	-	-	-	-	-
Nalwa Sons Investment Limited	-	-	-	-	-	4,749.21
Others	64.36	-	-	300.00	10.00	-
Purchase of Assets	9.82	-	-	-	-	-
Jindal Architecture Limited	8.59	-	-	-	-	-
Green Delhi BQS Private Limited	1.23	-	-	-	-	-
Sale of Assets	78.70	-	-	-	-	-
PT Jindal Stainless Indonesia	78.70	-	-	-	-	-
Loans & Advances Taken	-	-	-	300.00	-	-
Jindal Stainless Steelway Limited	-	-	-	300.00	-	-
Loans & Advances Repaid	-	-	-	300.00	-	-
Jindal Stainless Steelway Limited	-	-	-	300.00	-	-



## Notes to Accounts

(Rs. in Lacs)

Description	2007-08			2006-07		
	Subsidiary	Key Management Personnels	Enterprises Controlled by Key Management Personnels & their Relatives	Subsidiary	Key Management Personnels	Enterprises Controlled by Key Management Personnels & their Relatives
Interest Received	563.86	-	6.95	287.55	5.25	259.41
PT Jindal Stainless Indonesia	68.92	-	-	79.89	-	-
Austenitic Creations Private Limited	164.62	-	-	95.97	-	-
Jindal Architecture Limited	189.96	-	-	111.69	-	-
Jindal Stainless Steelway Limited	134.95	-	-	-	-	-
JSW Steel Limited	-	-	-	-	-	148.52
Nalwa Sons Investment Limited	-	-	-	-	-	110.89
Others	5.41	-	6.95	-	5.25	-
Interest Paid	-	-	14.92	3.22	-	44.32
Jindal Saw Limited	-	-	14.92	-	-	40.41
Other	-	-	-	3.22	-	3.91
Commission on Sale	1,056.93	-	-	-	-	-
Jindal Stainless FZE	790.12	-	-	-	-	-
Jindal Stainless UK Limited	218.75	-	-	-	-	-
Others	48.06	-	-	-	-	-
Equity Purchased	832.33	-	-	1,192.75	-	-
Jindal Stainless Steelway Limited	811.25	-	-	590.00	-	-
Jindal Stainless UK Limited	-	-	-	-	-	-
Jindal Stainless FZE	-	-	-	602.75	-	-
Others	21.08	-	-	-	-	-
Amount Paid Against Share Application	3,513.21	-	-	-	-	-
PT Jindal Stainless Indonesia	2,000.00	-	-	-	-	-
Austenitic Creations Private Limited	1,512.32	-	-	-	-	-
Others	0.89	-	-	-	-	-
Equity Shares Issued against Share Warrants	-	3,682.25	3,682.25	-	-	-
Sh. Ratan Jindal-Vice Chairman & M.D.	-	3,682.25	-	-	-	-
Jindal Overseas Holding Limited	-	-	3,682.25	-	-	-
Equity Share Warrants issued	-	-	-	-	7,570.50	-
Sh. Ratan Jindal-Vice Chairman & M.D.	-	-	-	-	7,570.50	-
Amount Received Against Equity Share Warrants	-	4,297.58	6,813.45	-	757.05	-
Sh. Ratan Jindal-Vice Chairman & M.D.	-	4,297.58	-	-	757.05	-
Jindal Overseas Holding Ltd.	-	-	6,813.45	-	-	-
Sharing of Exp. Reimbursed/to be Reimbursed	94.17	-	57.00	171.60	-	59.02
PT Jindal Stainless Indonesia	-	-	-	78.40	-	-
Austenitic Creations Private Limited	36.04	-	-	37.62	-	-
Jindal Architecture Limited	45.72	-	-	37.06	-	-
Jindal Steel & Power Limited	-	-	32.44	-	-	-
Jindal Saw Limited	-	-	18.00	-	-	27.62
Others	12.41	-	6.56	18.52	-	31.40

## Notes to Accounts

(Rs. in Lacs)

Description	2008-07			2007-06		
	Subsidiary	Key Management Personnels	Enterprises Controlled by Key Management Personnels & their Relatives	Subsidiary	Key Management Personnels	Enterprises Controlled by Key Management Personnels & their Relatives
Sharing of Exp Recovered/to be Recovered	132.45	-	114.79	88.63	-	40.17
PT Jindal Stainless Indonesia	53.20	-	-	-	-	-
Austenitic Creations Private Limited	33.29	-	-	41.27	-	-
Jindal Steel & Power Limited	-	-	54.85	-	-	13.40
Jindal Architecture Limited	-	-	-	46.69	-	-
Jindal Saw Limited	-	-	40.83	-	-	18.98
Others	45.96	-	19.11	0.67	-	7.79
Quality Claims Paid	-	-	-	1,139.81	-	-
PT Jindal Stainless Indonesia	-	-	-	1,139.81	-	-
Guarantee Commission Earned	97.02	-	-	149.21	-	-
PT Jindal Stainless Indonesia	97.02	-	-	149.21	-	-
Redemption of 8% NCD of JSW Steels Ltd.	-	-	60.95	-	-	1,051.25
JSW Steel Limited	-	-	60.95	-	-	1,051.25
Corporate-Guarantee Given	-	-	-	2,379.73	-	-
PT Jindal Stainless Indonesia	-	-	-	2,157.00	-	-
Others	-	-	-	222.73	-	-
Outstanding Balance						
8% NCD of JSW Steel Limited	-	-	44.21	-	-	104.92
JSW Steel Limited	-	-	44.21	-	-	104.92
Corporate Guarantee Given	4,422.93	-	-	10,827.50	-	-
PT Jindal Stainless Indonesia	4,002.00	-	-	10,125.13	-	-
Others	420.93	-	-	702.37	-	-
Loans & Advances	8,942.61	-	25.99	4,411.65	-	50.00
PT Jindal Stainless Indonesia****	3,837.00	-	-	1,764.17	-	-
Austenitic Creations Private Limited	3,052.77	-	-	1,101.34	-	-
Jindal Architecture Limited	1,636.62	-	-	1,469.76	-	-
Others	416.22	-	25.99	76.38	-	50.00
Receivables	19,136.74	-	1,704.07	11,494.46	-	1,759.83
PT. Jindal Stainless Indonesia	15,602.15	-	-	7,574.38	-	-
Jindal Stainless Steelway Limited	2,134.81	-	-	2,840.06	-	-
Jindal Steel & Power Limited	-	-	-	-	-	1,746.14
Others	1,399.79	-	1,704.07	1,080.02	-	13.69
Payables	876.03	762.10	1,305.55	180.19	561.31	2,445.36
Jindal Stainless FZE	377.46	-	-	-	-	-
Jindal Architecture Limited	-	-	-	-	-	-
Sh. Ratan Jindal-Vice Chairman & M.D.	-	762.10	-	-	561.31	-
Jindal Steel & Power Limited	-	-	323.46	-	-	1,203.68
Jindal Saw Limited	-	-	919.24	-	-	1,022.20
Others	498.57	-	62.85	180.19	-	219.48

Note :- Guarantee given by key management personnel for loan from banks/financial institutions (refer notes to schedule-3).

\* Includes Purchase of Ferro Chrome/Sponge Iron on arm length prices.

\*\* Includes Sale of Chrome ore of Rs.4850.70 Lacs (Rs.2445.00 Lacs) to Jindal Steel & Power Limited, Raigarh on arm length prices.

\*\*\* Payment realised against insurance policy.

\*\*\*\* Includes Subordinated Debts of Rs.1000.00 Lacs (Rs.1077.50 Lacs).

## Notes to Accounts

### 26 Earning Per Share (EPS) computed in accordance with Accounting Standard 20 “Earning Per Share”.

	(Rs. in Lacs)	
	2007-2008	2006-2007
<b>(A) Basic :</b>		
Net Profit after Tax before Extra Ordinary Item as per P & L A/c	27,730.01	35,300.59
Net Profit after Tax after Extra Ordinary Item as per P & L A/c	24,116.74	35,300.59
Weighted Average No. of Equity Shares for Basic EPS (Face value Rs. 2/- per share)	144,377,626	131,893,192
Basic EPS (in Rs.) Before Extra Ordinary Item	19.21	26.76
Basic EPS (in Rs.) After Extra Ordinary Item	16.70	26.76
<b>(B) Diluted :</b>		
Net Profit after Tax before Extra Ordinary Item as per P & L A/c	27,730.01	35,300.59
Net Profit after Tax after Extra Ordinary Item as per P & L A/c	24,116.74	35,300.59
Add: Interest & Fluctuation on Euro Bonds / FCCB (net of tax)	(109.31)	68.82
Profit before Extraordinary Items attributable to Equity Share Holders	27,620.70	35,369.41
Profit after Extraordinary Items attributable to Equity Share Holders	24,007.43	35,369.41
Weighted Average No. of Equity Shares for Basic EPS	144,377,626	131,893,192
Add : Weighted average of Potential equity shares converted during the year	3,940,698	655,409
Add : Weighted average of Potential equity shares outstanding as on 31st March,2008	11,921,088	18,915,413
Weighted average No. of Equity Shares for Diluted EPS (Face value Rs. 2/- per share)	160,239,412	151,464,014
Diluted EPS (in Rs.) Before Extra Ordinary Item	17.24	23.35
Diluted EPS (in Rs.) After Extra Ordinary Item (read with Note No. 20 above)	14.98	23.35

### 27 DEFERRED TAX LIABILITY (NET) COMPRISES OF THE FOLLOWING AS ON 31.03.2008 :-

	Deferred Tax Liability/Asset as at 31.03.2007	Charge/(Credit) for the year	Deferred Tax Liability/Asset as at 31.03.2008
<b>A) Deferred Tax Liability</b>			
Difference between book & tax depreciation	39,436.59	10,835.67	50,272.26
Total Deferred Tax Liability - A	39,436.59	10,835.67	50,272.26
<b>B) Deferred Tax Assets</b>			
1 Disallowance under Section 43B	104.95	934.38	1,039.33
2 Amortisation under Section 35D	0.40	-	0.40
3 Provision for doubtful debts & advances	27.40	-	27.40
4 Provisions for Employee Benefit	114.83	33.69	148.52
5 Provisions for MTM Losses & Diminution in Investments	-	255.09	255.09
6 Brought forward long term/short term capital losses	31.32	-	31.32
Total Deferred Tax Assets - B	278.90	1,223.16	1,502.06
Deferred Tax Liability (Net) (A-B)	39,157.69	9,612.51	48,770.20

## Notes to Accounts

### 28 (A) Auditors Remuneration includes the following

	(Rs. in Lacs)	
	2007-2008	2006-2007
(i) Payment to Auditors		
Audit Fee	15.00	8.25
Other Capacity *	1.80	3.20
Certification Work	0.19	-
Out of Pocket expenses *	2.87	2.19
	19.86	13.64
(ii) Payment to Branch Auditors		
Audit Fee	1.30	1.30
Tax Audit Fee	0.50	0.50
Certification Work etc	2.27	2.02
Misc. Matter	-	1.25
Out of Pocket expenses	0.35	0.41
	4.42	5.48
Total	24.28	19.12
*Rs. 1.54 Lacs (Rs. Nil) included in Pre-operative Expenses.		
(B) Payment to Cost Auditors		
Audit Fee	0.94	0.55
Out of Pocket expenses	0.11	0.13
Total	1.05	0.68
(C) Directors' Remuneration includes the following:		
Remuneration paid/payable to Whole Time Directors (WTD) and Managing Directors		
Salary	254.20	161.58
Commission	782.70	561.31
Provident Fund	10.98	9.50
Monetary value of perquisites**	0.06	0.07
	1047.94	732.46

\*\* As per Income Tax valuation.

\*\* Excluding Gratuity/leave encashment.

Note :- Appointment and remuneration to a WTD amounting to Rs. 26.82 Lacs (Rs. 2.43 Lacs) is subject to the approval of the shareholders in General Meeting

### 29 Computation of net profit in accordance with Section 309 (5) read with Section 198 of the Companies Act, 1956 :-

	(Rs.in Lacs)	
	2007-08	
Profit before taxes		37,052.43
Add/(Less):-		
Managerial Remuneration	1,047.94	
Director Meeting Fees	5.00	
		1,052.94
Net Profit for the Year		38,105.37
Commission @ 2% to Vice Chairman & Managing Director		762.10
to Managing Director & CEO		20.60
10% of the above net profit comes to		3,810.54

## Notes to Accounts

- 30 Capital work-in-progress includes technical know-how and supervision fees, machinery under installation/in transit and other assets under erection and pre-operative expenses. Details of pre-operative expenses (Including Trial run expenses) are as under:-

Description	(Rs. in Lacs)	
	2007-2008	2006-2007
Interest on fixed Loans	8,145.08	8,138.13
Power & Fuel	475.53	479.15
Salaries & Allowances	2,141.23	1,497.13
Workman and Staff welfare	1.63	3.03
Travelling and Conveyance	155.86	243.83
Financial Expenses/Bank Charges	6,699.37	592.22
Printing & Stationery	0.39	0.18
Postage, Telegram, Telex & Telephone	50.07	41.52
Legal & Professional Expenses	1,785.28	426.51
Miscellaneous Expenses	995.38	700.89
Software Development Expenses	-	55.44
Exchange Fluctuation(Net)	903.24	(770.60)
	21,353.06	11,407.43
Add: Pre-operative expenses brought forward	5,412.12	4,303.27
	26,765.18	15,710.70
Less: Interest from investment	-	2,174.39
Less: Capitalised during the year	12,486.28	8,124.19
Pre-operative expenses carried over	14,278.90	5,412.12

- 31 Additional Information Pursuant to Paragraphs 3 & 4 of Part II of the Schedule VI of the Companies Act, 1956.

### A. INSTALLED CAPACITY:

Description	Unit	Installed Capacity	
		2007-2008	2006-2007
AT HISAR:			
1. Strip Mill/Tandem Mill	MT	250000	250000
2. Plate/Steckel Mill	MT	450000	450000
3. Steel Melting	MT	650000	600000
4. Cupro Nickle Melting	MT	6000	6000
5. Cold Rolling Mill			
i) Cold Rolled Strips	MT	250000	250000
ii) Cold Rolled Special Steel	MT	12000	12000
iii) Coin Blanks	MT	10000	10000
6. Oxygen Plant:			
i) Oxygen Gas	M. Cum.	55.00	55.00
ii) Argon Gas	M. Cum.	1.50	1.50
7. Industrial Machinery *	Nos.	209	209
AT VIZAG			
High Carbon Ferro Chrome	MT	40000	40000
AT ORISSA/MINES			
Ferro Alloys	MT	225000	150000
Chrome Ore Concentrate	MT	72000	72000
Power Plant	MU	945	-

#### NOTES :

- Licensed capacity: Company's products since delicensed.
- Installed capacity is as certified by the Management.
- \* No. is only indicative since machines are of different nature/size/cost etc.

## Notes to Accounts

### B. RAW MATERIAL CONSUMPTION:-

Description	Unit	2007-2008		(Rs. in Lacs) 2006-2007	
		Qty.	Amount	Qty.	Amount
Steel Scrap	MT	428126	209,144.49	391383	125,604.12
Ferro Nickel	MT	7290	69,317.19	9704	75,353.24
Ferro Chrome	MT	18567	12,881.46	24364	11,052.24
Silica Manganese	MT	39764	21,744.41	44591	16,985.09
Ferro Manganese	MT	20939	10,102.80	22477	6,670.38
Ferro Silicon	MT	11220	5,017.34	10203	4,295.28
Managenese Ore	MT	7123	1,108.73	-	-
Cold Rolled Strips SS *	MT	102	99.34	-	-
Chrome Ore	MT	6461	1,372.79	17925	1,513.89
Friable Ore/Lumpy Chrome Ore	MT	291721	23,164.00	234686	11,576.77
Leco/Hard/Oil/Ash/Nut coke	MT	183350	10,697.68	77664	5,776.50
Hot Rolled Strips/Coils	MT	-	-	77	110.08
Mollasses	MT	24575	966.69	17971	652.44
Quartz	MT	9999	27.50	7363	19.72
Others			37,664.44		48,965.54
			403,308.86		308,575.29
Less:- Inter unit transfer of raw material included in above			13,119.28		7,652.11
			390,189.58		300,923.18

Note:-Sale of raw material has been deducted at sale price to arrive at the value of raw material consumed.

\* 102 MT sent on job work.

#### TRADING GOODS PURCHASE

Cold Rolled Strips	MT	505	1,114.58	4610	6,567.08
SS Welded & Cold Drawn Tube/Pipe	MT	-	-	6	6.45
Shredded Scrap (High Seas)	MT	1911	244.64	1000	146.42
Nickel ( High Seas)	MT	39	544.18	511	6,354.42
Art Gallery Products			137.70		-
			2,041.10		13,074.37

## Notes to Accounts

### C. OPENING & CLOSING STOCKS

Description	Unit	Opening Stock 01.04.06		Closing Stock 31.03.07		Closing Stock 31.03.08	
		Qty.	Amount (Rs. in Lacs)	Qty.	Amount (Rs. in Lacs)	Qty.	Amount (Rs. in Lacs)
MANUFACTURED							
FINISHED GOODS							
Hot Rolled Flats	MT	1725	715.96	3471	1,815.30	6971	4,259.51
Hot Rolled Strips/Plates	MT	28731	19,260.46	14759	12,911.87	24899	30,656.16
Cold Rolled Strips & Sheets	MT	6023	5,018.39	10120	9,234.34	23427	33,327.54
Cold Rolled Circles/Sheet	MT	596	413.59	79	60.14	-	-
Cold Rolled Coin Blanks	MT	248	75.98	228	52.95	58	65.62
H.C. Ferro Chrome	MT	2340	874.11	11468	4,984.45*	20769	* 14,169.18
Ferro Managenese	MT	-	-	-	-	686	457.56
Silico Managenese	MT	-	-	-	-	759	532.92
S.S.Round/Wire Rod	MT	9	2.50	9	2.50	9	2.51
S.S.Welded & Cold Drawn Tubes/Pipes	MT	27	15.89	159	114.11	1	0.68
Cold Rolled Special Steel	MT	44	32.06	962	901.27	383	425.02
Steel Scrap	MT	14	2.23	14	2.23	14	2.23
Chrome Ore	MT	387559	1,940.02	407335	1,912.14\$	354937	1,642.43\$
Chrome Ore Concentrate	MT	16327	380.14	3745	105.19	3151	124.50
Oxygen Gas	Cum.	52000	5.72	47890	5.27	60994	6.40
Nitrogen Gas	Cum.					26784	0.54
TOTAL			28,737.05		32,101.76		85,672.80
TRADING GOODS							
Cold Rolled Strips	MT	179	121.59	207	296.36	75	142.44
SS Welded & Cold Drawn Tube	MT	-	-	6	3.39	-	-
Art Gallery Products			-		-		99.58
TOTAL			121.59		299.75		242.02
G. Total			28,858.64		32,401.51		85,914.82

\* 50 MT (Nil) shortage due to transit/handling at port

## Notes to Accounts

### D. PRODUCTION

Description	Unit	2007-2008	2006-2007
<b>1. HISAR PLANT</b>			
a) Steel Melting			
Bloom/Slab/Ingot	MT	937	107,693
b) Strips Mill Plant:			
Flat *	MT	148,725	44,053
Hot Rolled Strips #	MT	2,646	1,542
* Includes <b>NIL</b> (339 MT) sent to Job worker for conversion to CR Sheets/Circle			
* Includes <b>NIL</b> (63 MT) manufactured for outside parties on Job work basis from Ingot.			
# Includes <b>445 MT</b> (1330 MT) transferred to CR unit for conversion to Cold Rolled Special Steel.			
c) Plate/Stackle Mill:			
Hot Rolled Strips/S.S.Plates **	MT	409,758	400,903
M.S. Plates/Coils	MT	-	80
** Includes <b>225110 MT</b> (149078 MT) transferred to CR Unit for conversion to CR Strips, out of which HRAP <b>35747.906 MT</b> (21001 MT) sold by CR unit.			
** Includes <b>14688 MT</b> (16375 MT) transferred to CR Unit for conversion to CR SS Special Steel.			
** Includes <b>2479 MT</b> (8411 MT) manufactured for outside parties on job-work basis from Scrap/Slab/Ingot			
** Includes <b>NIL</b> (976 MT) sent to outside parties for job work for conversion to CR Strips/Tubes			
d) Cupro Nickel Plant			
Cupro Nickel Coil ***	MT	116	166
*** Transferred to CR Unit for conversion.			
e) Oxygen Plant:			
Oxygen ****	Cum.	50,839,867	34,360,290
**** Includes <b>50633394 Cum</b> (34364400 Cum) use for captive consumption.			
Argon *****	Cum.	1,217,999	-
***** Use for captive consumption.			
f) Industrial Machinery:			
Manufactured Machinery	Production of industrial machinery being numerous and having different nature,size,cost,etc.;have not been given.		
g) Cold Rolling Mill			
Cold Rolled Strips *****	MT	156,759	108,517
Cold Rolled Special Steel	MT	13,854	13,030
Coin Blanks	MT	1,137	576
***** Includes <b>59922 MT</b> (28123 MT) got manufactured from outside parties on job work basis and does not include production of HRAP <b>14700 MT</b> (4096 MT) for HR Unit.			
***** Includes <b>675 MT</b> (1016 MT) sent to outside parties for job work for conversion to Tubes/Pipes			
<b>2. VIZAG PLANT</b>			
H.C. Ferro Chrome #	MT	33,504	31,414
# Include <b>21002 MT</b> (23750 MT) transferred to HR Unit for Captive use.			
<b>3. ORISSA PLANT/MINES</b>			
H.C. Ferro Chrome #	MT	109,908	92,175
Ferro Managenese	MT	686	-
Silico Managenese	MT	1,886	-
Chrome Ore \$	MT	57,079	92,415
Chrome Ore Concentrate*	MT	25,070	25,642
Power (Net)	MU	82	-
# Includes <b>76992 MT</b> (83770 MT) transferred to HR Unit for Captive use.			
\$ Includes <b>70047 MT</b> (54827 MT) transferred to Vizag Unit for Captive use.			
* Includes <b>11132 MT</b> (9658 MT) transferred to Vizag Unit for Captive use.			

#### NOTES:

- 1) Production figures do not include the material produced and transferred for further process, but includes Inter Divisional transfers.
- 2) Total production of Ingots/Blooms/Slabs from Electric Arc Furnace was **580554 MT** (576367 MT)



## Notes to Accounts

### E. Sales

Description	Unit	2007-2008		2006-2007	
		Qty.	Amount (Rs. in Lacs)	Qty.	Amount (Rs. in Lacs)
i) Manufactured Goods					
FINISHED GOODS					
Hot Rolled Strips/Plate S.S.	MT	195,290	234,498.06	261,248	256,629.47
Cold Rolled Strips S.S.	MT	142,777	184,699.95	103,403	136,218.42
Hot Rolled Flats S.S.	MT	145,225	86,743.91	41,905	20,565.44
Cold Rolled Special Steel	MT	14,433	24,308.40	12,112	18,549.54
S.S.Welded & Cold Drawn Tubes/Pipes	MT	1,223	1,967.32 *	1,521	2,409.78*
Cold Rolled S.S. Blank	MT	1,307	2,596.95	596	687.16
Cold Rolled S.S.Circle/Sheet	MT	-	- **	629	378.51**
H.C. Ferro Chrome	MT	36,067	19,253.91	6,941	2,581.08
Chrome Ore	MT	39,430	3,150.95	17,812	834.34
High Carbon Silico Manganese	MT	1,127	811.22	-	-
Chrome Ore Concentrate	MT	14,532	1,558.46	28,566	1,610.34
MS Plate	MT	-	-	80	23.33
Power	MU	23	289.54	-	-
Nitrogen Gas	Cum.	113,336	8.70	-	-
Oxygen Gas	Cum.	193,369	14.83	-	-
Total (i)	MT	591,410	559,902.20	474,813	440,487.41
	Cum.	306,705			
	MU	23			
* Includes 1065 MT (1653 MT) got manufactured from outside parties.					
** Includes NIL MT (627 MT) got manufactured from outside parties and 79 MT (516 MT) transferred to melting during the year.					
ii) SEMI FINISHED GOODS:					
Bloom/Slab/Ingot	MT	937	1,190.84	107,693	64,030.14
Total (ii)		937	1,190.84	107,693	64,030.14
iii) TRADING GOODS:					
Cold Rolled Strips	MT	637	1,499.72	4,582	6,317.53
S.S.Welded & Cold Drawn Tube Pipes	MT	6	7.28	-	-
Shredded Scrap(High Seas)	MT	1,911	230.14	1,000	119.80
Nickel(High Seas)	MT	39	540.93	511	6,301.90
Art Gallery Products			96.66		-
Total (iii)		2,594	2,374.73	6,093	12,739.23
Total (a) (i+ii+iii)			563,467.77		517,256.78
Job charges			996.61		2,400.37
Export Benefit			5,356.09		7,122.94
Total (b)			6,352.70		9,523.31
Total (a+b)			569,820.47		526,780.09
NOTES:					
1) Sales includes the following goods issued for captive consumption as detailed below:-					
Hot Rolled Strips/Plate S.S.	MT	905	2245.70	1389	1972.69
Oxygen Gas	CUM	3240	0.25	-	-

## Notes to Accounts

### F. C.I.F. VALUE OF IMPORTS:

Description	(Rs. in Lacs)	
	2007-2008	2006-2007
Raw Material	249,972.82	169,255.74
Stores & Spares	15,132.58	21,614.73
Capital Goods	16,983.35	13,579.77

### G. BREAK UP OF CONSUMPTION OF RAW MATERIALS AND STORES AND SPARES

Description	2007-2008		2006-2007	
	%	Amount	%	Amount
a) RAW MATERIALS CONSUMED:-				
i) Imported (including purchased through canalising agencies, High Seas Sales and others)	61.74	240,892.19	51.86	156,066.96
ii) Indigenous	38.26	149,297.39	48.14	144,856.22
	100.00	390,189.58	100.00	300,923.18
b) STORES AND SPARES CONSUMED:-				
i) Imported (including purchased through canalising agencies, High Seas Sales and others)	26.43	5,438.53	26.79	5,343.57
ii) Indigenous	73.57	15,138.63	73.21	14,603.12
	100.00	20,577.16	100.00	19,946.69

### H. EXPENDITURE IN FOREIGN CURRENCY

	2007-2008 Amount	2006-2007 Amount
i) Export selling expenses	4,792.37	3,613.07
ii) Interest	9,943.11	5,306.31
iii) Quality Claim	975.36	1,161.88
iv) Travelling	230.68	204.19
v) Legal & Professional Expenses	202.24	86.41
vi) Others	553.87	477.91

### I. EARNINGS IN FOREIGN CURRENCY

	2007-2008	2006-2007
F.O.B. value of export	168,227.10	226,195.15
Interest	1,076.32	79.89
Others	5,347.43	419.66

### J. REMITTANCE OF DIVIDEND ON EQUITY SHARES

	2007-2008	2006-2007
a) Year to which dividends relates	2006-07	2005-06
b) Amount remitted (net of tax) (Rs. in Lacs)	316.75	144.56
c) Number of Non Resident Shareholders	48	46
d) Number of Equity Shares held	15837565	9035230

## Notes to Accounts

### 32. Balance Sheet Abstract and Company's General Business Profile pursuant to Part IV of Schedule VI of the Companies Act, 1956

i) Registration Details		
Registration Number	H-10901	State Code
Balance Sheet Date	31.03.2008	05
ii) Capital Raised during the year (Rs. in Lacs)		
	Public Issue	Rights Issue
	NIL	NIL
	Bonus Issue	Private Placement
	NIL	NIL
	Others	
	327.28	
iii) Position of Mobilisation and Deployment of Funds (Rs. in Lacs)		
	Total Liabilities	Total Assets
	663445.88	663445.88
Sources of Funds*		
Equity Capital	Paid-Up Capital\$	Reserves & Surplus
	8352.33	175714.03
	Secured Loans	Un-Secured Loans
	382034.41	48574.91
*Excluding deferred tax liability of Rs.48770.20 Lacs		
\$ Including Equity Share Warrants		
Application of Funds		
	Net Fixed Assets	Investments
	478574.49	9328.72
	Net Current Assets	Misc. Expenditure not W/off
	173955.17	1587.50
	Accumulated Losses	
	NIL	
iv) Performance of Company (Amount Rs. in Lacs)		
	Turnover	Total Expenditure
	519347.65	482295.22
	Profit Before Tax	Profit After Tax
	37052.43	24116.74
	Earning Per Share	Dividend Per Share
	17.24	Rs.2.00
v) Generic names of two principal products of Company (As per monetary terms)		
	Item Code No. (ITC Code)	72.19/72.20
	Product Description	S.S.Hot Rolled/Cold Rolled Strips & Sheets, Flats & Plates
	Item Code No. (ITC Code)	72.02
	Product Description	Ferro Chrome

33. Previous years' figures have been re-arranged and regrouped wherever considered necessary.

34. Figures in bracket indicate previous year figures.

35. Schedule 1 to 20 are annexed to and form integral part of the Balance Sheet and Profit & Loss Account.

Signatures to Schedules 1 to 20

#### AUDITORS' REPORT

In terms of our report of even date annexed hereto

for LODHA & CO.

Chartered Accountants

(N.K. LODHA)

Partner (Membership No. 85155)

for S.S. KOTHARI MEHTA & CO.

Chartered Accountants

(ARUN K. TULSIAN)

Partner (Membership No. 89907)

PLACE : New Delhi

DATED : 22nd July, 2008

RATAN JINDAL

Vice Chairman & Managing Director

ARVIND PARAKH

Director - Strategy & Business Development

A.P. GARG

Sr. Vice President & Company Secretary

R.G. GARG

Managing Director & Chief Operating Officer

Rajinder Parkash

Executive Director

SANDEEP SIKKA

Head - Corporate Finance

Directors

SUMAN JYOTI KHAITAN

T.R. SRIDHARAN

L.K. SINGHAL

## Cash Flow Statement For The Year Ended 31st March, 2008

Particulars	(Rs. in Lacs)			
	2007-08		2006-07	
	Amount	Amount	Amount	Amount
<b>A. Cash Inflow / (Outflow) from Operating Activities</b>				
Net Profit Before Tax & Extraordinary Item	40,665.70		55,772.90	
Adjustment for :				
Depreciation/Amortisation	25,238.18		21,609.96	
Provision for Doubtful Debts & Advance / Bad Debts	-		31.89	
Previous Year Adjustments (Liability written back)	(347.91)		(70.89)	
Misc. Expenses Written Off	38.51		46.86	
Misc. Expenses Incurred	(1,395.43)		(73.61)	
Unrealised Exchange Fluctuation Loss / (Gain)	(2,261.63)		(2,852.23)	
Interest and Bank Charges	20,591.64		11,935.30	
Dividend Income	(2.37)		(11.62)	
(Profit) / Loss on Sale of Investments (Net)	(400.97)		(533.83)	
(Profit) / Loss on Sale/Discard of Fixed Assets (Net)	559.67		1,726.86	
Operating Profit Before Working Capital Changes	82,685.39		87,581.59	
Adjustment for :				
(Increase) / Decrease in Inventories	(112,491.99)		(38,237.15)	
(Increase) / Decrease in Sundry Debtors	(16,184.22)		(22,665.63)	
(Increase) / Decrease in Loans & Advances	(13,381.40)		(14,034.80)	
Increase / (Decrease) in Current Liabilities	77,161.94		79,686.40	
Cash Inflow from Operating Activities Before Exceptional Items	17,789.72		92,330.41	
Extraordinary Items	(3,613.27)		-	
Income Tax (Advance) / Refund (Net)	(5,505.91)		(7,066.34)	
Net Cash Inflow from Operating Activities		8,670.54		85,264.07
<b>B. Cash Inflow / (Outflow) from Investing Activities</b>				
Sale/Redemption/(purchase) of Investment (Net)	10,760.51		15,304.01	
Investment in Subsidiaries	(832.33)		(1,193.05)	
Loan given to Subsidiaries	(695.93)		(335.02)	
Capital Expenditure (including advances for capital expenditure)	(119,213.72)		(137,213.46)	
Sales Proceeds of Fixed Assets Sold	1,789.11		1,032.47	
Dividend Received	2.37		11.62	
Interest Received	2,473.02		5,655.56	
Net Cash Outflow from Investing Activities		(105,716.97)		(116,737.87)

## Cash Flow Statement For The Year Ended 31st March, 2008

Particulars	2007-08		(Rs. in Lacs) 2006-07	
	Amount	Amount	Amount	Amount
<b>C. Cash Inflow / (Outflow) from Financing Activities</b>				
Dividend Paid (including corporate dividend tax)	(2,854.86)		(2,374.09)	
Interest and Finance Charges Paid	(32,464.19)		(21,616.68)	
Proceeds from / (Repayment of) Borrowings (Net)	175,662.31		46,863.09	
Issue of equity share warrants	6,637.60		8,518.10	
Net Cash Outflow from Financing Activities		146,980.86		31,390.42
Net Changes in Cash & Cash Equivalents		49,934.43		(83.38)
Cash & Cash Equivalents (Closing Balance)	69,558.12		19,623.69	
Cash & Cash Equivalents (Opening Balance)	19,623.69		19,707.07	
Net Changes in Cash & Cash Equivalents		49,934.43		(83.38)
Notes :				
1) Cash and Cash equivalents includes :-				
Cash, Cheques and Stamps in hand	1,818.97		6,047.83	
Balance with Banks	67,739.11		13,575.82	
Puja & Silver Coins	0.04		0.04	
	69,558.12		19,623.69	

- 2) Cash and Cash equivalent excludes Money in transit of **Rs.4473.43 Lacs** (Rs.Nil) being proceeds of equity share warrants.
- 3) Increase in Paid up Share Capital & Share Premium are cash neutral and as such not considered in this statement.
- 4) Previous year's figures have been regrouped and rearranged wherever considered necessary.

### AUDITORS' REPORT

In terms of our report of even date annexed hereto

for LODHA & CO.  
Chartered Accountants

(N.K. LODHA)  
Partner (Membership No. 85155)

for S.S. KOTHARI MEHTA & CO.  
Chartered Accountants

(ARUN K. TULSIAN)  
Partner (Membership No. 89907)

PLACE : New Delhi  
DATED : 22nd July, 2008

RATAN JINDAL  
Vice Chairman & Managing Director

ARVIND PARAKH  
Director - Strategy & Business Development

A.P. GARG  
Sr. Vice President & Company Secretary

R.G. GARG  
Managing Director & Chief Operating Officer

Rajinder Parkash  
Executive Director

SANDEEP SIKKA  
Head - Corporate Finance

Directors  
SUMAN JYOTI KHAITAN  
T.R. SRIDHARAN  
L.K. SINGHAL

Statement pursuant to section 212 of the Companies Act, 1956, relating to company's interest in Subsidiary Companies

Particulars	Subsidiary Companies			
	PT Jindal Stainless Indonesia	Jindal Stainless Steelway Limited	Jindal Architecture Limited	Austenitic Creations Private Limited
a) Holding Company's interest :	Holder of 74,99,900 Equity Shares of US \$ 1 each out of the subscribed capital of 75,00,000 Equity Shares of US \$ 1 each.	Holder of 1,40,61,667 Equity Shares of Rs.10/- each out of the subscribed capital of 1,71,66,924 Equity Shares of Rs.10/- each.	Holder of 41,00,100 Equity Shares of Rs.10/- each out of the subscribed capital of 56,17,652 Equity Shares of Rs.10/- each.	Holder of 42,03,900 Equity Shares of Rs.10/- each out of the subscribed capital of 56,69,531 Equity Shares of Rs.10/- each.
b) Financial year of the company : ended on	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008
c) Net aggregate amount of subsidiary : company's profit (loss) not dealt within the company's Account.	(Rs.)	(Rs.)	(Rs.)	(Rs.)
i) For the subsidiary company's : financial year ended 31st March, 2008.	27,336,504	51,476,527	12,431,292	(60,263,069)
ii) For the subsidiary : company's previous financial periods, since it became the holding company's subsidiary.	49,435,759	48,657,665	(13,796,303)	(19,893,929)
d) Net aggregate amount of the subsidiary company's profit/(loss) dealt within the company's Account.				
i) For the subsidiary company's : financial period ended 31st March, 2008.	Nil	Nil	Nil	Nil
ii) For the subsidiary Company's: previous financial period since it became the holding Company's subsidiary	Nil	Nil	Nil	Nil
e) Holding Company's interest as at : 31.03.2008 incorporating changes since close of the financial year of Jindal Stainless Italy s.r.l. and Jindal Stainless Madencilik Sanyai ve Ticaret Anonim Sirketi, in pursuance of Section 212(5) of the Companies Act, 1956.	N.A.	N.A.	N.A.	N.A.
f) Material changes occurred between the end of financial year of Jindal Stainless Italy s.r.l. and Jindal Stainless Madencilik Sanyai ve Ticaret Anonim Sirketi and 31.03.2008 in respect of				
i) Fixed Assets	N.A.	N.A.	N.A.	N.A.
ii) Investments	N.A.	N.A.	N.A.	N.A.
iii) Money lent	N.A.	N.A.	N.A.	N.A.
iv) Money Borrowed (Other than to meet current liability)	N.A.	N.A.	N.A.	N.A.

RATAN JINDAL  
Vice Chairman & Managing Director

R.G. GARG  
Managing Director & Chief Operating Officer

ARVIND PARAKH  
Director - Strategy & Business Development

PLACE : New Delhi  
DATED : 22nd July, 2008

Particulars	Subsidiary Companies				
	Jindal Stainless Italy s.r.l.	Jindal Stainless FZE	Green Delhi BQS Private Limited	Parivartan City Infrastructure Private Limited	Jindal Stainless Madencilik Sanyai ve Ticaret Anonim Sirketi
Holder of 1,00,000 Equity Shares of 1 GBP each out of the subscribed capital of 1,00,000 Equity Shares of 1 GBP each.	Euro 10,000- 100% Sharholding of Jindal Stainless U.K. Limited, wholly owned subsidiary company of Jindal Stainless U.K. Limited	Holder of 6 Equity Shares of AED 10,00,000 each out of the subscribed capital of 6 Equity Shares of AED 10,00,000 each	Holder of 51,000 Equity Shares of Rs.10/- each held by holding company directly and 16,787 equity Shares held indirectly through its subsidiary company i.e. Jindal Architecture Ltd. out of the subscribed capital of 1,00,000 Equity Shares of Rs.10/- each.	Holder of 9,970 Equity Shares of Rs.10/- each out of the subscribed capital of 10,000 Equity Shares of Rs.10/- each.	Holder of 44,997 Equity Shares of YTL 1 each out of the subscribed capital YTL 1 each.
31st March, 2008	31st December, 2007	31st March, 2008	31st March, 2008	31st March, 2008	31st December, 2007
(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
4,079,101	765,287	35,418,347	169,646	(1,169,898)	(2,216,269)
1,480,608	(41,706)	7,015,331	The company did not had any commercial activities last year.	The company did not had anycommercial activities last year.	The company did not had any commercial activities last year.
Nil	Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil	Nil
N.A.	N.A.	N.A.	N.A.	N.A.	N.A
N.A.	N.A.	N.A.	N.A.	N.A.	N.A
N.A.	N.A.	N.A.	N.A.	N.A.	N.A
N.A.	N.A.	N.A.	N.A.	N.A.	N.A

RAJINDER PARKASH  
Executive Director

A.P. GARG  
Sr. Vice President & Company Secretary

SANDEEP SIKKA  
Head - Corporate Finance

Directors  
SUMAN JYOTI KHATTAN  
T.R. SRIDHARAN  
L.K. SINGHAL

## Consolidated Auditors' Report

### AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF JINDAL STAINLESS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JINDAL STAINLESS LIMITED, IT'S SUBSIDIARIES AND ASSOCIATE.

We have examined the attached consolidated Balance Sheet of Jindal Stainless Limited, its subsidiaries and its interest in associate as at 31st March, 2008 and the consolidated Profit and Loss Account and also the consolidated Cash Flow Statement for the year then ended.

1. These financial statements are the responsibility of the Jindal Stainless Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. a) We did not audit the financial statements of subsidiaries PT Jindal Stainless Indonesia, Jindal Stainless Steelway Ltd., Jindal Architecture Ltd., Austenitic Creations Pvt. Ltd., Jindal Stainless FZE, Green Delhi BQS Pvt. Ltd., Parivartan City Infrastructure Pvt. Ltd., Jindal Stainless Madencilik Sanayi Ve Ticaret Anonim Sirketi, Jindal Stainless UK Limited and an associate J.S.S. Steelitalia Ltd. whose financial statements reflect total assets of Rs 76659.18 Lacs as at 31st March, 2008 and total revenues of Rs 89504.10 Lacs for the year then ended. These financial statements have been audited by respective auditors (including audit of foreign subsidiaries PT Jindal Stainless Indonesia, Jindal Stainless Madencilik Sanayi Ve Ticaret Anonim Sirketi, Jindal Stainless UK Limited and Jindal Stainless FZE whose accounts have been audited as per applicable GAAP of the country) whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries and associate, is based solely on the report of the other auditors.  
b) We did not audit the separate financial statements of other subsidiary Jindal Stainless Italy s.r.l. whose unaudited financial statements reflect total assets of Rs 33.00 Lacs as at 31st March, 2008 and total revenues 47.14 Lacs for the year then ended. The said financial statements, which were furnished to us by the management, were unaudited. We are unable to express an opinion on true and fair view insofar as it relates to amounts considered in the consolidated financial statements of subsidiaries for the reason as stated above.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 and (AS) 23, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Jindal Stainless Limited, its aforementioned subsidiaries and associate.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Jindal Stainless Limited, its subsidiaries and associate (including unaudited financial statements of one subsidiary) included in the consolidated financial statements read together with Notes on Accounts of Consolidated Financial Statements, we are of the opinion that:-

- (a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Jindal Stainless Limited, its subsidiaries and its interest in associate as at 31st March, 2008;
- (b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Jindal Stainless Limited, its subsidiaries and its interest in associate for the year then ended; and
- (c) the consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Jindal Stainless Limited and its subsidiaries for the year ended on that date.

For LODHA & CO.  
Chartered Accountants

(N. K. LODHA)  
Partner  
M.No. 85155

For S.S. KOTHARI MEHTA & CO.  
Chartered Accountants

(ARUN K. TULSIAN)  
Partner  
M.No. 89907

Place : New Delhi  
Date : 22nd July, 2008



## Consolidated Balance Sheet As At 31st March, 2008

DESCRIPTION	SCHEDULE	(Rs. in Lacs)	
		31.03.2008	31.03.2007
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital - Equity	1	3,091.70	2,764.42
Equity Share Warrants	1(a)	5,260.63	1,514.10
Reserves and Surplus	2	176,130.37	135,517.20
		184,482.70	139,795.72
<b>MINORITY INTEREST</b>		1,000.75	542.86
<b>LOAN FUNDS</b>			
Secured Loans	3	406,731.95	242,881.42
Unsecured Loans	4	50,693.91	44,737.52
		457,425.86	287,618.94
Deferred Tax Liability (Net) (Note No.18 of Schedule 20)		48,705.47	39,284.25
<b>TOTAL</b>		<b>691,614.78</b>	<b>467,241.77</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	445,252.89	350,515.08
Less : Depreciation/Amortisation		83,943.17	63,195.29
Net Block		361,309.72	287,319.79
Add : Capital Work in Progress		145,815.26	108,149.67
		507,124.98	395,469.46
<b>INVESTMENTS</b>	6	1,859.35	11,986.28
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	240,459.68	121,074.30
Sundry Debtors	8	67,006.11	53,474.67
Cash and Bank Balances	9	76,677.61	20,500.41
Loans and Advances	10	84,648.74	65,860.81
		468,792.14	260,910.19
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Liabilities	11	257,969.05	179,683.03
Provisions	12	29,810.51	21,692.46
		287,779.56	201,375.49
<b>NET CURRENT ASSETS</b>		<b>181,012.58</b>	<b>59,534.70</b>
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)	13	1,617.87	251.33
<b>TOTAL</b>		<b>691,614.78</b>	<b>467,241.77</b>
Notes forming part of accounts	20		

Schedules referred to above form an integral part of the accounts

### AUDITORS' REPORT

In terms of our report of even date annexed hereto

for LODHA & CO.

Chartered Accountants

(N.K. LODHA)

Partner (Membership No. 85155)

for S.S. KOTHARI MEHTA & CO.

Chartered Accountants

(ARUN K. TULSIAN)

Partner (Membership No. 89907)

PLACE : New Delhi

DATED : 22nd July, 2008

RATAN JINDAL

Vice Chairman & Managing Director

ARVIND PARAKH

Director - Strategy & Business Development

A.P. GARG

Sr. Vice President & Company Secretary

R.G. GARG

Managing Director & Chief Operating Officer

RAJINDER PARKASH

Executive Director

SANDEEP SIKKA

Head - Corporate Finance

Directors

SUMAN JYOTI KHAITAN

T.R. SRIDHARAN

L.K. SINGHAL

## Consolidated Profit & Loss Account For The Year Ended 31st March, 2008

DESCRIPTION	SCHEDULE	31.03.2008	31.03.2007
(Rs. in Lacs)			
<b>INCOME</b>			
Gross Sales and Operational Income	14	587,564.54	536,791.38
Less : Excise Duty		53,984.71	38,993.43
Net Sales and Operational Income		533,579.83	497,797.95
Other Income	15	2,944.72	1,847.04
		536,524.55	499,644.99
<b>EXPENDITURE</b>			
Material, Manufacturing and Others	16	410,365.58	376,980.23
Personnel	17	13,021.30	9,005.98
Administrative and Selling	18	25,509.80	27,043.66
Interest and Bank Charges	19	17,370.88	8,166.41
Miscellaneous Expenditure Written off		48.27	54.24
Depreciation/Amortisation		26,749.80	23,025.79
		493,065.63	444,276.31
Net Profit Before Extraordinary item		43,458.92	55,368.68
Less: Extraordinary item		3,613.27	-
Profit Before Taxation		39,845.65	55,368.68
Less:			
Provision for Taxation		4,746.55	8,980.41
MAT Credit Entitlement		(1,089.42)	-
Provision for Fringe Benefit Tax		132.63	105.71
Provision for Deferred Tax		9,426.29	11,957.68
Previous Year Taxation Adjustment		(0.05)	531.58
Profit After Taxation and Extraordinary Items (before adjustment for Minority Interest)		26,629.65	33,793.30
Minority Interest		(24.25)	82.02
Net Profit (after adjustment for Minority Interest)		26,653.90	33,711.28
ADD/(LESS)			
Amount Brought Forward		1,906.19	2,141.42
Debenture Redemption Reserve Written Back		1,633.60	44.63
Net Profit		30,193.69	35,897.33
Pre-Acquisition Profits Transferred to Capital Reserve		62.77	105.21
Profit Available for Appropriations		30,130.92	35,792.12
Proposed Dividend on Equity Shares		3,242.70	552.88
Dividend on Equity Shares for previous year		19.19	13.91
Interim Dividend on Equity Shares		-	2,211.54
Corporate Dividend Tax		554.36	406.08
Debenture Redemption Reserve		2,518.69	3,140.09
General Reserve		18,348.12	27,561.43
Balance carried to Balance Sheet		5,447.86	1,906.19
		30,130.92	35,792.12
<b>Earning Per Share (in Rs.) (Note No. 17 of Schedule 20)</b>			
<b>Before Extraordinary Items</b>			
- Basic		20.96	25.56
- Diluted		18.82	22.30
<b>After Extraordinary Items</b>			
- Basic		18.46	25.56
- Diluted		16.57	22.30
Notes forming part of accounts	20		

Schedules referred to above form an integral part of the accounts

### AUDITORS' REPORT

In terms of our report of even date annexed hereto

for LODHA & CO.  
Chartered Accountants

(N.K. LODHA )  
Partner (Membership No. 85155)

for S.S. KOTHARI MEHTA & CO.  
Chartered Accountants

(ARUN K. TULSIAN )  
Partner (Membership No. 89907)

PLACE : New Delhi  
DATED : 22nd July, 2008

RATAN JINDAL  
Vice Chairman & Managing Director

ARVIND PARAKH  
Director - Strategy & Business Development

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R.G. GARG  
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RAJINDER PARKASH  
Executive Director

SANDEEP SIKKA  
Head - Corporate Finance

Directors  
SUMAN JYOTI KHAITAN  
T.R. SRIDHARAN  
L.K. SINGHAL

## Schedule to the Consolidated Balance Sheet

DESCRIPTION	(Rs. in Lacs)	
	31.03.2008	31.03.2007
<b>SCHEDULE - " 1 "</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
475,000,000 (Previous Year 274,500,000) Equity Shares of Rs.2/- each	9,500.00	5,490.00
NIL (Previous Year 100,500,000) Unclassified Shares of Rs.2/- each	-	2,010.00
NIL (Previous Year 20,000,000) Redeemable Cumulative Non- Convertible Preference Shares of Rs. 10/- each	-	2,000.00
	9,500.00	9,500.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
154,584,932 - Equity Shares of Rs.2/- each fully paid up (Previous Year 138,221,206 Equity Shares of Rs.2/- each fully paid up)	3,091.70	2,764.42
<b>TOTAL</b>	<b>3,091.70</b>	<b>2,764.42</b>

Of the above :-

- A) 13,778,717 Equity Shares of Rs.10/- each fully paid up issued to Shareholders of Jindal Strips Limited pursuant to Scheme of Arrangement & Demerger.
- B) One Equity Share of Rs.10/-each fully paid up issued to Shareholders of J - Inox Creations (P) Ltd. and Austenitic Creations (P) Ltd. pursuant to the Scheme of Amalgamation.
- C) 5,153,293 Fully Paid Up Bonus Equity Shares of Rs.10/- each in the ratio of 253 Equity Shares of Rs.10/- each for every 679 Equity Shares of Rs.10/- each, allotted out of Share Premium and Capital Redemption Reserve to the equity shareholders of the company pursuant to scheme of Arrangement & Demerger.
- D) 999,752 Equity Shares of Rs.10/- each fully paid up allotted to the holders of 460 ECB of US \$ 5000 /- each at predetermined (as per scheme) conversion rate of Rs.100/- each on 13.01.2004.
- E) Company has subdivided the Equity Shares of Rs.10/- each into Equity Shares of Rs.2/- each on 10.03.2004.
- F) 9,997,524 Equity Shares of Rs. 2/- each fully paid up allotted to the holders of 920 ECB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs.20/- each on 24.12.2004.
- G) 3,907,028 Equity shares of Rs. 2/- each fully paid up allotted to the holders of 2141 FCCB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs.119.872 each during the year ended on 31.03.2006.
- H) 16,734,984 (represented by 83,67,492 nos. GDS) Equity Shares of Rs. 2/- each fully paid up allotted to the holders of 1540 ECB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs.20/- each during the year ended on 31.03.2006.
- I) 869,350 (represented by 4,34,675 nos. GDS) Equity Shares of Rs.2/- each fully paid up allotted to the holders of 80 ECB of US \$ 5000/- each at predetermined (as per scheme) conversion rate of Rs.20/- each during the year ended on 31.03.2007.
- J) 6,800,000 Equity Shares of Rs. 2/- each fully paid up allotted to the holders of Equity Share Warrants at predetermined conversion rate of Rs.103/- each during the year ended on 31.03.2007.
- K) 9,213,726 Equity Shares of Rs. 2/- each fully paid up allotted to the holders of 5049 FCCB of US \$ 5000/- each at predetermined (as per scheme) at conversion rate of Rs.119.872 each during the year ended on 31.03.2008.
- L) 7,150,000 Equity Shares of Rs.2/- each fully paid up allotted to the holders of Equity Share Warrants at predetermined conversion rate of Rs.103/- each during the year ended on 31.03.2008.

### SCHEDULE - " 1 (a) "

<b>EQUITY SHARE WARRANTS</b> (Note No.13 of Schedule 20)	5,260.63	1,514.10
<b>TOTAL</b>	<b>5,260.63</b>	<b>1,514.10</b>

## Schedule to the Consolidated Balance Sheet

DESCRIPTION	(Rs. in Lacs)	
	31.03.2008	31.03.2007
<b>SCHEDULE - "2"</b>		
<b>RESERVES AND SURPLUS</b>		
a) SECURITIES PREMIUM ACCOUNT		
As per last Account	25,388.74	18,364.25
Add : On Conversion of ECB / FCCB / Equity Share Warrants/Debentures	18,187.55	7,024.49
	43,576.29	25,388.74
b) GENERAL RESERVE		
As per last Account	96,649.77	69,088.34
Add : Transferred from Profit and Loss Account	18,348.12	27,561.43
	114,997.89	96,649.77
Add / Less : Foreign Currency Translation Reserve (includes arised on consolidation)	404.56	816.59
	115,402.45	97,466.36
c) CAPITAL RESERVE (ON CONSOLIDATION)	167.98	105.21
d) DEBENTURE REDEMPTION RESERVE		
As per last Account	8,489.87	5,394.41
Add : Transferred from Profit and Loss Account	2,518.69	3,140.09
Less : Written Back During the Year	1,633.60	44.63
	9,374.96	8,489.87
e) CENTRAL/STATE SUBSIDY RESERVE		
As per last Account (Against fulfillment of certain stipulations)	39.27	39.27
f) CAPITAL REDEMPTION RESERVE	2,000.00	2,000.00
g) AMALGAMATION RESERVE	121.56	121.56
h) SURPLUS-PROFIT AND LOSS ACCOUNT	5,447.86	1,906.19
TOTAL	176,130.37	135,517.20

## Schedule to the Consolidated Balance Sheet

DESCRIPTION	31.03.2008	31.03.2007
(Rs. in Lacs)		
<b>SCHEDULE - "3"</b>		
<b>SECURED LOANS</b>		
A) REDEEMABLE NON-CONVERTIBLE DEBENTURES	43,000.00	43,000.00
	43,000.00	43,000.00
B) TERM LOANS FROM BANKS & INSTITUTIONS		
Rupee Term Loans	170,722.10	131,477.93
Foreign Currency Loans	134,723.49	43,264.01
	305,445.59	174,741.94
C) CAR LOANS FROM BANKS	205.32	158.73
D) WORKING CAPITAL LOAN FROM BANKS	58,081.04	24,980.75
TOTAL	406,731.95	242,881.42

**NOTES :**

**A.**

- (1) Debentures referred to in A above are secured by pari-passu charge by way of equitable mortgage on the company's immovable properties located in State of Gujarat, Hisar, Vizag and hypothecation of moveable assets in favour of debenture trustee ranking pari-passu with other Financial Institutions/ Banks.
- (2) Debentures referred to in A above are privately placed and consist of :
  - i) 6.90% debentures of Rs.1,000,000 each aggregating to **Rs.20,000.00 Lacs** (Previous Year Rs.20,000.00 Lacs) are redeemable in five equal annual instalments at the end of 6th, 7th, 8th, 9th & 10th year from the date of allotment i.e. 3rd August, 2004.
  - ii) 7.50% debentures of Rs.1,000,000 each aggregating to **Rs.10,000.00 Lacs** (Previous Year Rs. 10,000.00 Lacs) are redeemable in five equal annual instalments at the end of 6th, 7th, 8th, 9th & 10th year from the date of allotment i.e. 15th April, 2005.
  - iii) 7.75% debentures of Rs.1,000,000 each aggregating to **Rs.13,000.00 lacs** (Previous Year Rs. 13,000.00 Lacs) are redeemable in five equal annual instalments at the end of 6th, 7th, 8th, 9th & 10th year from the date of allotment i.e. 28th Dec., 2005.

**B.**

- i) Term loans from Banks include loans of **Rs.297,376.21 Lacs** (Previous Year Rs.151,260.96 Lacs), for which charge is created / to be created by way of mortgage of company's immovable properties and hypothecation of moveable assets both present and future ranking pari-passu with other Banks/ Financial Institutions.
- ii) Term loans from Banks include loans of **Rs.1,041.49 Lacs** (Previous Year Rs.2,660.76 Lacs) secured by way of mortgage of immovable properties and hypothecation of moveable assets of the company and second charge on the current assets of the company ranking pari-passu with other Banks/ Financial Institutions.
- iii) Term loans from Banks include loans of **Rs.NIL** (Previous Year Rs.14,595.26 Lacs), which are secured by way of mortgage of company's immovable properties and hypothecation of moveable assets and by way of second charge on current assets of company and personal guarantee of two Directors.
- iv) Term loans from Banks include loans of **Rs.NIL** (Previous Year Rs.375.00 Lacs) secured by way of mortgage of immovable properties and hypothecation of moveable assets of the company ranking pari-passu with Banks/ Financial institutions and guaranteed by Managing Director.
- v) Term Loan of **Rs.NIL** (Previous Year Rs.5,849.96 Lacs) is Secured by collateral corporate Guarantee given by the Company and by pledging of 51% equity shareholding of company in subsidiary PT Jindal Stainless Indonesia with banks.
- vi) Term loans from Banks include sub debts term loans of **Rs.1,027.89 Lacs** (Previous Year Rs.Nil) secured by way of second charge on all movable and immovable fixed assets of the company ranking pari-passu with other Financial institutions/ Banks.
- vii) Term loans from Banks include loans of **Rs. 5,000.00 Lacs** (Previous Year Rs.Nil) secured by way of residual charge (ranking subservient to first and second charge holders) over movable fixed assets of the company.
- viii) Term Loan of **Rs.1,000.00 Lacs** (Previous Year Rs.NIL) is Secured by hypothecation of book debts and collateral corporate Guarantee given by the fellow subsidiary.

**C.** Secured by way of hypothecation of vehicles purchased thereunder.

**D.**

- i) Working capital loans of Rs.50,286.75 Lacs are secured by way of hypothecation of finished goods, raw-materials, work-in-progress, stores and spares, book debts and by way of second charge in respect of other moveable and immovable properties of the company ranking pari-passu with other Banks/ Financial Institutions.
- ii) Working capital loan of Rs.7,794.29 Lacs obtained by subsidiary PT. Jindal Stainless Indonesia is collateralized by accounts receivable, inventories and corporate guarantee given by the company.

## Schedule to the Consolidated Balance Sheet

DESCRIPTION	(Rs. in Lacs)	
	31.03.2008	31.03.2007
<b>SCHEDULE - "4"</b>		
<b>UNSECURED LOANS</b>		
0.50% Foreign Currency Convertible Bonds *	9,624.81	21,265.86
12% Fully Convertible Debentures of Rs.100 each #	-	400.00
Fixed Deposits	2,846.67	1,971.22
Loan From Banks	29,500.00	14,500.00
Loan From Others	7,100.00	5,000.00
Interest accrued thereon	19.00	-
Security Deposits from Agents / Dealers / Others	1,603.43	1,600.44
<b>TOTAL</b>	<b>50,693.91</b>	<b>44,737.52</b>

### NOTE:

\* 0.50% Foreign Currency Convertible Bonds (net of Indian Withholding Tax) were issued to foreign investors on 24th December, 2004 by the company, in terms of the Offering Memorandum dated 17th December, 2004. These Bonds at the option of the holder, may be converted into Equity Shares of normal value of Rs.2/- each at any time on or after 22nd January, 2005 at a pre-determined price of Rs.119.872 per share. Unless previously redeemed, repurchased and cancelled, or converted, the Bonds are redeemable at 129.939% of their principal amount on 24th December, 2009. Holders of 5,049 No. of Foreign Currency Convertible Bonds of USD 5000.00 each opted for conversion into Equity Shares of nominal value of Rs 2/- each at pre-determined price of Rs.119.872 per share during the year ended 31.03.2008

# 200,000 12% fully convertible debentures of Rs.100/- each are convertible into equity shares of Rs.10/- each at a premium of Rs.3.20 per share after one year from the date of allotment i.e. 30.03.2007.

200,000 12% fully convertible debentures of Rs.100/- each are convertible into equity shares of Rs.10/- each at a premium of Rs.9/- per share after one year from the date of allotment i.e. 31.03.2007.

### SCHEDULE - "5"

#### FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	COST AS ON 01.04.2007	ADDITIONS DURING THE YEAR	SALE/ADJUSTMENT DURING THE YEAR	TOTAL AS ON 31.03.2008	UPTO LAST YEAR	DURING THE YEAR	ON SALE/ADJUSTMENT	TOTAL UPTO 31.03.2008	31.03.2008	31.03.2007
LAND **	10,983.78	2,064.04	133.59	12,914.23	94.83	47.95	1.40	141.38	12,772.85	10,888.95
BUILDINGS	35,463.58	8,942.21	220.93	44,184.86	2,391.25	1,090.33	24.70	3,456.88	40,727.98	33,072.33
PLANT & MACHINERY	288,035.65	90,686.34	8,768.75	369,953.24	58,627.11	24,340.09	5,933.74	77,033.46	292,919.78	229,408.54
ELECTRIC INSTALLATION	9,708.18	70.39	-	9,778.57	464.91	529.37	-	994.28	8,784.29	9,243.27
VEHICLES	1,828.14	383.52	135.82	2,075.84	542.95	195.60	43.94	694.61	1,381.23	1,285.19
FURNITURE, FIXTURES & EQUIPMENTS	1,634.43	349.90	0.20	1,984.13	404.23	153.24	0.07	557.40	1,426.73	1,230.20
POWER LINE AND BAY EXTENSION ***	712.49	-	-	712.49	142.50	71.25	-	213.75	498.74	569.99
<b>INTANGIBLE ASSETS</b>										
TECHNICAL KNOW HOW	1,369.18	-	-	1,369.18	299.52	136.92	-	436.44	932.74	1,069.66
COMPUTER SOFTWARE	779.66	117.46	-	897.12	227.99	173.42	-	401.41	495.71	551.67
BUS Q SHELTER	-	1,383.23	-	1,383.23	-	13.56	-	13.56	1,369.67	-
<b>CONCESSION RIGHT</b>										
TOTAL	350,515.09	103,997.09	9,259.29	445,252.89	63,195.29	26,751.73	6,003.85	83,943.17	361,309.72	287,319.79
CAPITAL WORK IN PROGRESS **** {Including preoperative expenses pending allocation/capitalisation}	-	-	-	-	-	-	-	-	145,815.26	108,149.67
Previous Year	234,990.18	122,010.86	6,485.95	350,515.09	43,608.85	23,026.17	3,439.73	63,195.29	287,319.79	-

\* Depreciation during the year includes Rs.1.93 Lacs (Previous Year Rs.0.30 Lacs) considered under pre-operative expenses.

\* In Profit & Loss Account depreciation during the year include Rs. Nil (Previous Year Rs.0.08 Lacs) written back for previous year.

\*\* Include land acquired on lease amounting to Rs.3761.62 Lacs (Previous Year Rs.3653.02 Lacs) and amount amortised thereon during the period is Rs.47.96 Lacs (Previous Year Rs.47.47 Lacs).

\*\* Include Rs.948.55 Lacs (Previous Year Rs.Nil) jointly owned with other body corporate with 50% share.

\*\*\* Not owned by the company.

\*\*\*\* Include capital advances Rs.33701.84 Lacs (Previous Year Rs.15841.04 Lacs) and project inventory Rs.12453.30 Lacs (Previous Year Rs.19442.85 Lacs).

§ Sales/adjustment in respect of Gross Block and Depreciation includes Rs.(-)1137.08 Lacs (Previous Year Rs.(-)363.75 Lacs) and Rs.(-) 246.37 Lacs (Previous Year Rs.(-)87.96 Lacs) respectively for adjustment of Foreign Exchange Fluctuation.

## Schedule to the Consolidated Balance Sheet

### SCHEDULE - " 6 "

#### INVESTMENTS

#### DETAILS OF INVESTMENTS

Sr. No.	PARTICULARS	31.03.2008			31.03.2007		
		Nos.	Face Value (Rs.)	Amount (Rs. in Lacs)	Nos.	Face Value (Rs.)	Amount (Rs. in Lacs)
Current Investment - Non Trade (At Cost Less Provision)							
<b>A Mutual Funds / Debentures</b>							
1	DBS Floating Rate Fund	-	-	-	41,137,999	10.00	4,586.00
2	LIC Liquid Fund	-	-	-	49,175,753	10.00	6,676.50
3	Reliance liquidity Fund	4,112,789	10.00	500.00	-	-	-
4	Reliance liquid Plus Fund	46,195	1,000.00	505.00	-	-	-
5	SBI MICF Liquid Floater Plan	1,340	10.00	0.14	1,265	10.00	0.12
6	8.00% NCD JSW Steel Limited	266,594	22.97	44.21	266,594	53.46	104.92
Total (A)				1,049.35	11,367.54		
<b>B Equity Share Fully Paid Up - Quoted</b>							
1	Transport Corporation of India Limited	-	-	-	201,676	2.00	116.77
2	Bhartiya International Limited	114,609	10.00	65.50	114,609	10.00	128.02
3	Hotel LeelaVentures Limited	90,000	2.00	36.13	90,000	2.00	50.27
4	Central Bank of India	7,247	10.00	6.30	-	-	-
5	Mundra Port Ltd.	1,471	10.00	6.47	-	-	-
Total (B)				114.40	295.06		
Long Term Investment							
<b>A Govt./Semi Govt. Securities - Non Trade</b>							
1	12.40% Government of India Stocks (Face value Rs. 40 Lacs)	-	-	41.14	-	-	41.14
2	13.05% Government of India Stocks (Face value Rs. 40 Lacs)	-	-	-	-	-	40.66
3	National Savings Certificate *	-	-	1.17	-	-	0.77
4	8.40% Transmission Corp. of A.P. Ltd.	10	1,000,000.00	103.40	10	1,000,000.00	103.40
5	7.50% Bank of India	4	1,000,000.00	40.00	4	1,000,000.00	40.00
6	7.64% KSFC 2016	10	1,000,000.00	97.71	10	1,000,000.00	97.71
Total (A)				283.42	323.68		
<b>B Equity Share Fully Paid Up - Unquoted</b>							
1	Jab Resources Limited	3333067	15 Cents	179.58	-	-	-
Total (B)				179.58	-		
<b>C Equity Shares Fully Paid Up of Associate Company - Trade Unquoted</b>							
1	J.S.S. Steeltalia	2,326,000	10.00	232.60	-	-	-
Total (C)				232.60	-		
GRAND TOTAL				1,859.35	11,986.28		
* Lodged with Government Authorities as Security							
Aggregate value of Current Investment				1,163.75	11,367.56		
Aggregate value of unquoted investment				695.60	323.68		
Aggregate value of quoted investment				114.40	295.06		
Market value of quoted investment				116.45	295.06		

## Schedule to the Consolidated Balance Sheet

DESCRIPTION	(Rs. in Lacs)	
	31.03.2008	31.03.2007
<b>SCHEDULE - " 7 "</b>		
<b>INVENTORIES</b>		
(As taken, valued and Certified by the Management) (at lower of cost and net realisable value unless otherwise stated)		
i) Stores and Spares {Including material in transit Rs.3,842.17 Lacs (Previous Year Rs.908.19 Lacs)}	16,509.11	8,002.57
ii) Raw Materials {Including material in transit Rs.36,496.53 Lacs (Previous Year Rs.23,620.60 Lacs)}	75,959.51	49,171.83
iii) Finished Goods	88,194.27	34,549.94
iv) Trading Goods	242.02	299.75
v) Work in Progress	58,978.01	28,436.30
vi) Scrap (at estimated realisable value)	576.76	613.91
<b>TOTAL</b>	<b>240,459.68</b>	<b>121,074.30</b>
<b>SCHEDULE - " 8 "</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered good unless otherwise stated)		
Exceeding Six months		
i) Considered good	4,480.09	4,255.73
ii) Considered doubtful	82.67	126.04
Less: Provision	82.67	126.04
	4,480.09	4,255.73
Others - Considered good	62,526.02	49,218.94
<b>TOTAL</b>	<b>67,006.11</b>	<b>53,474.67</b>



## Schedule to the Consolidated Balance Sheet

DESCRIPTION	31.03.2008	31.03.2007
(Rs. in Lacs)		
<b>SCHEDULE - "9"</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	77.90	33.72
Cheques / Money in Transit (Note No. 13 of Schedule 20)	6,279.26	6,027.39
Stamps in Hand	1.55	3.70
Balance with Scheduled Banks		
In Current Accounts	2,256.50	3,251.48
In Fixed Deposit Accounts-in Indian Currency*	547.35	10,647.37
In Fixed Deposit Accounts-in Foreign Currency (Unutilised money out of ECB Proceeds)	66,615.50	-
Balance with Non-Scheduled Banks in Foreign Currency in Current A/c		
In ANZ Bank [Maximum Outstanding during the year <b>Rs.13.02 Lacs</b> (P.Y. Rs.9.41 Lacs)]	12.49	3.13
In ICBC Bank [Maximum Outstanding during the year <b>Rs.15.91 Lacs</b> (P.Y. Rs.23.94 Lacs)]	8.81	1.75
In Bank of China [Maximum Outstanding during the year <b>Rs.6.40 Lacs</b> (P.Y. Rs.1.85 Lacs)]	2.55	0.30
In SA Korea First Bank [Maximum Outstanding during the year <b>Rs.20.85 Lacs</b> (P.Y. Rs.22.10 Lacs)]	3.96	22.10
In ZAO Citi Bank, Moscow [Maximum Outstanding during the year <b>Rs.11.60 Lacs</b> (P.Y. Rs.Nil)]	11.60	-
In Raiffeisen Bank, Poland [Maximum Outstanding during the year <b>Rs.33.30 Lacs</b> (P.Y. Rs.Nil)]	0.23	-
In Standard Chartered Bank (Maximum Outstanding during the year <b>Rs.909.79 Lacs</b> (P.Y. Rs. 547.76 Lacs)}	339.60	328.37
In PT Bank Mega {(Maximum Outstanding during the year <b>Rs.110.93 Lacs</b> (P.Y. Rs.88.03 Lacs)}	30.05	22.30
In PT Bank Maspion {(Maximum Outstanding during the year <b>Rs.26.50 Lacs</b> (P.Y. Rs.40.77 Lacs)}	0.24	2.21
In Deutsche Bank {(Maximum Outstanding during the year <b>Rs.175.92 Lacs</b> (P.Y. Rs.40.77 Lacs)}	68.00	14.65
In Danamon Bank {(Maximum Outstanding during the year <b>Rs.18.43 Lacs</b> (P.Y. Rs.Nil)}	18.43	-
In DBS Bank {(Maximum Outstanding during the year <b>Rs.3803.23 Lacs</b> (P.Y. Rs.Nil)}	29.61	-
In HSBC Bank {(Maximum Outstanding during the year <b>Rs.300.88 Lacs</b> (P.Y. Rs.638.15 Lacs)}	169.92	141.90
In CITI Bank {(Maximum Outstanding during the year <b>Rs.14.75 Lacs</b> (P.Y. Rs.Nil)}	14.75	-
Balance with Non-Scheduled Banks in Foreign Currency in FDR A/c		
In Bank Mayapada Surabaya {(Maximum Outstanding during the year <b>Rs.189.27 Lacs</b> (P.Y. Rs.Nil)}	189.27	-
Puja & Silver Coins	0.04	0.04
<b>TOTAL</b>	<b>76,677.61</b>	<b>20,500.41</b>

\* **Rs.237.22 Lacs** (P.Y. Rs.22.18 Lacs) pledged against margin money for Bank Guarantees issued.

## Schedule to the Consolidated Balance Sheet

DESCRIPTION	(Rs. in Lacs)	
	31.03.2008	31.03.2007
<b>SCHEDULE - " 10 "</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good unless otherwise stated )		
Advances recoverable in Cash or in kind or for value to be received {Net of Provision of Rs.23.66 Lacs (P.Y. Rs.23.66 Lacs)}	48,906.67	39,212.13
Interest Accrued on Investments	965.69	19.69
Security Deposits	6,473.73	5,532.75
Pre-paid Taxes	27,206.22	21,084.89
MAT Credit Entitlement	1,089.42	-
Balance with Central Excise	7.01	11.35
<b>TOTAL</b>	<b>84,648.74</b>	<b>65,860.81</b>
<b>SCHEDULE - " 11 "</b>		
<b>CURRENT LIABILITIES</b>		
Acceptances	126,453.51	68,931.36
Sundry Creditors	87,636.49	82,223.04
Other Outstanding Liabilities	32,758.58	15,737.84
Due to Customers and others	4,962.96	5,366.41
Security Deposits	100.00	-
Interim Dividend Payable	-	2,211.54
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 not due		
i) Unpaid Dividends	148.61	122.64
ii) Unclaimed Matured Deposits	104.59	84.19
iii) Interest Accrued on (i) to (ii)	19.35	15.54
Interest Accrued but not due	5,784.96	4,990.47
<b>TOTAL</b>	<b>257,969.05</b>	<b>179,683.03</b>
<b>SCHEDULE - " 12 "</b>		
<b>PROVISIONS</b>		
For Taxation	25,457.92	20,630.04
Proposed Dividend on Equity Shares	3,242.70	552.88
Corporate Tax on Dividend	551.10	93.96
For Employee Benefits	558.79	415.58
<b>TOTAL</b>	<b>29,810.51</b>	<b>21,692.46</b>
<b>SCHEDULE - " 13 "</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	20.75	11.82
Add: Addition During the Year	19.38	18.56
Less : Written off During the Year	9.76	9.63
	30.37	20.75
Euro Issue Expenses	-	8.35
Less : Written off During the Year	-	8.35
Mine Development Expenses	230.58	193.23
Add : Additions During the Year	1,395.43	73.61
Less : Written off During the Year	38.51	36.26
	1,587.50	230.58
<b>TOTAL</b>	<b>1,617.87</b>	<b>251.33</b>

## Schedule to the Consolidated Balance Sheet

DESCRIPTION	31.03.2008	31.03.2007
(Rs. in Lacs)		
<b>SCHEDULE - " 14 "</b>		
<b>SALES AND OPERATIONAL INCOME</b>		
Sales	581,003.93	526,907.43
Job Charges Received	1,104.36	2,662.96
Consultancy Charges Received/Advertisement Income	94.40	86.81
Export Benefits	5,361.85	7,134.18
<b>TOTAL</b>	<b>587,564.54</b>	<b>536,791.38</b>
<b>SCHEDULE - " 15 "</b>		
<b>OTHER INCOME</b>		
Dividend Received on Current Investments	2.38	16.52
Profit on Sale of Investments (Net)	400.97	534.26
{On Current Investments Profit Rs.452.35 Lacs (P.Y. Rs.845.64 Lacs)}		
{On Current Investments Loss Rs.0.37 Lacs (P.Y. Rs.169.23 Lacs)}		
{On Current Investments Loss on Diminution in value Rs.52.96 Lacs (P.Y. Rs.167.17 Lacs)}		
{On Long Term Investments Profit Rs.1.95 Lacs (P.Y. Rs.25.92 Lacs)}		
{On Long Term Investments Loss Rs.Nil (P.Y. Rs.0.90 Lacs)}		
Previous Year Adjustment (Net)	273.20	68.60
{Expenses Relating to Earlier Years Rs.101.82 Lacs (P.Y. Rs.56.03 Lacs)}		
{Income Relating to Earlier Years Rs.26.28 Lacs (P.Y. Rs.53.74 Lacs)}		
{Liability No Longer Required Rs.348.74 Lacs (P.Y. Rs. 70.89 Lacs)}		
Lease Rent	8.48	3.00
Miscellaneous Receipt	2,126.41	1,155.81
Claims Received	133.28	68.85
<b>TOTAL</b>	<b>2,944.72</b>	<b>1,847.04</b>
<b>SCHEDULE - " 16 "</b>		
<b>MATERIAL, MANUFACTURING AND OTHERS</b>		
Raw Material Consumed	396,084.51	309,248.30
Goods Purchased for Sale	2,041.10	13,074.37
Stores and Spares Consumed	23,525.60	22,591.18
Carriage Inward	2,318.46	1,781.99
Power and Fuel	57,957.73	45,368.98
Repairs to Buildings	176.66	126.86
Repairs to Plant & Machinery	1,094.50	1,227.38
Job Work Expenses	1,142.83	1,443.43
Other Manufacturing Expenses	4,161.35	2,889.36
<b>TOTAL - A</b>	<b>488,502.74</b>	<b>397,751.85</b>
<b>(INCREASE)/ DECREASE IN STOCK</b>		
Opening Stock		
Finished Goods - Manufactured	34,549.94	29,916.52
Trading Goods	299.75	121.59
Scrap	613.91	204.96
Work in Progress	28,436.30	12,127.28
<b>TOTAL - B</b>	<b>63,899.90</b>	<b>42,370.35</b>
Closing Stock		
Finished Goods - Manufactured	88,194.27	34,549.94
Trading Goods	242.02	299.75
Scrap	576.76	613.91
Work in Progress	58,978.01	28,436.30
<b>TOTAL - C</b>	<b>147,991.06</b>	<b>63,899.90</b>
<b>INCREASE IN STOCKS - D (B - C)</b>	<b>(84,091.16)</b>	<b>(21,529.55)</b>
Excise Duty on account of Increase/(Decrease) in stock of Finished Goods (E)	5,954.00	757.93
<b>GRAND TOTAL (A + D + E)</b>	<b>410,365.58</b>	<b>376,980.23</b>

## Schedule to the Consolidated Balance Sheet

	(Rs. in Lacs)	
DESCRIPTION	31.03.2008	31.03.2007
<b>SCHEDULE - "17"</b>		
<b>PERSONNEL</b>		
Salaries, Wages, Bonus and other benefits	11,877.18	8,168.15
Contribution to Provident and other funds	567.72	451.97
Workmen and Staff Welfare	576.40	385.86
<b>TOTAL</b>	<b>13,021.30</b>	<b>9,005.98</b>
<b>SCHEDULE - "18"</b>		
<b>ADMINISTRATIVE AND SELLING</b>		
Rent	456.55	185.30
Lease Rent	10.44	4.56
Rates and Taxes	53.66	48.86
Insurance	516.79	593.71
Legal and Professional	1,909.15	1,825.26
Postage, Telegram, Telex and Telephone	477.31	326.93
Printing and Stationery	318.05	257.96
Travelling and Conveyance	1,017.10	822.96
Directors' Meeting Fees	5.16	5.55
Vehicle Upkeep and Maintenance	268.81	152.73
Auditors' Remuneration	39.53	31.30
Selling Expenses	1,114.28	943.47
Freight & Forwarding Expenses	9,656.61	11,036.54
Commission on Sales	4,197.56	5,076.54
Provision for Doubtful Debts & Advances	-	23.66
Bad Debts	Rs.64.70 Lacs (P.Y. Rs.411.67 Lacs)	21.33
Less : Provision for Doubtful Debts, reversed	Rs.43.37 Lacs (P.Y. Rs.403.34 Lacs)	8.33
Advertisement & Publicity	569.40	437.12
Miscellaneous Expenses	1,506.29	1,172.89
Donation	867.30	390.81
Discount & Rebate	1,943.12	1,969.19
Loss on Sale/Discard of Fixed Assets (Net)	561.36	1,729.99
{Profit of Rs.2.04 Lacs (P.Y. Rs.6.50 Lacs) on sale}		
{Loss of Rs.533.97 Lacs (P.Y. Rs.9.12 Lacs) on sale}		
{Loss of Rs.29.43 Lacs (P.Y. Rs.1727.37 Lacs) on discard}		
<b>TOTAL</b>	<b>25,509.80</b>	<b>27,043.66</b>
<b>SCHEDULE - "19"</b>		
<b>INTEREST AND BANK CHARGES</b>		
<b>INTEREST ON</b>		
Fixed Loans	13,709.98	8,775.06
Others	9,031.81	6,824.41
Financial Expenses / Bank Charges	1,987.78	1,190.23
	24,729.57	16,789.70
Less: Interest received		
Interest on Securities (Net)	29.96	67.53
{TDS Rs.6.16 Lacs (Previous Year Rs.55.99 Lacs)}		
{Including interest on Current Investments Rs.1.94 Lacs (Previous Year Rs.53.35 Lacs)}		
Loans & Advances	99.57	1,620.28
{TDS Rs.111.58 Lacs (Previous Year Rs.399.77 Lacs)}		
Banks	64.32	75.53
{TDS Rs.14.06 Lacs (Previous Year Rs.17.88 Lacs)}		
From Debtors	1,546.32	1,661.89
{TDS Rs.527.19 Lacs (Previous Year Rs.135.07 Lacs)}		
Foreign Exchange Gain (Net)	5,491.90	5,063.97
{Including MTM Loss of Rs.264.00 Lacs (Previous Year Rs.Nil)}		
Others	126.62	134.09
	7,358.69	8,623.29
<b>TOTAL</b>	<b>17,370.88</b>	<b>8,166.41</b>

## Notes to Consolidated Accounts

### SCHEDULE - '20'

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENT OF THE COMPANY AND ITS SUBSIDIARIES

##### 1. SIGNIFICANT ACCOUNTING POLICIES:

###### i) Basis of Preparation of Financial Statements:

Jindal Stainless Ltd. has prepared consolidated financial statements by consolidating its accounts with those of its following subsidiaries and associate, as on 31.03.2008, in accordance with Accounting Standard 21(Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) issued by The Institute of Chartered Accountants of India.

Name of Subsidiaries	Country of Incorporation	%age Shareholding/Voting Power	
		31.03.2008	31.03.2007
PT Jindal Stainless Indonesia	Indonesia	99.99%	99.99%
Jindal Stainless Steelway Limited	India	81.91%	81.91%
Jindal Architecture Limited	India	72.99%	99.94%
Austenitic Creations Private Limited	India	74.15%	91.05%
Jindal Stainless UK Limited	UK	100.00%	*100.00%
Jindal Stainless FZE	UAE	100.00%	100.00%
Jindal Stainless Italy s.r.l. #	Italy	*100.00%	*100.00%
Green Delhi BQS Private Limited	India	67.79%	N.A.
Parivartan City Infrastructure Private Limited	India	99.70%	N.A.
Jindal Stainless Madencilik Sanayi Ve Ticaret Ananim Sirketi	Turkey	89.99%	N.A.
Associate			
J.S.S. Steeltalia Limited	India	27.02%	N.A.

\* Un-audited statements have been considered for the purpose of consolidation.

# Step down Subsidiary of Jindal Stainless UK Limited.

- ii) The financial Statements of parent Company and its subsidiaries have been consolidated on line-by-line basis by adding together book value of like items of assets, liabilities, income, and expenses after eliminating intra-group balances and intra- group transactions. In case of associate, where Company holds directly or indirectly through subsidiaries 20% or more equity or / and exercises significant influence, investments are accounted for by using equity method. In accordance with Accounting Standard (AS) 23 – “Accounting for investments in associates in Consolidated Financial Statements”.
- iii) Foreign Subsidiaries- Operations of Foreign subsidiaries has been considered by management non-integral; thus items of the assets and liabilities, both monetary and non-monetary, have been translated at the exchange rates prevailing at the end of the year and items of income and expenses have been translated at the average rate prevailing during the period. Resulting exchange differences arising on translation of said items have been transferred to Foreign Exchange Translation Reserve Account.
- iv) Since foreign subsidiaries are in same line of business which function in different regulatory environment, certain policies such as in respect of depreciation/amortisation, retirement benefits etc. differ than the policies followed by the holding company. The notes on accounts and policies followed by subsidiaries and holding company are disclosed in their respective financial statements.
- v) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with Parent company’s financial statements.

##### 2. Contingent Liabilities not provided for in respect of:

Particulars	(Rs. in Lacs)	
	31.03.2008	31.03.2007
a) Counter Guarantee given to Company’s Bankers for the guarantee given by them on behalf of Company.	6,584.37	3,119.11
b) Letter of Credit outstanding.	153,128.88	45,991.20
c) Bills discounted by banks.	15,426.54	18,360.75
d) i) Sales tax Demands against which Company has preferred appeals.	3.00	94.13
ii) Excise Duty/Service Tax Show Cause Notices/Demands against which company has preferred appeals.	5,281.01	2,419.85
iii) Income tax Demands against which Company has preferred appeals.	2,076.48	-
e) Guarantee given to custom authorities for import under EPCG Scheme.	15,226.45	6,549.21
f) Demand made by Sr. Dy. Director of Mines, Notified Authority, Jajpur Road Circle, Orissa as cess on Chromite Ore production. The matter being pending with Hon’ble Supreme Court.	320.49	320.49
g) Demand raised by NESCO in respect of power purchases. The company has filed Writ petition with Hon’ble High Court of Orissa.	-	1,332.34

## Notes to Consolidated Accounts

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) **Rs. 229,193.59 Lacs** (Previous Year Rs. 65,681.71 Lacs).
4. Appeals in respect of certain assessments of Sales Tax / Income Tax are pending and additional tax liabilities/refunds, if any, are not determinable at this stage. Adjustments for the same will be made after the same are finally determined. In the opinion of management there will not be material liability on this account.
5. After evaluation of the Technical and Commercial bids, The Industrial Infrastructure Development Corporation of Orissa Ltd. (IDCOL) had recommended JSL as Joint Venture partner for developing 505 Hectares of Chromite Ore Mine near Tangarapada Area in Dhenkanal District, Orissa, which was challenged in the Hon'ble High Court of Orissa by other interested parties. The Hon'ble High Court quashed the recommendation of IDCOL and advised for fresh tender. Aggrieved by the Order of the High Court, Special Leave Petitions were filed by the affected parties in the Hon'ble Supreme Court, who after hearing the parties directed IDCOL to take decision on the basis of original Technical Bids and revised Financial Bids – if submitted – by the respective parties.
6. In accordance with the accounting treatment prescribed in Accounting Standard AS-11 “Effects of Change in Foreign Exchange Rates” notified in the Companies (Accounting Standards) Rules, 2006, the Company has started accounting for exchange differences arising on loan / liabilities incurred to acquire fixed assets from outside India in profit & loss account instead of adjusting the same to the cost of such fixed assets followed hitherto. This revised accounting treatment has no material impact on profit for the year.
7. The Company had entered into an Agreement with M/s North Eastern Electricity Supply Company of Orissa Ltd. (NESCO) for purchasing Power for its Unit at Orissa. The Company has made payment for the monthly energy bills till February, 2006 as per calculations made by NESCO. However, based on legal advice received, the Company has contended that NESCO has calculated the charges in violation of the Agreement with it / relevant Tariff Order and the OERC (Condition of Supply) Code and filed a Writ Petition in the Hon'ble High Court of Orissa for refund of excess amount paid. During the year, the Company has settled out of court with M/s NESCO the pending dispute on account of tariff classification & paid **Rs 2,288.00 Lacs** as one time settlement and charged to revenue.
8. The company has been granted approval for developing Sector Specific SEZ in Orissa vide notification no. 1472 dated 28th November, 2007 by Ministry of Commerce, Government of India over an area of 351.18 Acres. The Company has spent an amount of **Rs.47,866.00 Lacs** (Previous Year Rs.Nil) on the SEZ which is shown under Capital Work In Progress, as on 31st March, 2008.
9. During the financial year 2007-08 the company had filed writ petition in Hon'ble High Court of Orissa challenging the validity of Entry Tax Act, 1999.  
The Hon'ble High Court of Orissa vide their order dated 16.05.2007 granted stay to the execute of depositing 50% of the Entry Tax demand raised by the Commercial Tax Department. Subsequently in Feb-08, the Hon'ble High court disposed off the writ petition, the impact of which will be assessed on receipt of the certified copy of the order.  
However the company has provided full liability for Entry Tax in the books of account during the year while deposited of 50% amount with the department. The outstanding amount of liability on this account as on 31st March, 2008 was **Rs.351.64 Lacs**.
10. During the year the company received show cause notice dated 12.12.07 from the Commissioner of Central Excise, Bhubaneswar of Rs. 2,002 Lacs asking to reversal of Cenvat credit on Cement, Reinforcement Steel and Structural Steel used in the foundations, other civil structures and in fabrication of various Plant & Machinery for the period March,04 to April,07. The company is in the process of reply, with consultation of legal experts.
11. The State Government of Haryana promulgated an Ordinance on 05.05.2000 for levy of Local Area Development Tax (LADT) on manufacturing units in the State of Haryana on purchases made outside the State either for sale on consignment basis or transfer of stock to their branches for sale. On the Special Leave Petition filed by the Company before the Hon'ble Supreme Court against the Order of the Punjab & Haryana High Court, Hon'ble Supreme Court had issued an Interim Order asking Company to deposit due amount in installments and file returns with the Authorities. Liability in this regard has been provided for fully. During the previous year, on appeal of the Company, the High Court of Punjab & Haryana vide its Order dated 14th March, 2007, held that the levy of the LADT is not in the compensating nature of tax in terms of the parameters laid down by the Hon'ble Supreme Court (certain other Hon'ble Courts have also passed similar Orders). The final Order of the Hon'ble Supreme Court on above is pending.
12. Pursuant to the announcement by ICAI on “Accounting for Derivatives” and AS-1 enunciating “Principles of Prudence”, the company has accounted losses **Rs.3,613.27 Lacs** (Including Marked to Market loss **Rs.266.60 Lacs**) during the year on account of hedging its nickel exposure. The same has been treated as an Extra-Ordinary item.
13. In terms of the approval of the Shareholders obtained at the Extraordinary General Meeting of the Company held on 20th October, 2006, the Company has issued and allotted, 21,500,000 warrants (face value of Rs.103/- each and amount paid-up of Rs.10.30 each) on 26th October, 2006, to Promoter Group on preferential basis, to finance the long term corporate fund. The holders of each warrant will be entitled to apply for and be allotted one equity share of Rs.2/- each of the Company, at a price of Rs.103/- (including Rs.101/- on account of premium), any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. Of the above, the holders of **7,150,000 Nos.** (Previous Year 6,800,000 Nos.) warrants have exercised the option and were allotted one equity share per warrant. Total amount received of **Rs. 6,637.60 Lacs** (excluding money-in transit of **Rs.4,473.43 Lacs**)(Previous Year Rs.8,518.10 Lacs) has been utilised towards financing of Long Term corporate fund including capital expenditure for ongoing expansion of company projects. Subsequent to balance sheet date, 7,550,000 warrants holders have exercised the options and were allotted equal nos. of equity shares at predetermined price of Rs.103/- (including premium of Rs.101/-).
14. Certain balances of sundry debtors, sundry creditors are subject to confirmation and/or reconciliation.

## Notes to Consolidated Accounts

### 15 Segment Reporting:

- i) Information about Business Segment (for the year ended on 31.03.2008)  
Company operates in a Single Primary Segment (Business Segment) i.e. Stainless Steel products.
- ii) Secondary Segments (Geographical Segment)

(Rs. in Lacs)

Sr. No.	P A R T I C U L A R S	2007-08			2006-07		
		Within India	Outside India	Total	Within India	Outside India	Total
1	Revenue	400,889.79	186,674.75	587,564.54	296,235.51	240,555.88	536,791.39
2	Segment Assets	835,070.32	115,201.79	950,272.11	591,911.29	55,369.76	647,281.05
3	Capital Expenditure incurred during the year	137,210.98	5,728.13	142,939.11	144,519.47	3,471.95	147,991.42

### 16 Related Party Transactions

#### A List of Related Party & Relationship (As identified by the Management)

##### a) Key Management Personnel :

- 1 Smt. Savitri Jindal Chairperson
- 2 Shri Ratan Jindal Vice Chairman & Managing Director, Managing Director in Jindal Stainless FZE & Jindal Stainless UK Limited
- 3 Shri V.S. Jain Managing Director & CEO (till 25.10.2007)
- 4 Shri R.G. Garg Managing Director & COO
- 5 Shri Arvind Parakh Director - Strategy & Business Development (w.e.f. 21.01.2008)
- 6 Shri N.C. Mathur Director - Corporate Affairs
- 7 Shri Rajinder Parkash Executive Director
- 8 Shri N.P. Jayaswal Executive Director
- 9 Shri A.P. Garg Sr. Vice President & Company Secretary
- 10 Shri Sanjeev Pandiyya Sr. Vice President & Chief Financial Officer (till 31.07.2007)
- 11 Shri S.S. Virdi Executive Director, Jindal Stainless Steelway Limited, Jindal Architecture Limited and Green Delhi BQS Pvt. Limited
- 12 Shri Avinash Gupta Director, Jindal Architecture Limited
- 13 Smt. Deepika Jindal Managing Director, Austenitic Creations Private Limited
- 14 Shri Sugato Bose Director, Austenitic Creations Private Limited (till 27.08.2007)
- 15 Shri D.S. Kamboj Director, Austenitic Creations Private Limited (w.e.f. 27.08.2007)
- 17 Shri Rajiv Rajvanshi Director, Green Delhi BQS Private Limited and Parivartan Citi Infrastructure Private Limited
- 18 Shri Ankur Agrawal Director, Parivartan Citi Infrastructure Private Limited

##### b) Key Management Personnel's Relatives :

- 1 Smt. Megha Gupta Consultant, Jindal Architecture Limited

##### c) Enterprises over which Key Management Personnel and their relatives exercise significant influence with whom transactions have been taken place during the year:

- 1 Jindal Steel & Power Limited
- 2 JSW Steel Limited
- 3 Jindal Saw Limited
- 4 Jindal Industries Limited
- 5 Nalwa Steel & Power Limited (Formerly Nalwa Sponge Iron Limited)
- 6 Nalwa Sons Investment Limited
- 7 Bir Plantation Private Limited
- 8 Bharat Metals
- 9 Sona Bheel Tea Limited
- 10 Jindal Overseas Holding Limited
- 11 Jindal Transworld Private Limited

##### d) Associates

- 1 J.S.S. Steelitalia Limited

## Notes to Consolidated Accounts

(Rs. in Lacs)

B	Description	2007-08			2006-07	
		Key Management Personnels	Enterprises controlled by Key Management Personnels & their Relatives	Associates	Key Management Personnels	Enterprises controlled by Key Management Personnels & their Relatives
	Transactions :					
1	Purchase of Goods	-	3,545.19	-	-	5,527.78
	Jindal Steel & Power Limited*	-	2,896.97	-	-	4,867.03
	Jindal Industries Limited	-	495.19	-	-	-
	Others	-	153.03	-	-	660.75
2	Sale of Goods	-	6,362.30	-	-	3,130.57
	JSW Steel Limited	-	1,143.61	-	-	-
	Jindal Steel & Power Limited**	-	4,893.66	-	-	2,696.14
	Others	-	325.03	-	-	434.43
3	Job Work Charges Paid	-	-	-	-	13.45
	JSW Steel Limited	-	-	-	-	13.45
4	Receiving of Services (Remuneration paid)	1,700.72	-	-	912.20	-
	Shri Ratan Jindal	1,242.19	-	-	561.31	-
	Others	458.53	-	-	350.89	-
5	Rent Received	15.60	3.31	-	13.80	3.60
	Shri Ratan Jindal	15.60	-	-	13.80	-
	Jindal Saw Limited	-	3.31	-	-	3.00
	Others	-	-	-	-	0.60
6	Rent Paid	-	3.60	-	1.61	3.60
	Bir Plantation Private Limited	-	3.60	-	-	3.60
	Smt.Sushma Gupta	-	-	-	1.61	-
7	Loan & Advances Given	-	-	214.13	50.00	1,745.09
	Shri Arvind Parakh	-	-	-	50.00	-
	Nalwa Sons Investments Limited	-	-	-	-	1,745.09
	J.S.S. Steelitalia Limited	-	-	214.13	-	-
8	Loan & Advances Recovered	-	-	214.13	10.00	4,749.21
	Nalwa Sons Investments Limited	-	-	-	-	4,749.21
	J.S.S. Steelitalia Limited	-	-	214.13	-	-
	Others	-	-	-	10.00	-
9	Interest Income	-	6.95	2.56	5.25	259.41
	JSW Steel Limited	-	6.95	-	-	148.52
	Nalwa Sons Investments Limited	-	-	-	-	110.89
	J.S.S. Steelitalia Limited	-	-	2.56	-	-
	Others	-	-	-	5.25	-
10	Interest Paid	-	14.92	-	-	44.32
	Jindal Saw Limited	-	14.92	-	-	40.41
	Others	-	-	-	-	3.91



## Notes to Consolidated Accounts

B Description		(Rs. in Lacs)				
		2007-08		2006-07		
		Key Management Personnels	Enterprises controlled by Key Management Personnels & their Relatives	Associates	Key Management Personnels	Enterprises controlled by Key Management Personnels & their Relatives
Transactions :						
11	Sharing of Exp. Reimbursed	-	57.00	-	-	40.17
	Jindal Steel & Power Limited	-	32.44	-	-	13.40
	Jindal Saw Limited	-	18.00	-	-	18.98
	Bir Plantation Private Limited	-	-	-	-	7.16
	Others	-	6.56	-	-	0.63
12	Sharing of Exp. Recovered	-	114.79	3.14	-	59.02
	JSW Steel Limited	-	13.11	-	-	-
	Jindal Steel & Power Limited	-	54.85	-	-	18.40
	Nalwa Sons Investments Limited	-	-	-	-	10.40
	Jindal Saw Limited	-	40.83	-	-	27.62
	Others	-	6.00	3.14	-	2.60
13	Reimbursement of Services	-	-	-	2.68	-
	Smt. Megha Gupta	-	-	-	2.68	-
14	Equity Share Capital Subscribed	-	-	-	40.56	-
	Smt. Deepika Jindal	-	-	-	40.56	-
15	Equity Share Warranrs Issued	-	-	-	7,570.50	-
	Shri Ratan Jindal	-	-	-	7,570.50	-
16	Equity Shares Issued Against Share Warranrs	3,682.25	3,682.25	-	-	-
	Shri Ratan Jindal	3,682.25	-	-	-	-
	Jindal Overseas Holding Limited	-	3,682.25	-	-	-
17	Amount Received against Share Warrants	4,297.58	6,813.45	-	757.05	-
	Shri Ratan Jindal	4,297.58	-	-	757.05	-
	Jindal Overseas Holding Limited	-	6,813.45	-	-	-
18	Redemption of 8% NCD JSW Steel Ltd.	-	60.95	-	-	1,051.25
	JSW Steel Limited	-	60.95	-	-	1,051.25
	Outstanding Balance as on 31.03.2008 :					
19	Loans & Advances- Receivable	-	25.99	-	-	50.00
	Nalwa Steel & Power Limited	-	25.00	-	-	25.00
	Bir Plantation Private Limited	-	-	-	-	25.00
	Others	-	0.99	-	-	-
20	Receivables	-	1,704.07	3.14	-	1,759.83
	Jindal Steel & Power Limited	-	1,689.87	-	-	1,746.14
	Others	-	14.20	3.14	-	13.69
21	Payables	768.55	1,305.94	-	561.31	2,445.75
	Shri Ratan Jindal	768.55	-	-	561.31	-
	Jindal Steel & Power Limited	-	323.46	-	-	1,203.68
	Jindal Saw Limited	-	919.24	-	-	1,022.20
	Others	-	63.24	-	-	219.87
22	Investments	-	44.21	-	-	104.93
	JSW Steel Limited	-	44.21	-	-	104.93

Note :- \* Purchase of Ferro Chrome/Sponge Iron Limited, Raigarh on arm length prices.

\*\* Includes sale of Chrome Ore of Rs.4,850.70 Lacs (Previous Year Rs. 2,445.00 Lacs) on arm length prices.

## Notes to Consolidated Accounts

### 17 Earning Per Share (EPS) computed in accordance with Accounting Standard 20 "Earning Per Share".

	(Rs. in Lacs)	
	2007-08	2006-07
A) Basic		
Net Profit after Tax before Extra Ordinary Item as per P & L A/c	30,267.17	33,711.28
Net Profit after Tax after Extra Ordinary Item as per P & L A/c	26,653.90	33,711.28
Weighted Average No. of Equity Shares for Basic EPS (Face value Rs. 2/- per share)	144,377,626	131,893,192
Basic EPS (in Rs.) Before Extra Ordinary Item	20.96	25.56
Basic EPS (in Rs.) After Extra Ordinary Item	18.46	25.56
(B) Diluted :		
Net Profit after Tax before Extra Ordinary Item as per P & L A/c	30,267.17	33,711.28
Net Profit after Tax after Extra Ordinary Item as per P & L A/c	26,653.90	33,711.28
Add: Interest & Fluctuation on Euro Bonds / FCCB (net of tax)	(109.31)	68.82
Profit before Extraordinary Item attributable to Equity Share Holders	30,157.86	33,780.10
Profit after Extraordinary Item attributable to Equity Share Holders	26,544.59	33,780.10
Weighted Average No. of Equity Shares for Basic EPS	144,377,626	131,893,192
Add : Weighted average of Potential equity shares outstanding as on 31st March,2008	11,921,088	18,915,413
Add : Weighted average of Potential equity shares converted during the year	3,940,698	655,409
Weighted average No. of Equity Shares for Diluted EPS (Face value Rs. 2/- per share)	160,239,412	151,464,014
Diluted EPS (in Rs.) Before Extra Ordinary Item	18.82	22.30
Diluted EPS (in Rs.) After Extra Ordinary Item	16.57	22.30

## Notes to Consolidated Accounts

### 18 DEFERRED TAX LIABILITY (NET) COMPRISES OF THE FOLLOWING AS ON 31.03.2008

(Rs. in Lacs)

Particulars	2007-08			2006-07		
	Balance as at 31.03.2007	Charge/ (Credit) for the year	Balance as at 31.03.2008	Balance as at 31.03.2006	Charge/ (Credit) for the year	Balance as at 31.03.2007
A) Deferred Tax Liability						
Difference between book & tax depreciation	39,834.60	11,067.60	50,902.20	28,331.51	11,503.09	39,834.60
Difference between book & tax land right amortization*	33.41	(32.24)	1.17	36.33	(2.92)	33.41
Total Deferred Tax Liability - A	39,868.01	11,035.36	50,903.37	28,367.84	11,500.17	39,868.01
B) Deferred Tax Assets						
1 Disallowance under Section 43B	104.95	934.38	1,039.33	5.00	99.95	104.95
2 Amortization under Section 35D	0.40	-	0.40	(2.41)	2.81	0.40
3 Provision for doubtful debts & advances	42.31	(14.91)	27.40	162.90	(120.59)	42.31
4 Provisions for Employee Benefits	114.83	-	114.83	73.83	41.00	114.83
5 Brought forward long term/ short term capital losses	31.32	-	31.32	18.89	12.43	31.32
6 Fiscal Loss*	-	-	-	617.78	(617.78)	-
7 Post Employment Benefit*	12.68	35.57	48.25	5.07	7.61	12.68
8 Disallowance under Income Tax	13.57	6.30	19.87	4.98	8.59	13.57
9 Carry Forward Losses	263.70	397.71	661.41	150.80	112.90	263.70
10 Provision for MTM Losses & Diminution in Investments	-	255.09	255.09	-	-	-
Total Deferred Tax Assets - B	583.76	1,614.14	2,197.90	1,036.84	(453.08)	583.76
Deferred Tax Liability (Net) (A-B)	39,284.25	9,421.22	48,705.47	27,331.00	11,953.25	39,284.25

\* Relates to Foreign Subsidiary and include on account of foreign currency fluctuation **Rs.1.86 Lacs** (Previous Year Rs.4.43 Lacs).

- 19 a) Managerial remuneration paid / payable by a subsidiary company amounting to **Rs. 33.40 Lacs** ( Previous Year Rs. 23.52 Lacs) is in excess of limit prescribed under Schedule XIII of the Companies Act and is subject to approval of Central Government.
- b) Managerial remuneration paid / payable by the company amounting to **Rs.26.82 Lacs** (Previous Year Rs. 21.49 Lacs) is subject to approval of shareholders in General Meeting.
- 20 Previous year's figures have been re-arranged and / or regrouped wherever considered necessary.
- 21 Schedule 1 to 20 are annexed to and form integral part of the Balance Sheet and Profit & Loss Account.

#### AUDITORS' REPORT

In terms of our report of even date annexed hereto

for LODHA & CO.  
Chartered Accountants

( N.K. LODHA )  
Partner (Membership No. 85155)

for S.S. KOTHARI MEHTA & CO.  
Chartered Accountants

( ARUN K. TULSIAN )  
Partner (Membership No. 89907)

PLACE : New Delhi  
DATED : 22nd July, 2008

RATAN JINDAL  
Vice Chairman & Managing Director

ARVIND PARAKH  
Director - Strategy & Business Development

A.P. GARG  
Sr. Vice President & Company Secretary

R.G. GARG  
Managing Director & Chief Operating Officer

RAJINDER PARKASH  
Executive Director

SANDEEP SIKKA  
Head - Corporate Finance

Directors  
SUMAN JYOTI KHAITAN  
T.R. SRIDHARAN  
L.K. SINGHAL

## Consolidated Cash Flow Statements For The Year Ended 31st March, 2008

Particulars	2007-08		(Rs. in Lacs) 2006-07	
	Amount	Amount	Amount	Amount
<b>A. Cash Inflow / (Outflow) from Operating Activities</b>				
Net Profit Before Tax & Exceptional Item	43,458.92		55,368.68	
Adjustment for :				
Depreciation / Amortisation	26,749.80		23,025.79	
Provision for Doubtful Debts & Advance / Bad Debts	21.33		31.99	
Prior period Adjustments (Liability Written Back)	(347.91)		(70.89)	
Misc. Expenses Written Off	48.27		54.24	
Misc. Expenses Incurred	(1,414.81)		(92.17)	
Unrealised Exchange Fluctuation Loss / (Gain)	(1,486.11)		(2,812.69)	
Interest and Bank Charges	22,862.78		13,230.38	
Dividend Income	(2.38)		(16.52)	
(Profit) / Loss on Sale of Investments (Net)	(400.97)		(534.26)	
(Profit) / Loss on Sale/Discard of Fixed Assets (Net)	561.36		1,729.99	
Operating Profit Before Working Capital Changes	90,050.28		89,914.54	
Adjustment for :				
(Increase) / Decrease in Inventories	(119,385.38)		(44,954.56)	
(Increase) / Decrease in Sundry Debtors	(12,610.22)		(22,109.75)	
(Increase) / Decrease in Loans & Advances	(9,601.10)		(14,047.44)	
Increase / (Decrease) in Current Liabilities	79,089.89		79,437.46	
Cash Inflow from Operating Activities Before Exceptional Items	27,543.47		88,240.25	
Extraordinary Items	(3,613.27)		-	
Income Tax (Advance) / Refund (Net)	(6,172.59)		(8,298.80)	
Net Cash Inflow from Operating Activities		17,757.61		79,941.45
<b>B. Cash Inflow / (Outflow) from Investing Activities</b>				
Sale/Redemption/(Purchase) of Investment (Net)	10,527.90		16,011.59	
Capital Expenditure (including advances for capital expenditure)	(132,439.97)		(142,004.45)	
Sales Proceeds of Fixed Assets Sold	2,694.08		1,316.31	
Dividend Received	2.38		16.52	
Interest Received	2,008.77		4,646.29	
Net Cash Outflow from Investing Activities		(117,206.84)		(120,013.74)

## Consolidated Cash Flow Statements For The Year Ended 31st March, 2008

Particulars	2007-08		(Rs. in Lacs) 2006-07	
	Amount	Amount	Amount	Amount
<b>C. Cash Inflow / (Outflow) from Financing Activities</b>				
Dividend Paid (including Corporate Dividend Tax)	(2,854.86)		(2,374.09)	
Interest and Finance Charges Paid	(34,721.78)		(22,790.11)	
Proceeds from / (Repayment of) Borrowings (Net)	182,316.29		54,859.27	
Issue of Equity share warrants	6,637.60		8,518.10	
Minority Interest	187.78		166.65	
Net Cash Outflow from Financing Activities		151,565.03		38,379.82
<b>D. Change in Currency Fluctuation arising on Consolidation</b>		(412.03)		1,217.25
Net Changes in Cash & Cash Equivalents		51,703.77		(475.22)
Cash & Cash Equivalents (Closing Balance)	72,204.18		20,500.41	
Cash & Cash Equivalents (Opening Balance)	20,500.41		20,975.63	
Net Changes in Cash & Cash Equivalents		51,703.77		(475.22)
Notes :				
1) Cash and Cash Equivalents includes :-				
Cash, Cheques and Stamps in hand	1,885.28		6,064.81	
Balance with Banks	70,318.86		14,435.56	
Puja & Silver Coins	0.04		0.04	
	72,204.18		20,500.41	

- 2) Cash and cash equivalent excludes Money in transit of **Rs. 4473.43 Lacs** (P.Y. Rs. Nil) being proceeds of equity share warrants.
- 3) Increase in Paid-up Share Capital and Securities Premium are cash neutral and as such not considered in this statement.
- 4) Previous year's figures have been regrouped and rearranged wherever considered necessary.

### AUDITORS' REPORT

In terms of our report of even date annexed hereto

for LODHA & CO.  
Chartered Accountants

(N.K. LODHA )  
Partner (Membership No. 85155)

for S.S. KOTHARI MEHTA & CO.  
Chartered Accountants

(ARUN K. TULSIAN )  
Partner (Membership No. 89907)

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Head - Corporate Finance

Directors  
SUMAN JYOTI KHAITAN  
T.R. SRIDHARAN  
L.K. SINGHAL

## Statement pursuant to exemption received under section 212 (8) of the Companies Act,1956 relating to subsidiary companies

Particulars	(Rs. in Lacs)										
	Subsidiary Companies										
	PT Jindal Stainless Indonesia*	Jindal Stainless Steedway Limited	Jindal Architecture Limited	Jindal Austenitic Creations Private Limited	Jindal Stainless UK Limited*	Jindal Stainless Italy s.r.l.*	Jindal Stainless FZE *	Green Delhi BQS Pvt. Ltd.	Parivartan City Infrastructure Pvt. Ltd.	Jindal Stainless Madencilik Sanayi ve Ticaret Anonim Sirketi	
Capital (Including Share application Money)	4,918.31	1,716.69	566.27	2,079.28	79.42	6.32	653.40	10.00	1.00	15.28	
Reserve & Surplus (Net of Misc. Exp.)	1,073.34	2,721.17	134.26	(850.62)	53.75	6.33	413.25	0.94	(13.27)	(22.87)	
Total Assets	42,976.08	13,295.03	7,698.46	5,213.58	182.58	31.27	1,067.09	3,930.41	146.21	18.66	
Total Liabilities	36,984.43	9,089.91	6,997.93	3,984.92	49.41	18.62	0.44	3,919.47	158.48	26.25	
Investment	-	232.74	-	-	-	-	-	-	-	-	
Turnover	60,279.92	17,593.07	4,989.95	2,032.77	220.41	47.14	789.74	93.46	94.40	-	
Profit Before taxation	474.28	961.60	290.56	(1,202.79)	56.84	11.47	354.18	3.94	(16.96)	(24.63)	
Provision for Taxation	200.91	333.15	120.25	(390.08)	16.05	3.81	-	1.43	(5.22)	-	
Profit After Taxation	273.37	628.45	170.31	(812.71)	40.79	7.66	354.18	2.51	(11.74)	(24.63)	
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	
Reporting Currency	Indonesian Rupiah (Rp.)	Indian Rupee (INR)	Indian Rupee (INR)	Indian Rupee (INR)	Pounds (GBP)	Euro	Dirham (AED)	Indian Rupee (INR)	Indian Rupee (INR)	Yeni Turk Lirasi (YTL)	

As required under para (iii) of the Approval Letter dated June 6, 2008 issued by Ministry of Company Affairs.

\*Indian Rupee equivalents of the figures given in foreign currencies, have been given based on exchange rate as on 31.03.2008.

INR 1 = Rp.	232.558
INR 1 = GBP	0.01259
INR 1 = EURO	0.01582
INR 1 = AED	0.09183
INR 1 = YTL	0.03273



Registered Office

O.P. Jindal Marg, Hisar-125 005 (Haryana) India.

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