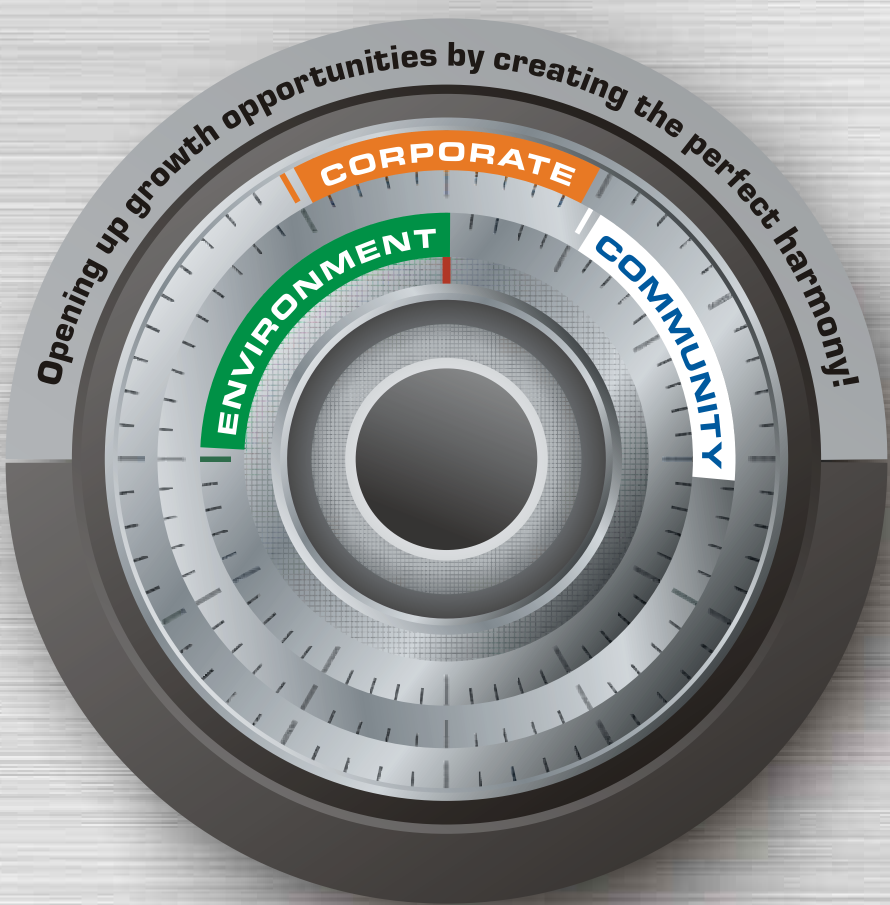
JINDAL




# ANNUAL REPORT 2008-2009

JSPL

JINDAL STEEL & POWER LIMITED

TAKING INDIA AHEAD

Unlocking a storehouse
of wealth and diversity
for the nation, community
and our stakeholders alike...

# We succeeded. And took the world along.

The US$ 2.1 billion (Over Rs. 10,000 crore) Jindal Steel & Power Limited (JSPL), part of the US$12 billion (Over Rs. 60,000 crore) Jindal Group, registered a compounded annual growth rate in net sales of 96% in 2008-09 and Profit After Tax (PAT) of Rs. 3007.15 crore. Good numbers any time; extraordinary, in a year of unprecedented economic distress. But the JSPL story goes beyond cold statistics. For, even in the midst of a particularly frosty economic winter, the company remained wedded to its ideals, scripting a story of growth marked by enterprise, innovation and most important, social responsibility. Remarkably, at the peak of a chilling recession when companies the world over slipped into a limbo, JSPL strode out with confidence, committing more than US$ 30 billion of investments in the steel, power and mining space.

This is because of its trust in the inherent strength of its business and faith in the possibilities of the future-faith that took it beyond its shores in search

of exciting business opportunities and enhanced shareholder value.

JSPL will be investing US$ 2.1 billion on building steel, pellet, sponge iron and a power plant in Bolivia where it acquired development rights for 20 billion tonnes of iron ore in 2007. In January this year, the company made a significant natural gas find in the eastern part of the South American country. Similarly, its relatively new oil business is literally going places. JSPL has acquired 5 blocks for exploration in crude rich Georgia. The quest is on for opportunities in countries like Mozambique and Madagascar and for diamonds in Chhattisgarh, Jharkhand and the Democratic Republic of Congo.

In short, beyond impressive statistics, for JSPL the 12 months have been a journey of exciting growth and equally of enduring compassion for its people, environment and society. And it has been rewarding too. For, in this period JSPL has won several awards for its business practices.

# Vision that thinks for everyone

"To bring about a big change you have to start from the bottom. The nation can't progress without the upliftment of the weaker and backward sections of the society. And it is the leader who can take along the common man in the journey of such a change. It is my conviction that our society and country can achieve the impossible if every individual stands for it. And this is how I aspire to take my organization forward."

O.P. Jindal

**Late Shri O.P. Jindal**
Founding Chairman

# Vision that saw the light of the day

**Smt. Savitri Jindal**
Chairperson

Smt. Savitri Jindal finds life's biggest contentment in seeing her late husband's dream transforming into a living reality. With new pride everyday, she sees JSPL spreading hope across the country with its welfare projects. An astute leader, she guides the ever growing group as it navigates diverse streams and emerges as a multi-crore conglomerate. She motivates the group to follow the values of ethical corporate governance, so close to her late husband's heart. And like him, she too encourages corporate social responsibility initiatives in the fields of education, healthcare and empowerment of the economically deprived, that has transformed the company into what it is today.

**Naveen Jindal**
Executive Vice Chairman
and Managing Director

# Leaders grow with the nation

It gives me immense pleasure to chronicle the achievements of Jindal Steel & Power through the last year, which, I believe, will be remembered as an important turning point in the group's history. It was a period we can be justly proud of for many reasons, none more important than the fact that despite daunting economic challenges we moved ahead decisively, holding up the ideals and the vision of our founding father, Shri. O.P. Jindal. His triangle philosophy of growth is stronger than ever and is at the heart of our corporate philosophy.

In terms of numbers too, 2008-09 has been nothing less than spectacular. Today our net sales stand at Rs.10851.01 crore which translates into a compounded annual growth rate of 96%. Our Profit After Tax (PAT) of Rs. 3007.15 crore is also remarkable.

It is achievements like these that have helped India march ahead with energy even as other nations collapsed under the weight of the worst recession in human history since the 1930s. As a company we have not only consolidated our position at home but also expanded globally. In the future too, I have no doubt that we will continue to contribute substantially to the country's emergence as a global power.

As its captain, I wish to salute the committed workforce of JSPL for our outstanding achievements.

Over the year, JSPL has upgraded its existing facilities and commissioned new ones as it enters a decade that should see its steel production capacity multiply to 30 million tons. In the next ten years, JSPL together with its subsidiary Jindal Power Limited (JPL) will have the capacity to generate 12,000 MW of power helping the country deliver on its promise of "affordable power for all by 2012".

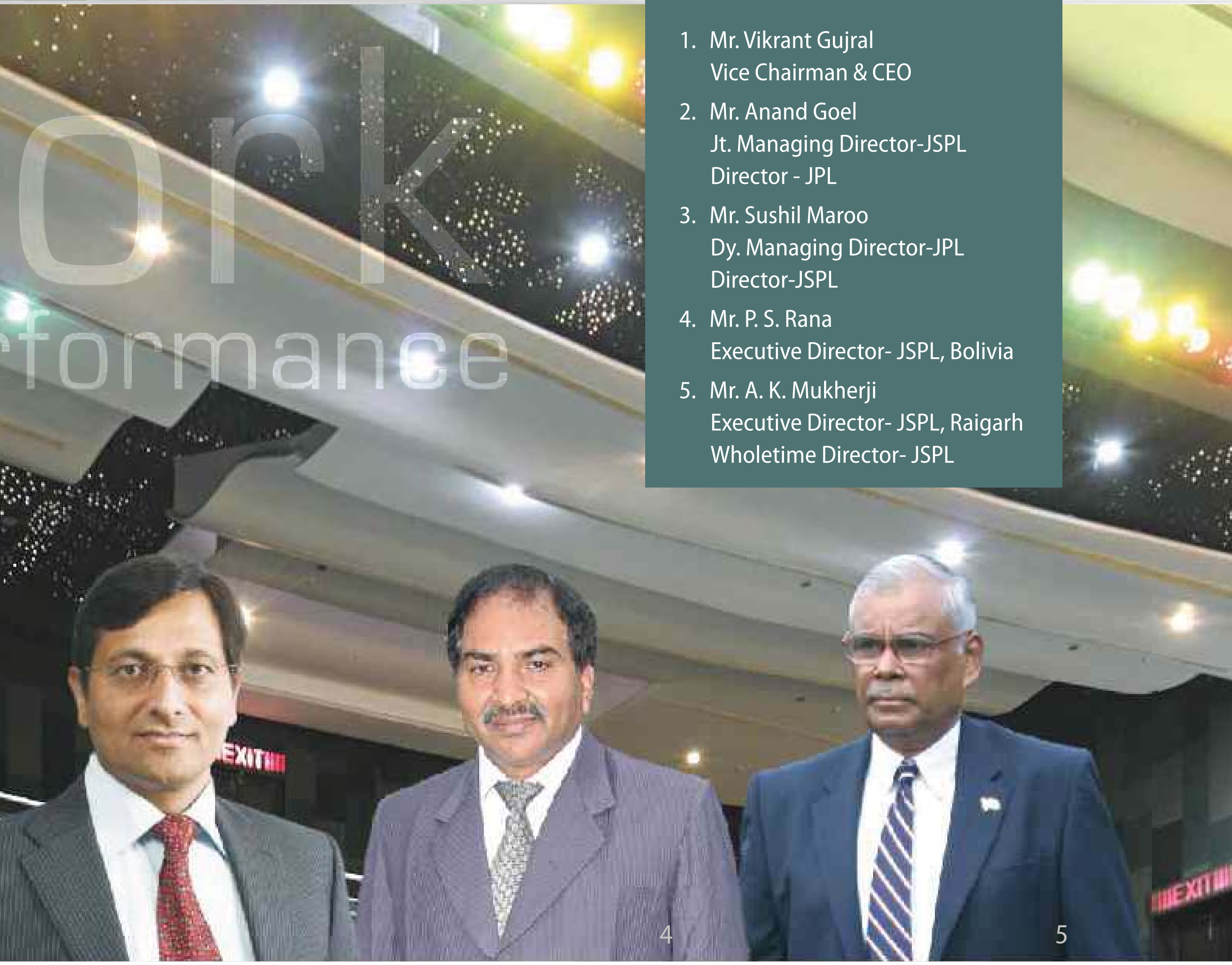
Our expansion beyond India too has been impressive. Starting with the successful bid for development rights on 20 billion tons of iron ore at the El Mutun mines in Bolivia, we have made significant progress in our quest for similar opportunities in mineral-rich countries like Mozambique and Madagascar. We have acquired 5 blocks for oil exploration from crude rich Georgia. Indeed, backed by innovative business practices at home and our ventures overseas, we have succeeded in establishing ourselves as leaders in our business space.

However, heartening as these facts are, nothing gives us more pleasure than our social outreach programmes which bring hope and cheer to countless lives across some of the most backward regions in the states of Chhattisgarh, Orissa and Jharkhand. Not only are these states home to our industrial plants that provide direct and indirect employment to a large number of people, they are also the biggest beneficiaries of our award-winning social endeavours aimed at empowering the weakest and enabling environmentally friendly business practices.

In future too, we are committed to sticking to our inimitable path of growth where social benefit and business profit work together.


## Teamwork, the platform for the triangle philosophy

It is cliché to say that an organization is only as strong as its work-force. But few companies understand this as well as JSPL whose people practices have been widely recognized as being among the best in business. In July 2009, industry leaders and management gurus from the country's premier business school IIM-A chose JSPL for the inaugural SAIL HR Award For Excellence in Human Resource Management in recognition of its excellent people practices. Earlier, a study conducted by the country's most read business magazine, Business Today, named JSPL "as one of the best places to work in India". Not surprisingly, the 15,000-strong work-force at JSPL continues to raise the bar for efficiency and set




1. Mr. Vikrant Gujral
   Vice Chairman & CEO
2. Mr. Anand Goel
   Jt. Managing Director-JSPL
   Director - JPL
3. Mr. Sushil Maroo
   Dy. Managing Director-JPL
   Director-JSPL
4. Mr. P. S. Rana
   Executive Director- JSPL, Bolivia
5. Mr. A. K. Mukherji
   Executive Director- JSPL, Raigarh
   Wholetime Director- JSPL

standards for organizations across the corporate space. We as an organization fully understand the value of taking care of our people and know that our continued growth depends entirely on teamwork: thousands of people, shop-floor workers, engineers, managers and technocrats, joining hands and working as one. It is because of this that we have emerged victorious through good and bad times alike.

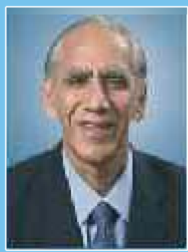
In the future too, we will continue to reward the creativity of our employees and rely on their sincerity and commitment to turn JSPL into a world-class company. Alongside, our senior staff will continue to encourage and mentor fresh talent and help them achieve their potential.

# JSPL Board of Directors

**Smt. Savitri Jindal**
(Chairperson)

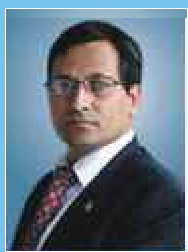
**Mr. Naveen Jindal**
(Executive Vice Chairman & Managing Director)

**Mr. Ratan Jindal**
(Director)

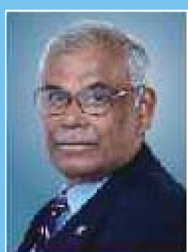


**Mr. Vikrant Gujral**
(Vice Chairman & CEO)

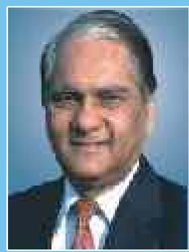
**Mr. Anand Goel**
(Jt. Managing Director)



**Mr. Sushil Maroo**
(Director)

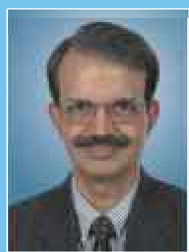


**Mr. A.K. Mukherji**
(Wholetime Director)



**Mr. R.V. Shahi**
(Director)

**Mr. Arun K. Purwar**
(Director)



**Mr. Ashok Alladi**
(Wholetime Director)

**Mr. Haigreve Khaitan**
(Director)

**Mr. Hardip Singh Wirk**
(Director)

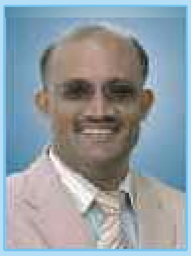
**Mr. Rahul Mehra**
(Director)

**Mr. S. Ananthakrishnan**
(Nominee Director IDBI Bank Ltd.)

# Other Key Members

**Mr. D.N. Abrol**
Executive Director
Raw Material

**Mr. N. D. Rao**
Executive Director
Mines



**Mr. Rajesh Jha**
Executive Director
Project (Angul)

**Mr. D.K. Saraogi**
President
Project (Angul)

**Mr. G. D. S. Sohal**
Executive Director
Cement Plant

**Mr. P. S. Rana**
Executive Director
JSPL, Bolivia

**Mr. N. A. Ansari**
Executive Director
Project (Patratu)

The
achievements
of a CORPORATE
is a product of
combined
individual efforts...

1Million Ton capacity Plate Mill at Raigarh

# Casting a better future for the society

## Jindal Steel & Power Limited

As a leader, JSPL aims to achieve excellence through dynamic thinking, the untiring efforts of its workforce, and concern for the world. With its cost-efficient technology, it continues to energize the lives of millions of people in an environmentally friendly way. It takes great strength and commitment to think equally about business profits and social good. At JSPL, however, this is an inviolable article of faith.

Aerial view of the JSPL Plant, Raigarh

**Highlights:**

- Setting up bases for producing steel and mining across the globe
- It is the largest private sector investor in Chhattisgarh
- It is an ISO 9001 & ISO 14001 certified company
- Manufacturer of the longest rail in the world (120 meters)
- The first to produce the 3.5 meter wide steel plates
- Pioneered the manufacture of Hot Rolled Parallel Beam and Columns in medium and large sizes
- Owns the world's largest coal based sponge iron manufacturing unit that includes captive mines and power plant

**Recognition:**

- Winner of SAIL-HR Award for excellence in Human Resource Management 2009
- Listed among Top-20 "Best Companies To Work For" by Business Today – 2009
- Winner of eight Environment Awards between 2003 & 2008
- Winner of six National Energy Conservation Award between 2001 & 2007
- Listed as one of the ten fastest growing large size companies by Dalal Street, 2006
- Listed as one of the ten most investor friendly companies by Dalal Street, 2006
- Winner of six Performance Awards between 2001 & 2005
- Among the top 20 investor friendly companies listed by Business Today in 2004
- Winner of three Safety Awards and two HR Awards
- Nominated as one of the emerging companies by Economic Times in 2001
- ISO certificate for the TRB mines in Tensa

**Billets :** Semi Finished Product

**Rounds :** Semi Finished Product

**Beam Blank :** Semi Finished Product

**120 meter long track rails**

**Parallel Flange Beams**

At JSPL we have deployed cutting edge technology to craft products of the highest quality.

# Saying it with Steel

Hot Rolled Plates upto 3.5 meter

Hot Rolled Coils

Columns

Channels

Fabricated Beams

The
purpose of
life is to EXPAND
the horizons
of success...

# Moulding a strong nation

## Coal to Liquid Project

JSPL has an impressive track record of being involved in many ground-breaking initiatives. The latest being the prestigious Coal to Liquid (CTL) project.

In competition against some of the biggest names in steel, oil & gas space in the country that applied for the CTL project, the government has chosen and allotted the Ramchandi Promotional Coal Block in the Angul district of Orissa with coal reserves of 1500 MT to JSPL. When complete, the Rs. 42,000 crore project will enhance energy security by reducing the country's dependence on imported crude. The project includes a CTL plant, a power plant and coal mining facility. It will produce 80,000 barrels per day (4.0 MMTPA) crude using the Indirect Coal Liquification Technology developed by M/S Lurgi of Germany for the first time in India.

The meticulously planned project will use the only commercially proven technology for processing liquid fuel from high ash coal-the Fixed Bed Dry Bottom Technology from Lurgi. Also, this project will maximise diesel production (up to 60-70%) by using the low temperature Fischer Tropsch (FT) process. The first company to venture into the coal gasification business in India, JSPL's plant will be using technology that is proven to be environmentally-friendly. The crude produced by the process will have very low Polyaromatics content. Harmful by-products like $CO_2$ and Sulphur will be captured and used in the fertilizer industry or for inert purposes. Similarly, the ash generated will be used for road building, brick making, cement manufacturing and back filling of mines.

# Striding ahead at home

## Investments for a Futuristic Chhattisgarh

JSPL has contributed substantially to the development of Chhattisgarh, home to its flagship factories, mines and other facilities. Here are some of its achievements in that area:

- Added 270 MW of power generation capacity
- Built medium structural mill
- Set up pipe conveyor that connects the mines to the plant
- Upgraded mini blast furnace
- Created a fabrication unit in the O P Jindal Industrial Estate
- Signed MOU with the Government of Chhattisgarh for setting up an additional 7.0 MTPA steel plant in phases and a 1600 MW power plant with an investment of over Rs 26,000 crore
- Installed a division for manufacturing cranes
- Dedicated India's first 3.5-metre plate mill to the nation on August 7, 2008
- Created capability of Live Gas Line Welding job at Raigarh Plant for the first time in India
- Achieved 55812 MT production at Kiln-7, 8 and 9
- Made 80/20 ton Overhead Crane operational at Machinery Division, Raipur
- Building coal gasification plant and JSPL power plant near the mines at Tamnar
- Signed contract with Sinosteel MECC for its 1.90 MT stamp-charging coke oven batteries
- Installed coal dryer at Dongamouha for its Open Cast Coal Mines, Mega Coal Mines and Coal Washeries


# Investment for a prosperous Jharkhand

At Jharkhand, the company plans to produce 11 MTPA of steel and 2600 MW of power in phases with a combined investment of over Rs. 27,000 crore

| | |
|---|---|
| **At Asanboni:** | |
| **Steel:** | **5.0 MTPA** |
| **Power:** | **1000 MW (CPP)** |
| **At Patratu:** | |
| **Steel:** | **6.0 MTPA** |
| **Power:** | **1609 MW (CPP)** |

**Developments at Jharkhand:**

- JSPL has acquired the assets of closed Bihar Alloys & Steel Ltd. at Patratu, about 40 kms from Ranchi
- The company is using the procured land to set up the new steel and power plants, which would provide gainful employment to a large number of people and will also help in the economic and infrastructure development of the region
- Foundation Stone for the plant was laid by Shri. Madhu Koda, Hon'ble Chief Minister of Jharkhand on 18th March, 2007
- Feasibility Report and Detailed Project Report completed by MECON for the Steel Plant.
- Complete plant layout frozen, site activities like leveling started, basic engineering in progress
- Bar Mill of 1 MT and Wire Rod Mill of 0.6 MT capacity already ordered and civil structural work has started
- Jeraldaburu Iron Ore Mines, Jitpur Coal Block and Amrakonda-Murgadangal Coal Block allocated

# Investments for a stronger Orissa

With an investment of over Rs. 40,000 crore, JSPL aims to produce 12.5 MTPA steel in two phases and generate 2500 MW of power over the next ten years in Orissa. In addition, the company has created a rack loading facility at the TRB mines.

**Development at the Angul Project:**

- To be set up on 5750 acres of land, 93% of which is barren, the Angul Project would help reduce carbon emission to a large extent.
- The technology to be adopted for this Integrated Steel Plant will be the DRI/BF/EAF route. The DRI Plant has the unique feature of using Syn Gas from the Coal Gasification Plant as a reductant. The DRI/Coal Gasification route is being used for the first time in the world and is capable of using high ash coal of the sort predominantly available around project site.
- Setting up of DRI plant of 2.0 MTPA capacity and plate mill of 1.5 MTPA capacity. The power plant is already operational.
- Plate Mill of 1.5 MTPA has been ordered and the Hot Strip Mill is planned to be finalized by 2010.

| | |
|---|---|
| **Phase I** | |
| **Steel:** | **6.0 MTPA** |
| **Power:** | **900 MW (CPP)** |
| **Phase II** | |
| **Steel:** | **6.5 MTPA** |
| **Power:** | **1600 MW (CPP)** |

# Jindal Power Limited

# Power to society, power to lives

## Jindal Power Limited

As evident in its financial results Jindal Power Ltd, a subsidiary of Jindal Steel and Power Ltd, has grown rapidly both on sales and profits over 2008-2009.

**Net Sales - Rs. 3257.48 Crore**
**Profit After Tax - Rs. 1581.93 Crore**

**Present & Future :**

Jindal Power Limited (JPL) has commissioned a 1000 MW (4x250 MW) O P Jindal Super Thermal Power Plant near Tamnar, a village in the Raigarh District of Chhattisgarh. This, the first Mega Power Project in the private sector, is running to full capacity.

In the years ahead the company will significantly scale up its capacity and it has, to this end, drawn up a detailed investment strategy and signed up MoUs with the Governments of Chhattisgarh and Jharkhand for setting up a 2520 MW power project with proposed investment of Rs. 11,340 crore and a 2640 MW (4x660 MW) power project with a proposed investment of Rs. 11,880 crore, respectively.

JPL has been a front runner in the industry in the areas of social support and environment management. When commissioned, all its projects will help improve the availability of electricity to both the common man and industry.

# Empowering tomorrow

In the past year, Jindal Power Limited has taken significant steps towards expanding its operations. Firstly, it is expanding the capacity of its Tamnar plant in Chhattisgarh by adding 2400 MW at an estimated cost of Rs.12,800 crore. The company has already placed order on Bharat Heavy Electricals Limited (BHEL) for supply, erection and commissioning of 4x600 MW Boiler Turbine Generator (BTG) package. Secondly, it has signed an MOU with the state government of Jharkhand to set up 2640 MW thermal power plant with an investment of Rs.11,880 crores. And finally in the hydro sector, JPL has planned two hydroelectric projects and has aggressive blueprint to increase domestic power production to help in contributing towards achieving Government of India's goal of "affordable power for all by 2012".

## Unleashing a powerful future

### Hydroelectric Projects in Arunachal Pradesh

JPL has signed a Memorandum of Agreement with the Government of Arunachal Pradesh to develop the 4000 MW Etalin Hydroelectric Project and 500 MW Attunli Hydroelectric Project in Arunachal Pradesh on Build, Own, Operate and Transfer basis (BOOT) for a period of 40 years from the Commercial Operation Date. The 4000 MW Etalin Project is in fact the nation's biggest ever and it is expected to generate 16072 million units annually. The projects will be implemented as a Joint Venture with Hydro Power Development Corporation of Arunachal Pradesh Limited (A Government of Arunachal Pradesh Enterprise) with equity holding of 74% (JPL) and 26% (APHY). Both are run-of-the river hydroelectric projects and will together substantially augment the supply of power in the state.


Bolivia celebrates the signing of the agreement between JSPL & Government of Bolivia

## Realising dreams responsibly

JSPL Global has expanded beyond national boundaries to countries like Bolivia, South Africa and Mozambique.

- Jindal Steel Bolivia and Mecon Ltd. sign agreement for engineering, design and consultancy to set up steel and gas power plants in South America
- In Mozambique, the process for exploring coal and chromite gains momentum
- Exploration on in Madagascar for limestone to build a cement plant
- With a main office in Johannesburg, South Africa (Headquarters), Kinshasa in DRC, Maputo and Tete in Mozambique, an office (under planning) in Madagascar and field camps in Banalia, Lubao and Kahemba, JSPL has established itself across Africa. It is also active in Georgia, China and Indonesia

# Reaching out to the world

With its expertise, Jindal Steel & Power Ltd is not only targeting fresh businesses and development in India but is also reaching out to the globe with a range of investment strategies. The company continues to capitalize on opportunities in high growth markets, expand its core areas and diversify into new businesses.

With the development rights for 20 million tonnes of El Mutun Iron Ore Reserves in Bolivia, JSPL plans to invest US$ 2.1 billion in the next few years on mining and on setting up an integrated 1.7 MT Steel Plant, 6 MT Sponge Iron and 10 MT Iron Ore Pellet Plant. This will be the largest investment by an Indian company in South America and also the largest investment by a foreign company on a single project in Bolivia. The project is expected to generate gainful employment for thousands of people while also catalyzing economic growth for the Republic of Bolivia.

The company is also exploring steel production and mining projects in Brazil & Mongolia. Mr. Naveen Jindal has already led a delegation to Mongolia and an agreement is expected soon.

Jindal Rex Exploration Pvt. Ltd. is a joint venture with Rex Diamond Mining Company headquartered in Canada and operational centre at Belgium. With this venture, it has diversified into exploring gold and precious stones including diamond in Chhattisgarh, Jharkhand and the Republic of Congo.

**Technical Alliances :**

JSPL has sewn up technical services agreement with a number of companies. Among them are JFE of Japan for cutting edge technology to produce long rails that will ensure faster and safer rail travel, Lurgi, South Africa, for producing Syn Gas from coal Danieli, Italy for producing Direct Reduced Iron (DRI), an environment friendly project, VAI-Siemens to set up a 5.0 meter wide plate mill, which can also be used for ship building.

**Investment in Bolivia**
**US$ 2.1 billion in the next 8 years**

| | |
|---|---|
| **Pellet Plant:** | **10 MTPA** |
| **Sponge Iron Plant:** | **6 MTPA** |
| **Steel Plant:** | **1.7 MTPA** |
| **Power Plant:** | **450 MTPA** |


Mr. Evo Morales, President of Bolivia (standing fourth from right) visiting the Palmar Gas Field of GTL International in Bolivia

Mr. Naveen Jindal, EVC & MD, JSPL and Hon'ble Minister of Energy, Mr. Alexandre Khetaguri, Democratic Republic of Georgia at the signing ceremony of the Production Sharing Contracts at Tbilisi on 15th January, 2009

# Fueling an economy of growth

## Jindal Petroleum Ltd

Since its recent entry into the oil and gas sector, Jindal Petroleum Limited has acquired seven oil and gas blocks in different parts of the world, including five in Georgia, one in Bolivia and one in India. Petroleum business is of key significance to the Group, which is quite evident from the fact that Mr. Naveen Jindal has already led a delegation to sign contracts with the Georgian Government for the exploration of the blocks and oil production. With an investment commitment of US $ 200 Million (Rs. 1000 crore), the company is also working on several other projects in the same sector.

Mr. Naveen Jindal, EVC & MD, JSPL and Mr. Sushil Maroo Director, Jindal Petroleum Ltd. with the President of Georgia, His Excellency, Mr. Mikheil Saakashvili

## National Spread-out

Jindal Petroleum has been awarded one Exploration Block in Rajasthan with an estimated recoverable reserve of 500 BCF in the VIIth bidding round under the "New Exploration and Licensing Policy" of Government of India. It is also contemplating venturing into refining and marketing of petroleum products as well as transportation and storage facilities for crude oil and natural gas.

## Jindal Petroleum goes overseas

### Bolivia

M/s GTL International in Bolivia, a JSPL subsidiary, is currently engaged in developing the Palmar Field having an estimated recoverable reserve of 24.7 BCF Gas and 0.87 MMBBL of condensate.

### Georgia

In 2008, Jindal Petroleum won 4 Exploration Blocks in the Overseas Exploration Bidding Round in Georgia. Subsequently, Jindal Petroleum has also acquired 1 Producing Block in Georgia. The five blocks have a total estimated recoverable reserve of 234 MMBBL of Crude Oil and 840 BCF of Gas. All exploration & production in Georgia is undertaken by "Jindal Petroleum (Georgia) Limited" an affiliate of Jindal Petroleum Ltd.

JSPL Windmills at Satara, Maharashtra

# The winds of hope and energy

## JSPL Windmills

Last year, JSPL embarked on a plan to set up a 24 MW wind energy project at Satara in Maharashtra. It has planned to establish 16 windmills of 1.5 MW each, out of which 10 started generating power in March 2009. The rest will become operational by next year. Made of steel, the windmills stand 85 meters tall with rotor blades made of 77-meter-wide glass reinforced fibre. All the windmills are situated within 1 km radius of each other and are connected with a 33 kV double circuit transmission line to the 132/33 kV sub-station of Maharashtra State Electricity Transmission Company Ltd (MSETCL).

# Building an India of dreams

## Jindal Cement Ltd.

JSPL has taken its interest in diversification a step further by entering the cement sector. JSPL plans to set up a 2.0 million tonnes/annum capacity slag and fly ash cement plant at Raigarh, Chhattisgarh. An MOU between the government of Chhattisgarh and JSPL was signed on March 30, 2007 for installing the cement plant close to the existing steel unit at Raigarh. The project will be completed in two phases. In the first, the construction of a 0.5 MTPA slag grinding unit and in the second phase, the 2.0 MTPA cement plant will be completed.

Leading growth

and

development...

## Growing responsibly

At JSPL, we are always mindful of making a substantive difference to the quality of life of people across social segments, be it through education or delivery of superior health services. And in these endeavours we work in partnership with communities and the government.

## Spreading Education

Education being a priority issue in our CSR agenda, we have taken a number of initiatives in this sphere. Some of these steps are:

- 10+2 co-educational O.P. Jindal School
- Foundation stone laid for residential school for Tribal Girl Students
- AICTE affiliated 0 P Jindal Institute of Technology spread over 25 acres with state-of-the-art infrastructure
- Sh. Navin Patnaik inaugurated the Residential High School at Baidpaali Village in Sundergarh for the education of tribal girls on January 22, 2009
- Schemes to improve infrastructure of existing schools initiated at Benagadia High School and Panpur Primary School
- Modular Employment Scheme (MES) classes have started in order to provide vocational training to school dropouts, existing workers and unemployed youth to improve their employment capacity
- JSPL has renovated several schools, distributed books and furniture and runs evening coaching centers and adult education classes
- O.P. Jindal Institute of Technology and Skills trains youth under Modular Employment Schemes (Welder, Electrician & MMV)
- JSPL supports self-help groups for imparting vocational training in tailoring to women.
- Teachers and students of the University of Texas, Dallas visited the Open Cast Mines at Dongamahua and Raigarh Facility on November 3, 2008

## Providing health care

Offering easy access to medical and other essential facilities is an important aspect of JSPL's social initiative. With its many charitable clinics and hospitals, the company provides world-class health facilities.

**Some Highlights:**

- Inauguration of multi-specialty O.P. Jindal Hospital and Research Center on 07th August, 2008
- Mobile Health Clinic provides basic healthcare services in adjoining villages
- More than 3000 families have benefited so far from various medical camps organized
- De-worming of livestock, vaccination camps and vitamin supplementary schemes initiated to improve nourishment of animals
- Regular health check-up camps in villages by specialist doctors & specialized camp for cataract eye operation
- Participation in government schemes such as Pulse Polio Vaccination campaign, AIDS Awareness and Diarrhea Control campaigns
- Mega camps for livestock, vaccination, de-worming & dehorning and distribution of medicines & vitamins


## Striving for community development

It has always been our attempt to fulfill our social responsibilities. And this goes beyond providing health and educational facilities. Our modest contributions to upgrading infrastructure like roads, parks, sewage and sanitation and programmes to reform villages are a testimony to our sense of social responsibility.

**Highlights :**

- JSPL participated in Chhattisgarh State Festival organised by CII and Chhattisgarh State Industrial Development Corporation.
- Three ITI's at District Raigarh, Chhattisgarh taken over by JSPL under public private partnership scheme
- Adoption of more than 42 villages for overall upgradation
- Other initiatives include adoption of various government run ITI's in Chhattisgarh
- Electrification programmes carried out at village Nisa and village Bada Mahitala.
- Community Development schemes including construction of community centre, roads, deep bore wells and pumps undertaken.

The
goal of life is
living in agreement
with
ENVIRONMENT...

# The future is green with JSPL

The company has always been known for striking the right balance between environment and growth. To ensure that all its plants conform to the best environmental standards it conducts regular environmental impact assessments for air, water, soil quality and the local ecosystem. Beyond fulfilling legal requirements, the company ensures that every drop of water used in the manufacturing process is recycled and used for greening its campuses. Coal rejects are used for generating power. The residue (fly ash) is used in the construction of roads, houses for employees and other buildings. Waste heat generated during the production of sponge iron is used for the generation of electrical power.

For Jindal Steel & Power Limited, caring for the environment is not a responsibility, it is a passion.

## Recognitions and Awards

- Won Srishti Green Cube Award for Good Green Governance in 2008 and 2007
- 1500 trees were planted in the premises of O.P. Jindal Institute of Technology on 21st October, 2008
- Sh. Naveen Jindal addresses United Nations on "Global Warming" on 09th June, 2008
- Won Golden Peacock Environment Management Award in 2003 and 2008
- Won Golden Peacock Eco Innovation Award, 2007
- Won Greentech Environment Excellence Award in 2003, 2006 and 2007
- Won National Energy Conservation Award in 2001, 2002, 2003, 2004, 2005 and 2007

## Major steps taken towards promoting a greener environment:

- Practices world class environmental management systems, utilizing the best available technology including Electro Static Precipitators (ESPs), 24/7 monitoring centers and state-of-the-art emission control facilities
- Implemented Total Productive Maintenance (TPM) for preventive maintenance and better process control
- Adopted 3 R's namely Reuse, Recycle and Reduce to convert waste into environmental wealth
- Fly-Ash brick making, vermi-compositing and rainwater harvesting for maximizing recycling of resources
- Environmental Laboratory for analysis of air, water, soil samples, noise and meteorological parameters
- Large-scale bio diversified afforestation by planting over 2.0 million saplings, horticulture gardens, nature parks with landscaping over 22 % of the steelworks site are integral to JSPL's Plantation drive
- Kamla-Nehru Park, Raigarh developed and being/maintained by JSPL with an investment of over Rs. 25 lacs
- Distribution of saplings from JSPL nurseries to nearby villages to promote ecological conservation


CCI
CCI

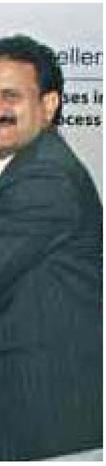

A story of

accomplishments

and success...


# Awards and accolades

- "Think Odisha Leadership Award 2009" for the Best Community Development Programme and its implementation in Rural Areas
- Ranked 4th in Dun & Bradstreet's India's Top 500 Companies 2008 for "Total Income in the Iron and Steel Sector" released on 23rd March, 2009
- ISO 9001:2008 (Quality Management System), ISO 14001: 2004 (Environmental Management System) and OHSAS 18001: 2007 (Occupational Health & Safety Management System) as certified by BSI Management Systems
- Won National Energy Conservation Award, 2008
- Won Golden Peacock National Quality Award, 2008




- Won Golden Peacock Environment Management Award, 2008
- Won Think Odisha Leadership Award in Corporate Social Responsibility, 2008
- Won Greentech Environment Excellence Award, 2008 in Metal & Mining Sector
- Won Srishti Green Cube Award, 2008
- Won Best Environment Friendly Industry Award at Gloss, 2008
- Won Pollution Control Appreciation Award from State Control Pollution Board, Orissa for TRB Mines, Tensa, 2008
- Won National Safety Awards (Mines) for Jindal Open Cast Coal Mines, 2006
- Runners Up for National Safety Awards in Mines, 2004-2005

Business is
not financial
engineering.
It's an art...

## FOR THE YEAR 2008-09

At JSPL, our consistently robust performance round the year has given us the drive to help build a new India.

CASH PROFIT: Rs. 2074.61 Crore

# Up 17%

NET PROFIT: Rs. 1536.48 Crore

# Up 24%

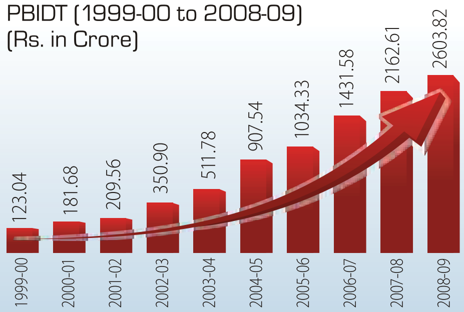
NET SALES: Rs. 7653.19 Crore

# Up 41%

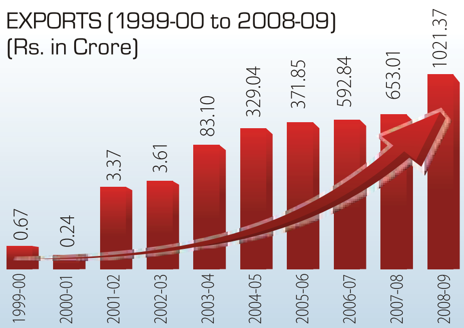
EPS: Rs. 99.44

# Up 24%

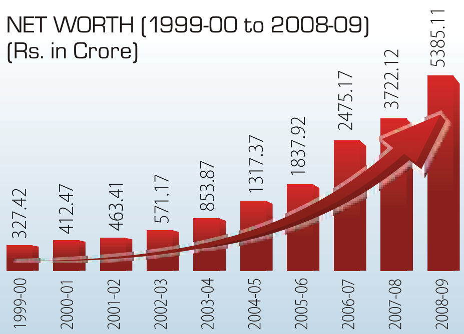
PBIDT (1999-00 to 2008-09)
(Rs. in Crore)



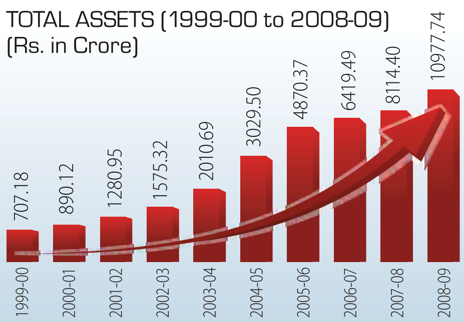

EXPORTS (1999-00 to 2008-09)
(Rs. in Crore)



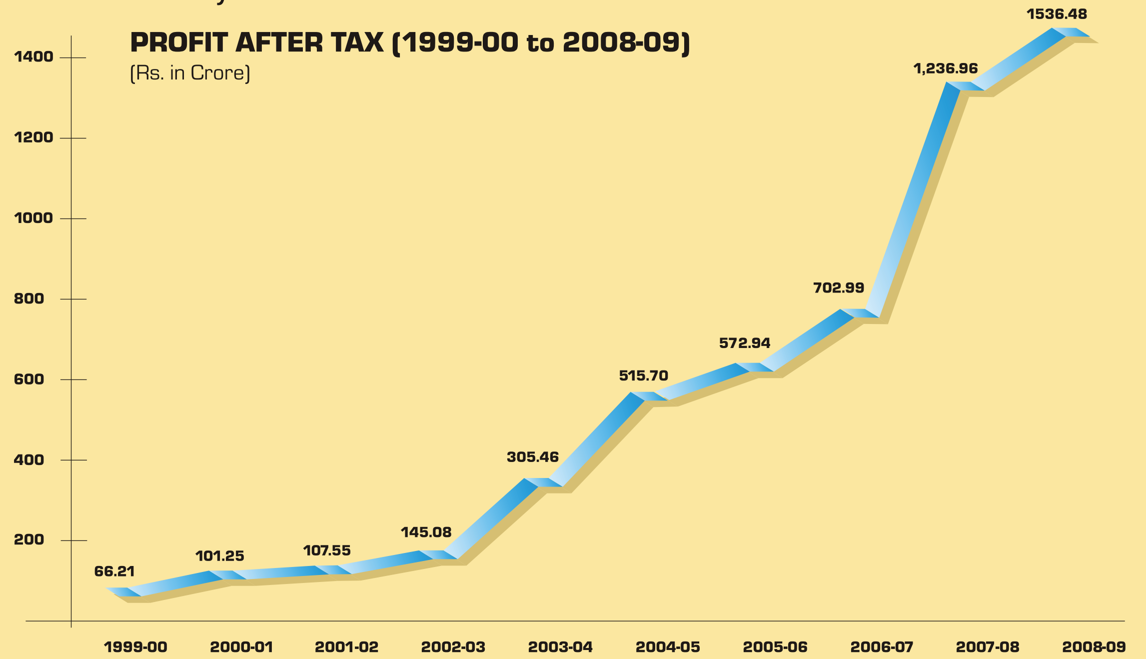

NET WORTH (1999-00 to 2008-09)
(Rs. in Crore)

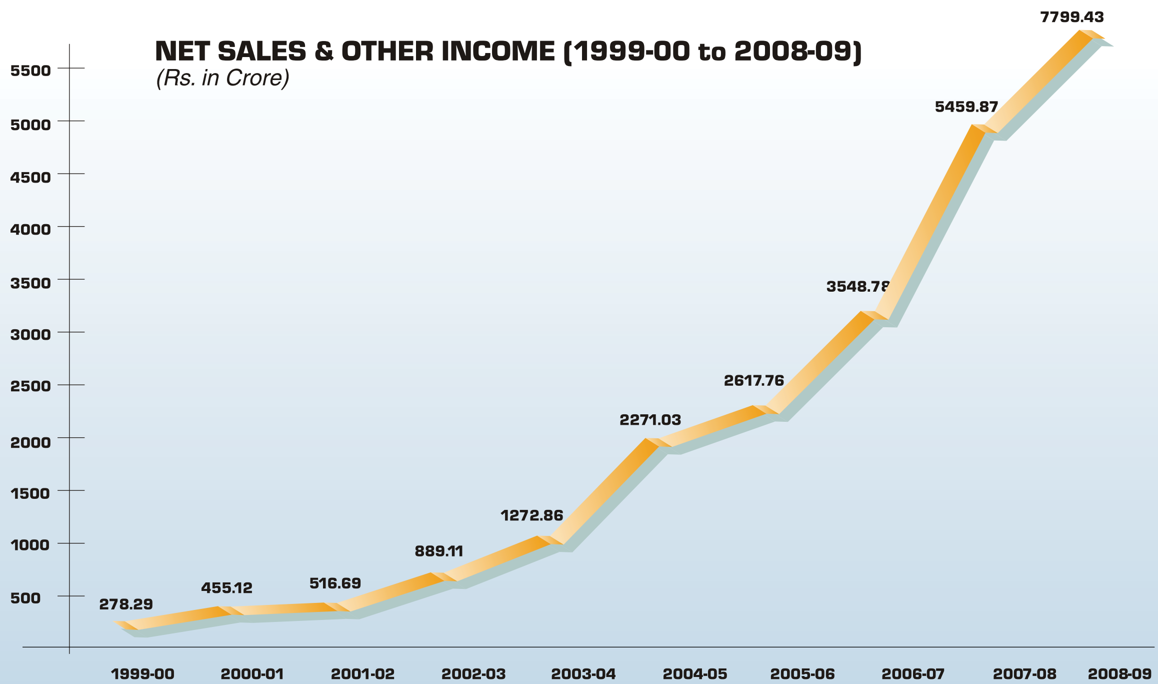



TOTAL ASSETS (1999-00 to 2008-09)
(Rs. in Crore)



## Growth story of the decade



# KEY PERFORMANCE INDICATORS

**(Rs. in Crore except otherwise stated)**

| | **2008-09 (12 Months)** | | 2007-08 (12 Months) | | 2006-07 (12 Months) | 2005-06 (12 Months) | 2004-05 (12 Months) | 2003-04 (12 Months) | 2002-03 (12 Months) | 2001-02 (12 Months) | 2000-01 (12 Months) | 1999-00 (09 Months) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INCOME STATEMENT** | *Consolidated* | *Standalone* | *Consolidated* | *Standalone* | *Standalone* | *Standalone* | *Standalone* | *Standalone* | *Standalone* | *Standalone* | *Standalone* | *Standalone* |
| Domestic Sales | 10611.26 | 7412.44 | 6210.83 | 5478.62 | 3326.95 | 2506.10 | 2120.83 | 1309.69 | 989.57 | 572.18 | 510.25 | 307.40 |
| Exports | 1021.37 | 1021.37 | 653.01 | 653.01 | 592.84 | 371.85 | 329.04 | 83.10 | 3.61 | 3.37 | 0.24 | 0.67 |
| Other Income | 62.36 | 146.24 | 49.75 | 49.12 | 28.97 | 27.51 | 17.43 | 11.25 | 8.50 | 5.86 | 7.05 | 5.75 |
| Gross Sales & Other Income | 11694.99 | 8580.05 | 6913.59 | 6180.75 | 3948.76 | 2905.46 | 2467.30 | 1403.94 | 1001.68 | 581.41 | 517.54 | 313.82 |
| Net Sales & Other Income | 10913.37 | 7799.43 | 6191.74 | 5459.87 | 3548.78 | 2617.76 | 2271.03 | 1272.86 | 889.11 | 516.69 | 455.12 | 278.29 |
| Operating Profits (PBIDT) | 5231.81 | 2603.82 | 2252.98 | 2162.61 | 1431.58 | 1034.33 | 907.54 | 511.78 | 350.90 | 209.56 | 181.68 | 123.04 |
| Profit After Tax (PAT) | 3007.15 | 1536.48 | 1251.15 | 1236.96 | 702.99 | 572.94 | 515.70 | 305.46 | 145.08 | 107.55 | 101.25 | 66.21 |
| Cash Profit | 4193.57 | 2075.00 | 1810.03 | 1768.10 | 1174.21 | 858.41 | 765.76 | 434.25 | 267.15 | 152.19 | 133.41 | 86.97 |
| **BALANCE SHEET** | | | | | | | | | | | | |
| Gross Block | 14927.77 | 9680.91 | 10679.66 | 6579.42 | 5866.87 | 4389.32 | 2875.98 | 1966.97 | 1504.00 | 1128.27 | 782.09 | 539.89 |
| Net Block | 12686.28 | 8063.91 | 9463.65 | 5396.31 | 5085.12 | 3846.99 | 2514.22 | 1719.97 | 1324.69 | 1006.63 | 698.68 | 488.33 |
| Share Capital | | | | | | | | | | | | |
| Equity | 15.47 | 15.47 | 15.40 | 15.40 | 15.40 | 15.40 | 15.40 | 15.40 | 14.63 | 12.90 | 12.71 | 12.71 |
| Preference | - | - | - | - | - | - | - | - | 10.00 | 71.00 | 71.00 | 61.00 |
| Net Worth | 7052.74 | 5385.11 | 3765.16 | 3722.12 | 2475.17 | 1837.92 | 1317.37 | 853.87 | 571.17 | 463.41 | 412.47 | 327.42 |
| Borrowings | 8113.31 | 4962.65 | 6996.08 | 3863.35 | 3507.72 | 2745.37 | 1495.86 | 1025.96 | 885.26 | 697.51 | 404.53 | 316.29 |
| **SIGNIFICANT RATIOS** | | | | | | | | | | | | |
| Operating Profit to Net Sales | 48% | 34% | 41% | 40% | 41% | 40% | 40% | 40% | 39% | 41% | 40% | 44% |
| Net Profit to Net Sales | 28% | 20% | 23% | 23% | 20% | 22% | 23% | 24% | 16% | 21% | 22% | 24% |
| Total Debt to Equity Ratio | 1.15 | 0.92 | 1.86 | 1.03 | 1.40% | 1.49 | 1.13 | 1.09 | 1.41 | 1.49 | 1.04 | 1.02 |
| Return on Capital Employed | 33% | 24% | 19%** | 25% | 21% | 22% | 28% | 24% | 27% | 18% | 22% | 15% |
| Return on Net Worth | 43% | 29% | 33% | 33% | 28% | 31% | 39% | 36% | 25% | 23% | 25% | 18% |
| **PER EQUITY SHARES** | | | | | | | | | | | | |
| of Re. 1/-* each Book Value(Rs.) | 456.04 | 348.21 | 244.55 | 241.76 | 160.77 | 119.40 | 85.60 | 55.40 | 39.00 | 36.00 | 32.60 | 25.80 |
| EPS (Annualised) (Rs.) | 194.45 | 99.44 | 81.26 | 80.34 | 45.66 | 37.21 | 33.50 | 20.04 | 10.40 | 7.60 | 7.20 | 6.20 |
| Dividend Rate | 550% | 550% | 400% | 400% | 360% | 300% | 300% | 200% | 125% | 70% | 50% | 40% |

* Pursuant to the resolution passed at the EGM held on 27.12.2007, the Company's Equity Shares of the face value of Rs. 5/- each have been sub-divided into Equity Shares of the face value of Re. 1/- each. The Book Value & EPS for previous years have been re-stated taking into account the shares split.

** The figure appears to be low because of huge capitalisation of Jindal Power Limited

We
Produce
We
Conserve

### Thirtieth Annual General Meeting

| | | |
|---|---|---|
| Date | : | 29th September, 2009 |
| Day | : | Tuesday |
| Time | : | 12.00 Noon |
| Place | : | Registered Office, O.P. Jindal Marg, Hisar - 125 005, Haryana |

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**Company Secretary**

T. K. SADHU

**Bankers:**

State Bank of India
Punjab National Bank
State Bank of Patiala
ICICI Bank Limited
Canara bank

**Statutory Auditors:**

M/s S. S. Kothari Mehta & Co.
145-149, Tribhuwan Complex
Ishwar Nagar, Mathura Road
New Delhi-110 065

**Cost Auditors:**

M/s Ramanath Iyer & Co.
BL-4, (Paschmi) Shalimar Bagh, New Delhi-110 088

**Website: www.jindalsteelpower.com**

# NOTICE

**To,**
**The Members,**
**Jindal Steel & Power Limited**

Notice is hereby given that 30th Annual General Meeting of the members of the Company will be held on Tuesday, the 29th September, 2009 at 12.00 noon at the registered office of the Company at O.P. Jindal Marg, Hisar – 125 005, Haryana to transact the following business.

## ORDINARY BUSINESS

**1.** To receive, consider and adopt the Balance Sheet as at 31st March 2009 and Profit & Loss Account for the financial year ended on that date and the Reports of Directors and Auditors thereon.

**2.** To declare dividend on equity shares.

**3.** To appoint a Director in place of Shri Ratan Jindal who retires by rotation and being eligible offers himself for re-appointment.

**4.** To appoint a Director in place of Shri Anand Goel who retires by rotation and being eligible offers himself for re-appointment.

**5.** To appoint a Director in place of Shri Sushil Kumar Maroo who retires by rotation and being eligible offers himself for re-appointment.

**6.** To appoint M/s S.S. Kothari Mehta & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next meeting and to fix their remuneration.

## SPECIAL BUSINESS

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

"**RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956, Shri Haigreve Khaitan be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"**RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956, Shri Rahul Mehra be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"**RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956, Shri Hardip Singh Wirk be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

**"RESOLVED BY WAY OF SPECIAL RESOLUTION THAT** pursuant to Section 293(1)(e) of the Companies Act, 1956, consent of the shareholders be and is hereby accorded to contribute, from time to time, an amount not exceeding Rs.200 crores (Rupees two hundred crores only) to M/s Om Prakash Jindal Gramin Jan Kalyan Sansthan (Sansthan) and/ or O. P. Jindal Global University (University) by way of donation for setting up O. P. Jindal Global University in the State of Haryana at Sonepat which shall be over and above the annual limits of contribution approved by the Board in its meeting held on 27th May, 2008 i.e. 5% of the average net profits of the Company for immediately preceding three financial years.

**RESOLVED FURTHER THAT** Shri Naveen Jindal, Executive Vice Chairman & Managing Director of the Company be and is hereby authorized to decide and approve the amount(s) of donation/ contribution that may be given to the Sansthan and/or University from time to time, within the above mentioned limit."

**11. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution.**

"**RESOLVED BY WAY OF SPECIAL RESOLUTION THAT** pursuant to the provisions of Section 314 and other applicable provisions of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003 and subject to approval of Central Government, Shri Paras Goel be and is hereby appointed as Assistant General Manager – Sales & Marketing of the Company with effect from 1st October, 2009 on terms and conditions including remuneration as given below:

| | | | |
|---|---|---|---|
| a) | Basic Salary | : | Rs. 50,000 – Rs. 2,00,000 per month<br>Increase in basic salary should not be more than 30% of basic salary as on 31st March every year |
| b) | Allowances | : | |
| | i) House rent allowance | : | Not to exceed 40% of basic salary per month |
| | ii) Special allowance | : | Not to exceed 50% of basic salary per month |

| | | |
|---|---|---|
| iii) Children education allowance | : | Not to exceed 0.50% of basic salary per month |
| iv) Leave travel allowance | : | Not to exceed 10% of annual basic salary. However, LTA may be availed once in a block of two years |

c) Bonus : Not to exceed 20% of basic salary per month

d) Individual variable pay (based on individual performance) not to exceed 20% of annual basic salary payable at the end of financial year

e) Group variable pay (based on performance of the Company / unit/ department and individual contribution) not to exceed 25% of annual basic salary payable at the end of financial year

He shall also be entitled to following reimbursements and perquisites

f) Reimbursement of expenses actually incurred on medicines, corporate attire, professional pursuits including newspapers, magazines, books etc. as per Company's policy : Not to exceed 30% of basic salary per month

g) Perquisites :

i) Employer's contribution towards Provident Fund not to exceed 12% of monthly basic salary

ii) Company's car for official/business purposes. The Company will reimburse not more than Rs.1,00,000/- per annum towards expenses incurred for maintenance of car including petrol etc.

iii) Mobile phone with monthly bill reimbursement

iv) Gratuity, Mediclaim Insurance coverage for self and family and Group Personal Accident Insurance cover in accordance with Company Policy

v) Leave encashment in accordance with the Company Policy

**RESOLVED FURTHER THAT** Shri Naveen Jindal, Executive Vice Chairman & Managing Director and Shri Vikrant Gujral, Vice Chairman & Chief Executive Officer of the Company be and are hereby authorised severally to determine, from time to time, actual amount of remuneration as per above, change terms of his appointment, change his designation and increase his remuneration within the above mentioned limits.

**RESOLVED FURTHER THAT** in accordance with standing practice of the Company, the salary of Shri Paras Goel may be revised from 1st April every year and first such revision may take effect from 1st April, 2010.

**RESOLVED FURTHER THAT** Shri Ashok Alladi, Wholetime Director and Shri T. K. Sadhu, Company Secretary be and are hereby authorized severally to apply to and seek approval of Central Government to the appointment of Shri Paras Goel and take such other steps and do all such things as may be deemed necessary for giving effect to this resolution.

**RESOLVED FURTHER THAT** the Sub-Committee of Directors be and is hereby authorized to alter, change or modify any of the above mentioned terms of remuneration as may be directed or advised by the Central Government while considering approval under section 314 of the Companies Act, 1956 without seeking any further approval from shareholders."

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

"**RESOLVED BY WAY OF SPECIAL RESOLUTION THAT** in accordance with the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956, Foreign Exchange Management Act, 1999 (including any regulation, statutory modification(s) or re-enactment(s) thereof for the time being in force including but not limited to Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulation, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and also the provisions of any other applicable law(s), rules, regulations and in accordance with relevant provisions of Memorandum and Articles of Association of the Company and subject to the approval, consent, permission and / or sanction of the Ministry of Finance (MOF), Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Stock Exchanges and / or any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions and modifications as may be prescribed in granting such approvals, consents and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which terms shall include a Committee of Directors), consent of the Company be and is hereby accorded to the Board to offer, issue and allot, in one or more tranches, any securities including Global Depository Receipts ("GDR") and / or American Depository Receipts ("ADR") and / or Foreign Currency Convertible Bonds ("FCCB") and / or Convertible Bonds / Debentures and / or Euro–Convertible Bonds whether cumulative / redeemable / partly / fully convertible and / or securities partly or fully convertible into equity shares and / or securities linked to equity shares and / or any instruments or securities with or without detachable warrants or such other types of securities representing either equity shares and / or convertible securities (hereinafter collectively referred to as "Securities") in India or in one or more foreign market(s) to be subscribed in foreign currency(ies) / Indian Rupees by Foreign / Domestic Investors, including Non-Residents, Foreign Institutional Investors, Non-Resident Indians, Foreign Nationals, Corporate Bodies, Banks, Institutions, Mutual Funds or such other eligible entities or persons as may be decided by the Board in accordance with applicable laws, whether or not such persons / entities / investors are members of the Company, through Prospectus, Offering Letter, Circular Memorandum or through any other mode, from time to time, as may be deemed appropriate by the Board on such terms and conditions as the Board may, in its sole and absolute discretion, deem fit upto US Dollars 750 million equivalent to approximately Rs.3750 crores (with a right to the Board to retain additional allotment, such amount of subscription not exceeding 25% of the amount of initial offer of each tranche as the Board may deem fit) on such terms and conditions including pricing (subject to the minimum pricing norms prescribed by SEBI, RBI and / or any other authorities) as the Board may in its sole and absolute discretion decide including the form and all other terms and conditions and matters connected therewith and wherever necessary in consultation with the lead managers, underwriters, stabilization agents, guarantors, financial and / or legal advisors, depositors, custodians, principal / paying / transfer / conversion agents, listing agents, registrars and issue such Securities in any market and / or to the persons as may be deemed fit by the Board so as to enable the Company to get listed at any stock exchange in India and / or Singapore and / or any other overseas stock exchange(s).

**RESOLVED FURTHER THAT** these securities will be disposed of by the Board in its absolute discretion in such manner as the Board may deem fit and proper.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above and subject to the applicable laws, the aforesaid issue of the Securities may have all or any terms or combination of terms in accordance with normal practices including but not limited to conditions relating to payment of interest, dividend, premium or redemption or early redemption at the option of the company and / or the holder(s) of the Securities and other debt-service payment whatsoever and all such terms as are provided in offerings of this nature, including terms for issue of additional equity shares, of variation of interest payment and / or variation of the price and / or the period of conversion of Securities into equity shares or issue of equity shares during the duration of the Securities and / or voting rights or options for early redemption of Securities, and the Board is empowered to finalize and approve the same or any modification thereof.

**RESOLVED FURTHER THAT** the Company and / or any agency or body authorized by the Board may issue depository receipts representing the underlying equity shares or other Securities or FCCBs in registered form with such features and attributes as are prevalent in international capital markets for instruments of this nature and provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent in the international markets including filing any registration statement and any other document and any amendment thereto with any relevant authority(ies) for securities listing and trading in the overseas Stock / Securities Exchange(s).

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred above or as may be necessary in accordance with the terms of the offering(s).

**RESOLVED FURTHER THAT** subject to the applicable laws, the Board, as and when it deems fit and proper, be and is hereby also authorized to issue and allot equity shares (including equity shares issued and allotted upon conversion of any Securities) with differential rights including differential rights as to dividend and / or voting.

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

**RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, the Board be and is hereby authorized to determine the form, terms and timing of the offering(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount of issue / conversion of Securities / redemption of Securities, rate of interest, redemption period, utilization of issue proceeds, listing on one or more stock exchanges abroad / in India as the Board in its sole and absolute discretion may deem fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and on behalf of the Company, to do all such acts, deeds, matters and things as it may, at its sole and absolute discretion, deem necessary or desirable for such purpose, including without limitation the appointment of Registrars, Book-runners, Lead-Managers, Trustees, Agents, Bankers, Global Co-coordinators, Custodians, Depositories, Consultants, Solicitors, Accountants, or such other Agencies, entering into arrangements for underwriting, marketing, listing, trading, depository and such other arrangements and agreements, as may be necessary and to issue any Offer document(s) and sign all deeds, documents and to pay and remunerate all agencies / intermediaries by way of commission, brokerage, fees, charges, out of pocket expenses and the like as may be involved or connected in such offerings of Securities, with power on behalf of the Company to settle any question, difficulty or doubt that may arise in regard to any such issue, offer or allotment of Securities and in complying with any regulations, as it may in its sole and absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or Wholetime Director(s), Director(s) or any other Officer(s) of the Company to give effect to the aforesaid resolution.

**RESOLVED FURTHER THAT** all the acts, deeds and things already done by the Board in this regard be and are hereby confirmed, approved and ratified."

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

"**RESOLVED THAT** pursuant to Sections 198, 309, 310 and all other applicable provisions and Schedule XIII to the Companies Act, 1956, approval of shareholders be and is hereby given to increase the commission payable to Shri Naveen Jindal, Executive Vice Chairman & Managing Director to 2% of net profits (on stand alone basis) of the Company from financial year 2008-09 till the completion of his present tenure.

**RESOLVED FURTHER THAT** all other terms of remuneration including salary, perquisites, allowances, etc. approved by the shareholders in the Annual General Meeting held on 26th September, 2008 shall remain unchanged."

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

"**RESOLVED THAT** pursuant to Sections 198, 309, 310 and all other applicable provisions and Schedule XIII to the Companies Act, 1956, approval of the shareholders be and is hereby given to increase annual remuneration of Shri Anand Goel, Deputy Managing Director of the Company from Rs.1,00,00,000/- (Rupees one crore only) to Rs.1,20,00,000/- (Rupees one crore twenty lacs only) from 1st October, 2008 by increasing special allowance from Rs. 2,22,550/- (Rupees two lacs twenty two thousand five hundred fifty only) to Rs. 3,89,216/- (Rupees three lacs eighty nine thousand two hundred sixteen only) per month.

**RESOLVED FURTHER THAT** all other terms of remunerations including salary, perquisite, allowances etc. approved by the shareholders in the Annual General Meeting held on 26th September, 2008 shall remain unchanged."

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

"**RESOLVED THAT** pursuant to Section 198, 309, 310 and all other applicable provisions and Schedule XIII to the Companies Act, 1956, approval of the shareholders be and is hereby given to revise remuneration of Shri Vikrant Gujral, Vice Chairman & CEO of the Company in the following manner with effect from 1st April, 2009.

| | | | |
|---|---|---|---|
| a) | Basic Salary | : | Rs. 4,32,000/- (Rupees four lacs thirty two thousand only) per month |
| b) | Allowances | : | |
| | i) House rent allowance | : | Rs. 1,72,800/- (Rupees one lac seventy two thousand eighty hundred only) per month |
| | ii) Special allowance | : | Rs. 2,37,110/- (Rupees two lacs thirty seven thousand one hundred ten only) per month |
| | iii) Children education allowance | : | Rs. 200/- (Rupees two hundred only) per month |
| | iv) Leave travel allowance | : | Once in a year for self and family in accordance with Rules of the Company not exceeding Rs. 60,000/- (Rupees sixty thousand only) per annum |
| c) | Bonus | : | Rs. 86,400/- (Rupees eighty six thousand four hundred only) per month |

d) Management incentive @ 0.5% of Company's Profit before Interest, Depreciation and Tax (PBIDT) on standalone basis, subject to maximum of Rs. 1,00,00,000/- (Rupees one crore only) per annum, payable on quarterly basis

e) Individual variable pay (based on individual performance) upto a maximum of Rs. 10,36,800/- (Rupees ten lacs thirty six thousand eight hundred only) payable at the end of financial year

f) Group variable pay (based on performance of the Company / unit/ department and individual contribution) upto a maximum of Rs. 12,96,000/- (Rupees twelve lacs ninety six thousand only) payable at the end of financial year

He shall also be entitled to following reimbursements and perquisites

g) Reimbursements :

- i) Professional Pursuits expenses subject to maximum of Rs.24,000/- (Rupees twenty four thousand only) per annum
- ii) Medical expenses subject to maximum of Rs.15,000-/- (Rupees fifteen thousand only) per annum
- iii) Business Promotion expenses subject to maximum of Rs. 36,000/- (Rupees thirty six thousand only) per annum
- iv) Reimbursement of Corporate Attire expenses subject to maximum of Rs. 24,000/- (Rupees twenty four thousand only) per annum

h) Perquisites :

- i) Provident Fund in accordance with the Company's policy
- ii) Free use of car with driver for business of the Company
- iii) Free telephone facility at residence for official purposes only
- iv) Gratuity in accordance with the Company's policy
- v) Mediclaim Insurance coverage for self and family as per the Company's policy
- vi) Group Personal Accident Insurance cover as per the Company's policy
- vii) Leave encashment in accordance with the Company's policy.

i) He shall also be entitled to reimbursement of expenses actually and properly incurred by him for business of the Company

j) He shall not be paid any sitting fee for attending the meetings of Board of Directors or Committees thereof

k) He shall also be entitled to and paid any other allowance / perquisite / incentive / facility as may be payable to him under the Company's policy from time to time, provided however, that the total remuneration does not exceed the limits prescribed in Section 1 of part II of Schedule XIII to the Companies Act, 1956".

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

"**RESOLVED THAT** pursuant to Section 198, 309, 310 and all other applicable provisions, and Schedule XIII to the Companies Act, 1956, approval of the shareholders be and is hereby given to revise remuneration of Shri Anand Goel, Jt. Managing Director of the Company in the following manner with effect from 1st April, 2009.

a) Basic Salary : Rs. 4,80,000/- (Rupees four lacs eighty thousand only) per month

b) Allowances

- i) Special allowance : Rs. 4,56,950/- (Rupees four lacs fifty six thousand nine hundred fifty only) per month
- ii) Children education allowance : Rs. 200/- (Rupees two hundred only) per month
- iii) Leave travel allowance : Once in a year for self and family in accordance with Rules of the Company not exceeding Rs. 60,000/- (Rupees sixty thousand only) per annum.

c) Bonus : Rs. 96,000/- (Rupees ninety six thousand only) per month

d) Individual variable pay (based on individual performance) upto a maximum of Rs. 11,52,000/- (Rupees eleven lacs fifty two thousand only) payable at the end of financial year

e) Group variable pay (based on performance of the Company / unit/ department and individual contribution) upto a maximum of Rs. 14,40,000/- (Rupees fourteen lacs forty thousand only) payable at the end of financial year

He shall also be entitled to following reimbursements and perquisites

f) Reimbursements :

- i) Professional Pursuits expenses subject to maximum of Rs. 24,000/- (Rupees twenty four thousand only) per annum
- ii) Medical expenses subject to maximum of Rs. 15,000/- (Rupees fifteen thousand only) per annum
- iii) Business Promotion expenses subject to maximum of Rs. 36,000/- (Rupees thirty six thousand only) per annum
- iv) Corporate Attire expenses subject to maximum of Rs. 24,000/- (Rupees twenty four thousand only) per annum

g) Perquisites :

- i) Provident Fund in accordance with the Company's policy
- ii) Free use of car with driver for business of the Company
- iii) Free telephone facility at residence for official purposes only
- iv) Gratuity in accordance with the Company's policy
- v) Mediclaim Insurance coverage for self and family as per the Company's policy
- vi) Group Personal Accident Insurance cover as per the Company's policy
- vii) Leave encashment in accordance with the Company's policy

h) He shall also be entitled to reimbursement of expenses actually and properly incurred by him for business of the Company.

i) He shall not be paid any sitting fee for attending the meetings of Board of Directors or Committees thereof.

j) He shall also be entitled to and paid any other allowance / perquisite / incentive / facility as may be payable to him under the Company's policy from time to time, provided however, that the total remuneration does not exceed the limits prescribed in Section 1 of part II of Schedule XIII to the Companies Act, 1956."

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

"**RESOLVED THAT** pursuant to Section, 198, 309, 310 and all other applicable provisions and Schedule XIII to the Companies Act, 1956, approval of shareholders be and is hereby given to revise remuneration of Shri Ashok Alladi, Wholetime Director - Finance of the Company in the following manner with effect from 1st April, 2009.

| | | | |
|---|---|---|---|
| a) | Basic Salary | : | Rs. 2,60,000/- (Rupees two lacs sixty thousand only) per month |
| b) | Allowances | : | |
| | i) Special Allowance | : | Rs. 1,37,350/- (Rupees one lac thirty seven thousand three hundred fifty only) per month |
| | ii) House rent allowance | : | Rs. 1,04,000/- (Rupees one lac four thousand only) per month |
| | iii) Children education allowance | : | Rs. 200/- (Rupees two hundred only) per month |
| | iv) Leave Travel allowance | : | Once in a year for self and family in accordance with Rules of the Company not exceeding Rs.60,000 /- (Rupees sixty thousand only) per annum. |
| c) | Bonus | : | Rs. 52,000/- (Rupees fifty two thousand only) per month |

d) Individual variable pay (based on individual performance) upto a maximum of Rs. 6,24,000/- (Rupees six lacs twenty four thousand only) payable at the end of financial year

e) Group variable pay (based on performance of the Company / unit/ department and individual contribution) upto a maximum of Rs. 12,00,000/- (Rupees twelve lacs only) payable at the end of financial year

He shall also be entitled to following reimbursements and perquisites

f) Reimbursements :

i) Professional Pursuits expenses subject to maximum of Rs.24,000/- (Rupees twenty four thousand only) per annum

ii) Medical expenses subject to maximum of Rs. 15,000/- (Rupees fifteen thousand only) per annum

iii) Business Promotion expenses subject to maximum of Rs 36,000/- (Rupees thirty six thousand only) per annum

g) Perquisites :

i) Provident Fund in accordance with the Company's policy

ii) Free use of car with driver for business of the Company

iii) Free telephone facility at residence for official purposes only

iv) Gratuity in accordance with the Company's policy

v) Mediclaim Insurance coverage for self and family as per the Company's policy

vi) Group Personal Accident Insurance cover as per the Company's policy

vii) Leave encashment in accordance with the Company's policy

h) He shall also be entitled to reimbursement of expenses actually and properly incurred by him for business of the Company

i) He shall not be paid any sitting fee for attending the meetings of Board of Directors or Committees thereof

j) He shall also be entitled to and paid any other allowance / perquisite / incentive / facility as may be payable to him under the Company's policy from time to time, provided however, that the total remuneration does not exceed the limits prescribed in Section 1 of part II of Schedule XIII to the Companies Act, 1956."

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

"**RESOLVED THAT** pursuant to Section, 198, 309, 310 and all other applicable provisions and Schedule XIII to the Companies Act, 1956, approval of the shareholders be and is hereby given to revise remuneration of Shri Arun Kumar Mukherji, Wholetime Director of the Company in the following manner with effect from 1st April, 2009.

| | | | |
|---|---|---|---|
| a) | Basic Salary | : | Rs.2,00,000/- (Rupee two lacs only) per month |
| b) | Allowances | : | |
| | i) Special allowance | : | Rs. 1,84,050/- (Rupees one lac eighty four thousand fifty only) per month |
| | ii) Uniform maintenance allowance | : | Rs. 500/- (Rupees five hundred only) per month |
| | iii) Children education allowance | : | Rs. 200/- (Rupees two hundred only) per month |
| | iv) Leave travel allowance | : | Once in a year for self and family in accordance with Rules of the Company not exceeding Rs. 60,000/- (Rupees sixty thousand only) per annum. |
| c) | Bonus | : | Rs. 40,000/- (Rupees forty thousand only) per month |

d) Individual variable pay (based on individual performance) upto a maximum of Rs. 4,80,000/- (Rupees four lacs eighty thousand) only) payable at the end of financial year

e) Annual variable pay – group performance linked incentive (based on performance of the Company / unit/ department/ individual performance) or production/ generation incentive as per company's policy upto a maximum of Rs. 9,60,000/- (Rupees nine lacs sixty thousand only) payable at the end of financial year

He shall also be entitled to following reimbursements and perquisites

f) Reimbursements :

i) Professional Pursuits expenses subject to maximum of Rs. 24,000/- (Rupees twenty four thousand only) per annum

ii) Medical expenses subject to maximum of Rs. 15,000/- (Rupees fifteen thousand only) per annum

iii) Business Promotion expenses subject to maximum of Rs. 36,000/- (Rupees thirty six thousand only) per annum

g) Perquisites :

i) Rent free accommodation by the Company

ii) Provident Fund in accordance with the Company's policy

iii) Free use of car for business of the Company and reimbursement of driver's salary as per the Company's policy

iv) Free telephone facility at residence for official purposes only

v) Gratuity in accordance with the Company's policy

vi) Mediclaim Insurance coverage for self and family as per the Company's policy

vii) Group Personal Accident Insurance cover as per the Company's policy

viii) Leave encashment in accordance with the Company's policy

h) He shall also be entitled to reimbursement of expenses actually and properly incurred by him for business of the Company

i) He shall not be paid any sitting fee for attending the meetings of Board of Directors or Committees thereof

j) He shall also be entitled to and paid any other allowance / perquisite / incentive / facility as may be payable to him under the Company's policy from time to time, provided however, that the total remuneration does not exceed the limits prescribed in Section 1 of part II of Schedule XIII to the Companies Act, 1956."

By order of the Board

**Registered Office:**
O.P. Jindal Marg, Hisar – 125 005, Haryana
Dated : 7th August, 2009

**T.K. SADHU**
(COMPANY SECRETARY)

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

2. A blank proxy form is sent herewith.

3. The instrument appointing proxy should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

4. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of items 7 to 18 of the Notice is annexed hereto.

5. All documents referred to in the accompanying Notice and Explanatory Statement are open to inspection at the Registered Office of the Company during office hours on all working days up to the date of Annual General Meeting between 11:00 AM and 1:00 PM.

# EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

**RESOLUTION NO 7, 8 & 9:**

Shri Haigreve Khaitan, Shri Rahul Mehra and Shri Hardip Singh Wirk were appointed as Additional Directors by Board of Directors on 14th January, 2009. As per provisions of Section 260 of the Companies Act, 1956, they hold office as Additional Directors until the ensuing Annual General Meeting. The Company has received notices in writing from members proposing their candidature as Directors liable to retire by rotation in terms of Section 257 of the Companies Act, 1956. None of these directors is holding any shares in the Company.

The Board considered this matter in its meeting held on 27th May, 2009 and recommends these resolutions for your approval.

Shri Haigreve Khaitan, Shri Rahul Mehra and Shri Hardip Singh Wirk are interested in these resolutions upto the extent of their appointments.

**RESOLUTION NO 10:**

M/s Om Prakash Jindal Gramin Jan Kalyan Sansthan (Sansthan), a non-profit society registered with the Registrar of Societies, Delhi is engaged in social welfare activities, such as, organizing women development centres, training centres on food processing, development of parks and chaupals, providing subsidy for construction of toilets for rural poor, organizing medical camps including eye care camps, OPD camps, free cataract detection and operation camps, primary education and vocational training, youth and sports development programmes etc.

Education is main instrument in reforming society and getting rid of many social evils in which it is engulfed. With this objective, Sansthan has established / sponsored a private, non-profit university in the name of O. P. Jindal Global University (University) in the State of Haryana at Sonepat. The University has been set up under Haryana Private Universities Act, 2006 and approval was granted under Haryana Private Universities (Amendment) Ordinance, 2009.

The cost of establishing the University is estimated to be around Rs. 250 crores which will mainly be met out of donations/ contributions from individuals/ corporates etc. The University has set up infrastructure for starting law faculty and first academic session will begin in the current year. It is proposed to start faculties for business school, school of government for public policy and school of international affairs in next three years.

The Company has been undertaking various projects for meeting its corporate social responsibilities particularly in the field of education. Keeping this and the estimated cost of setting up of this university in view, it is proposed to contribute, from time to time, an amount which shall not exceed Rs.200 crores (Rupees two hundred crores only) to the Sansthan and/ or University for this purpose. Contributions/ donations made to the Sansthan are eligible for 50% deduction under section 80G of the Income Tax Act, 1961. The University has also applied to income tax department under section 80G of the Income Tax Act, 1961 for seeking eligibility for 100% deductions of donations/ contributions that may be given to it from time to time.

In terms of Section 293 (1)(e) of the Companies Act, 1956, the Board is authorised to give contributions, donations etc. to charitable and other funds not directly connected with the business of the Company upto 5% of the average net profits for immediately preceding three financial years. Donations / contributions etc. to such funds in excess of this limit requires approval of shareholders. The Board has, in its meeting held on $27^{th}$ May, 2008, approved giving of donations/ contributions in every financial year subject to the condition that the aggregate amount thereof in every year shall not exceed 5% of the average net profits of the Company for immediately preceding three financial years. The proposed contribution of Rs. 200/- crores will be over and above the donations/ contributions that may be given by the Company in any year within the said 5% limit as approved by the Board. Therefore, it is proposed to take approval of shareholders for giving donation to the Sansthan and/ or University, as the case may be, upto Rs.200 crores (Rupees two hundred crores only).

Board considered this matter in its meeting held on 27th May, 2009 and recommends this resolution for your approval.

Shri Naveen Jindal, Shri Vikrant Gujral, Shri Anand Goel and Shri Sushil K. Maroo, are members of the Sansthan and its governing body. They may, therefore, be deemed to be concerned or interested in this resolution.

**RESOLUTION NO. 11:**

The Company is expanding manufacturing capacities of various products by setting up new plants at Raigarh, Angul, Patratu and in other countries like Republic of Bolivia, South Africa etc. In view of the downturn in global as well as domestic demand for steel products, marketing function has turned out to be an important area where the Company will have to put in extra efforts to cope with this slowdown. Accordingly, the Company is rejuvenating the marketing department by engaging highly professional and skilled workforce.

Shri Paras Goel is Master of Business Management from IMT, Gaziabad and has work experience of around 7 years in the field of sales, marketing, banking and finance. During this period, he has worked on different levels of the organization including Sales Manager with Om Kotak Mahindra Life Insurance Company Ltd., Sales Manager – Liabilities with HDFC Bank Ltd., Relationship Manager – Branch Banking with Citibank, Associate Vice President (Priority Banking) with Kotak Mahindra Bank Ltd., Associate Vice President with HSBC Bank Ltd. Presently he is working as Assistant General Manager, Sales & Marketing with Nalwa Steel and Power Limited, a company engaged in the activities of manufacturing sponge iron and steel products such as billets, wire rods, TMT bars, Oxygen and generation of power for captive consumption. His appointment as Assistant General Manager – Sales & Marketing will immensely benefit the Company.

In terms of Rule 4 (7) of the Director's Relatives (Office or Place of Profit) Rules, 2003, Selection Committee consisting of Shri R. V. Shahi and Shri Asok K. Mohapatra, independent directors and Shri Vinod Kalia, Professor Marketing, Management Development Institute, Gurgaon in its meeting held on 26th May, 2009, approved his candidature and recommended his appointment and terms of remuneration for consideration by the Board.

Shri Paras Goel is son of Shri Anand Goel, Jt. Managing Director of the Company. Pursuant to Section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, appointment of a relative of director of the Company to any office or place of profit in the Company with remuneration exceeding Rs 50,000 (Rupees fifty thousand only) per month requires prior consent of shareholders of the Company by way of special resolution and approval of the Central Government. After your approval, application will be submitted to the Central Government for seeking approval to appointment and terms of remuneration of Shri Paras Goel.

Board considered this matter in its meeting held on 27th May, 2009 and recommends this resolution for your approval.

Except Shri Anand Goel, no other director is, in any way concerned or interested in this resolution.

**RESOLUTION NO 12:**

In order to mobilize funds for the normal capital expenditure, ongoing expansion, modernization, general corporate purposes, working capital requirements etc., it is proposed to make an offering by way of public offer and / or private placement of Foreign Currency Convertible Bonds (FCCB), Global Depository Receipts (GDR), American Depository Receipts (ADR) or any other equity and / or preference share related instruments amounting in aggregate to US$ 750 million equivalent to approximately Rs.3,750 crore (with a right to the Board to retain additional allotment, such amount of subscription not exceeding 25% of the amount of initial offer of each tranche as the Board may deem fit) to the international investor(s) in one or more tranches. International market has started showing interest in subscribing to the Indian corporate securities and this would, therefore, be an appropriate time to go to the International capital market.

The detailed terms and conditions of the offer including price would have to be determined in consultation with the lead managers, advisors and underwriters to be appointed by the Company. Since the pricing of the offering can be decided only at a later stage, it is not possible to state the price or the exact number of securities or instruments to be issued.

Pursuant to Foreign Exchange Management Act, 1999, Para 4 of Schedule I to FEMA (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000 and Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the Company is eligible to raise funds through Foreign Currency Convertible Bonds (FCCB), Global Depository Receipts (GDR) or American Depository Receipts (ADR).

Discussions will be initiated with internationally reputed consultants and merchant bankers for identifying the parties and negotiating the terms and conditions of the offering and the requisite approval(s) / sanction(s) of Reserve Bank of India and/ or other Authorities would also be obtained for this purpose after shareholders approval is obtained.

Section 81 of the Companies Act, 1956, provides, inter-alia, that when it is proposed to increase the subscribed 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 that Section unless the shareholders in a general meeting decide otherwise by way of a special Resolution.

The Board has, in its meeting held on 27th May, 2009, discussed this proposal and recommended this resolution for your approval. None of the Directors is concerned or interested in this resolution.

**RESOLUTION NO 13:**

Shri Naveen Jindal has, over the years provided dynamic leadership to the Company and taken it from a turnover of Rs 377.15 crores in 1998-99 (15 months) to Rs. 7799.43 in 2008-09 and net profit from 46.50 crores in 1998-99 to 1536.48 crores in 2008-09. Under his leadership and guidance, the Company has expanded business activities and enhanced production capacity of sponge iron and steel. The Company is one of the fastest growing steel companies in India and on various parameters like, EBIDTA margins, cash profits, net profits and market capitalization it stands out one of the best steel company. Shri Naveen Jindal was re-appointed as Managing Director of the Company for five years with effect from 9th May, 2008 in the pay scale of Rs.60,00,000-10,00,000-1,00,00,000 and commission on net profit. Considering the contribution of Shri Naveen Jindal over the past ten years, the Board has subject to the approval of shareholders, revised his commission to 2% of net profits (on stand alone basis) from the financial year 2008-09 till the completion of his present tenure. All other terms of remuneration i.e. salary, perquisites, allowances, reimbursements etc., as approved by shareholders in the Annual General meeting held on 26th September, 2008 shall remain the same.

The terms of revision of remuneration given in the said resolution may be treated as an abstract of terms of revised remuneration of Shri Naveen Jindal under Section 302 of the Companies Act, 1956.

No Director other than Shri Naveen Jindal, Smt. Savitri Jindal and Shri Ratan Jindal is concerned or interested in this resolution.

**RESOLUTION NO 14:**

Company is setting up steel plants at Angul (Orissa) and Patratu (Jharkhand) and production capacity of steel and generation capacity of captive power is also being enhanced at Raigarh works. The work at El-mutun Iron Ore mine in Bolivia has also started. The Company is also planning to set up, either directly or through its subsidiary companies, power plants at various places in India. In view of increasing responsibilities of Shri Anand Goel, Joint Managing Director in managing affairs of the Company, growth of the Company and the remuneration paid by the companies in the steel / power sector to person holding such positions, the present remuneration of Shri Anand Goel is not sufficiently comparable. Board has, in its meeting held on 30th October, 2008 increased his annul remuneration subject to the approval of shareholders and recommended it to the shareholders for their approval.

No Director other than Shri Anand Goel is concerned or interested in this resolution.

**RESOLUTION NO 15, 16, 17 & 18 :**

In view of their status in the industry, standard and cost of living, increasing responsibilities on account of expanding business activities with in India and abroad, time and effort put in by them towards managing affairs of the Company, the Board has, subject to the approval of shareholders, revised the remuneration of Shri Vikrant Gujral, Shri Anand Goel, Shri Ashok Alladi and Shri Arun Kumar Mukherji with effect from 1st April, 2009 as contained in resolution Nos.15, 16, 17 & 18.

As per section I of Part-II of Schedule XIII of the Companies Act, 1956, if the Company has adequate profits, the Board may fix /revise remuneration within the ceiling as provided in section 198 and 309 of that Act which is 10% of the net profits. As per the audited accounts of the Company for the accounting year 2008-09, the Company has earned profit of Rs. 1,536.48 crores, which is considered sufficient for the purpose of payment of proposed remuneration to the managerial personnel of the Company. In terms of Section 310 read with Schedule XIII to the Companies Act, 1956, the Board can revise remuneration of Directors subject to approval of shareholders in general meeting. Therefore, the Board recommends these resolutions for your approval.

The terms of revision of remuneration given in the said resolutions may be treated as abstract of terms of remuneration of the said directors under section 302 of the Companies Act, 1956.

Shri Vikrant Gujral, Shri Anand Goel, Shri Ashok Alladi and Shri Arun Kumar Mukherji are concerned or interested in their respective resolutions.

By order of the Board

**T.K. SADHU**
(COMPANY SECRETARY)

**Registered Office:**
O.P. Jindal Marg, Hisar - 125005,
Haryana
Dated: 7th August, 2009

**FOR ATTENTION OF SHAREHOLDERS**

1. Register of members and share transfer books of the Company will remain closed from 16th September, 2009 to 17th September, 2009. The dividend, if declared by the members, shall be paid to those members whose names, in case of shares held in electronic form (Demat Form), appear as beneficial owners, as at close of business hours on Tuesday, the 15th September, 2009 and for shares held in physical form appear in the Register of members on Thursday, the 17th September, 2009.

2. The Ministry of Corporate Affairs, Government of India has vide their letter No.47/408/2009-CL-III dated 19th June, 2009 given the direction to the Company under Section 212(8) of the Companies Act, 1956 for not attaching the Balance sheet and other documents as required under Section 212(1) of the Companies Act, 1956 with Annual Accounts of the Company.

   The Company undertakes that Annual Accounts of the subsidiaries namely 1. Jindal Power Limited, 2. Jindal Minerals & Metals Africa Limited, 3. Jindal Minerals and Metals Africa Congo SPRL, 4. Jindal Steel & Power (Mauritius) Limited, 5. Trans Atlantic Trading Limited, 6. PT Jindal Overseas, 7. Vision Overseas Limited, 8. Jubiliant Overseas Limited, 9. Affiliate Overseas Limited, 10. Skyhigh Overseas Limited, 11. Harmony Overseas Limited, 12. Worth Overseas Limited, 13. Jindal Steel Bolivia SA, 14. Gas to Liquid International, 15. Chhattisgarh Energy Trading Company Ltd., 16. Jindal Power LLC, 17. Jindal Steel & Power LLC. 18. Jindal Mining Industry LLC, 19. JSPL Mozambique Minerais LDA, 20. Jindal Coal to Liquid Limited, 21. Enduring Overseas Limited, 22. Jindal Mining & Exploration Limited, 23. Jindal Investment Holdings Limited, 24. Jindal Africa Investments (Pty) Ltd, 25. Osho Madagascar SARL, 26. Jindal Hydro Power Ltd., 27. Jindal Power Transmission Limited, 28. Jindal Power Distribution Limited, 29. Power Plant Engineers Limited, 30. Jindal Petroleum Ltd., 31Jindal Petroleum (Mauritius) Ltd., 32. Jindal Petroleum (Georgia) Ltd. and 33. Rolling Hill Resources LLC and the related detailed information will be made available to the investors of these subsidiaries and Jindal Steel & Power Ltd. as and when they demand. The Annual Accounts of these Subsidiary Companies will also be kept for inspection by any investors at registered office of the Company as well as these subsidiaries.

3. 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 information ready at the Annual General Meeting.

4. Members are requested to note that Alankit Assignment Limited, Alankit House, 2E/21, Jhandelwala Extn., New Delhi – 110055, is the Registrar and Transfer Agent to look after the work related to shares held in physical and dematerialised form.

5. Members are requested to immediately notify to the Registrar and Transfer Agent any change in their address in respect of shares held in physical form and to their Depository Participants (DPs) in respect of shares held in dematerialized form.

6. Please bring a copy of the Annual Report and duly filled in attendance slip for attending the Annual General Meeting.

7. **UNCLAIMED / UNPAID DIVIDEND**

   In terms of Section 205C of the Companies Act, 1956, the Central Government has established "Investor Education and Protection Fund" (IEPF) and any amount of dividend / fixed deposit, etc. remaining unclaimed / unpaid for a period of seven years from the date it becomes due for payment should be transferred to this fund. Amount unclaimed / unpaid in respect of following payments will be transferred to this fund as shown below:-

| S. No. | Year | Description | Date of payment | Date of Transfer to IEPF |
|---|---|---|---|---|
| 1 | 2001-02 | Dividend @ 70% | 26th September, 2002 | 1st November, 2009 |
| 2 | 2002-03 | Dividend @ 125% | 26th July, 2003 | 31st August, 2010 |
| 3 | 2003-04 | Interim Dividend @ 75% | 23rd October, 2003 | 28th November, 2010 |
| 4 | 2003-04 | Dividend @ 125% | 17th July, 2004 | 22nd August, 2011 |
| 5 | 2004-05 | Interim Dividend @ 100% | 27th October, 2004 | 2nd December, 2011 |
| 6 | 2004-05 | Dividend @ 200% | 25th July, 2005 | 30th August, 2012 |
| 7 | 2005-06 | Interim Dividend @ 100% | 31st October, 2005 | 5th December, 2012 |
| 8 | 2005-06 | Dividend @ 200% | 27th September, 2006 | 26th October, 2013 |
| 9 | 2006-07 | Interim Dividend @ 120% | 29th January, 2007 | 28th February, 2014 |
| 10 | 2006-07 | Dividend @ 240% | 3rd October, 2007 | 2nd October, 2014 |
| 11 | 2007-08 | Interim Dividend @ 150% | 3rd March, 2008 | 2nd March, 2015 |
| 12 | 2007-08 | Dividend @ 250% | 4th October, 2008 | 3rd October, 2015 |

   Those who have not encashed their dividend warrants with respect to above dividends may please correspond with the Company for claiming the unclaimed amount.

**NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING**

# DIRECTORS' REPORT

To

The members,

Your Directors are pleased to present the 30th Annual Report together with the Statement of Accounts for the year ended 31st March 2009.

## FINANCIAL RESULTS

(Rs. in crores)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | **Financial Year ended 31.03.2009** | Financial Year ended 31.03.2008 | **Financial Year ended 31.03.2009** | Financial Year ended 31.03.2008 |
| Sales & other income | **7,799.43** | 5,459.87 | **10,913.37** | 5,538.73 |
| Profit before interest and depreciation | **2,603.82** | 2,162.61 | **5,231.81** | 2,252.98 |
| Profit before tax | **2,001.88** | 1,502.51 | **3,811.10** | 1,519.25 |
| Profit after tax | **1,536.48** | 1,236.96 | **3,007.15** | 1,251.15 |
| Appropriations: | | | | |
| Equity dividend | | | | |
| (i) Interim | -- | 23.09 | -- | 23.09 |
| (ii) Final | **85.33** | 38.93 | **85.28** | 38.93 |
| Corporate tax on dividend | | | | |
| (i) Interim | -- | 3.92 | -- | 3.92 |
| (ii) Final | -- | 6.63 | **14.75** | 6.63 |
| General reserve | **155.00** | 125.00 | **155.00** | 125.00 |

## DIVIDEND

Your Directors recommend a final dividend of 550% i.e. Rs. 5.50 per equity share. Stock Options under Series II (Part I), Series I (Part II) and Series III (Part I) have vested in the employees on 02nd September, 2008, 26th November, 2008 and 27th April, 2009 respectively. 57,136 shares were allotted on 13th April, 2009 against options granted under Series II (Part I). Shares in respect of Series I (Part II) and Series III (Part I) will be allotted to the employees in due course. These shares rank pari - passu with the existing shares in all respects. Therefore, provision for payment of final dividend for 2008-09 has also been made in respect of 10,03,375 equity shares being maximum number of shares to be allotted under Series I (Part II) and Series III (Part I).The total outlay on account of dividend payment will be Rs.85.33 crores.

## OPERATIONAL REVIEW

During the year, the Company has achieved an aggregate income of Rs.7,799.43 crores registering an increase of 43% over the previous year's Rs.5,459.87 crores. Profit before tax has increased to Rs.2,001.88 crores from previous year's Rs.1,502.51 crores registering an increase of 33%. Profit after tax has increased by 24% to Rs.1,536.48 crores from previous year's Rs.1,236.96 crores. Reserves and Surplus have increased to Rs.5,371.66 crores.

## SPONGE IRON

The Company has produced 12, 48,511 MT of Sponge Iron in the year under report as against previous year's production of 11,85,739 MT and achieved capacity utilization of 91%.

## STEEL

The production of steel products during the year under report as compared to previous year is given below:

| Sl. No. | Product | Production in MTs | |
|---|---|---|---|
| | | **(2008-09)** | (2007-08) |
| 1 | Finished steel products | **9,98,205** | 7,47,081 |
| 2 | Semi steel products | **15,78,790** | 14,28,056 |

## FERRO CHROME

The Company has produced 16,143 MT of HC Ferro Chrome during the year as against 17,905 MT in the previous year.

## POWER

The Company generated 2,831 million Kwh during the year as against 2,665 million Kwh of the previous year.

**RAIPUR UNIT**

Raipur Unit produced 937 MT of MS ingots, 1964 MT of casting and has done machining of 4,210 MT as against previous year's figures of 1,576 MT, 1,352 MT and 2,135 MT respectively.

**MINING**

The production of calibrated Iron Ore at captive mine at Tensa in Orissa was 10.42 lac MT as against previous year's production of 8.40 lac MT. The Company has exported 9.08 lac MT of Iron Ore Fines as against previous year's 8.06 lac MT. The production of coal at captive mine was 59.98 lac MT as against previous year's production of 59.94 lac MT.

**STATUS OF PROJECTS UNDER IMPLEMENTATION**

**a) Raigarh Projects**

**1. 4 x 135 MW Captive Power Plant at Coal Mine at Tamnar**

The Company is setting up 540 MW (4 x 135 MW) captive power plant at its coal mine at Tamnar, Raigarh in two phases which will cater to the increasing power requirement of the steel complex at Raigarh and will use middling from coal washery as feedstock. The estimated project cost of Phase I (2X135 MW) is Rs.1,179 crores and Phase II (2X135 MW) is Rs.1,080 crores. The entire land required for the project has been acquired. The project is expected to be commissioned in 2010.

**2. 2 MTPA Cement Plant**

The Company is setting up 2 MTPA cement plant at Raigarh in two phases. Slag Grinding Unit of 0.5 MTPA will be set up in first phase at an estimated cost of Rs.125 crores and will utilize the slag generated by steel plant which will help in solid waste management. The Slag Grinding Unit is expected to be commissioned in 2009.

**3. 0.6 MTPA Medium and Light Section Mill at Raigarh**

The Company is setting up 0.6 MTPA Medium and Light Section Mill for rolling 100 to 300 MM Beams & Channels with a provision to extend up to 400 MM in future at an estimated cost of Rs. 500 crores. With the commissioning of this Mill together with Rail and Universal Beam Mill, it would be possible to roll 100-900 MM wide Structurals at Raigarh works. It would also have the capability to roll 100 to 200 MM Angles, Rails (small) and Flats of various sizes. The project is expected to be commissioned in 2010.

**b) Steel Plant in Angul, Orissa**

The Company is setting up 6 MTPA integrated steel plant at Angul in the state of Orissa in a phased manner. In its first phase a Plate Mill (1.2 MTPA) and Power Plant (6x135 MW) will be set up. The estimated cost of the project is Rs. 9,350 crores. The project is expected to be commissioned in 2011.

**c) Steel plant in Patratu, Jharkhand**

The Company is setting up 3 MTPA integrated steel plant at Patratu in the State of Jharkhand in a phased manner. Work is going on for setting up 0.6 MTPA Wire Rod Mill and 1 MTPA Bar Mill at an estimated cost of Rs.710 crores. Wire Rod Mill is expected to be commissioned in 2009 and Bar Mill in 2010.

**d) Barbil, Orissa**

The Company is setting up Coal Gas Producer Plant, Iron Ore Loading Complex and 9.6 MTPA Iron Ore washing plant (Phase II) with an estimated cost of Rs.102 crores, Rs.111 crores and Rs.289 crore respectively. The project envisages setting up 90000 NM3 / Hr Coal Gasification Plant and storage/handling capacity of 1.5 million tons of iron ore lumps, fines and pellets. Coal Gas Producer Plant & Iron Ore Loading Complex is expected to be commissioned in 2009 and 9.6 MTPA of Iron Ore washing plant in 2010.

**e) Wind Power**

The Company is setting up a 24 MW Wind energy project at Satara in Maharashtra at a cost of Rs.163 crores. The Company has planned to establish 16 windmills of 1.5 MW each manufactured by Regen Powertech Pvt. Ltd in technical collaboration with Vensys of Germany, which is one of the leading technology suppliers of windmills in the world. The project, set up on non-agricultural land, is located at Bhud and Amberi villages in Satara district of Maharashtra. 10 out of the 16 wind mills have been set up and have started generating power from March 2009 and the remaining will be made operational in the current year. The project will lead to emission reduction of approximately 50,000 tonnes of carbon per annum.

**f) El-Mutun Iron Ore Mine, Bolivia**

Subsequent to the award of the exploitation rights by the Government of Republic of Bolivia over El-Mutun iron ore mine, the Jindal Steel Bolivia, S.A. (JSB), a subsidiary of the Company has been awarded land of 5525 hectares for setting up the plant. Further, the environment clearance for mining of iron ore has been granted to JSB. Since then, the JSB has set up two portable iron ore crushers of 400 TPH capacity at the mine site and commercial activities have commenced. JSB is currently in the process of finalization of commercial contract for sale of iron ore.

**SUBSIDIARY COMPANIES AND THEIR BUSINESSES**

Your Company is also undertaking business activities in generation, distribution and trading of power, exploration and exploitation of oil and natural gases, mining of minerals/ metals, trading of steel/ power etc. through its subsidiary companies.

Jindal Power Limited (JPL) has already set up 1000 MW (4 X 250 MW) power plant in Raigarh (Chhattisgarh) which is fully operational. JPL has closed financial year 2008-09 with an income of Rs.3,314.27 crores and earned profit after tax of Rs.1,581.93 crores. JPL is setting up 2,400 MW (4 X 600 MW) power plant at the existing plant site at Tamnar, Raigarh. JPL has entered into Joint Venture Agreement with Hydro Power Corporation of Arunachal Pradesh Ltd. for setting up 4,000 MW hydro power plant in Etalin and 500 MW hydro power plant in Attunli in the State of Arunachal Pradesh. JPL has entered in the business of trading of power and has obtained membership of The Indian Energy Exchange Ltd. for this purpose. Chhattisgarh Energy Trading Company Limited has obtained 'C' category power trading license from Central Electricity Regulatory Commission and is a member of Power Exchange of India Ltd. and is in the business of trading of power.

Jindal Steel Bolivia S. A. has started work on development of El-Mutun mine and is setting up steel manufacturing facilities in Bolivia. Jindal Petroleum Limited, through its subsidiary Jindal Petroleum (Georgia) Limited, has acquired 5 oil and gas blocks from Ministry of Energy of Georgia in the state of Georgia. Jindal Petroleum (Georgia) Limited will be operator in all these blocks. Jindal Petroleum Limited has been awarded exploration block no. RJ-ONN-2005/1 under New Exploration and Licensing Policy (NELP) of Government of India in bidding round VII which is situated near Jaisalmer in Rajasthan.

The Company is trying to gain foot hold in mineral rich countries of Africa. These are the following countries with their status:

1. Democratic Republic of Congo (DRC)
   - Company has acquired Diamond exploration rights in DRC. The aeromagnetic survey has been conducted and results are encouraging. The company is exploring this further.
   - Company has acquired 70% shareholding in Kasai Sud Diamant (KSD) which has mining rights for diamond.
2. South Africa:
   - Company has acquired 76% shareholding in Anthracite Coal mine named as Kiepersol Colliery in Piet Retief. The production is expected to start by first quarter of calendar year 2010-11.
3. Mozambique:
   - Company has acquired Coal block in Tete province and is exploring the block. Company is also actively involved in finding out further business opportunities for coking coal in Mozambique.
4. Madagascar:

   Company has acquired Limestone block and is exploring the block.

**TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to Section 205C of the Companies Act, 1956, the Company has transferred unpaid / unclaimed dividend for 2000-01 amounting to Rs.9,63,630 to Investor Education and Protection Fund of Government of India.

**EMPLOYEES STOCK OPTION**

Pursuant to Employees Stock Options Scheme-2005, 6,91,343 and 57,136 equity shares were allotted on 16th June, 2008 and 13th April, 2009 respectively against Options granted under Series I (Part I) and Series II (Part I) to the employees of the Company and its subsidiary, Jindal Power Ltd. Options under Series I (Part-II) and Series III (Part-I) have vested in the employees on 26th November, 2008 and 27th April, 2009 respectively and employees are entitled to exercise their options during their respective exercise periods of six months from the date of vesting.

As required by Clause 12 of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 information with respect to active Stock Options as on 31st March, 2009 is given in a separate statement as Annexure-I forming part of this Report.

**LISTING**

The equity shares continue to be listed on The Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). Both these stock exchanges have nation wide terminals and therefore, shareholders / investors are not facing any difficulty in trading in the shares of the Company from any part of the country. The Company has paid annual listing fee for 2009-10 to The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited and annual custody fee to National Securities Depository Limited and Central Depository Services (India) Limited.

## FIXED DEPOSITS

The Company has received Rs.12.42 crores as fresh deposits from 2974 applicants during the year under report. The aggregate amount outstanding in respect of fixed deposits as on 31.03.2009 was Rs. 32.48 crores representing 8709 fixed deposit holders. Amount of deposits that have matured but were unclaimed as on 31.03.2009 was Rs.69.64 lacs representing 320 deposit holders. Since then 97 deposits totaling Rs.21.08 lacs have been paid / renewed.

## DIRECTORS

Shri Ashok Alladi was appointed as Wholetime Director from 1st December, 2008. Shri Asok Kumar Mohapatra, Shri Haigreve Khaitan, Shri Hardip Singh Wirk and Shri Rahul Mehra joined the Board on 14th January, 2009 as Additional Directors. ICICI Bank Limited has withdrawn nomination of Smt. Ramni Nirula as Director from 1st April, 2009. Shri Ratan Jindal, Shri Anand Goel and Shri Sushil Kumar Maroo, Directors of the Company will retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

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

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure II forming part of this report.

## PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees are set out in Annexure III to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act read with Clause 32 of the Listing Agreement, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at 28, Najafgarh Road, New Delhi - 110015.

## CORPORATE GOVERNANCE

Your Company has implemented the conditions of Corporate Governance as contained in clause 49 of listing agreement. A separate report on Corporate Governance and Management Discussion and Analysis along with necessary certificates are given in this report as Annexures IV & V and form a part of this report.

## AUDITORS

M/s S.S.Kothari Mehta & Co., Auditors of the Company hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received communication from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. They are proposed to be appointed as Auditors of the Company for the financial year 2009-10.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under sub section 2AA of Section 217 of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:-

i) that in preparation of the annual accounts for the financial year ended 31.03.2009, the applicable accounting standards had been followed along with proper explanations relating to material departures.

ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under report.

iii) that the Directors had 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 by preventing and detecting fraud and other irregularities.

iv) that the Directors had prepared the accounts for the financial year ended 31.03.2009 on a 'going concern basis'.

## APPRECIATION

Your Directors wish to place on record their gratitude for the valuable guidance and support given by Government of India, various State Government departments, Financial Institutions, Banks, and various stake holders, such as, shareholders, customers, suppliers etc. The Directors also commend the continuing commitment and dedication of the employees at all levels which has been critical for the Company's success. The Directors look forward to their continued support in future.

For and on behalf of the Board

Date : 27th May, 2009
Place : New Delhi

**SAVITRI JINDAL**
CHAIRPERSON

**ANNEXURE - I**

**STATEMENT AS AT 31.03.2009, PURSUANT TO CLAUSE 12 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEES STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999.**

| Sl. No. | Description | | Remarks |
|---|---|---|---|
| A | Options granted | : | During the year 2008-09 no stocks option was granted to the employees and Wholetime Directors of the Company and its subsidiaries. |
| B | Pricing formula | : | As approved by shareholders in their Annual General Meeting held on 25.07.2005 price of shares arising on exercise of Options is equivalent to 75% of the average of the daily closing price of equity shares of the Company during 30 trading days preceding the date of grant of Options as quoted on the Bombay Stock Exchange Ltd., Mumbai (BSE) or the National Stock Exchange of India Ltd. (NSE) wherever the trading volume of equity shares in aggregate during the said period is more. |
| C | Options vested | : | 8,46,375 (Part – II Series-I) and 3,76,250 (Part –I Series- II) |
| D | Options exercised | : | 6,91,343 |
| E | Total number of Ordinary Shares arising as a result of exercise of Options | : | 6,91,343 (allotted on 16.06.2008) |
| F | Options lapsed | : | On account of leaving of service due to resignation, retirement or otherwise, of the employees of the Company and its subsidiary 13,68,157 stock options were lapsed during the year 2008-09. |
| G | Variation of terms of Options | : | NIL |
| H | Money realized by exercise of Options | : | Rs.14,03,42,629/- (includes premium of Rs.13,96,51,286/- ) |
| I | Total number of Options in force | : | 15,31,250 stock options. |
| J | Details of Options granted to | : | |
| | i) Senior managerial personnel | : | NA |
| | Any other employees who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year. | : | NA |
| | Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. | : | NA |
| K | Diluted Earnings per Share (EPS) pursuant to issue of Ordinary Shares on Exercise of Options calculated in accordance with Accounting Standard (AS) 20 - 'Earning Per Share.' | : | Rs. 98.58 |
| L | i) Method of calculation of employee compensation cost. | : | The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for stock-based compensation cost for the financial year 2007-08. |
| | ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options. | : | The employee compensation cost would have been increased by Rs. 0.12 crore. |

| | | |
|---|---|---|
| | iii) The impact of this difference on Profits and on EPS: of the Company. | The effect of adopting the fair value method on the net income and earnings per share is presented below: |

(Rs. in crore)

| | | |
|---|---|---|
| Net Income, as reported | | 1536.48 |
| Add: Intrinsic Value Compensation Cost | | (3.93) |
| Less: Fair value Compensation Cost (Black Scholes Model) | | (3.81) |
| Adjusted Net Income | | 1536.36 |
| Earning per share | Basic (Rs.) | Diluted (Rs.) |
| As reported | 99.44 | 98.58 |
| As adjusted | 99.44 | 98.57 |

| | | |
|---|---|---|
| M | Weighted average exercise price and weighted average: fair value of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock. | Options granted whose exercise price is less than the market price of the stock (adjusted for stock split): |

| | |
|---|---|
| Weighted average Exercise Price | NA |
| Weighted average fair value | NA |

| | | |
|---|---|---|
| N | A description of the method and significant assumption: used during the year to estimate the fair values of Options. | The fair value of each option estimated using the Black Scholes Options Pricing Model after applying the following key assumptions |

| | | |
|---|---|---|
| i) | Risk free interest rate | NA |
| ii) | Expected life | NA |
| iii) | Expected volatility | NA |
| iv) | Expected dividend | NA |
| v) | The price of the underlying shares in market at the time of option grant | NA |

**ANNEXURE - II**

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

**A) CONSERVATION OF ENERGY:**

**(a) Energy conservation measures taken:**

- Excess BF gas utilization in two more WHRB of power plant Unit-3
- Replacement of higher head old CW pump in DRI-1 with smaller head new pumps matching with actual requirements to reduce electrical power consumption
- VFD panel installed in place of DOL starter in F.D. Fan no. 3A & 4A of WHRB# 9 & 10 at 2x25 MW CPP
- Dual speed (High / Low) starter installed in place of DOL starter in C.T.Fan at 2x25 MW CPP
- Lighting Energy Saver (Beblec) installed in TG area of 3x25 MW CPP
- 150 Watt HPSV luminaries modified with 70-Watt lamp in PP-3
- Provision of 2-way switches for On-OFF lights in cable cellers (Boiler & TG) at 3x25 MW CPP
- VVFD drives installed in the cooler drives of DRI-1
- To reduce specific power consumption of DRI-2 by 5% i.e. 90 to 85 units/Mt of DRI
  - i) HT & LT Capacitor Bank installed in RMHS Section; and
  - ii) Harmonic Filter installed in Kiln 7 & 8

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

- Replacement of 2 x 2500 NM3/Hr Roots blower with 1 x 3500 NM3 / Hr Roots Blower in DRI-2
- Installation of coal drier at coal mines to reduce specific coal consumption in DRI-2
- Increasing the productivity by 6% to reduce electrical power consumption in DRI-2
- Installation of lighting transformer in 2X25MW power plant
- Reduce make-up water consumption and 100% recirculation of water in RUBM
- Replacement of 2 nos. of high head pumps of 160kW each with 90kW low head pump for high pressure water in ash conveying system of 2X55 MW power plant
- Installation of booster pump to increase high pressure of water thereby to reduce running hour of conveying system of 2X55 MW power plant

**(c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods:**

- Additional 25×103 m3 of BF gas is being consumed which was designed in 2 boilers. 5MW additional generation is being achieved
- Substantial Electrical power saving has been achieved
- 100 nos. of 150-watt HPSV luminaries replaced by 70-watt lamp and electrical power saving of 8 kW/hr has been achieved
- Illumination period reduced to 1 hr from 24 hrs and electrical power saving of 21.5 KW/hr has been achieved
- VFD's installed in 6nos. of 150 kW motors and electrical power saving of 96.0 kW/hr has been achieved
- The specific power consumption reduced by 5% i.e. from 90 to 85 kWh/ton
- Water recovery of 43 m3/hr has been achieved

## FORM A

**Form for disclosure of particulars with respect to conservation of energy**

**a. Power and fuel consumption**

| Sl. No | Particulars | Current year | Previous Year |
|---|---|---|---|
| **1.** | **Electricity** | | |
| | **(a) Purchased** | | |
| | Unit in ('000 kwh) | **32,912.11** | 24,997.33 |
| | Total amount (Rs. in lacs) | **1,625.92** | 1,523.68 |
| | Rate/Unit (Rs.) | **4.94** | 6.10 |
| | **(b) Own generation** | | |
| | i) Through diesel generator | | |
| | Units ('000 Kwh) | **673.97** | 134.96 |
| | Units per ltr. of diesel Oil | **6.19** | 3.61 |
| | Cost / unit (Rs.) | **14.39** | 20.10 |
| | ii) Through steam turbine / generator | | |
| | Units (in 000 Kwh) | **18,19,481.24** | 17,75,102.58 |
| | Units per ltr. of fuel Oil / Gas | **NIL** | NIL |
| | Cost / units (Rs.) | **NA** | NA |
| **2.** | **Coal** | | |
| | **(a) Non Coking Coal*** | | |
| | Quantity (MTs) | **42,74,065.02** | 42,02,126.67 |
| | Total cost (Rs. in lacs) | **34,733.34** | 27,680.81 |
| | Average rate / MT (Rs.) | **812.65** | 658.73 |
| | **(b) Coking Coal**** | | |
| | Quantity (MTs) | **9,79,923.30** | 9,62,367.91 |
| | Total cost (Rs. in lacs) | **97,968.85** | 58,564.40 |
| | Average rate / MT (Rs.) | **9,997.60** | 6,085.45 |
| **3.** | **Coke** | | |
| | Quantity (MTs) | **1,14,603.72** | 2,17,786.10 |
| | Total cost (Rs. in lacs) | **14,497.71** | 19,883.82 |
| | Average rate / MT (Rs.) | **12,650.29** | 9,129.98 |
| **4.** | **Furnace Oil** | | |
| | Quantity (K. ltrs) | **28,986.84** | 27,438.54 |
| | Total cost (Rs. in lacs) | **7,432.28** | 5,240.96 |
| | Average rate / Ltr (Rs.) | **25.64** | 19.10 |
| **5.** | **Others internal generation** | | |
| | Quantity | **NIL** | NIL |
| | Total cost (Rs. in lacs) | **NA** | NA |
| | Average rate / Kg. (Rs.) | **NA** | NA |

* *Used in the manufacturing of Sponge Iron / Power Plant.*

** *Used in coke oven and ultimately consumed in Blast Furnace.*

**b. Consumption per unit of production**

| Sl. No. | Particulars | Current Year | Previous Year |
|---|---|---|---|
| **1.** | **Electricity** | | |
| | For Sponge Iron mfg. (unit / ton) | **76.36** | 76.08 |
| | For Ferro Chrome mfg. (unit / ton) | **3,232.11** | 3,800.26 |
| | For Slabs / rounds / Beam /Blank Mfg. (unit / ton) | **625.60** | 650.18 |
| | For Rails / Beams / Channels Mfg. (unit / ton) | **172.05** | 166.41 |
| | For Plate / Coil Mfg. (unit / ton) | **122.51** | 202.40 |
| | For Steel melting (Ingots & Casting) (unit / ton) | **819.00** | 858.00 |
| | For Machine / Machinery parts Mfg. (unit / ton) | **476.00** | 711.00 |
| **2.** | **Fuel Oils:** | | |
| | For Sponge Iron Mfg. (litre / ton) | **NIL** | NIL |
| **3.** | **Coal:** | | |
| | For Sponge Iron Mfg. (mt. / ton) | **1.45** | 1.49 |
| | For Ferro Chrome Mfg. (mt. / ton) | **0.04** | 0.16 |
| | For Power Plant (kG / Kw) | **0.81** | 0.83 |

## B) TECHNOLOGY ABSORPTION

**Efforts made in technology absorption as per Form B given below**

**FORM B**
**(Form for disclosure of particulars with respect to absorption)**

**Research and development (R&D):**

**a) Specific areas in which R&D carried out by the company.**

1) Analysis of UTS failure of Rail Steel heats.
2) Stabilization of Gieseler plastometer to measure fluidity of coal & coal blends used in coke making and verification of results.
3) Blast furnace productivity increased to 2.8 T/M3 and coke rate of 333 kg/thm achieved with PCI coal injection up to 1 46 kg/thm.
4) Study of Lime / Dololime kiln to achieve rated productivity and quality as per SMS requirements.
5) Modification of slab caster Tundish to reduce Tundish skull loss.
6) Stabilization of flame photometer for analysis of Alkali oxides in BF inputs.
7) Preparation of Top shell and spare roof of EAF.
8) Failure investigation of Broken Roll.
9) Study of Kiln 10 & factors affecting coal injection in DRI kiln.
10) Development of new DRI Air tube material.
11) Process optimization with Boron treated steel for cast round.
12) Development of coal based Sponge Iron briquettes by cold briquetting.
13) Development of high strength steel plates in thicker section (more than 60 mm).
14) Study of accretion formation and counter measures.
15) Stabilization of chemistry and process parameters of HSLA Plates.

**b) Benefits derived as a result of the above R&D:**

1) Rejections due to UTS failure eliminated.
2) Evaluation of coal & coal blend became much precise and helped to increase PCI injection.

3) Reduction in cost of Hot metal.

4) Reduction in refractory consumption; power consumption in EAF; LRF.

5) Reduction in skull generation from slab caster Tundish.

6) Control of burden chemistry became more precise.

7) Instances of EAF refractory failure due to panel leakages eliminated; delay due to water cooled panel leakage eliminated.

8) Evaluation of roll quality became more focused.

9) Coal consumption reduced to as low as 1.26 T/T of DRI and Productivity in 500 TPD kiln increased to 500 Tons/day.

10) This has improved the life of the air tube, thus decreasing the down time of kiln.

11) The internal soundness has been improved significantly for defect free seamless pipe rolling.

12) This will facilitate charging of sponge iron fines in EAF for efficient fume extraction system and environmental friendly operation.

13) The high toughness material with high strength will cater to the need of construction industry.

14) Reduces accretion in sponge Iron Kiln.

15) Eliminates surface cracking in HSLA Plates.

**c) Future plan of action:**

1) Study to minimize accretion in coal base DRI kilns.

2) Laboratory scale induction furnace and forging press to develop new grades.

3) Development of software for mix grade casting in collaboration with IIT –Kanpur.

4) Water modeling study of Near –net-shape caster for reducing tundish skull and improving steel cleanliness in collaboration with IIT –Kanpur.

5) Study and process optimization for eliminating web crack in beam blanks.

6) Process optimization for iron ore and pellet reduction in DRI Kilns.

**d) Expenditure on R & D:**

| | | | |
|---|---|---|---|
| a) | Capital | : | Rs.107.15 lacs |
| b) | Recurring: | : | Rs.207.14 lacs |
| c) | Total | : | Rs.314.29 lacs |
| d) | Total R&D expenditure as a percentage of total turnover:} | : | 0.04% |

**Technology absorption, Adaptation, and Innovation:**

**a) Efforts in brief, made towards technology absorption, adaptation and innovation:**

1) In house development of new Roll Pass design for NPB 450X190

2) Modification of skid transfer operating mode from manual to automatic.

3) Introduction of Air pre heater in WHRB

**b) Benefits derived as a result of the above efforts:**

1) This has helped to reduce the number of passes in BD mill (number of passes reduced from 11 to 8).

2) This has helped to reduce the manpower and proper positioning of material at right place.

3) To supply hot air to the furnace. Results were highly encouraging.

c) **In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.**

a) **Technology Imported:**

| 2004-05 | 2005-06 | 2006 - 07 | 2007- 08 | 2008- 09 |
|---|---|---|---|---|
| i) 8Lac TPA Environment friendly clean type pollution free Non recovery Mechanized Coke Oven Technology<br>ii) 1670 M3 (useful volume) Blast Furnace with Optimized Energy Utilization | i) 2.4 Million tonne sinter plant technology<br>ii) Intermediate stands and finishing stand replaced by CCS stands and both structural sections and rails rolled with Universal configuration. | Universal tandem rolling in Rail & Universal Beam Mill | RH degasser | 100 T Electric Arc Furnace, Ladle Furnace and FES from Sarale SPAIN. |

b) **Year of import:** as given above

c) **Has technology been fully absorbed:** Yes

d) **If not fully absorbed, areas where this has not taken place, reason therefor and future plans of action:** N / A

C) **FOREIGN EXCHANGE EARNINGS AND OUTGO**

a. **Activities relating to export:**

i) **Initiatives taken to increase export:**

The Company realises the importance of a long term presence in the global market, for which the process of various plant approvals for servicing specific industries is underway. Plant approvals from Lloyds Register of Shipping, BS (American Bureau of Shipping), and DNV (Det Norske Veritas) have been obtained for the plate mill for servicing global ship-building industry. In addition, the plate mill was also audited and certified by TUV as per ADW-2000 norms for supply of plates to the Pressure Vessel Industry in Europe. The process of certification by Germanischer Lloyd (GL) and NKK (Nippon Kaiji Kyokai), Japan for the shipbuilding industry and by API (American Petroleum Institute), USA for the line-pipe industry is going on for the Plate mill. The certificates will help in reaching out to specific export markets such as, ship building, pressure vessel equipment and line pipe markets.

ii) **Development of new export market for products and services and export plans:**

Demand and returns from the international market still remain below the domestic market on account of slower economic activity due to recession. The Company is closely monitoring the situation so as to maintain presence in the international market in a selective manner and will take steps in line with the improvement in international markets.

b. **Total Foreign Exchange used and earned**

i) Foreign Currency Used : Rs.1,738.63 crores

ii) Foreign Currency Earned : Rs.1,021.37 crores

Annexure-IV

# CORPORATE GOVERNANCE

## 1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance philosophy of the Company is based on the principles of equity, fairness, transparency, spirit of law and honest communication. Company believes that sound Corporate Governance is vital to retain stakeholders' trust and ensure efficient working and proper conduct of the business of the company with integrity. Development of Corporate Governance guidelines is a continuous process which evolves over a period of time and undergoes changes to suit the changing times and needs of the business, society and the nation.

## 2) BOARD OF DIRECTORS:

i) Structure of Board of Directors as on 31st March, 2009 and attendance at Board Meetings held during the financial year 2008-09 and Annual General Meeting (AGM) are given below.

| Sl.No | Name and Designation | Category | Attendance in FY 2008-09 | |
|---|---|---|---|---|
| | | | Board Meetings | AGM |
| 1. | Smt. Savitri Jindal# Chairperson | Non – Executive and Promoter | 1/4 | No |
| 2. | Shri Ratan Jindal# Director | Non – Executive and Promoter | 0/4 | No |
| 3. | Shri Naveen Jindal# Executive Vice Chairman & Managing Director | Executive and Promoter | 4/4 | Yes |
| 4. | Shri Vikrant Gujral Vice Chairman & Chief Executive Officer | Executive | 4/4 | No |
| 5. | Shri Anand Goel Joint Managing Director@ | Executive | 3/4 | No |
| 6. | Shri S. Ananthakrishnan Nominee Director (IDBI Bank Limited) | Non Executive and Independent | 3/4 | No |
| 7. | Smt. Ramni Nirula* Nominee Director (ICICI Bank Limited) | Non Executive and Independent | 1/4 | No |
| 8. | Shri A.K. Purwar Director | Non Executive and Independent | 4/4 | No |
| 9. | Shri R.V. Shahi Director | Non Executive and Independent | 3/4 | No |
| 10. | Shri Asok K. Mohapatra** Director | Non Executive and Independent | 1/1 | NA |
| 11. | Shri Haigreve Khaitan** Director | Non Executive and Independent | 1/1 | NA |
| 12. | Shri Hardip Singh Wirk** Director | Non Executive and Independent | 1/1 | NA |
| 13. | Shri Rahul Mehra** Director | Non Executive and Independent | 1/1 | NA |
| 14. | Shri Sushil K. Maroo*** Director | Non Executive | 4/4 | No |
| 15. | Shri Ashok Alladi**** Wholetime Director – Finance | Executive | 4/4 | Yes |
| 16. | Shri A.K. Mukherji Wholetime Director | Executive | 3/4 | No |

# Smt. Savitri Jindal is mother of Shri Naveen Jindal and Shri Ratan Jindal.

@ Promoted as Joint Managing Director from 27th May, 2009.

* ICICI Bank Limited has withdrawn her nomination with effect from 01.04.2009.

** Appointed as Additional Director w.e.f 14.01.2009.

*** Ceased to be wholetime Director w.e.f 18.06.2008 but continues to be Director.

**** Appointed as wholetime Director w.e.f 01.12.2008.

ii) **Other Directorships:**

The number of directorships held in other bodies corporate by the Directors as on 31.03.2009 is as follows:-

| Name of Director | No. of Directorships in other Companies | | | No. of Chairmanship / Membership of Committees | |
|---|---|---|---|---|---|
| | Private | Public | Foreign | Chairmanship | Membership |
| Smt. Savitri Jindal | 0 | 8 | 0 | 0 | 0 |
| Shri Ratan Jindal | 1 | 7 | 7 | 0 | 0 |
| Shri Naveen Jindal | 1 | 5 | 0 | 0 | 0 |
| Shri Vikrant Gujral | 0 | 0 | 3 | 0 | 0 |
| Shri Anand Goel | 4 | 12 | 14 | 0 | 1 |
| Shri S. Ananthakrishnan | 0 | 0 | 0 | 0 | 0 |
| Smt. Ramni Nirula | 0 | 3 | 0 | 0 | 2 |
| Shri A.K. Purwar | 5 | 7 | 1 | 1 | 3 |
| Shri R.V. Shahi | 2 | 3 | 0 | 0 | 1 |
| Shri Asok K. Mohapatra | 0 | 3 | 0 | 0 | 0 |
| Shri Haigreve Khaitan | 3 | 17* | 0 | 0 | 8 |
| Shri Hardip Singh Wirk | 1 | 0 | 0 | 0 | 0 |
| Shri Rahul Mehra | 0 | 0 | 0 | 0 | 0 |
| Shri Sushil K. Maroo | 3 | 12 | 7 | 1 | 2 |
| Shri Ashok Alladi | 0 | 0 | 0 | 0 | 0 |
| Shri A.K. Mukherji | 0 | 0 | 0 | 0 | 0 |

* includes three companies where he has been appointed as Alternate Director.

iii) Details of contract of service of Directors

| Name | Period of contract | Date of appointment | Notice period |
|---|---|---|---|
| Shri Naveen Jindal | 5 years | 09.05.2008 | Nil |
| Shri Vikrant Gujral | 5 years | 17.04.2006 | Nil |
| Shri Anand Goel | 5 years | 01.08.2005 | Nil |
| Shri A.K. Mukherji | 5 years | 01.04.2008 | Nil |
| Shri Ashok Alladi | 5 years | 01.12.2008 | Nil |

Appointment of Wholetime Directors is governed by resolutions passed by the Board of Directors and shareholders of the Company, which cover the terms and conditions of such appointments, read with the service rules of the Company. There is no separate provision for payment of severance fee under the resolutions governing the appointment of Wholetime Directors.

iv) **BOARD MEETINGS:**

The Board of Directors has met four times during the year on 27.05.2008, 25.07.2008, 30.10.2008 and 29.01.2009. Detailed agenda with notes and the information required to be given in terms of business on the agenda were circulated in advance to the Directors and all matters with explanatory notes / reports relating to the respective Committees were circulated sufficiently in advance of their meetings.

**BRIEF INTRODUCTION OF DIRECTORS PROPOSED TO BE APPOINTED / REAPPOINTED AT THE FORTHCOMING ANNUAL GENERAL MEETING**

Shri Ratan Jindal, Shri Anand Goel and Shri Sushil K. Maroo, Directors of the Company retire by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting. Shri Asok K. Mohapatra, Shri Haigreve Khaitan, Shri Hardip Singh Wirk and Shri Rahul Mehra were appointed as Additional Directors (Independent) from 14.01.2009. The Company has received notices from members for their appointment as Directors by the shareholders in the forthcoming Annual General Meeting.

**SHRI RATAN JINDAL** is a commerce graduate and has attended the Advanced Management Programme at Wharton Business School, USA. He was appointed as director of Jindal Strips Limited in 1979 and became its Managing Director in 1989. After restructuring of this company he became Vice Chairman and Managing Director of JSL Limited (formerly Jindal Stainless Limited) in July, 2003. He has wide knowledge and working experience of steel industry. He is also currently on the Board of the International Stainless Steel Forum established to focus on the development of stainless steel worldwide. He is the Managing Director of Jindal Stainless, FZE and is also director in Shalimar Paints Limited, Sonabheel Tea Limited, Jindal Stainless UK Limited, Jindal Stainless Mauritius Limited, Massillon Stainless Inc. USA, Nalwa Farms Private Limited, Jindal Industries Limited, OPJ Investments & Holdings Limited, Nalwa Fincap Limited, Nalwa Financial Services Limited, JSL Group Holdings Pte. Limited, JSL Ventures Pte. Limited and JSL Europe S.A.

**SHRI ANAND GOEL** is MBA from BITS Pilani and has thirty four years of working experience in steel industry. He has served Jindal Strips Ltd. for 26 years in various managerial capacities. He was appointed on the Board of the Company on 09.05.1998. He was appointed as a Wholetime Director of the Company w.e.f. 01.08.2000 and was promoted to Deputy Managing Director from 01.08.2006 and Joint Managing Director from 27.05.2009. He is Director of Jindal Power Limited, Jindal Rex Exploration Private Limited, Jindal Coal Private Limited, Jindal Hydro Power Limited, Jindal Power Transmission Limited, Jindal Power Distribution Limited, Minerals Management Services (India) Limited, Power Plant Engineers Limited, Opelina Finance and Investment Limited, Shresht Mining and Metals Private Limited, Uttam Vidyut Transmission Private Limited, Jindal Petroleum Limited, MMS Energy Limited, Gagan Power Limited, Jindal Coal To Liquid Limited, S.N. Flag Foundation, Vision Overseas Limited, Jubilant Overseas Limited, Affiliate Overseas Limited, Skyhigh Overseas Limited, Worth Overseas Limited, Jindal Minerals & Metals Africa Congo SPRL, Jindal Steel & Power (Mauritius) Limited, Jindal Mineral & Metals Africa Limited, JSPL Mozambique Minerais LDA, Jindal Petroleum (Georgia) Limited, Jindal Petroleum (Mauritius) Limited, Enduring Overseas Limited, Harmony Overseas Limited and Synergy Infrastructure (Nepal). He is member of a committee in one of the above mentioned companies.

**SHRI SUSHIL K. MAROO** is a chartered accountant and has over 24 years of working experience. Before joining the Company he has worked with Hindustan Lever Limited, Voltas Limited, RPG Dholpur Power Company Limited and Chambal Fertilizers & Chemicals Limited and possesses vast financial and managerial experience. He joined the Company in January 2001 as Vice President- Finance and was elevated to the position of Wholetime Director on 20.05.2004 and is currently working as Deputy Managing Director of Jindal Power Limited. He is also Director of Gagan Sponge Iron Limited, Jindal Power Transmission Limited, Jindal Power Distribution Limited, Jindal Hydro Power Limited, Nalwa Steel and Power Limited, Shresht Mining and Metals Private Limited, Uttam Vidyut Transmission Private Limited, Jindal Petroleum Limited, MMS Energy Limited, Gagan Power Limited, Jindal Coal To Liquid Limited, Power Plant Engineers Limited, Chhattisgarh Energy Trading Company Limited, Jindal Rex Exploration Private Limited, Jindal Minerals & Metals Africa Limited, Worth Overseas Limited, Jindal Petroleum (Mauritius) Limited, Jindal Petroleum (Georgia) Limited, Jindal Mining & Exploration Limited, Jindal Investment Holdings Limited and Jindal Africa Investments (Pty) Limited. He is member of 2 committees and chairman of 1 committee in the above mentioned companies.

**SHRI ASOK K. MOHAPATRA** joined Indian Administrative Service in 1971 and has 36 years of experience in civil service. Before retirement in January, 2008, he was Secretary to the Government of India, Department of Shipping. He has held various senior positions in the State Government of Himachal Pradesh and Govt. of India including Secretary to Govt. of India, Ministry of Parliamentary Affairs; Chairman, Tariff Commission, Ministry of Commerce; Additional Secretary and Financial Advisor, Ministry of Road Transport and Highways; Joint Secretary and Chief Vigilance Officer, Department of Food and Public Distribution; Finance Commissioner, Govt. of Himachal Pradesh etc. He is also Director of Allahabad Bank, Modi Spinning & Weaving Limited and Metal Box of India Limited.

**SHRI HAIGREVE KHAITAN** is a law graduate from Kolkata University and a member of Bar Council of West Bengal; Incorporated Law Society, Kolkata; International Bar Association, London; The Indian Council of Arbitration; The India Law Institute; The Bar Association of India and Young Entrepreneurs Association. He has rich experience in mergers and acquisitions, cross border transactions, project finance, takeovers, buy backs, foreign investments, joint ventures and foreign collaborations across various business sectors. He is practicing as an Advocate since 1995. He is also on Board of Ceat Limited, Dhunseri Tea & Industries Limited, Harrisons Malayalam Limited, Hindustan Composites Limited, Inox Leisure Limited, Rama Newsprint & Papers Limited, National Engineering Industries Limited, Sterlite Technologies Limited, TCPL Packaging Limited, Khaitan Consultants Limited, I.G.E. (India) Limited, Great Eastern Energy Corporation Limited, Bennett, Coleman & Co Limited, AVTEC Limited, Xpro India Limited, The Oudh Sugar Mills Limited, The Madras Aluminium Company Limited, BTS Investment Advisors Private Limited, Vinar System Private Limited, Millipore India Private Limited and a partner in Khaitan & Co. He is member of 8 committees in the above mentioned companies.

**SHRI HARDIP SINGH WIRK** is a law graduate from Delhi University and started his career in 1998 as a lawyer with Shri P. V. Kapur, Sr. Advocate and has handled various cases in Delhi High Court, Company Law Board, Consumer Forum and Supreme Court of India.

Thereafter, he joined M/s Trilegal, a Corporate Law firm where he specialized in foreign investments, real estate and general corporate advice. In 2005 he started his independent practice specializing in foreign investment and real estate. He is also director in Mandira Wirk Design Private Limited.

**SHRI RAHUL MEHRA,** a law graduate from Delhi University, is a member of Bar Council of Delhi and is practicing as an Advocate in Supreme Court and High Court, Delhi since 1998. He is on the panel of lawyers of Union of India for Supreme Court matters and also for the Ministry of External Affairs, Government of India for extradition matters.

**3) COMMITTEES OF THE BOARD**

Board has, from time to time, constituted various committees, details of which are given below:

**i) Audit Committee:**

The Audit Committee is vested with role and powers as mentioned in para C & D respectively of Clause 49(II) of the Listing Agreement. The Audit Committee provides direction to the audit functions and monitors the quality of internal and statutory audit. The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, recommendation of appointment and removal of statutory auditors and appointment of internal auditors and cost auditors and fixation of their remuneration, review of the quarterly and annual financial statements before submission to Board, review of the adequacy of internal control systems and the internal audit function, review of compliance with laws, inspection of records and audit reports and reports of statutory auditors, review of findings of internal investigations, review of statement of significant related party transactions, review of management discussion and analysis, review of management letters / letter of internal control weaknesses issued by statutory auditors, discussion on the scope of audit with external auditors and examination of reasons for substantial defaults, if any, in payment to stakeholders.

The Audit Committee of the Company consists of 3 Independent Non Executive Directors, namely, Shri R. V. Shahi, Shri Asok K. Mohapatra and Shri S. Ananthakrishnan and 1 Wholetime Director namely, Shri Ashok Alladi. Four Audit Committee meetings were held on 25.05.2008, 25.07.2008, 30.10.2008 and 29.01.2009 during the financial year 2008-09. Shri R.V. Shahi is the Chairman of Audit Committee.

Details of attendance are given below:

| Date of meeting → | 25.05.2008 | 25.07.2008 | 30.10.2008 | 29.01.2009 |
|---|---|---|---|---|
| ↓ Name of Members | | | | |
| Shri Ashok Alladi | ✓ | ✓ | ✓ | ✓ |
| Shri R. V. Shahi | ✓ | ✓ | ✓ | ✓ |
| Shri S. Ananthakrishnan | ✓ | ✓ | ✓ | ✓ |
| Shri Asok K. Mohapatra* | NA | NA | NA | NA |

** He was appointed as a member of Audit Committee by Board of Directors in its meeting held on 29.01.2009*

**ii) Remuneration Committee:**

Except sitting fees, the Company is not paying any remuneration to the Non-Executive Directors. Therefore, no remuneration committee has been constituted.

**Remuneration of Directors:**

Details of remuneration paid to Directors of the Company for the financial year ended on 31.03.2009 is as follows:

(Rs. in lacs)

| Sl. No | Name | Sitting Fees | Salary | Perquisites and benefits | Commission | Total |
|---|---|---|---|---|---|---|
| 1. | Smt. Savitri Jindal | --- | --- | --- | --- | --- |
| 2. | Shri Ratan Jindal | --- | --- | --- | --- | --- |
| 3. | Shri Naveen Jindal | --- | 707.41 | 84.89 | 2,035.63 | 2,827.93 |
| 4. | Shri Vikrant Gujral | --- | 84.81 | 26.47 | 59.87 | 171.15 |
| 5. | Shri Anand Goel | --- | 100.73 | 9.27 | --- | 110.00 |
| 6. | Shri S. Ananthakrishnan | 0.80 | --- | --- | --- | 0.80 |
| 7. | Smt. Ramni Nirula | 0.20 | --- | --- | --- | 0.20 |
| 8. | Shri A.K. Purwar | 0.80 | --- | --- | --- | 0.80 |

| Sl. No | Name | Sitting Fees | Salary | Perquisites and benefits | Commission | Total |
|---|---|---|---|---|---|---|
| 9. | Shri R.V. Shahi | 0.80 | --- | --- | --- | 0.80 |
| 10. | Shri Asok K. Mohapatra | 0.20 | --- | --- | --- | 0.20 |
| 11. | Shri Haigreve Khaitan | 0.20 | --- | --- | --- | 0.20 |
| 12. | Shri Hardip Singh Wirk | 0.20 | --- | --- | --- | 0.20 |
| 13. | Shri Rahul Mehra | 0.20 | --- | --- | --- | 0.20 |
| 14. | Shri Sushil K. Maroo | 0.25 | 18.34 | 5.38 | --- | 23.97 |
| 15. | Shri Ashok Alladi | 0.90 | 24.13 | 2.84 | --- | 27.87 |
| 16. | Shri A.K. Mukherji | --- | 45.15 | 13.79 | --- | 58.94 |

**Notes**

1) *Non Executive Directors of the Company are not entitled to any remuneration other than sitting fees.*
2) *Salary & perquisites include all elements of remuneration i.e. salary and other allowances and benefits including employer's provident fund contribution.*
3) *In case of Nominee Directors, the sitting fee was directly paid to IDBI Bank Limited and ICICI Bank Limited.*
4) *Shri Ashok Alladi ceased to be independent Director w.e.f 01.12.2008 and was appointed as Wholetime Director- Finance from that date. The sitting fee was not paid to him for attending meetings after his cessation as independent Director.*
5) *Shri Sushil K. Maroo ceased to be Wholetime Director w.e.f 18.06.2008 and continues as Non- Executive Director thereafter. He was paid sitting fee for attending meetings of Board and its Committees as Non- Executive Director.*
6) *In addition to the above, Shri Naveen Jindal has been paid arrears of salary for 2007-08 amounting to Rs. 4,77,12,000/-.*

**Stock Options granted to Directors:**

Directors of the Company have been granted Stock Options under Employee Stock Option Scheme 2005 (Scheme) of the Company. According to the Scheme, shares under Series-I, Part–I were allotted to them on 16.06.2008. Options under Series-I, Part- II have vested on 26.11.2008. They have applied for allotment of shares against these options during the exercise period from 26.11.2008 to 25.05.2009 and allotment will be made in due course of time. Details of options granted and shares allotted to Directors are given below:

| Sl. No | Name | Share allotted (Series-I, Part-I) | Shares to be allotted (Series-I, Part- II) |
|---|---|---|---|
| 1. | Shri Vikrant Gujral | 6,600 | 6,600 |
| 2. | Shri Anand Goel | 10,000 | 5,000 |
| 3. | Shri Sushil Maroo | 4,950 | 4,950 |
| 4. | Shri Arun Kumar Mukherji | 2,970 | 2,970 |

Exercise price per option is Rs. 203 including premium of Rs. 202 per share.

iii) **Shareholders' / Investors' Grievance Committee:**

The Shareholders'/Investors' Grievance Committee consists of Shri Anand Goel, Shri Sushil K. Maroo and Shri Ashok Alladi. The Committee met 4 times on 27.05.2008, 25.07.2008, 30.10.2008 and 29.01.2009. Shri T.K. Sadhu, Company Secretary is compliance officer.

During the year, the Company received 69 complaints from shareholders and all were resolved including the complaints pending on 31.03.2008.

Details of attendance are given below:

| Date of meeting → | 27.05.2008 | 25.07.2008 | 30.10.2008 | 29.01.2009 |
|---|---|---|---|---|
| ↓ Name of Members | | | | |
| Shri Anand Goel | - | √ | √ | √ |
| Shri Sushil K. Maroo | √ | √ | √ | √ |
| Shri Ashok Alladi | √ | √ | √ | √ |

iv) **Compensation Committee:**

Shri R.V. Shahi, Shri S. Ananthakrishnan and Shri Sushil K. Maroo are members of the Compensation Committee. No meeting of this Committee was held during the financial year 2008-09.

v) **Sub-Committee of Directors:**

The Sub-Committee of Directors consists of Shri Naveen Jindal, Shri Vikrant Gujral, Shri Anand Goel and Shri Sushil K. Maroo. Board has delegated specific powers to the Sub-Committee of Directors for taking decisions in connection with day to day affairs of the Company and during the year under report the Committee met 24 times.

vi) **Committee of Directors (Limited Review):**

The Committee consists of Shri Naveen Jindal, Shri Vikrant Gujral, Shri Sushil K. Maroo and Shri R.V. Shahi. As per amended clause 41 of the listing agreement, in case variation in net profit or net loss after tax is in excess of 10% or Rs.10 lakhs, whichever is higher; or the variation in exceptional or extraordinary items is in excess of 10% or Rs.10 lakhs, whichever is higher, then the Limited Review Report should be approved by this Committee before submission with the stock exchanges. During the year 2008-09 no meeting of this committee was held.

## 4) GENERAL BODY MEETINGS:

The last three Annual General Meetings of the Company were held at registered office of the Company at O.P. Jindal Marg, Hisar 125005 (Haryana) on the following dates and times, wherein the following special resolutions were passed:

| AGM | Year | Venue | Date & Day | Time | Special Resolution |
|---|---|---|---|---|---|
| 29th | 2007-08 | Registered Office at O.P.Jindal Marg, Hisar 125005 (Haryana) | 26.09.2008 Friday | 12.00 Noon | • Give authority to Board pursuant to Section 81(1A) to offer, allot, issue any security including ADR, GDR & FCCB etc. upto US$ 750 Million. |
| 28th | 2006-07 | Registered Office at O.P.Jindal Marg, Hisar 125005 (Haryana) | 28.09.2007 Friday | 11.30 A.M. | • Give authority to Board pursuant to Section 81(1A) to offer, allot, issue any security including ADR, GDR & FCCB etc. upto US$ 500 Million.<br>• Amendment in the Employee Stock Option Scheme 2005 for recovering Fringe Benefit Tax (FBT) under Section 115WKA of Income Tax Act 1961 from the Employees. |
| 27th | 2005-06 | Registered Office at O.P.Jindal Marg, Hisar 125005 (Haryana) | 27.09.2006 Wednesday | 11.00 A.M. | • Give authority to Board pursuant to Section 81(1A) to offer, allot, issue any security including ADR, GDR & FCCB etc. upto US$ 300 Million.<br>• Amendment to Employee Stock Option Scheme-2005. |

During the financial year 2008-09, the Company has passed two resolutions by way of postal ballot for seeking approval of shareholders, result of which was declared on 28.07.2008. Details of results are given below:

| S.No. | Resolution | Votes in favour | Votes against |
|---|---|---|---|
| 1 | Making investments, giving of loans and guarantees and providing of securities | 9,72,50,229 | 9,015 |
| 2 | Amending Article 113 of Articles of Association of the Company to increase the maximum strength of Board of Directors of the Company from 12 to 18. | 9,72,47,832 | 11,412 |

Shri Umesh C. Pandey, Partner, M/s. B. M. Chatrath & Co. has acted as scrutinizer of postal ballot.

## 5) DISCLOSURES:

Neither has any non compliance with any of the legal provisions of law been made by the Company nor has any penalty or stricture been imposed on the Company by the stock exchanges or SEBI or any other statutory authority on any matter related to the capital markets during the last 3 years. The employees of the company are accessible to the senior management for any counseling or consultation and the company has not denied to any employee access to the Audit Committee. All the mandatory requirements of Clause 49 are being complied with.

## 6) MEANS OF COMMUNICATION:

Information like quarterly / half yearly / annual financial results and press releases on significant developments in the Company that have been made available from time to time, to the press is hosted on the Company's website www.jindalsteelpower.com and has also been submitted to the stock exchanges to enable them to put them on their websites and communicate to their members. The quarterly / half-yearly / annual financial results are published in English and Hindi language newspapers. Moreover, a report on management discussion and analysis has been given else where in this report. The Company is electronically filing specific documents / statements on the corpfiling website viz., www.corpfiling.co.in.

7) **GENERAL SHAREHOLDERS INFORMATION:**

a) **Financial calendar 2009-10**

| | | |
|---|---|---|
| First Quarter Results | : | July 2009 |
| Second Quarter Results | : | October 2009 |
| Third Quarter Results | : | January 2010 |
| Fourth Quarter Results | : | April 2010 |
| Alternatively, | | |
| Annual Results for the year ending on 31st March 2010 | : | on or before 30th June, 2010 |

The amount of dividend will be deposited with the bank within 5 days of approval by the shareholders in the forthcoming Annual General Meeting and its payment will be made within 30 days of its declaration.

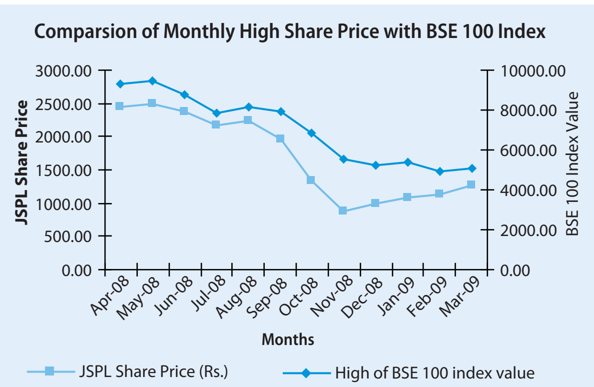
b) **Listing of shares on stock exchanges and stock code:**

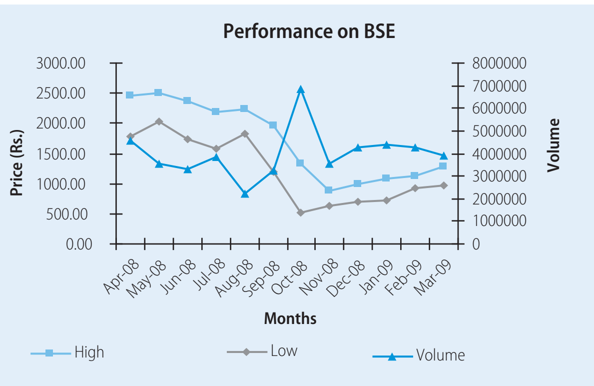
| Sl. No. | Name of the stock exchange | Stock code |
|---|---|---|
| 1 | The Bombay Stock Exchange Limited | 532286 |
| 2 | National Stock Exchange of India Limited | JINDALSTEL.EQ |

c) **Market Price Data – BSE:**

| MONTH | BSE 100 Index | | | | JSPL Share Price | | |
|---|---|---|---|---|---|---|---|
| | High | LOW | CLOSE | | HIGH | LOW | Volume |
| **Apr-08** | 9312.29 | 8062.58 | 9199.46 | | 2456.00 | 1786.00 | 4554348 |
| **May-08** | 9432.50 | 8584.50 | 8683.27 | | 2498.70 | 2021.00 | 3575907 |
| **Jun-08** | 8780.18 | 7004.44 | 7029.74 | | 2375.00 | 1731.00 | 3281878 |
| **Jul-08** | 7880.04 | 6536.94 | 7488.48 | | 2179.90 | 1590.00 | 3840700 |
| **Aug-08** | 8138.57 | 7332.72 | 7621.40 | | 2230.00 | 1837.00 | 2221300 |
| **Sep-08** | 7892.81 | 6331.94 | 6691.57 | | 1965.70 | 1190.00 | 3266944 |
| **Oct-08** | 6853.72 | 3949.13 | 4953.98 | | 1334.40 | 517.30 | 6882835 |
| **Nov-08** | 5556.23 | 4263.12 | 4600.45 | | 875.00 | 638.00 | 3543937 |
| **Dec-08** | 5230.68 | 4309.85 | 4988.04 | | 982.80 | 694.00 | 4286672 |
| **Jan-09** | 5397.26 | 4419.64 | 4790.32 | | 1076.50 | 725.00 | 4408376 |
| **Feb-09** | 4931.59 | 4395.72 | 4516.38 | | 1120.80 | 915.60 | 4293918 |
| **Mar-09** | 5109.89 | 4122.83 | 4942.51 | | 1276.00 | 972.20 | 3880078 |

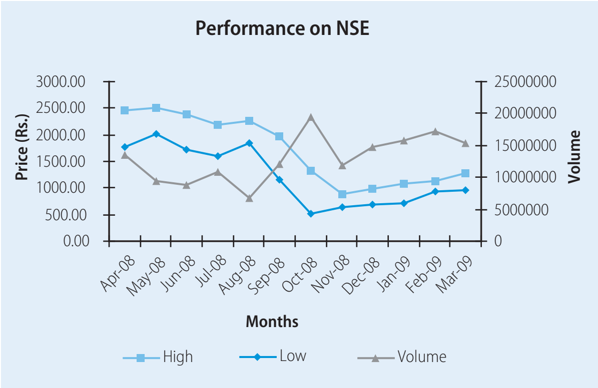
The Company's share is a part of BSE 100 Index. Therefore, comparison has been made with it.



**d) Market Price Data – NSE:**

| MONTH | HIGH | LOW | Volume |
|---|---|---|---|
| Apr-08 | 2457.10 | 1760.00 | 13435794 |
| May-08 | 2500.00 | 2020.00 | 9355808 |
| Jun-08 | 2380.00 | 1730.10 | 8733244 |
| Jul-08 | 2179.00 | 1590.00 | 10840975 |
| Aug-08 | 2274.00 | 1832.00 | 6699697 |
| Sep-08 | 1972.00 | 1160.00 | 12091827 |
| Oct-08 | 1335.05 | 518.10 | 19455349 |
| Nov-08 | 874.00 | 636.25 | 11880853 |
| Dec-08 | 983.70 | 685.55 | 14844156 |
| Jan-09 | 1075.00 | 724.50 | 15679392 |
| Feb-09 | 1122.90 | 943.50 | 17145754 |
| Mar-09 | 1277.80 | 971.30 | 15433291 |




NSE vide its press release dated 19.05.2009 has announced that Company's share will be included into CNX Nifty index w.e.f 17.06.2009.

**e) Share Transfer Agent:**

All the work relating to the share registry for the shares held in the physical form as well as the shares held in the electronic (demat) form is being done at one single point and for this purpose SEBI registered category I registrar and transfer agent has been appointed w.e.f. 01.02.2003 whose details are given below:

**Alankit Assignments Limited:**
Alankit House, 2E/21, Jhandewala Extension, New Delhi-110055
Tel: 011-42541234
Fax: 011-23552001
Email: alankit@alankit.com

**f) Share Transfer System:**

Presently, the share transfer instruments, which are received in physical form, are processed and the share certificates are dispatched within a period of 30 days from the date of receipt subject to the documents being complete and valid in all respects. The requests for dematerialization of shares are also processed by the R&T agent within stipulated period of 21 days and uploaded with the concerned depositories. In terms of Clause 47(c) of the Listing Agreement, Company Secretary in practice examines the records and procedure of transfers and issues half yearly certificate which is being sent to the stock exchanges.

**g) Distribution of Shareholding:**

The shareholding distribution of equity shares as on 31.03.2009 is given hereunder:

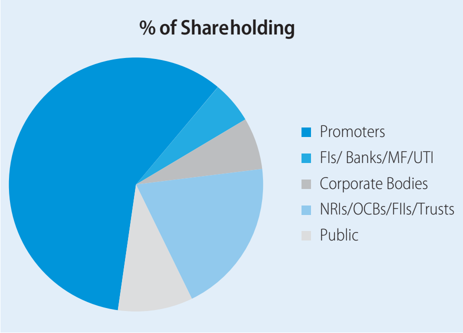
**Nominal value of each share Re 1.00**

| No. of shareholders | % to total | Shareholding of nominal value of Rs. | No. of shares | Amount in Rs. | % to total |
|---|---|---|---|---|---|
| 57585 | 68.22 | Up to 100 | 1121528 | 1121528 | 0.72 |
| 20099 | 23.81 | 101 to 500 | 5836596 | 5836596 | 3.77 |
| 3181 | 3.77 | 501 to 1000 | 2408833 | 2408833 | 1.56 |
| 2932 | 3.47 | 1001 to 5000 | 5640333 | 5640333 | 3.65 |
| 205 | 0.24 | 5,001 to 10,000 | 1476716 | 1476716 | 0.95 |
| 121 | 0.14 | 10,001 to 20,000 | 1695323 | 1695323 | 1.10 |
| 47 | 0.06 | 20,001 to 30,000 | 1201924 | 1201924 | 0.78 |
| 32 | 0.04 | 30,001 to 40,000 | 1140176 | 1140176 | 0.74 |
| 21 | 0.03 | 40,001 to 50,000 | 968617 | 968617 | 0.63 |
| 68 | 0.08 | 50,001 to 1,00,000 | 4834728 | 4834728 | 3.13 |
| 64 | 0.08 | 1,00,001 to 5,00,000 | 14375147 | 14375147 | 9.30 |
| 55 | 0.07 | 5,00,001 and above | 113952762 | 113952762 | 73.68 |
| **84410** | **100.00** | **Total** | **154652683** | **154652683** | **100.00** |

**h) CATEGORIES OF SHAREHOLDERS (AS ON 31.03.2009)**

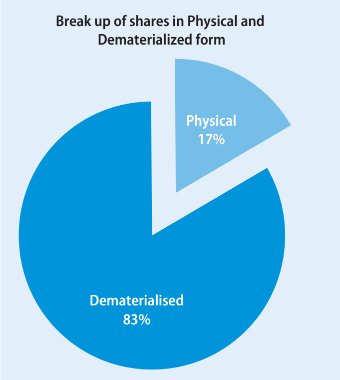
The categories of shareholders are shown hereunder:

| Category | No. of Shares | % of Holding |
|---|---|---|
| Promoters | 90860209 | 58.75 |
| FIs/ Banks/MF/UTI | 8186567 | 5.29 |
| Corporate Bodies | 10498594 | 6.79 |
| NRIs/OCBs/FIIs/ Trusts | 30694225 | 19.85 |
| Public | 14413088 | 9.32 |
| **Total** | **154652683** | **100** |




**i) Dematerialisation of shares:**

As on 31.03.2009, the number of equity shares held in dematerialised form was 12,86,98,667 (83.22%) and in physical form was 2,59,54,016 (16.78%).




**j) Compliance under listing agreement:**

Company is regularly complying with the provisions of the listing agreement. Information, certificates and returns as required under listing agreement are sent to the stock exchanges within the prescribed time.

**k) Convertible instrument:**

No further Options were granted after Series III of the Employee Stock Option Scheme 2005 of the Company. Shares under Part-I of Series-I were allotted on 16.06.2008 and Part-I of Series-II were allotted on 13.04.2009. Options under Part-II of Series-I and Part I of Series-III have vested in employees on 26.11.2008 and 27.04.2009 respectively. Eligible employees are entitled to exercise their options with in 6 months from date of vesting and shares will be allotted to them in due course of time.

**l) Information on deviation from accounting standards, if any:**

There has been no deviation from the accounting standards in preparation of annual accounts for the financial year 2008-09.

**Plant locations:**

| Works | Location |
|---|---|
| Raigarh | Kharsia Road, Post Box No.16, Raigarh – 496 001, Chhattisgarh |
| Raipur | 13 K M Stone, G E Road, Mandir Hasaud, Raipur – 492 001, Chhattisgarh |
| Patratu | Patratu, District Ranchi, Jharkhand |
| Angul | Plot No. 751, Near Panchpukhi Chhaka, Simplipada, Angul – 759122, Orissa. |
| Barbil | Plot No. 507/365, Barbil-Joda Highway, Barbil – 758 035, Orissa |
| Bolivia | Calle San Lucas # 5295, Urb. California, Santa Cruz, Bolivia |
| **Mines** | |
| i) Iron Ore Mines | TRB Iron Ore Mines, P. O. Tensa 770 04, Dist. Sundergarh, Orissa |
| ii) Coal Mines | Gare Coal Fields, Mand, Raigarh, Chhattisgarh |

**m) Investor correspondence:**

Company Secretary
Jindal Steel & Power Limited
28, Najafgarh Road, New Delhi-110015,
Ph: 011- 45021814/15/17/19/20/23/52/53,
Fax No. 011-25928118
Email: investor.grievance@jindalsteel.com

## 8) CODE OF CONDUCT

Code of conduct for the Directors and Senior Management of the Company was adopted by the Board in its meeting held on 31.10.2005. This Code has been laid down with a view to promote good corporate governance and exemplary personal conduct and is applicable to all the directors and senior managerial personnel of the Company. This Code is available on the website of the Company www.jindalsteelpower.com. Declaration of compliance of the Code of conduct in terms of sub-clause (ii) of clause 49(I)(D) of listing agreement is given hereunder:

"The Board of Directors of Jindal Steel & Power Limited has pursuant to sub clause (i) of Clause 49 (I) D of the listing agreement laid down Code of Conduct for all Board members and senior managerial personnel of the company which has also been posted on the website of the Company, viz. www.jindalsteelpower.com. In terms of sub-clause (ii) of the said clause and as per 'affirmation of compliance' letters received from the Directors and senior managerial personnel of the Company, I hereby declare that Directors and the members of senior management of the Company have complied with the Code of Conduct during the financial year 2008-09".

**Naveen Jindal**
Executive Vice Chairman & Managing Director

**9) NON MANDATORY REQUIREMENTS:**

The Company has not adopted non mandatory requirements of Corporate Governance during the year under report.

**10) AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE:**

The auditor's certificate on compliance of clause 49 of the listing agreement relating to corporate governance is annexed to this Report.

For and on behalf of the Board

Date : 27th May, 2009
Place : New Delhi

**SAVITRI JINDAL**
CHAIRPERSON

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## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members

Jindal Steel & Power Limited,

We have examined the compliance of conditions of Corporate Governance by Jindal Steel & Power Limited, for the year ended 31st March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the Management, we certify that the Company has substantially complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except that the number of Independent directors on the Board was less than one half of the Board, the chairman being a non-executive promoter, as at the beginning of the financial year. However, the number of independent directors has become one half of the Board as on 14th January, 2009.

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

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

**J. KRISHNAN**
Partner
Membership No. 84551

Date : 27.05.2009
Place : New Delhi

Annexure-V

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## BUSINESS REVIEW

The global economic conditions deteriorated sharply during the year 2008 with European and American economies experiencing their sharpest declines. The global financial environment entered a crisis phase in mid-September 2008, following the growing distress among large international financial institutions and the declaration of bankruptcy of Lehman Brothers. The adverse effects of these unprecedented global developments became evident in the economic performance of the Indian economy, particularly in the second half of 2008-09.

The Indian economy, which was on a robust growth path up to 2007-08, averaging at 8.9 per cent during the period 2003-04 to 2007-08, witnessed moderate fall in the first half of 2008-09 but sharper in the second half. Primarily this could be attributed to knock on effects of the global economic crisis but it also reflected to some extent the slowdown associated with cyclical factors. Industrial growth experienced a significant downturn and the loss of growth momentum was evident in all categories, viz., the basic, capital, intermediate and consumer goods. A hitherto key growth driver, services sector, also witnessed some deceleration. Although agriculture also recorded a slowdown in growth, the agricultural outlook remains satisfactory, with the sowing in the rabi season being higher than that in the previous year.

The slowdown in the Indian economy has resulted in deceleration in investment demand, which had been an important driver of growth in recent years. Significant fall in foreign capital inflow has largely contributed to the moderation in investment demand. Government increased consumption expenditure and announced fiscal stimulus measures during the third quarter which has partly offset slowdown in demand. Corporate performance generally remained subdued during the year, with the impact on profitability being particularly adverse during the second half, when growth in sales, which had been strong in earlier quarters, also decelerated. External demand conditions weakened, particularly in second half, with the decline in exports resulting in a sharp widening of the trade deficit.

Bank credit to the industry and services sector slowed down due to global financial crisis. India also experienced the knock-on effects of adverse international developments in conjunction with domestic factors affecting liquidity conditions. Simultaneously capital flow reversals took place, which impacted the equity markets as well as the foreign exchange market. The Reserve Bank undertook a number of measures including cuts in the cash reserve ratio (CRR) to ensure ample rupee liquidity in the system.

During the first half of 2008-09, inflation increased in major economies but declined subsequently mainly due to movements in international energy and commodity prices. The declining trend in these prices was also contributed by moderation in demand pressures following the impact of the financial crisis.

The slowdown has deeply impacted infrastructure and auto sector worldwide which has its direct fallout on steel sector. Worldwide steel production has shown negative growth in second half of 2008-09. World crude steel production fell by 8.52% in 2008-09 from 1369.32 million metric tons to 1252.70 million metric tons. However steel industry in India was able to withstand the effects of global slowdown and the production of crude steel in 2008-09 was 54.16 million metric tons as against 53.90 million metric tons in 2007-08. This is indeed an achievement in light of overall contraction in steel output at global level. This has been made possible due to a very robust growth during April –September, 2008.

Demand of steel products slumped in line with global trend leading to production cut during the second half of 2008-09 by almost all main producers. Steel prices have come down by more than 40%. Demand is slackening due to slump in the construction industry, automobile, and many other sectors which consume steel. The pressure on prices/margins is likely to escalate in view of slackening demand and the hike in cost of raw materials.

In the first two months of the current financial year the world economies have shown signs of recovery, the financial sector is stabilizing, liquidity position is improving and demand is firming up resulting in increase in production. The financial measures introduced by RBI and stimulus packages implemented by the Government of India have resulted in availability of finance at lower rates and increase in domestic consumption. With these measures, Indian economy has recovered faster than other major economies of the world resulting in improved inflow of funds. All the sectors of economy including steel sector in India are expected to come out of recessionary trends during the current financial year.

## OPPORTUNITIES AND THREATS

India is a fast developing economy endowed with rich mineral resources and has a vast market potential with ever increasing middle income class. The ongoing slowdown has resulted in consolidation of industry and due to economies of scale small units have either shut down or are merging with large units. The industry is devising innovative measures for reducing overall costs for staying competitive. This slowdown has also necessitated a rethinking on phasing out expansion plans or delaying increase in capacity additions. Your Company has undertaken comprehensive exercise on reducing costs and is keeping watch on pressures on demand and price of steel products. The Company has sufficient experience in setting up of projects and possesses experienced technical and managerial workforce to implement projects and is in a position to make necessary adjustments if circumstances so demand.

Your Company has captive availability of three key raw materials i.e. power, iron ore and coal. It has been continuous endeavor of your Directors to acquire additional iron ore and coal mines to ensure uninterrupted supply of these raw materials and reduce dependence on outside supplies. Your Company is negotiating with various countries in mineral rich Africa and Australia for acquiring iron ore and coal mines. The

Republic of Bolivia has granted mining rights to your Company for mining of El-Mutun Mines. This mine has about 20 billion tonnes of iron ore reserves and Company will be setting up steel making manufacturing facility thereat. As per agreement, Company can also export mined iron ore for sale or for use at its works in other parts of the world.

There are huge business opportunities in power sector whether it be generation, trading, transmission, distribution, EPC contracts etc. and this sector has been identified as a major thrust area for growth of the Company. The Company is increasing captive power generation for supplying power to its works at Raigarh, Angul and Patratu. The Company has also entered into wind mill power generation and commissioned wind mill power plants in villages Bhud and Amberi in District Satara in the State of Maharashtra in March 2009 with an aggregate generation capacity of 15 MW. During the current year additional 3 MW wind mill power generation capacity will be added.

After commissioning of I,000 MW power plant at Raigarh, Jindal Power Limited (JPL) has started implementation of 2,400 MW power project at Raigarh. JPL has also signed two joint venture agreements with Hydro Power Development Corporation of Arunachal Pradesh Ltd., a public sector undertaking on 8th December 2008 for setting up hydro electric power plant of 4000 MW at Etalin and 500 MW at Attunli in Arunachal Pradesh. JPL has also signed a Memorandum of Understanding with State Government of Jharkhand for setting up 2,640 MW power project in that state.

Your Directors have also decided to foray into the business activities relating to exploration and exploitation of oil and gas. Jindal Petroleum Ltd., through its subsidiary Jindal Petroleum (Georgia) Ltd. has acquired 5 oil and gas blocks from Ministry of Energy of Georgia in the state of Georgia. Jindal Petroleum (Georgia) Ltd. will be operator for all these blocks. Jindal Petroleum Limited has been awarded exploration block no. RJ-ONN-2005/ 1 under New Exploration and Licensing Policy (NELP) of Government of India in bidding round VII which is situated near Jaisalmer in Rajasthan.

The recession in United States of America and Europe engulfed the whole world and the vicious grip continues its hold on the world economy. India could not be an exception and the economy is also reeling under its influence. The situation worsened on account of rising inflation which has been tamed since February, 2009. Decreasing demand coupled with low credit availability affected production. Infrastructure, automobile, housing and manufacturing sectors were badly hit by sharp downturn in demand directly affecting demand of steel. Fall in overseas spending had also a spiraling effect on demand in India. Government of India and Reserve Bank of India have given some fiscal and financial stimulus packages for improving demand and fund availability of banks but its effects will take some time to percolate down and create ripple effect. However, during April and May, 2009, the world economy and particularly the economy in India have shown signs of recovery and it is hoped that with the stabilization of financial sector in United States and Europe, the recovery will accelerate. Your Company is cautiously watching demand pattern and price trend of sponge iron and various steel products manufactured at Raigarh works and production schedules are based on its proper evaluation so that inventory is kept at affordable levels.

**OUTLOOK**

The steel industry continues to be under demand and margin pressure through out the world. Due to high inflation the Government also impressed upon steel industry in India to reduce prices. Indian economy was largely affected by slump in demand in United States of America and Europe. Textile, diamond, auto and housing sectors were badly hit. United States of America and Europe have, in the second half of 2008-09 given financial packages for stabilizing financial and auto sector and are giving boost to consumption. Early indications show that world economy is moving towards recovery. Proactive and swift action by Government of India in announcing fiscal and financial relief packages are showing results. Sharp drop in inflation during second half of 2008-09 has given a steady impetus to demand. Great redeeming factors of the Indian economy are the commitment of the Government to boost infrastructure by increasing financial allocations, rising middle class, availability of working class - technical and managerial, at competitive rates and burgeoning private enterprise.

Expansion of steel making capacities at Raigarh (Chhattisgarh) and setting up of steel manufacturing facilities at Angul (Orissa) and Patratu (Jharkhand) will be completed in a phased manner by the year 2012 by which time the world economy is expected to be back on rails and the then demand of steel will fully consume the increased production. Your Company has also diversified into power, oil and gas sectors which are highly crucial for the economic growth of the country. Captive availability of iron ore and coal provides a competitive edge to the Company and your Directors are making all efforts for acquiring on lease or otherwise iron ore and coal mines in India, Australia and mineral rich African countries.

**FINANCIAL PERFORMANCE**

The overall operational performance of the Company has been satisfactory. Production, sale and profits have increased as compared to the previous year. The Company achieved turnover of Rs. 7,799.43 crores and net profit after tax of Rs. 1,536.48 crores.

**INTERNAL CONTROLS AND SYSTEMS**

There are well established and documented internal control systems and procedures in line with size of operations and business. The Company has engaged three firms of chartered accountants for conducting internal audit of works, marketing offices and stockyards and is providing quarterly audit reports. Audit Committee reviews these reports and monitors effectiveness and operational efficiency of internal control systems. Audit Committee is giving valuable recommendations and suggestions from time to time in improving the business processes, systems and internal controls. Annual internal audit plans are prepared by internal auditors in consultation with Audit Committee and audit is conducted in accordance with this plan. Separate department headed by a senior officer looks after internal control systems and assists internal auditors and the Audit Committee and provides desired inputs to them. SAP system has been upgraded and installed at all the works, offices and stockyards of the Company which has resulted in better flow of information and transparency. In terms of section 233B of the Companies Act, 1956, the Cost Auditors are annually auditing the steel plants of the Company. Internal Auditors and Cost Auditors interact with each other and share the information for the purpose of their audits. Their report is reviewed by the Audit Committee and sent to the Central Government.

## FINANCIAL MANAGEMENT

Substantial expansion of manufacturing facilities is under way for which the Company has made arrangements with various banks and financial institutions in India and abroad. The borrowings are at competitive pricing and their disbursement is linked to the project/ working capital requirements. Senior managerial personnel are looking after the arrangement of funds, servicing of debts and management of internal accruals and maintain healthy relations with all lenders. Finance and Accounts departments at all factories/ offices have been sufficiently reinforced by induction of experienced and professionally qualified people. Their roles and responsibilities have been well defined. All financial transactions are properly recorded by the department and proper financial reports are periodically sent to the senior management.

Your Company arranged Rs.411 crores from FIs and banks for meeting capital expenditure in the year under report. Efforts are being made to avail foreign currency funds for keeping interest charges at lower level. External Commercial Borrowings of Euro 9.97 million were availed from foreign banks / lenders.

## STATUTORY COMPLIANCE

The Company Secretary, as Compliance Officer, ensures compliance of the SEBI regulations and provisions of the Listing Agreement. Compliance certificates are obtained from various units of the Company and the Board is informed of the same at every Board meeting.

## CORPORATE SOCIAL RESPONSIBILITY

The Company believes that an effective growth must also address the fulfillment of common public particularly living in rural areas. Corporate social responsibility (CSR) initiatives have been designed with a view to improve the quality of life of community in the areas it operates. To achieve this objective, the Company deploys its resources to improve infrastructure, education, health, sanitation, drinking water, environment etc. in the above areas. Company's CSR strategy includes development of model villages (Adarsh Grams) through Government and public participation.

The Company recognises education as one of the building blocks of any nation and considers it as a priority area of its CSR activities. The Company has:

i) set up Jindal Institute of Technology (JIT) and O. P. Jindal School (10+2) with all modern facilities at Raigarh

ii) upgraded school infrastructure and distributed books and other educational materials in schools at Angul and other parts of Orissa, Patratu (Jharkhand) and Raigarh (Chhattisgarh)

iii) established Adult Education Centres in Angul, Patratu & Raigarh and OP Jindal Institute of Technology and Skills in Angul (Orissa) & Patratu (Jharkhand)

iv) established two coaching centres (English/Maths/Science) at the village level, for students from the economically weaker sections of society in Patratu (Jharkhand).

The Company also supports self help groups for imparting vocational training in tailoring and embroidery to empower women from the weaker section of the society. The staff, material cost, and other infrastructure cost are borne by the Company.

The Company provides financial support to poor but deserving students, who compete in national/technical and other professional courses but are unable to pursue their studies due to their financial condition.

Medical camps are held in villages around the plant which examines patients, provides medical facilities including surgery. Financial help and free medicines are also provided to the deserving. Blindness eradication programmes are held and patients are treated for cataract and other eye ailments. Special camps are organized for serving and assisting disabled persons of the society. Assistive equipment such as tricycles, wheel chairs, crutches, hearing aids, etc are distributed in these camps. Family planning camps are being organised since 1996 which has resulted in bringing about couples under family welfare coverage ensuring better health for the women and controlling infant mortality rate in the community.

The Company is providing infrastructural facilities for up-gradation of the villages by undertaking activities such as i) construction of approach roads, ii) construction of water tanks, iii) construction of drains and iv) repair and deepening of village ponds.

The Company is providing vocational training for skill enhancement in various disciplines like leaf cup, dress making, cloth weaving, mushroom cultivation and food processing. Financial help is also being provided for starting self employment ventures by disabled persons.

## ENVIRONMENTAL PROTECTION

Among various initiatives taken by the Company for well being of the society, protection of environment has been uppermost in the list of priorities. The objective is to achieve a sustainable balance between economic growth and environmental preservation. Great emphasis is laid on environment management and technology selection for new equipment is based on their environment friendliness. High efficiency pulsejet bag filters, electro static precipitators, scrubbers and dust suppression systems are installed at required locations to control air pollution. The pollution control devices are constantly monitored through high precision opacity meters. Four online ambient air quality-monitoring stations have been installed around the factory and at Raigarh city at a cost of over Rs. 2 crores to monitor air quality.

Waste minimization and its utilization are integral to the environment management efforts. The waste gases from DRI and coke ovens are usefully utilized for generation of power. The flue gas from blast furnace and producer gas plant is used as fuel in rolling mills and for running turbines. Water conservation is done to the maximum and close circuiting arrangement exists to maintain zero discharge. The sewage from township and office area are completely treated in 3 state of the art sewage treatment plants and the treated sewage water is fully utilized for gardening and horticulture activities. Rainwater harvesting is done through injection wells and water reservoirs have a combined capacity of 29 lakh M3. The Company is expanding its rainwater-harvesting project to more areas including adjoining villages. Projects such as roof-top water harvesting, bio-methanation plants for biodegradable solid waste are likely to be implemented in the near future.

It has been the constant endeavour to improve the surroundings of the Plant by greenery. A 150-meter wide green belt is created around the periphery of the plant. During the year under report over 5 lakh tree plantation was done and has completed over 2 million plantations in the factory premises.

As part of its obligation the Company strictly complies with all applicable environmental regulations. As a matter of policy, all environmental clearances are obtained before the project is commissioned. The Company undertakes programmes with the people living in villages around factories to create awareness about clean environment. Annual Horticulture exhibition cum flower and vegetable shows are organized to lay emphasis on creating green environment by planting trees and improving vegetation.

**INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT**

Your company is developing fast and has entered into diverse business interests requiring talent from various fields of business. The speed and quality of growth of the Company depends on quality of human resources available with it. The Company firmly believes in according top most priority to its human resource assets which acts as the prime mover in attainment of its goals. The Company continuously strives for inculcating a culture of learning by building the capabilities and competencies of its workforce. Human Resource Department has appropriately been upgraded and strengthened to meet the challenging manpower requirement of business units.

The year 2008-09 witnessed many HR initiatives which are directed towards building a knowledge sharing and performance enhancing organizational culture. The salient HR measures undertaken are mentioned below:

- Sourcing of young talent from Indian Institutes of Technology, Indian Institutes of Management and other top business schools for meeting the current and future needs of the Company.
- As a part of competency building and performance enhancement interventions, assessment exercises were conducted in the Company covering employees in Manager and above levels. The output of the intervention is being used for various developmental activities.
- The performance management system has been extended to all employees upto level of executive. It has also been aligned further to meet the performance expectations of the Company and employees' aspirations.
- Your Company has entered the league of "Best Companies to Work for" in the country by the survey conducted by BT-TNS-Mercer Consulting.
- The employee benefit policies have also been revamped/ revisited based on the feedback received from cross section of employees including restructuring of remuneration structure in consultation with Hewitt Associates.
- Your Company has also partnered with Mercer Consulting for formulation of HR policies and systems catering to its International business requirements.
- SAP HR module with employee self service has also taken off so as to be quick in service delivery and have fully integrated network.

O.P. Jindal Institute of Technology has been established under the aegis of Jindal Education and Welfare Society at the O.P. Jindal Knowledge Park, Punjipathra, 25 kms from Raigarh city in the state of Chhattisgarh. The first academic session has started and 240 students across Mechanical, Electrical, Civil & Metallurgical disciplines have been admitted for studies. Jindal Institute of Power Technology (JIPT) will be starting Post Diploma Course in thermal power plant engineering from August 2009. The main aim of the course is to develop a pool of technically trained manpower readily available for recruitment to the Indian Power Sector. The Company has also adopted many ITIs in Chattisgarh, Jharkhand and Orissa besides having its own Institutes at Angul and Patratu.

Safety in factory premises, medical care requirements of workers and on the job training is being provided at all the manufacturing facilities to avoid mishaps and ensure high level of confidence among employees. During the year, Company has maintained cordial relations with the employees.

**CAUTIONARY STATEMENT**

This report contains projections, estimates and expectations etc. which are just "forward-looking statements". Actual results could differ from those expressed or implied in this report. Important factors that may have impact on Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets, changes in the Government regulations / policies, tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly modify or revise any forward looking statements on the basis of any future events or new information. Actual results may differ from those mentioned in the report.

For and on behalf of the Board

Date : 27th May, 2009
Place : New Delhi

**SAVITRI JINDAL**
CHAIRPERSON

# AUDITORS' REPORT

To the members
**Jindal Steel & Power Limited**

1. We have audited the attached Balance Sheet of **Jindal Steel & Power Limited,** as at 31st March, 2009, and also the Profit &Loss Account and the cash flow statement 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 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 as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
   (i) 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;
   (ii) 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;
   (iii) The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with the books of account;
   (iv) In our opinion and read with note no. 4 of schedule 20 regarding accounting for sales tax included in sales price of products sold out of sales tax exempted Unit under Sales Tax Subsidy Reserve account, the balance sheet, profit & loss account and cash flow statement, dealt with by this report, comply with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956;
   (v) On the basis of written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the 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:
      (a) In the case of balance sheet, of the state of affairs of the Company as at 31st March, 2009;
      (b) In the case of the profit and loss account, of the profit for the year ended on that date; and
      (c) In the case of cash flow statement, of the cash flows for the year ended on that date.

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

**( J. KRISHNAN)**
Partner
Membership No. 84551

Place: New Delhi
Dated: 27.05.2009

**ANNEXURE**
**Referred to in paragraph 3 of our report of even date**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As part of this programme, the management has physically verified certain fixed assets during the year. Discrepancies noticed on such verification as compared to book records, which were not material, have been properly adjusted in the books of account.
   (c) Fixed assets disposed off during the year were not substantial.
2. (a) As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores and spare parts and raw materials. Further, stock in the possession and custody of third parties and stock in transit as at

31st March, 2009 have been verified by the management with reference to confirmation or statement of account or correspondence with the third parties or subsequent receipts of goods. In our opinion, the frequency of such verification is reasonable.

(b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.

(c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.

3. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(b) Since there are no such loans, comments regarding terms & conditions, repayment of the principal amount, interest due thereon and the overdue amounts are not required.

(c) The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(d) Since there are no such loans, comments regarding terms & conditions, repayment of the principal amount and interest due thereon and the overdue amounts are not required.

4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books & records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.

5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of opinion that the particulars of transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions with parties, with whom transactions exceeding the values of Rupees Five Lacs in respect of each party have been entered into during the financial year, are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time where such market prices are available.

6. In respect of fixed deposits accepted from the public, the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposit) Rules, 1975 have been complied with. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or RBI 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 & nature of its business.

8. We have broadly reviewed the Cost Accounting records maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and 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 and according to the records of the Company, 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, wherever applicable, have been regularly deposited with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2009.

(b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of Custom duty and Wealth tax which have not been deposited on account of any dispute, except the following in respect of disputed Excise duty, Sales tax, Service tax, Cess, Entry tax and Income Tax:

| Name of the Statute | Nature of dues | Amount (Rs in Lacs) | Forum Where dispute is pending | Amount deposited (Rs. in Lacs) |
|---|---|---|---|---|
| Central Excise and Salt Act | Excise duty | 155.00 | High Court, Chhattisgarh | 100.00 |
| | | 23.09 | Commissioner Appeal, Raipur | NIL |
| | | 19729.66 | CESTAT, New Delhi | 28.30 |
| Finance Act, 1994 | Service Tax | 2.92 | CESTAT, New Delhi | 1.00 |

| Name of the Statute | Nature of dues | Amount (Rs in Lacs) | Forum Where dispute is pending | Amount deposited (Rs. in Lacs) |
|---|---|---|---|---|
| Central Sales Tax Act/ Local Sales Tax Act/ Entry Tax | Entry Tax | 1.08<br>5.00 | Assistant Commissioner, Commercial Tax, Raipur<br>Tribunal Commercial tax | 0.11<br>5.00 |
| Central Sales Tax Act/ Local Sales Tax Act/ Entry Tax | State Sales Tax | 6.21 | Deputy Commissioner, Commercial Tax (Appeals), Raipur | 1.12 |
| Central Sales Tax Act/ Local Sales Tax Act/ Entry Tax | Central Sales Tax | 44.05<br>0.15<br>0.66 | High Court, Cuttack<br>Assistant Commissioner, Commercial Tax (Appeals), Raipur<br>Commercial Tax Officer, Raipur | 44.05<br>0.15<br>NIL |
| Chhattisgarh State Government Law<br>Customs Act, 1962 | Energy Development cess<br>Customs Duty | 6604.92<br>2.82 | Honorable Supreme Court<br>Joint Secretary, Government of India | NIL<br>NIL |
| Income Tax Act, 1961 | Income Tax | 4226.00<br>6755.00 | Income Tax Appellate Tribunal<br>Commissioner of Income Tax (Appeals) | NIL<br>NIL |

10. The Company does not have accumulated losses as at the end of the financial year. There are no cash losses during the financial year under report and in the immediately preceding financial year.

11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.

12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.

15. The Company has given guarantees against loans taken by others from banks & financial institutions; the terms & conditions of such guarantees are not, prima facie, prejudicial to the interest of the Company.

16. In our opinion and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where the lenders have stipulated such end use.

17. According to the information and explanations given to us and as per the books and records examined by us, on an overall examination of the Balance Sheet of the company, the funds raised by the Company on short-term basis have not been applied for long-term purposes.

18 The Company has not made any preferential allotment of shares to parties and Companies covered in the registered maintained under section 301 of the Companies Act, 1956.

19. According to the information and explanations given to us and the records examined by us, the Company has created necessary securities for the debentures issued in earlier years. However, there are no secured debentures outstanding as at the end of the financial year.

20. The Company has not raised any money by way of public issues 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 fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

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

**( J. KRISHNAN)**
**Partner**
Membership No. 84551

Place : New Delhi
Dated : 27.05.2009

# BALANCE SHEET AS AT 31ST MARCH, 2009

| | Schedule | As at 31st March, 2009 (Rs. in Crores) | | As at 31st March, 2008 (Rs. in Crores) | |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| **SHAREHOLDERS FUND** | | | | | |
| Share Capital | 1 | | 16.47 | | 16.40 |
| Reserves and Surplus | 2 | | 5,371.66 | | 3,708.86 |
| Employees' Stock Options Outstanding | | 29.82 | | 41.78 | |
| Less: Deferred employee compensation expenditure | | (2.63) | | (10.66) | |
| (Refer note 10 of Schedule 20) | | | 27.19 | | 31.12 |
| | | | 5,415.32 | | 3,756.38 |
| **LOAN FUNDS** | | | | | |
| Secured | 3 | | 2,105.49 | | 1,783.39 |
| Unsecured | 4 | | 2,857.16 | | 2,079.96 |
| | | | 4,962.65 | | 3,863.35 |
| **DEFERRED TAX LIABILITY (NET)** | 20 | | 599.77 | | 494.67 |
| **TOTAL** | | | 10,977.74 | | 8,114.40 |
| **APPLICATION OF FUNDS** | | | | | |
| **FIXED ASSETS** | | | | | |
| Gross Block | 5 | 7,362.90 | | 5,918.94 | |
| Less: Depreciation | | (1,617.00) | | (1,183.11) | |
| | | | 5,745.90 | | 4,735.83 |
| Add: Capital work in progress (including pre-operative expenses pending allocation / capitalization and capital goods lying in stores) | | | 2,318.01 | | 660.48 |
| | | | 8,063.91 | | 5,396.31 |
| **INVESTMENTS** | 6 | | 1,233.40 | | 1,036.19 |
| **CURRENT ASSETS, LOANS AND ADVANCES** | | | | | |
| Inventories | 7 | 1,209.96 | | 980.56 | |
| Sundry Debtors | 8 | 391.46 | | 287.38 | |
| Cash and Bank balances | 9 | 308.96 | | 577.91 | |
| Loans and Advances | 10 | 3,199.04 | | 1,453.72 | |
| | | | 5,109.42 | | 3,299.57 |
| **LESS: CURRENT LIABILITIES AND PROVISIONS** | | | | | |
| Liabilities | 11 | 2,446.20 | | 1,038.87 | |
| Provisions | 12 | 985.81 | | 581.94 | |
| | | | 3,432.01 | | 1,620.81 |
| **NET CURRENT ASSETS** | | | 1,677.41 | | 1,678.76 |
| **MISCELLANEOUS EXPENDITURE** | | | | | |
| (To the extent not written off or adjusted) | 13 | | 3.02 | | 3.14 |
| **TOTAL** | | | 10,977.74 | | 8,114.40 |
| Significant Accounting Policies & Notes to Accounts | 20 | | | | |

The accompanying schedules 1 to 20 form an integral part of these accounts

**In terms of our report of even date**
For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants

**For & on behalf of the Board**

**J. KRISHNAN**
Partner
Membership No 84551

**NAVEEN JINDAL**
Executive Vice Chairman &
Managing Director

**VIKRANT GUJRAL**
Vice Chairman &
Chief Executive Officer

Place : New Delhi
Dated : 27.05.2009

**ASHOK ALLADI**
Whole time Director

**SUSHIL K MAROO**
Director

**T.K. SADHU**
Company Secretary

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | Schedule | For the year ended 31st March, 2009 (Rs. in Crores) | | For the year ended 31st March, 2008 (Rs. in Crores) | |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Sales and Operational Income | 14 | 8,953.77 | | 6,743.22 | |
| Less: Inter Division Transfer | | 519.96 | | 611.59 | |
| Less: Excise Duty | | 780.62 | | 720.88 | |
| **Net Sales and Operational Income** | | | 7,653.19 | | 5,410.75 |
| Other Income | 15 | | 146.24 | | 49.12 |
| **TOTAL** | | | 7,799.43 | | 5,459.87 |
| **EXPENDITURE** | | | | | |
| Material, Manufacturing and Others | 16 | 4,739.15 | | 3,088.98 | |
| Less: Inter Division Transfer | | 519.96 | | 611.59 | |
| | | | 4,219.19 | | 2,477.39 |
| Personnel | 17 | | 177.53 | | 144.99 |
| Administration and Selling | 18 | | 798.69 | | 674.61 |
| Interest | 19 | | 168.91 | | 208.59 |
| Miscellaneous Expenditure written off | | | 0.20 | | 0.27 |
| Depreciation | 5 | | 433.03 | | 451.51 |
| **TOTAL** | | | 5,797.55 | | 3,957.36 |
| **PROFIT BEFORE TAXATION** | | | 2,001.88 | | 1,502.51 |
| LESS: Provision for taxation | | | | | |
| (a) Income tax | | | 355.93 | | 181.70 |
| (b) Deferred tax | | | 105.10 | | 79.63 |
| (c) Wealth tax | | | 0.19 | | 0.35 |
| (d) Fringe Benefits tax | | | 4.18 | | 3.87 |
| **PROFIT AFTER TAXATION** | | | 1,536.48 | | 1,236.96 |
| ADD/(LESS) | | | | | |
| Surplus / (Loss) brought forward | | | 3,047.80 | | 2,002.58 |
| Debenture Redemption Reserve written back | | | - | | 5.83 |
| **PROFIT AVAILABLE FOR APPROPRIATION** | | | 4,584.28 | | 3,245.37 |
| **APPROPRIATIONS** | | | | | |
| Interim Dividend on Equity Shares | | | - | | 23.09 |
| Corporate tax on Interim Dividend | | | - | | 3.92 |
| Proposed Dividend on Equity Shares (Refer note 17 of Schedule 20) | | | 85.33 | | 38.93 |
| Corporate tax on Proposed Dividend (Refer note 18 of Schedule 20) | | | - | | 6.63 |
| General Reserve | | | 155.00 | | 125.00 |
| Debenture Redemption Reserve | | | 25.00 | | - |
| Balance carried to Balance Sheet | | | 4,318.95 | | 3,047.80 |
| | | | 4,584.28 | | 3,245.37 |
| Basic Earning per share (in Rs.) (Refer note 21 of Schedule 20) | | | 99.44 | | 80.34 |
| Diluted Earning per share (in Rs.) (Refer note 21 of Schedule 20) | | | 98.58 | | 78.24 |
| Significant Accounting Policies & Notes to Accounts | 20 | | | | |
| The accompanying schedules 1 to 20 form an integral part of these accounts | | | | | |

**In terms of our report of even date**
For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants

**J. KRISHNAN**
Partner
Membership No 84551

Place : New Delhi
Dated : 27.05.2009

**For & on behalf of the Board**

**NAVEEN JINDAL**
Executive Vice Chairman & Managing Director

**VIKRANT GUJRAL**
Vice Chairman & Chief Executive Officer

**ASHOK ALLADI**
Whole time Director

**SUSHIL K MAROO**
Director

**T.K. SADHU**
Company Secretary

# SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 1** | | |
| **SHARE CAPITAL** | | |
| **AUTHORISED** | | |
| 200,000,000 (Previous year 200,000,000) Equity Shares of Re. 1/- each | **20.00** | 20.00 |
| 10,000,000 (Previous year 10,000,000) Redeemable Cumulative Preference Shares of Rs. 100 each | **100.00** | 100.00 |
| | **120.00** | 120.00 |
| **ISSUED, SUBSCRIBED AND PAID UP** | | |
| **EQUITY SHARES** | | |
| 154,652,683 (Previous year 153,961,340) Equity Shares of Re. 1/- each fully paid up | **15.47** | 15.40 |
| | **15.47** | 15.40 |
| Shares Forfeited Account- Preference Shares | **1.00** | 1.00 |
| **TOTAL** | **16.47** | 16.40 |

(A) Out of the above,126,122,840 (Previous year 126,122,840) Equity shares of Re.1/-each have been allotted as fully paid up to the erstwhile shareholders of Jindal Strips Limited pursuant to the scheme of arrangement sanctioned by the Hon'ble High Court of Punjab & Haryana.

(B) Stock options vested in the employees including those of subsidiary company (Refer note 10 of Schedule 20)

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 2** | | |
| **RESERVES AND SURPLUS** | | |
| **(A) SHARE PREMIUM** | | |
| As per last account | **143.36** | 143.36 |
| Add: Addition during the year | **13.96** | - |
| | **157.32** | 143.36 |
| **(B) GENERAL RESERVE** | | |
| As per last account | **364.31** | 238.43 |
| Add: Transfer from Profit and Loss Account | **155.00** | 125.00 |
| Add: On account of transitional provisions under Accounting Standard-15 | **-** | 0.88 |
| Add: On account of Foreign Exchange Fluctuation as per notification on | **79.97** | - |
| Accounting Standard -11 (Refer note 7 of Schedule 20) | **599.28** | 364.31 |
| **(C) DEBENTURE REDEMPTION RESERVE** | | |
| As per last account | **-** | 5.83 |
| Add: Transfer from Profit and Loss Account | **25.00** | - |
| Less: Written back during the year | **-** | (5.83) |
| | **25.00** | - |
| **(D) CAPITAL REDEMPTION RESERVE** | | |
| As per last account | **70.00** | 70.00 |
| Add: Transfer from Profit and Loss Account | **-** | - |
| | **70.00** | 70.00 |
| **(E) CENTRAL/STATE SUBSIDY RESERVE** | | |
| As per last account | **0.24** | 0.24 |
| Add: Received during the year | **-** | - |
| | **0.24** | 0.24 |
| **(F) SALES TAX SUBSIDY/CAPITAL RESERVE** | | |
| (Refer note no.4 of Schedule 20) | | |
| As per last account | **83.15** | 1.56 |
| Add: During the year | **50.04** | 81.59 |
| | **133.19** | 83.15 |

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **(G) FOREIGN CURRENCY TRANSLATION RESERVE** | | |
| As per last account | **-** | - |
| Add: During the year | **67.68** | - |
| | **67.68** | - |
| **(H) SURPLUS IN PROFIT AND LOSS ACCOUNT** | **4,318.95** | 3,047.80 |
| | **5,371.66** | 3,708.86 |

| | | |
|---|---|---|
| **SCHEDULE - 3** | | |
| **(A) TERM LOANS** | | |
| From Banks and Others | **1,974.27** | 1,714.05 |
| | **1,974.27** | 1,714.05 |
| **(B) OTHERS** | **16.96** | 25.09 |
| **(C) WORKING CAPITAL BORROWINGS FROM BANKS** | **114.26** | 44.25 |
| **TOTAL** | **2,105.49** | 1,783.39 |

**NOTES :**

**(A) TERM LOANS**

**From Banks and Others**

Secured by first pari-passu charge in favour of Banks by way of mortgage of the Company's immovable properties and hypothecation of moveable assets except those charged in favour of the Company's Bankers for securing working capital facilities excluding a) loans of Rs.469.95 crores (previous year Rs.557.92 crores ) which are secured by exclusive charge on Assets created under Steel expansion project, b) loan of Rs.338.20 crores (previous year Rs.375.00 crores) which are secured by exclusive charge on assets created under Plate Mill project at Raigarh, Chattisgarh, c) loan of Rs. 180 crores (previous year Rs 214.28 crores) which is secured by exclusive charge on Assets under 3x25 MW Captive Power Plant, d) loan of Rs. 306.11 crores ( previous year Rs.120.00 crores) which are secured by exclusive charge on Assets created under the Plate Mill project at Angul,Orissa. e) loans of Rs.270.07 crores (previous year Rs.50.00 crores ) which are to be secured by exclusive charge on Assets created under the DRI project at Angul, Orissa, f) loans of Rs 6.00 crores (previous year nil) which are secured by exclusive charge on assets to be created under 2X135 MW Captive Power Plant (Phase -1) at Dongamauha, Raigarh, Chattisgarh, g) Loan of Rs. 234.57 crores (Previous year Rs 58.21 crores) which are secured by a subservient charge on current assets of the Company, h) loans of Rs. 2.90 crores (Previous year Rs. 8.42 crores) which is secured by third and residual charge of the Fixed Assets of the Company and i) Loan from banks and Others includes US$ 6.82 Million (Previous year US$ 31.37 Million) as foreign currency loan out of which a sum of US$ nil (Previous year US$ 1.01 Million) is external commercial borrowing. Further, loans of Rs. 50.76 crores (Previous year Rs. 112.18 crores) are also secured by personal guarantee given by a Director of the Company.

Repayment due within one year Rs.316.14 crores (Previous year Rs.412.00 crores)

**(B) OTHERS**

Secured by hypothecation of the specific assets financed.

**(C) WORKING CAPITAL BORROWING FROM BANKS**

Secured by hypothecation by way of first charge on stocks of finished goods, raw materials, work in progress, stores and spares and book debts and second charge in respect of other movable and immovable assets.

| | | |
|---|---|---|
| **SCHEDULE - 4** | | |
| **UNSECURED LOANS** | | |
| Fixed Deposits from Public | **32.48** | 22.27 |
| Short Term Loans from Banks / Mutual Funds | **150.25** | 200.08 |
| Non-Convertible Debentures | **100.00** | – |
| Inter Corporate Deposits (from subsidiary) | **39.63** | – |
| Buyers' Credit from Banks | **462.88** | 229.28 |
| External Commercial Borrowing from Banks (ECB) | **2,071.92** | 1,628.33 |
| | **2,857.16** | 2,079.96 |

Repayment due within one year Rs. 506.42 crores (Previous year Rs.72.91 crores)

# SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

## SCHEDULE - 5 - FIXED ASSETS

(Rs. in Crores)

| GROUP OF ASSETS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | AS AT 1 APRIL,2008 | ADDITIONS DURING THE YEAR | SALES/TFR DURING THE YEAR | **AS AT 31MARCH,2009** | UPTO 1 APRIL,2008 | ADDITIONS DURING THE YEAR | SALES/TFR DURING THE YEAR | **UPTO 31MARCH,2009** | **AS AT 31MARCH,2009** | AS AT 31MARCH,2008 |
| Land - freehold | 66.29 | 42.51 | 0.43 | **108.37** | - | - | - | **-** | **108.37** | 66.29 |
| Land - leasehold | 44.88 | 79.22 | - | **124.10** | 1.61 | 0.94 | - | **2.55** | **121.55** | 43.27 |
| Live Stock | 0.14 | - | - | **0.14** | - | - | - | **-** | **0.14** | 0.14 |
| Building | 617.49 | 86.69 | - | **704.18** | 58.18 | 21.39 | - | **79.57** | **624.61** | 559.31 |
| Plant & Machinery | 4,895.59 | 939.67 | 0.35 | **5,834.91** | 1,056.27 | 381.41 | 0.16 | **1,437.52** | **4,397.39** | 3,839.32 |
| Electrical Installation | 96.62 | 20.60 | - | **117.22** | 11.33 | 5.13 | - | **16.46** | **100.76** | 85.29 |
| Furniture & Fixtures | 33.09 | 6.97 | 0.01 | **40.05** | 6.68 | 2.08 | - | **8.76** | **31.29** | 26.41 |
| Vehicles | 100.03 | 18.74 | 0.89 | **117.88** | 31.52 | 10.87 | 0.26 | **42.13** | **75.75** | 68.51 |
| Air Craft (GE Lease) | 26.10 | - | - | **26.10** | 13.13 | 3.65 | - | **16.78** | **9.32** | 12.97 |
| Air Craft (Owned) | 37.12 | 248.06 | - | **285.18** | 3.76 | 8.47 | - | **12.23** | **272.95** | 33.36 |
| Intangible assets-Software licences | 1.59 | 3.18 | - | **4.77** | 0.63 | 0.38 | - | **1.00** | **3.77** | 0.96 |
| **TOTAL** | 5,918.94 | 1,445.64 | 1.68 | **7,362.90** | 1,183.11 | 434.31 | 0.42 | **1,617.00** | **5,745.90** | 4,735.83 |
| Capital Work in Progress ( Including pre-operative Expenses pending allocation/capitalisation and capital goods lying in stores) | - | | | | - | - | - | **-** | **2,318.01** | 660.48 |
| PREVIOUS YEAR | 4,929.03 | 1,052.66 | 62.76 | **5,918.94** | 781.75 | 460.91 | 59.55 | **1,183.11** | **4,735.83** | 4,147.28 |

**Notes:**

1) Capital Work in Progress includes Rs. 316.05 crores (Previous year Rs. 33.55 crores) being Pre-operative Expenditure and Rs. 684.18 crores( Previous year Rs. 25.47 crores) Capital stores(Refer note 12 of Schedule 20)
2) Freehold land includes Rs.5.85 crores jointly owned with the Company with 50% share and pending registration.
3) Depreciation during the year includes Rs. NIL crores (Previous year Rs 8.86 crores) charged to prior period expenses and Rs. 1.28 crores (Previous year Rs 0.54 crores ) transferred to pre-operative expenses.

# SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

| | | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|---|
| **SCHEDULE - 6** | | | |
| **INVESTMENTS - LONG TERM, NON-TRADE** | | | |
| **(A)** | **UNQUOTED EQUITY SHARES** | | |
| i) | Stainless Investments Limited<br>1,242,000 (Previous year 1,242,000) Equity Shares of Rs. 10 each | **6.05** | 6.05 |
| ii) | Jindal Holding Limited<br>2,414,000 (Previous year 2,414,000) Equity Shares of Rs. 10 each | **14.48** | 14.48 |
| iii) | Brahamputra Capital and Finance Limited<br>19,200,000 (Previous year 19,200,000) Equity Shares of Rs.10 each | **19.20** | 19.20 |
| iv) | Jindal Rex Exploration Private Limited<br>9,800 (Previous year 9,800) Equity Shares of Rs. 10 each | **0.01** | 0.01 |
| v) | Nalwa Steel & Power Limited (formerly Nalwa Sponge Iron Limited) - (Associate Company) 2,000,000 (Previous year 2,000,000 ) Equity Shares of Rs.10 each | **2.00** | 2.00 |
| v) | Globeleq Singapore (Pte) Limited - (Associate Company)<br>28,000 (Previous year 28,000) Equity Shares of USD 1.00 each | **0.12** | 0.12 |
| vii) | X-Zone SDN BHD 36,250 (Previous year 36,250 ) Equity Shares of Malaysian Ringgit 1.00 each | **0.04** | 0.04 |
| viii) | Jindal Petroleum Limited (formerly JSPL Oil & Natural Gas Limited )<br>49,400 (Previous year Nil) Equity Shares of Rs.10 each | **0.05** | - |
| | | **41.95** | 41.90 |
| | Less: Provision For Diminution in value of Investments | **(11.54)** | (11.54) |
| | **Sub Total (A)** | **30.41** | 30.36 |
| **(B)** | **UNQUOTED INVESTMENT IN GOVERNMENT AND TRUST SECURITIES** | | |
| i) | National Saving Certificates<br>Rs. 1,000 (Previous year Rs. 1,000) | **0.00** | 0.00 |
| ii) | 11.50% IDBI-SLR 2011<br>10,000 (Previous year 10,000 ) units of Rs. 1,000 each | **1.12** | 1.12 |
| iii) | 11.50% IDBI-SLR 2011<br>5,500 (Previous year 5,500 ) units of Rs. 1,000 each | **0.60** | 0.60 |
| iv) | 12.00% IDBI-SLR 2012<br>5,000 (Previous year 5,000) units of Rs. 1,000 each | **0.60** | 0.60 |
| v) | 12.00% NHB-SLR 2011<br>20 (Previous year 20) units of Rs. 100,000 each | **0.24** | 0.24 |
| | **Sub Total (B)** | **2.56** | 2.56 |
| **(C)** | **UNQUOTED FULLY PAID-UP EQUITY SHARES OF SUBSIDIARY COMPANIES** | | |
| i) | Jindal Power Limited<br>867,050,000 (Previous year 867,050,000 ) Equity Shares of Rs.10 each.<br>(442,530,000 (Previous year 442,530,000 ) Equity Shares pledged as security with lenders of subsidiary company) | **867.05** | 867.05 |
| ii) | Jindal Minerals & Metals Africa Limited<br>832 (Previous year 830) Equity Shares of USD 1 each | **27.59** | 27.59 |
| iii) | Jindal Steel & Power (Mauritius) Limited<br>19,150,000 (Previous year 10,150,000) Equity Shares of USD 1 each | **79.38** | 41.10 |
| iv) | Jindal Steel Bolivia S.A.<br>8,55,014 (Previous year 2,20,000) Equity Shares of Bolivianos 100 each | **49.86** | 10.99 |
| v) | Chhatisgarh Energy Trading Company Limited<br>6,030,000 (Previous year 6,030,000 ) Equity Shares of Rs. 10 each | **6.03** | 6.03 |
| | **Sub Total (C)** | **1,029.91** | 952.76 |
| **(D)** | **UNQUOTED FULLY PAID-UP EQUITY SHARES OF INCORPORATED JOINT VENTURES** | | |
| i) | Shresht Mining and Metals Private Limited<br>5,000 (Previous year 5,000 ) Equity Shares of Rs.10 each | **0.01** | 0.01 |
| ii) | Jindal Coal to Liquid Limited<br>10,000 (Previous year Nil ) Equity Shares of Rs. 10 each | **0.01** | - |
| | **Sub Total (D)** | **0.02** | 0.01 |

# SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

| | | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|---|
| | **INVESTMENTS - CURRENT** | | |
| **(E)** | **INVESTMENT IN UNITS OF MUTUAL FUNDS / BONDS** | | |
| i) | 8.15% ICICI - 2016 Bond<br>5 (Previous year 5) Units of Rs. 1,000,000 each | **0.50** | 0.50 |
| ii) | NIL (Previous year 20,563,945.65) Units of Reliance Liquidity Fund Growth Option (face value Rs.10 per unit) | **-** | 25.00 |
| iii) | 254,790,005.30 (previous year 19,799,941.39) Units of Principal Cash Management Fund (face value Rs.10 per unit) | **35.00** | 25.00 |
| iv) | 45,545,328.623 (Previous year Nil) Units of LICMF Liquid Fund Dividend Plan (face value Rs.10 per unit) | **50.00** | - |
| v) | 70,145,903.4792 (Previous year Nil) Units of NLFSG Canara Roheeo Liquid Super Institutional Growth Fund (face value Rs.10 per unit) | **75.00** | - |
| vi) | 9.50% Tourism Finance Corporation of India Limited Bond<br>100 (Previous year Nil) units of Rs. 1,000,000 each | **10.00** | - |
| | **Sub Total (E)** | **170.50** | 50.50 |
| | **Total Investments- Long Term and Current - (A+B+C+D+E)** | **1,233.40** | 1,036.19 |
| | Aggregate book value of quoted investments | **Nil** | Nil |
| | Aggregate book value of unquoted investments | **1,233.40** | 1,036.19 |

**NOTE:** During the year , the Company has purchased and sold the following investments.

| | | PURCHASE | | SALE | |
|---|---|---|---|---|---|
| | | **UNITS** | **VALUE** | **UNITS** | **VALUE** |
| 1 | Birla Sun Life Cash Plus- Inst. Prem. DDR | 330,988,282 | 331.63 | 330,988,282 | 331.63 |
| 2 | Birla Sun Life Savings Fund-Instl. DDR | 153,455,914 | 153.56 | 153,455,914 | 153.56 |
| 3 | Canara Robeco Liquid -Super Ip-Growth | 70,145,903 | 75.00 | - | - |
| 4 | Fidelity Cash Fund (Super Institutional)- Daily Dividend | 39,016,539 | 39.03 | 39,016,539 | 39.03 |
| 5 | HDFC Cash Management Saving Plan Daily Dividend | 57,397,156 | 61.05 | 57,397,156 | 61.05 |
| 6 | HDFC Liuid Fund Premium Plan - Growth | 11,660,888 | 19.50 | 11,660,888 | 19.51 |
| 7 | HDFC Liuid Fund Premium Plan Dividend Daily Reinvest | 130,351,461 | 159.81 | 130,351,461 | 159.81 |
| 8 | ICICI Prudential Instl Liquid Plan- Super Instl. Daily Div. | 94,588,985 | 94.59 | 94,588,985 | 94.59 |
| 9 | IDFC Cash Fund Super Inst. Plan C- Daily Dividend | 25,018,448 | 25.02 | 25,018,448 | 25.02 |
| 10 | ING Liquid Fund Institional -Daily Dividend Option | 90,436,219 | 90.55 | 90,436,219 | 90.55 |
| 11 | ING Liquid Fund Super Institutional Institional -Daily Dividend Option | 268,061,571 | 268.19 | 268,061,571 | 268.19 |
| 12 | LIC Mutual Fund Liquid Fund- Dividdend Plan | 417,784,378 | 458.73 | 372,247,453 | 408.73 |
| 13 | LICMF Income Plus Fund - Daily Dividend Plan | 146,261,027 | 146.26 | 146,261,027 | 146.26 |
| 14 | Mirae Asset Liquid Fund Super Inst. Dividend Plan Daily Re Investment | 3,047,620 | 304.98 | 3,047,620 | 304.98 |
| 15 | Principal Cash Management Fund Liquid Option Instl. Prem. Plan Dividend Reinvestment Daily | 191,849,630 | 191.86 | 191,849,630 | 191.86 |
| 16 | Principal Cash Mangment Fund-Liquid Option Instl. Prem. Plan Growth | 25,479,005 | 35.00 | 19,799,941 | 25.05 |
| 17 | Reliance Liquidity Fund - Growth Option | 37,098,668 | 46.25 | 57,662,614 | 71.32 |
| 18 | Reliance Liquidity Fund Daily Dividend Reinvestment | 153,661,465 | 153.71 | 153,661,465 | 153.71 |
| 19 | Relinace Money Manger Fund-Instl. Option Daily Dividend Plan | 1,250,002 | 125.14 | 1,250,002 | 125.14 |
| 20 | SBI Premier Liquid Fund- Instl. Daily Dividend | 96,746,141 | 97.06 | 96,746,141 | 97.06 |
| 21 | Tata Liquid Super High Investment Fund- Daily Dividend | 179,909 | 20.05 | 179,909 | 20.05 |
| 22 | TFLD Tata Floater Fund - Daily Dividend | 9,970,286 | 10.01 | 9,970,286 | 10.01 |
| 23 | TFMA3 Tata Fixed Income Portfolio Fund Scheme A3 Institutional | 10,011,778 | 10.06 | 10,011,778 | 10.06 |
| 24 | UTI Liquid Cah Plan Institutional - Daily Income Option- Re Investment | 1,963,162 | 200.13 | 1,963,162 | 200.13 |
| 25 | 9.50% Tourism Finance Corporation Of India Limited Bond | 100 | 10.00 | - | - |
| | | **2,366,424,538** | **3,127.18** | **2,265,626,490** | **3,007.31** |
| | **Previous Year** | **2,117,440,509** | **3,238.92** | **2,077,076,622** | **3,193.98** |

## SCHEDULE - 7
## INVENTORIES

(As taken, valued and certified by the Management)

| | | As at 31st March, 2009 | As at 31st March, 2008 |
|---|---|---|---|
| i ) | Stores and Spares (including in transit ) | **281.08** | 105.81 |
| ii ) | Raw Materials (including in transit and at port) | **297.19** | 316.16 |
| iii) | Finished Goods (including lying at port) | **570.32** | 495.12 |
| iv ) | Work in Progress | **61.37** | 63.03 |
| v ) | Scrap | **-** | 0.44 |
| | | **1,209.96** | 980.56 |

# SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 8** | | |
| **SUNDRY DEBTORS (Unsecured)** | | |
| i) **Exceeding six months** | | |
| Considered Good | **13.06** | 1.55 |
| Considered Doubtful | **2.72** | 4.23 |
| Less: Provision for bad and doubtful debts | **(2.72)** | (4.23) |
| | **13.06** | 1.55 |
| ii) **Others** | | |
| Considered good (includes Rs.1.97 crores (Previous year Rs.2.42 crores) due from subsidiary company) | **378.40** | 285.83 |
| | **391.46** | 287.38 |
| **SCHEDULE - 9** | | |
| **CASH AND BANK BALANCES** | | |
| Cash, Cheques, T T and Demand Drafts in hand (including cash in hand Rs.0.95 crores (Previous year Rs.1.27 crores) | **1.28** | 3.17 |
| Balances with Scheduled Banks* | | |
| i ) In Current Accounts | **103.58** | 89.18 |
| ii) In Fixed Deposit Accounts (Pledged with Govt. Departments and Others Rs 5.32 crores (Previous year Rs.5.32 crores)) | **204.10** | 485.56 |
| | **308.96** | 577.91 |

*1. Balance with Scheduled Banks in Current Account include Non-Scheduled Banks:
Calyon Bank Rs. 0.02 crores (Previous year Rs.0.01 crores)
ABN Amro Bank Rs. 0.07 crores (Previous year Rs.0.15 crores)

2. Fixed Deposits include Rs.190.03 crores (Previous year US$ 111.53 million) unutilised monies out of ECB proceeds from ICICI Bank Ltd. Hongkong

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 10** | | |
| **LOANS AND ADVANCES** | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Advances recoverable in cash or in kind or for value to be received | | |
| - Considered good | **1,332.91** | 691.41 |
| - Considered doubtful | **7.16** | 7.19 |
| Less: Provision for doubtful advances | **(7.16)** | (7.19) |
| (includes Rs.921.54 crores (Previous year Rs.558.24 crores) against capital supplies and Rs Nil (Previous year Rs 0.14 crores) due from Directors | **1,332.91** | 691.41 |
| Loans to Bodies Corporate & Others | | |
| - Considered good (includes Rs.456.09 crores (Previous year Rs.72.86 crores) to subsidiaries) | **879.10** | 183.37 |
| Advance against Share Application Money | **17.32** | 3.84 |
| Security Deposits | **28.04** | 19.06 |
| Balances with Govt. Departments and Others | **139.02** | 83.47 |
| Advance Income Tax ( including TDS ) | **801.79** | 471.82 |
| Advance Wealth tax | **0.86** | 0.75 |
| | **3,199.04** | 1,453.72 |

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 11** | | |
| **CURRENT LIABILITIES** | | |
| Sundry Creditors | **1,471.57** | 619.78 |
| (includes Rs.216.65 crores (Previous year Rs.52.32 crores) creditors against capital supplies and includes Rs.32.41 crores (Previous year Rs. 8.64 crores) payable to subsidiary company) (Refer note 16 of Schedule 20) | | |
| Other Outstanding Liabilities | **291.31** | 235.96 |
| Advances from customers and Others | **506.98** | 125.09 |
| (includes Rs.402.52 crores (Previous Year Nil) advance from subsidiary company) | | |
| Security Deposits* | **152.78** | 35.65 |
| Interest accrued but not due | **17.01** | 16.71 |
| Investor Education & Protection Fund** | | |
| - Unpaid Dividend | **6.11** | 5.20 |
| - Unpaid Fixed Deposits | **0.11** | 0.07 |
| - Unpaid Interest on Debentures | **0.01** | 0.03 |
| - Unpaid Interest on Fixed Deposits | **0.32** | 0.38 |
| | **2,446.20** | 1,038.87 |

* includes a secured amount of Rs.108.30 crores(previous year Nil)

** There is no amount due and outstanding to be credited to Investor Education and Protection Fund

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 12** | | |
| **PROVISIONS** | | |
| For Proposed Dividend | **85.64** | 38.93 |
| For Corporate Tax on Dividend | **-** | 6.62 |
| For Provision for Taxation | **870.05** | 514.12 |
| For Provision for Wealth Tax | **1.50** | 1.31 |
| For Leave Encashment | **26.15** | 13.26 |
| For Gratuity | **2.47** | 7.70 |
| | **985.81** | 581.94 |

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 13** | | |
| **MISCELLANEOUS EXPENDITURE** | | |
| (To the extent not written off or adjusted) | | |
| Preliminary Expenses | **-** | 0.01 |
| Coal Mine development expenses | **3.02** | 3.13 |
| | **3.02** | 3.14 |

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT AS AT 31ST MARCH, 2009

| | | | For the year ended 31st March, 2009 (Rs. in Crores) | For the year ended 31st March, 2008 (Rs. in Crores) |
|---|---|---|---|---|
| **SCHEDULE - 14** | | | | |
| **SALES AND OPERATIONAL INCOME** | | | | |
| Sales | | | **8,427.08** | 6,115.23 |
| Inter Division Transfer | | | **519.96** | 611.59 |
| Job Charges | | | **0.06** | 0.04 |
| Export Benefits | | | **6.67** | 16.36 |
| | | | **8,953.77** | 6,743.22 |
| **SCHEDULE - 15** | | | | |
| **OTHER INCOME** | | | | |
| Miscellaneous Receipts | | | **45.43** | 39.97 |
| Liability/Provisions no longer required, written back | | | **10.53** | 3.83 |
| Profit on Sale/discard of Fixed Assets | | | **0.01** | 0.01 |
| Profit on sale of Investments | | | **0.13** | 4.49 |
| Dividend Income | | | **90.14** | 0.82 |
| [includes Rs.86.70 crores from subsidiary company (Previous year Rs.Nil)] | | | **146.24** | 49.12 |
| **SCHEDULE - 16** | | | | |
| **MATERIAL, MANUFACTURING AND OTHERS** | | | | |
| Raw Material consumed | | | **2,672.05** | 1,330.32 |
| Goods Purchased for resale | | | **-** | 29.51 |
| Inter Division Transfer | | | **519.96** | 611.59 |
| Stores and Spares consumed | | | **820.47** | 570.46 |
| Power and Fuel | | | **414.53** | 407.91 |
| Other Manufacturing expenses | | | **88.56** | 50.42 |
| Royalty & Cess | | | **65.06** | 49.09 |
| Repairs to Buildings | | | **50.57** | 36.51 |
| Repairs to Plant and Machinery | | | **205.69** | 163.45 |
| | | **SUB TOTAL (A)** | **4,836.89** | 3,249.26 |
| (INCREASE)/DECREASE IN STOCKS | | | | |
| Opening Stock | - Finished Goods | | **495.12** | 314.74 |
| | - Scrap | | **0.44** | 0.04 |
| | - Work in Progress | | **63.03** | 38.86 |
| | | | **558.59** | 353.64 |
| Closing Stock | - Finished Goods | | **570.32** | 493.06* |
| | - Scrap | | **-** | 0.44 |
| | - Work in Progress | | **61.37** | 63.03 |
| | | | **631.69** | 556.53 |
| **NET (INCREASE)/DECREASE IN STOCK -** | | **SUB TOTAL (B)** | **(73.10)** | (202.89) |
| **Excise duty on account of increase/(decrease) on stock of finished goods-** | | **SUB TOTAL (C)** | **(24.64)** | 42.61 |
| | | **TOTAL ( A+B+C)** | **4,739.15** | 3,088.98 |

* Net of Rs.2.06 crores of Inventory of Finished Goods during Trial Run Period of Plate Mill which has been adjusted in expenditure during Trial Run period in the previous year.

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT AS AT 31ST MARCH, 2009

| | For the year ended 31st March, 2009 (Rs. in Crores) | For the year ended 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 17** | | |
| **PERSONNEL** | | |
| Salary, Wages, Bonus and other benefits | 165.23 | 121.15 |
| Contribution to Provident and Other funds | 9.14 | 5.71 |
| Workmen and Staff Welfare | 7.09 | 5.34 |
| Employees Compensation Expenses under Employees Stock Option Scheme (Refer note 10 of schedule 20) | (3.93) | 12.79 |
| | 177.53 | 144.99 |
| **SCHEDULE - 18** | | |
| **ADMINISTRATION AND SELLING** | | |
| Rent | 4.25 | 0.87 |
| Rates and Taxes | 60.87 | 53.32 |
| Insurance | 3.86 | 7.21 |
| Auditors' Remuneration | 0.23 | 0.23 |
| Miscellaneous Expenses | 170.00 | 152.94 |
| Loss on Sale/Discard of Fixed Assets | 0.16 | 0.20 |
| Donation (Refer note no 8 of Schedule 20 ) | 53.12 | 12.29 |
| Directors' meeting fees | 0.04 | 0.03 |
| Selling Expenses | 320.31 | 258.10 |
| Commission on Sales | 7.45 | 6.63 |
| Bank Charges | 13.97 | 8.65 |
| Financial Expenses | 21.12 | 9.26 |
| Provision for Doubtful debts & advances | (1.52) | 0.84 |
| Prior Period Adjustment | 0.07 | 15.17 |
| Foreign exchange Fluctuation (net of income of Rs.24.47 crores.(Previous year Rs.58.92 crores.)) | 144.76 | 148.87 |
| | 798.69 | 674.61 |
| **SCHEDULE - 19** | | |
| **INTEREST** | | |
| Interest Expenses | | |
| -Debentures and Other Fixed Loans | 184.83 | 200.04 |
| -Others | 47.97 | 25.07 |
| (includes Rs 28.48 crores (Previous year Rs. 1.31 crores) paid to subsidiary company) | | |
| | 232.80 | 225.11 |
| Less: Interest Received | | |
| (including Tax Deducted at Source of Rs. 10.18 crores ( Previous Year Rs. 2.15 crores)) | | |
| -Interest on Inter Corporate Deposits | (57.93) | (8.84) |
| -Others | (5.96) | (7.68) |
| | (63.89) | (16.52) |
| Net Interest | 168.91 | 208.59 |

## SCHEDULE - 20

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A. SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are prepared under the historical cost convention, on going concern basis and in terms of the Accounting Standards issued by the Institute of Chartered Accountants of India and in compliance with Section 211(3C) of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realisation in respect of incomes. Accounting policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles in India.

#### ii) Fixed Assets and Depreciation

**a) Fixed Assets**

Fixed Assets are stated at cost of acquisition inclusive of incidental expenses related thereto and are net of CENVAT/VAT credit. Fixed assets acquired by the Company pursuant to a Scheme of Arrangement are stated at their transfer values.

**b) Expenditure during construction period**

Expenditure related to and incurred during implementation of new/expansion-cum-modernisation projects is included under capital work-in-progress and the same is allocated to the respective Fixed Assets on completion of its construction/erection. Interest on borrowing costs related to a qualifying asset is worked out on the basis of actual utilisation of funds out of project specific loans and/or other borrowings to the extent identifiable with the qualifying asset and is capitalized with the cost of the qualifying asset.

**c) Intangible Assets**

Intangible Assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS-26) 'Intangible Assets'.

**d) Depreciation and Amortisation**

Depreciation on fixed assets is provided on straight-line method (SLM) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Leasehold Land and Aircraft are being amortised over the period of lease. In the case of assets where impairment loss is recognized, the revised carrying amount is depreciated over the remaining estimated useful life of the asset.

Certain Plant and Machinery have been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided for accordingly.

Intangible Assets are amortised over the expected duration of benefits not exceeding ten years.

#### iii) Foreign Currency Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated at the year-end exchange rates and resultant gains / losses are recognized in the profit & loss account for the year, except to the extent that they relate to new projects till the date of capitalization which are carried to pre-operative expenses and those relating to fixed assets which are adjusted to the carrying cost of the respective assets.

In case of forward foreign exchange contracts, exchange differences are dealt with in the profit & loss account over the life of the contract except those relating to fixed assets in which case they are capitalized with the cost of respective fixed assets. Non-monetary foreign currency items are carried at historical cost.

In case of foreign subsidiaries, with non – integral foreign operations, revenue items are converted at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Exchange gain arising on conversion is recognized in Foreign Currency Translation Reserve and in case of loss, the same is taken to Profit & Loss Appropriation account and carried to accumulated balance of Profit/ (Loss).

#### iv) Investments

Long-term investments are carried at cost. Provision is made when, in the opinion of the management, diminution in the value of investment is other than temporary in nature. Current investments are carried at the lower of cost or market / fair value.

#### v) Valuation of Inventories

Raw Materials and Stores & Spares are valued at lower of cost, computed on weighted average basis, and net realisable value. Cost includes the purchase price as well as incidental expenses. Scrap is valued at estimated realisable value.

Work-in-progress is valued at lower of estimated cost and net realisable value and finished goods are valued at lower of cost and net realisable value. Cost for this purpose includes direct cost and appropriate administrative and other overheads.

**vi) Inter-Division Transfers**

Inter-division transfer of goods, as independent marketable products produced by separate divisions for captive consumption, are transferred at approximate prevailing market price. The same is shown as a contra item to reflect the true working of the respective divisions in the Profit and Loss Account. Any unrealised profit on unsold stocks is eliminated while valuing the inventories. The value of such inter-divisional transfer is netted off from sales and operational income and expenses under materials, manufacturing and others.

Inter-divisional transfer/captive consumption to Fixed Assets is at cost.

**vii) Retirement Benefits**

Expenses & liabilities in respect of employee benefits are recorded in accordance with the Revised Accounting Standard (AS)-15 –Employee Benefits (revised 2005) issued by ICAI.

**a) Provident Fund**

The Company makes contribution to statutory provident fund in accordance with the Employees Provident Fund & Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

**b) Gratuity**

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the Balance Sheet in respect of gratuity is the present value of the defined benefit/obligation at the Balance Sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/ obligation is calculated at or near the Balance Sheet date by an independent Actuary using the projected unit credit method.

**c) Compensated absences**

Liability in respect of Compensated absences due or expected to be availed within one year from the Balance Sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of an actuarial valuation performed by an independent Actuary using the projected unit credit method.

**d) Other short term benefits**

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**viii) Excise Duty and Customs Duty**

Excise Duty liability on finished goods manufactured and lying in the factory is accounted for and the corresponding amount is considered for valuation thereof. Customs duty in respect of materials lying in bonded premises and in transit is accounted for as and when the property in the goods passes to the Company.

**ix) Miscellaneous Expenditure**

The following expenditure shown under "miscellaneous expenditure" is amortised as follows:

a) Share issue expenses are written off over a period of ten years.

b) Debenture/Bonds issue expenses and premium on redemption are written off over the period of Debentures/Bonds.

c) Iron Ore mines/Coal mines development expenditure and Railway plot development expenditure etc., are written off over a period of ten years.

**x) Revenue Recognition**

a) Sales and Operational income is inclusive of excise duty, export benefits and inter-divisional transfer but net of returns, rebates and sales tax. Materials returned/rejected are accounted for in the year of return/rejection. Sales net of excise duty and inter-divisional transfer is also disclosed separately.

b) Export sales are accounted for on the basis of the date of bill of lading/ airways bill.

c) Income from job charges is accounted for at the time of billing.

d) Since it is not possible to ascertain with reasonable certainty the quantum of accruals in respect of certain claims of Railways, Insurance, Electricity, Customs and Excise, the same continue to be accounted for on acceptance basis.

**xi) Export benefits**

Export benefits available under the Export Import policy of the Government of India are accounted for in the year of export, to the extent measurable.

**xii) Accounting for Leases**

In respect of finance lease, the same is recognized as an asset and a liability to the lessor at fair value at the inception of the lease.

In respect of operating lease, the lease payments as per respective lease agreements are recognized as expense in the profit and loss account on a straight-line basis.

**xiii) Research and Development Expenditure**

Research and Development expenditure not fulfilling the recognition criteria as set out in Accounting Standard (AS-26) on ' Intangible Assets' is charged to the profit and loss account while capital expenditure is added to the cost of fixed assets in the year in which it is incurred.

**xiv) Taxes on Income**

Provision for current tax and fringe benefits tax is made considering various allowances and benefits available to the Company under the provisions of the Income Tax Act, 1961.

In accordance with Accounting Standard (AS-22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred taxes resulting from timing differences between book and tax profits are accounted for at the tax rate substantively enacted by the Balance Sheet date to the extent the timing differences are expected to be crystallized. Deferred tax assets are recognized to the extent there is reasonable/virtual certainty of realising such assets against future taxable income.

**xv) Impairment of Assets**

Specified assets are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount being the higher of the asset's net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the asset. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (i.e. cash generating units).

Previously recognized impairment losses, relating to assets other than goodwill, are reversed where the recoverable amount increases because of favourable changes in the estimates used to determine the recoverable amount since the last impairment was recognized. A reversal of an asset's impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in prior years.

**xvi) Provisions and contingent liabilities**

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

**xvii) Employee Stock Option Scheme**

Stock options granted to the employees of the Company and its subsidiary under the Company's Stock Option schemes are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly, excess of market value of the stock option as on date of grant over the exercise price of the options is recognized as deferred employee compensation and is charged to the profit and loss account as employee cost on straight line method over the vesting period of the options.

## B. NOTES TO ACCOUNTS

1. Contingent Liabilities not provided for in respect of :

(Rs. in Crores)

| | Description | Current Year | Previous Year |
|---|---|---|---|
| a) | Guarantees issued by the Company's Bankers on behalf of the Company | **332.91** | 352.92 |
| b) | Letter of credit opened by banks | **1,315.35** | 932.67 |
| c) | Corporate guarantees / undertakings issued on behalf of third parties. | **126.41** | 46.68 |
| d) | Disputed Excise Duty and Other demands | **213.77** | 30.69 |
| e) | Future liability on account of lease rent for unexpired period. | **-** | 0.20 |
| f) | Bonds executed for machinery imports under EPCG Scheme | **1,103.10** | 716.45 |
| g) | Income Tax demands where the cases are pending at various stages of appeal with the authorities | **109.81** | 42.25 |

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances): Rs.4,517.09 crores (previous year Rs.5,399.48 crores)

3. In accordance with the guiding principles enunciated in Accounting Standard (AS-29) 'Provisions, Contingent Liabilities and Contingent Assets' and based on management assessment, the Company has made a provision for contingencies on account of duties and taxes payable under various laws. At the beginning of the financial year, there was an outstanding provision of Rs.107.49 crores (previous year Rs. 66.58 crores). The Company made an additional provision of Rs.48.53 crores during the year (previous year Rs. 40.91 crores) and the amount utilized during the year was Nil (Previous year Nil). At the end of the financial year, there is an outstanding provision of Rs.156.02 crores (previous year Rs.107.49 crores).

4. One of the Company's expansion units at Raigarh (Chhatisgarh) is eligible for sales tax exemption owing to its investment in capital assets under the State industrial policy which aims towards the objective of industrialization of the State and development of backward areas. The period of exemption is linked to the quantum of investment. The Company has been advised that the element of sales tax included in the sales price of products sold out of this Unit is in the nature of sales tax subsidy granted by the State Government. Accordingly, the same amounting to Rs.50.04 crores (previous year Rs. 81.59 crores) has been credited during the year to Sales Tax Subsidy Reserve Account. The cumulative amount credited to Sales Tax Subsidy Reserve Account up to 31st March 2009 is Rs. 131.63 crores.

5. a) Provision for current income tax and fringe benefits tax has been made considering various benefits and allowances available to the Company under the provisions of the Income Tax Act, 1961.

   b) Movement of deferred tax provision/adjustment in accordance with Accounting Standard (AS–22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India is as under:

(Rs. in Crores)

| | | As on 1 April 2007 | Charge/(Credit) during 2007-08 | As on 1 April 2008 | **Charge/(Credit) during the year** | **As on 31 March 2009** |
|---|---|---|---|---|---|---|
| **A.** | **Deferred Tax Assets** | | | | | |
| a) | Disallowance u/s 43-B of the Income Tax Act,1961 | (31.61) | (20.57) | (52.18) | **(25.89)** | **(78.07)** |
| b) | Provision for Doubtful Debtors | (2.04) | (0.27) | (2.31) | **0.52** | **(1.79)** |
| | **Total Deferred Tax Assets** | (33.65) | (20.84) | (54.49) | **(25.37)** | **(79.86)** |
| **B.** | **Deferred Tax Liabilities** | | | | | |
| 1) | Difference between Book and Tax Depreciation | 448.52 | 100.56 | 549.08 | **129.52** | **678.60** |
| 2) | Miscellaneous Expenditure written off | 0.17 | (0.09) | 0.08 | **0.95** | **1.03** |
| | **Total Deferred Tax Liabilities** | 448.69 | 100.47 | 549.16 | **130.47** | **679.63** |
| **C.** | **Total Deferred Tax (Net)** | 415.04 | 79.63 | 494.67 | **105.10** | **599.77** |

6. Additions / (Adjustments) to Plant and Machinery/Capital work-in-progress includes adjustment of Rs.377.39 crores (previous year Rs. (9.48 crores)) on account of foreign exchange fluctuation on long-term liabilities relating to acquisition of Fixed Assets.

7. The Company has, during the current year, in terms of the Notification issued by the Ministry of Corporate Affairs, Government of India, relating to Accounting Standard (AS-11) dated 31.03.2009, decided to exercise the option of accounting for Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in the previous financial statements in so far as they relate to the acquisition of depreciable capital assets by addition to/ deduction from the cost of the asset and depreciate the same over the balance life of the asset. Accordingly, exchange losses accounted for during the year 2007-08 amounting to Rs. 79.97 crores have been reversed during the current year and adjusted from the cost of fixed assets with corresponding adjustment to general reserve. Depreciation on fixed assets relating to the above amounting to Rs. 0.01 crores has also been adjusted during the current year. The current year exchange losses amounting to Rs. 205.03 crores have also been accordingly adjusted to the cost of fixed assets, the impact of depreciation thereon being Rs.0.01 crores.

8. Donations include NIL (previous year Rs. 0.05 crores) to Jharkhand Pradesh Congress Committee and Rs.0.02 crores (previous year Nil) to Keonjhar District Congress Committee as contribution to political parties.

9. Sales / Adjustments in gross block and depreciation under Schedule 5 includes the assets taken out of active use during the financial year of Rs. NIL and Rs. NIL (Previous year Rs. 61.56 crores and Rs. 59.17 crores ) respectively. The resultant net block of Rs. NIL (Previous year Rs. 2.40 crores) has been considered under inventory of stores & spares.

   Difference between net book value at the time the assets were taken out of active use and the estimated net realizable value amounting to Rs. NIL (Previous year Rs. 29.05 crores) has been charged under depreciation for the year and amounting to Rs. NIL (Previous year Rs. 8.85 crores) has been charged to previous year expenses owing to the assets dedicated for social cause.

10. On 25.07.2005, the Company established the Employees Stock Option Scheme – 2005 (ESOS -2005 or plan) which was modified on 27.09.2006. Under the Scheme, the Company is authorized to issue up to 55,00,000 (Fifty five lacs) [originally 11,00,000 (Eleven lacs)] equity settled options of Re1/- each (originally Rs.5/- each) to employees (including employees of the subsidiary company). A Compensation Committee has been constituted by the Board of Directors of the Company to administer the Scheme.

    Pursuant to Clause 5.3 (f) of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and para 18 of Employees Stock Option Scheme –2005 of the Company, the Compensation Committee is authorized to make a fair and reasonable adjustment to the number of options and to the exercise price in respect of options granted to the employees under the Scheme in case of corporate actions such as right issue, bonus issue, merger etc. The shareholders of the Company have in their meeting held on 27.12.2007 approved sub-division of the face value of each equity share of Rs.5/- into 5 equity shares of Re.1/- each. Accordingly, the Compensation Committee has, in their meeting held on 27.01.2008, increased the number of maximum options that can be issued under the Employees Stock Option Scheme –2005 to 55,00,000 (Fifty five lacs) [originally 11,00,000 (Eleven lacs)] and the exercise price has been reduced in case of Series I to Rs 203, Series II to Rs 225 and Series III to Rs 364 per equity share of Re. 1/- each fully paid up.

    On 26.11.2005, the Company granted 42,97,000 (Forty two lacs ninety seven thousand) [originally 8,59,400 (Eight lacs fifty nine thousand four hundred)] stock options (Series – I) to its employees (including employees of the subsidiary Company). Out of the above stock options, 19,12,907 (Nineteen lacs twelve thousand nine hundred seven) [originally 3,82,581 (Three lacs eighty two thousand five hundred eighty one)] have lapsed and during the year, the Company has allotted 6,91,343 (Six lacs ninety one thousand three hundred forty three) Equity Shares of Rs. 1/- each and 16,92,750 (Sixteen lacs ninety two thousand seven hundred fifty) [originally 3,38,550 (Three lacs Thirty Eight thousand Five hundred fifty)] stock options are outstanding as on 31.03.2009.

    Further, on 02.09.2006, the Company granted stock options of 6,47,750 (Six lakh forty seven thousand seven hundred fifty) [originally 1,29,550 (One lakh twenty nine thousand five hundred fifty)] options (Series – II) to its employees (including employees of the subsidiary company). Out of the above stock options, 2,71,500 (Two Lacs Seventy One thousand Five Hundred) [originally 54,300 (Fifty Four thousand Three hundred) have lapsed and 3,76,250 (Three lacs seventy six thousand two hundred fifty) [originally 75,250 (Seventy five thousand two hundred fifty) stock options are outstanding as on 31.03.2009.

    Further, on 27.04.2007, the Company granted stock options of 6,84,750 (Six lakh eighty four thousand seven hundred fifty [originally 1,36,950 (One lakh thirty six thousand nine hundred fifty)] options (Series – III) to its employees (including employees of the subsidiary company). Out of the above stock options, 1,88,000 (One lacs eighty eight thousand) [originally 37,600 (Thirty seven thousand six hundred)] have lapsed and 4,96,750 (Four lacs ninety six thousand seven hundred fifty) [originally 99,350 (Ninety nine thousand three hundred fifty)] stock options are outstanding as on 31.03.2009.

The details of ESOS-2005 are as under:

| | | ESOS-2005 | | |
|---|---|---|---|---|
| | | Series-I | Series-II | Series-III |
| 1. | Grant Price – Rupees | 203 | 225 | 364 |
| 2. | Grant Date | 26.11.2005 | 02.09.2006 | 27.04.2007 |
| 3. | Vesting commences on | 26.11.2007 | 02.09.2008 | 27.04.2009 |
| 4. | Vesting Schedule | 50% of grant on 26.11.2007, subsequent 25% of grant on 26.11.2008 and balance 25% of grant on 26.11.2009 | 50% of grant on 02.09.2008, subsequent 25% of grant on 02.09.2009 and balance 25% of grant on 02.09.2010 | 50% of grant on 27.04.2009, subsequent 25% of grant on 27.04.2010 and balance 25% of grant on 27.04.2011 |
| 5. | Option granted and outstanding at the beginning of the year | 35,20,750 | 5,59,750 | 5,44,750 |
| 6. | Option granted during the year | - | - | - |
| 7. | Option lapsed and/or withdrawn during the period | 11,36,657 | 1,83,500 | 48,000 |
| 8. | Option exercised during the year against which shares were allotted | 6,91,343 | - | - |
| 9. | Option granted and outstanding at the end of the year of which | 16,92,750 | 3,76,250 | 4,96,750 |
| | - Options vested | 8,46,375 | 1,88,125 | - |
| | - Options yet to vest | 8,46,375 | 1,88,125 | 4,96,750 |

11. As per Accounting Standard (AS-15) "Employee Benefits", the disclosure of employee benefits as defined in the Accounting Standard is given below:

(Monetary figures Rs. in Crores)

| | | | **Current Year** | | Previous Year | |
|---|---|---|---|---|---|---|
| | | | **Gratuity** | **Leave Encashment** | Gratuity | Leave Encashment |
| I | Components of Employer Expense | | Funded | Unfunded | Funded | Unfunded |
| | 1 | Current Service Cost | 1.17 | 4.96 | 0.74 | 0.83 |
| | 2 | Interest Cost | 0.64 | 1.09 | 0.40 | 0.23 |
| | 3 | Expected Return on Plan Assets | (0.49) | - | (0.34) | - |
| | 4 | Curtailment Cost/ (Credit) | - | - | - | - |
| | 5 | Settlement Cost/ (Credit) | - | - | - | - |
| | 6 | Past Service Cost | - | - | | |
| | 7 | Actuarial Losses/ (Gains) | 0.13 | 7.93 | 1.73 | 9.74 |
| | 8 | Total expense recognized in the Profit and Loss Account | 1.45 | 13.98 | 2.53 | 10.79 |
| II | Actual Returns for the year ended March 31, 2009 (%) | | 0.78 | | 0.32 | |
| III | Net Assets/ (Liability) recognized in the Balance Sheet as at March 31, 2009 | | | | | |
| | 1 | Present value of Defined Benefit Obligation | (9.51) | (26.15) | (7.56) | (13.15) |
| | 2 | Fair Value of Plan Assets | 7.04 | - | 4.37 | - |
| | 3 | Status {Surplus/(Deficit)} (1-2) | (2.47) | (26.15) | (3.18) | (13.15) |
| | 4 | Unrecognised Past Service Cost | - | - | - | - |
| | | Net Assets/ (Liability) recognised in the Balance Sheet (3+4) | (2.47) | (26.15) | (3.18) | (13.15) |
| IV | Change in Defined Benefit Obligation (DBO) during the year ended March 31,2009 | | | | | |
| | Present Value of DBO at the beginning of the year | | (7.56) | (13.15) | (4.89) | (3.09) |
| | 1 | Current Service Cost | (1.17) | (4.96) | (0.74) | (0.83) |
| | 2 | Interest Cost | (0.64) | (1.09) | (0.40) | (0.23) |
| | 3 | Curtailment Cost/(Credit) | - | - | - | - |
| | 4 | Settlement Cost/ (Credit) | - | - | - | - |
| | 5 | Plan Amendments | - | - | - | - |
| | 6 | Acquisitions | - | - | - | - |
| | 7 | Actuarial (Losses)/Gains | (0.41) | (7.93) | (1.70) | (9.72) |
| | 8 | Benefits Paid | 0.27 | 0.98 | 0.19 | 0.73 |
| | | Present Value of DBO at the end of the year | (9.51) | (26.15) | (7.56) | (13.14) |

| | | Current Year | | Previous Year | |
|---|---|---|---|---|---|
| | | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| V | Change in Fair Value of Assets during the year ended March 31, 2009 | | | | |
| | Plan Assets at the beginning of the year | 4.37 | - | 3.32 | - |
| 1 | Acquisition Adjustment | - | - | - | - |
| 2 | Expected Return on Plan Assets | 0.49 | - | 0.34 | - |
| 3 | Actuarial (Losses)/Gains | 0.29 | - | (0.02) | - |
| 4 | Actual Company Contribution | 2.16 | 0.98 | 0.93 | 0.73 |
| 5 | Benefit Paid | (0.27) | (0.98) | (0.19) | (0.73) |
| | Plan Assets at the end of the year | 7.03 | - | 4.37 | - |
| VI | Actuarial Assumptions | | | | |
| 1 | Discount Rate (%) | 8.20 | 8.20 | 8.60 | 8.60 |
| 2 | Expected Return on Plan Assets (%) | 9.25 | | 9.25 | |

12 A. Pre-operative expenditure forming part of capital work in-progress is as under:

(Rs. in Crores)

| | | Current Year | Previous Year |
|---|---|---|---|
| **Amount brought forward from last year** | | **33.55** | 80.42 |
| **Add:** | Expenditure incurred during the year | | |
| | Personnel expenses | **12.89** | 3.25 |
| | Consultancy charges | **48.91** | 5.80 |
| | Financial expenses | **80.12** | 13.52 |
| | Depreciation | **1.28** | 0.54 |
| | Foreign exchange fluctuation | **377.39** | (9.48) |
| | Miscellaneous expenses | **29.33** | 32.02 |
| | | **583.47** | 126.07 |
| **Less:** | Capitalized as part of | | |
| | Plant and Machinery | **259.29** | 88.33 |
| | Building | **0.02** | 1.84 |
| | Other fixed assets | **8.11** | 2.35 |
| Amount carried forward under capital work-in-progress | | **316.05** | 33.55 |

B. Expenditure during Trial Run period relating to Plate Mill forming part of Capital work in progress is as under:

(Rs. in Crores)

| **Description** | **Current Year** | Previous Year |
|---|---|---|
| Income | | |
| Sales | - | 0.11 |
| Increase/(Decrease) in Stock | - | 0.89 |
| **Total Income (A)** | **-** | **1.00** |
| Less :- Expenditure | | |
| Opening Stock of Finished Goods | - | - |
| Raw materials consumed | - | 0.84 |
| Power and Fuel | - | 0.31 |
| Stores and spare parts consumed | - | 0.02 |
| Repairs and Maintenance | - | 0.02 |
| Excise duty paid | - | 0.01 |
| Personnel expenses | - | 0.03 |
| **Total Expenditure (B)** | **-** | **1.23** |
| (A-B) Loss during Trial run period during the current financial year | - | 0.23 |
| Add :- amount brought forward | - | - |
| **Total** | **-** | **0.23** |
| Capitalised with the cost of fixed assets | | 0.23 |

**13. Accounting for Leases**

**A. Finance Lease**

The Company has one aircraft acquired under finance lease. The lease has a primary period which is fixed and non-cancelable. The agreement provides for revision of lease rentals in the event of changes in (a) taxes, if any, leviable on the lease rental, (b) the rates of depreciation under the Income Tax Act, 1961 and (c) change in the lessor's cost of borrowing. There are no exceptional/ restrictive covenants in the lease agreement. The minimum lease rentals as at March 31, 2009 and the present value as at March 31,2009 of minimum lease payments in respect of assets acquired under finance lease are as follows:

(Rs. in Crores)

| | | Minimum Lease Payment As at | | Present value of Minimum Lease payment As at | |
|---|---|---|---|---|---|
| | | **31 March, 2009** | 31 March, 2008 | **31 Mar, 2009** | 31 March, 2008 |
| I) | Payable not later than 1 year | **2.06** | 2.17 | **1.84** | 1.84 |
| II) | Payable later than 1 year and not later than 5 years | **2.56** | 4.61 | **2.45** | 4.29 |
| III) | Payable later than 5 years | **-** | - | **-** | - |
| | Total (I+II+III) | **4.62** | 6.78 | **4.29** | 6.13 |
| | Less: Future Finance Charges | **0.33** | 0.65 | | |
| | Present Value of Minimum Lease Payments | **4.29** | 6.13 | | |

**B. Operating Leases**

The Company has taken certain plant and machinery on non-cancelable lease, the future minimum lease payments in respect of which as at 31st March 2009 are as follows:

(Rs. in Crores)

| Minimum Lease Payment | | Current Year | Previous Year |
|---|---|---|---|
| I | Payable not later than 1 year | - | 0.20 |
| II | Payable later than 1 year and not later than 5 years | - | - |
| | Total (I+ II) | - | 0.20 |

The Company has an option, under the respective lease agreements, to renew the lease period at the end of the non-cancelable period. There are no exceptional/ restrictive covenants in the lease agreement.

14. The Company has unquoted investment of Rs. 1071.88 crores in body corporates (Previous year Rs. 994.67 crores). Considering that the fall in the value of some of the investments had been a continuing one, the management had made a provision for diminution in the value of investments of Rs 11.54 crores during the earlier years. Based on the financial position of the investee companies, the management is of the view that the provision created as aforesaid is adequate.

15. In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.

16. The Company has so far not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year-end together with interest paid / payable under this Act have not been given.

17. In the previous year, dividend proposed and corporate dividend tax thereon relating to the shares under ESOP was made on the basis of options vested but not exercised till the end of the financial year. Provision made in respect of options lapsed and not exercised in the current year has been adjusted with dividend proposed for the year ended on 31st March, 2009.

18. The Company has not made provision for Corporate Dividend Tax on the amount of dividend proposed for the year ended on 31st March, 2009 since the same has been considered as a set-off against corporate dividend tax payable by a subsidiary company on the interim dividend declared by it for the same financial year.

19. Segment Reporting as required by Accounting Standard (AS–17) issued by the Institute of Chartered Accountants of India:-

(Rs. in Crores)

| **Particulars** | | **Current Year** | Previous Year |
|---|---|---|---|
| 1. | **Segment Revenue** | | |
| a) | Iron and Steel | **8,255.43** | 5,985.84 |
| b) | Power | **868.61** | 584.01 |
| c) | Others | **67.55** | 28.90 |
| | **Sub -Total** | **9,191.60** | 6,598.75 |
| | Less : Inter-segment Revenue | **757.78** | 467.13 |
| | **Net Segment Revenue** | **8,433.81** | 6,131.63 |

| Particulars | | | Current Year | Previous Year |
|---|---|---|---|---|
| 2. | **Segment Results (Profit(+) / Loss(-) before Tax and interest from each segment)** | | | |
| | a) | Iron and Steel | **1,937.79** | 1,735.66 |
| | b) | Power | **549.16** | 333.61 |
| | c) | Others | **8.73** | 4.86 |
| | **Sub –Total** | | **2,495.68** | 2,074,13 |
| | Less : Interest, financial expenses and lease rent | | **203.99** | 226.49 |
| | Other un-allocable expenditure (net of un-allocable income) | | **289.81** | 345.13 |
| | Profit before Tax | | **2,001.88** | 1,502.51 |
| | Provision for Taxation | | | |
| | – | Income Tax and FBT | **360.11** | 185.57 |
| | – | Deferred Tax | **105.10** | 79.63 |
| | - | Wealth Tax | **0.19** | 0.35 |
| | **Profit after tax** | | **1,536.48** | 1,236.96 |
| 3. | **Other Information** | | | |
| | **I** | **Segment Assets** | | |
| | a) | Iron and Steel | **9,207.55** | 5,459.25 |
| | b) | Power | **1,646.04** | 1,274.18 |
| | c) | Others | **144.86** | 64.71 |
| | d) | Un-allocated Assets* | **3,411.33** | 2,935.06 |
| | **Total Assets** | | **14,409.78** | 9,733.20 |
| | **II** | **Segment Liabilities** | | |
| | a) | Iron and Steel | **2,370.06** | 965.29 |
| | b) | Power | **29.64** | 26.72 |
| | c) | Others | **16.88** | 8.35 |
| | d) | Un-allocated Liabilities | **1,615.25** | 1,113.11 |
| | **Total Liabilities** | | **4,031.82** | 2,113.47 |
| | **III** | **Capital Expenditure** | | |
| | | (Including Capital work in Progress) | | |
| | a) | Iron and Steel | **2,999.39** | 728.14 |
| | b) | Power | **91.01** | 29.48 |
| | c) | Others | **12.77** | 17.70 |
| | **Total** | | **3,103.17** | 775.32 |
| | **IV** | **Depreciation** | | |
| | a) | Iron and Steel | **365.69** | 388.92 |
| | b) | Power | **64.22** | 60.37 |
| | c) | Others | **3.11** | 2.22 |
| | **Total** | | **433.03** | 451.51 |
| | **V** | **Non-Cash expenditure other than depreciation** | | |
| | a) | Iron and Steel | **(1.31)** | 1.11 |
| | b) | Power | **–** | – |
| | c) | Others | **(3.93)** | 12.79 |
| | **Total** | | **(5.24)** | 13.90 |

* Unallocated assets include capital work in progress relating to ongoing projects with corresponding liabilities under unallocated liabilities.

20. Related party disclosure as required by Accounting Standard (AS–18) issued by the Institute of Chartered Accountants of India:

**A. List of Related Parties and Relationships**

**a) Subsidiaries, Step down Subsidiaries, Associates and Joint ventures**

**Subsidiaries**

1. Jindal Power Limited ( JPL)
2. Jindal Minerals & Metals Africa Limited (JMMAL)
3. Jindal Steel & Power (Mauritius) Limited (JSPML)
4. Jindal Steel Bolivia SA (JSB)
5. Chhattisgarh Energy Trading Company Limited (CETCL)

**Step-down Subsidiaries**

1. Jindal Hydro Power Limited, a subsidiary of JPL
2. Jindal Power Transmission Limited, a subsidiary of JPL
3. Jindal Power Distribution Limited, a subsidiary of JPL
4. Power Plant Engineers Limited, a subsidiary of JPL
5. Jindal Petroleum Limited, a subsidiary of JPL
6. Jindal Petroleum (Mauritius) Limited, a subsidiary of Jindal Petroleum Limited
7. Jindal Petroleum (Georgia) Limited, a subsidiary of Jindal Petroleum (Mauritius) Limited
8. Jindal Minerals and Metals Africa Congo SPRL, a subsidiary of JMMAL
9. Trans Atlantic Trading Limited, a subsidiary of JSPML
10. PT Jindal Overseas, a subsidiary of JSPML
11. Vision Overseas Limited, is a subsidiary of JSPML
12. Jubilant Overseas Limited, a subsidiary of JSPML
13. Affiliate Overseas Limited, a subsidiary of JSPML
14. Skyhigh Overseas Limited, a subsidiary of JSPML
15. Harmony Overseas Limited, a subsidiary of JSPML
16. Jindal Power LLC, a subsidiary of JSPML
17. Jindal Steel & Power LLC, a subsidiary of JSPML
18. Jindal Mining Industry LLC, a subsidiary of JSPML
19. JSPL Mozambique Minerals LDA, a subsidiary of JSPML
20. Enduring Overseas Limited, a subsidiary of JSPML
21. Jindal Mining & Exploration Limited, a subsidiary of JSPML
22. Jindal Investment Holdings Limited, a subsidiary of JSPML
23. Jindal Africa Investments (Pty) Limited, a subsidiary of JSPML
24. Osho Madagascar SARL, a subsidiary of JSPML
25. Rolling Hills Resources LLC, a subsidiary of JSPML
26. Worth Overseas Limited(WOL), a subsidiary of JSPML
27. Gas to Liquids International S.A., a subsidiary of WOL

**Associates and Joint ventures**

1. Nalwa Steel & Power Limited, formerly known as Nalwa Sponge Iron Limited
2. Shresht Mining and Metals Private Limited, incorporated Joint Venture
3. Globleq Singapore Pte. Limited
4. Saras Mineracao De Ferro SA
5. Jindal Coal to Liquid Limited

**b) Key Management Personnel:**

1. Shri Naveen Jindal (Exec.Vice Chairman & Managing Director)
2. Shri Vikrant Gujral (Vice Chairman & CEO)
3. Shri Anand Goel (Deputy Managing Director)
4. Shri Sushil K. Maroo (Whole Time Director upto 17.06.2008)
5. Shri Ashok Alladi (Whole Time Director from 01.12.2008)
6. Shri Arun K. Mukherji (Executive Director)

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

1. Nalwa Sons Investment Limited
2. Jindal Stainless Limited
3. Jindal Saw Limited
4. India Flysafe Aviation Limited
5. Gagan Sponge Iron Limited
6. Opelina Finance and Investment Limited
7. Jindal System Private Limited
8. Jindal Coal Private Limited
9. Advance Sporting Arms Private Limited
10. Minerals Mangement Services (India) Limited
11. Jindal Rex Exploration Private Limited
12. Yno Finvest Private Limited
13. Uttam Vidyut Transmission Private Limited
14. Bir Plantation Private Limited

**B. Transactions with Related Parties**

(Rs. in Crores)

| Description | Subsidiaries, Step-down Subsidiaries, Associates and Joint ventures | | Key Management Personnel | | Enterprises controlled by Key Management personnel and their relatives | |
|---|---|---|---|---|---|---|
| | **Current Year** | Previous Year | **Current Year** | Previous Year | **Current Year** | Previous Year |
| Purchase of Goods/Services | **191.76** | 52.87 | **-** | - | **172.03** | 62.06 |
| Sales of Goods (incl. capital goods) and Services | **466.50** | 336.87 | **-** | - | **475.56** | 456.36 |
| Investment in Equity Shares | **77.16** | - | **-** | - | **-** | - |
| Advance against share Application money | **12.30** | (6.00) | **-** | - | **-** | - |
| Rent and other expenses Paid | **-** | - | **-** | - | **0.07** | 0.08 |
| Interest received/(paid) | **(7.34)** | 0.51 | **-** | - | **-** | 0.30 |
| Dividend received/(paid) | **86.70** | - | **(0.01)** | (0.01) | **(5.94)** | (7.37) |
| Remuneration | **-** | - | **35.05** | 19.69 | **-** | - |
| Lease rent recd. | **-** | - | **-** | - | **5.40** | 4.15 |
| Hire charges paid | **-** | - | **-** | - | **-** | 9.43 |
| Corporate guarantees obtained/(given) | **(71.75)** | - | **-** | - | **-** | - |
| **<u>Outstanding Balance at the year end</u>** | | | | | | |
| Inter Corporate Deposits Taken | **39.63** | - | **-** | - | **-** | - |
| Advance from customer & Others | **405.20** | - | **-** | - | **-** | - |
| Loans and Advances (including Interest) | **477.65** | 72.86 | **-** | - | **10.50** | - |
| Advance against Share Application money | **12.30** | - | **-** | - | **-** | - |
| Debtors – Balance | **(3.82)** | 1.44 | **-** | - | **29.92** | - |
| Creditors – Dr. Balance | **-** | 0.98 | **-** | 0.14 | **21.38** | - |
| Cr. Balance | **38.47** | 13.37 | **-** | - | **0.07** | 0.67 |

**Note:** Details relating to investment in the above-related parties has been disclosed in Schedule 6 "Investments".

21. Earning per Share as required by Accounting Standard (AS–20) issued by the Institute of Chartered Accountants of India

Rs. in Crores, except per share data

| | **Current Year** | Previous Year |
|---|---|---|
| Profit after Taxation | **1,536.48** | 1,236.96 |
| Profit attributable to ordinary shareholders | **1,536.48** | 1,236.96 |
| *Number of Equity Shares (in nos.)* | | |
| Issued and subscribed | **15,45,08,732** | 15,39,61,340 |
| Number of Potential Equity Shares (under Employees' stock option scheme) | **13,54,125** | 41,43,427 |
| Total no. of shares including potential equity shares | **15,58,62,857** | 15,81,04,767 |
| Basic Earning Per Share (Rs.) | **99.44** | 80.34 |
| Diluted Earning per Share (Rs.) | **98.58** | 78.24 |

22. Advances recoverable in cash or in kind or for value to be received includes Rs. Nil (previous year Rs.0.14 crores) being the amount due from directors/officers of the Company. Maximum amount outstanding at any time during the year was Rs. 0.14 crores (previous year Rs. 0.17 crores)

23. Prior period adjustment (net) includes:

(Rs. in Crores)

| | Current Year | Previous Year |
|---|---|---|
| Income relating to earlier years | **-** | - |
| Expenses relating to earlier years | | |
| a) Social Responsibility Costs | **-** | 15.17 |
| b) Others | **0.07** | - |

**24 A. Auditors' Remuneration includes the following:**

(Rs. in Crores)

| | Current Year | Previous Year |
|---|---|---|
| Payments towards | | |
| - Audit fee | **0.20** | 0.20 |
| - Tax Audit fee | **0.02** | 0.02 |
| - Out of Pocket expenses | **0.01** | 0.01 |
| | **0.23** | 0.23 |

Cost Auditors' Remuneration includes the following:

| | Current Year | Previous Year |
|---|---|---|
| Payments towards | | |
| - Audit fee | **0.01** | 0.01 |
| - Out of Pocket expenses | **0.00** | 0.00 |
| | **0.01** | **0.01** |

**B. Managerial Remuneration :**

1) Computation of Net profit in accordance with section 349 of the Companies Act,1956 for the purpose of managerial remuneration.

(Rs. in Crores)

| | Current Year | Previous Year |
|---|---|---|
| **Profit for the year before taxation as per profit and loss account:** | **2,001.88** | 1,502.51 |
| Add: | | |
| - Director's remuneration | **35.05** | 19.69 |
| - Miscellaneous Expenditure written off | **0.20** | 0.27 |
| - Provision for doubtful debts and advances | **(1.52)** | 0.84 |
| - Loss on sale of Fixed Assets | **0.16** | 0.20 |
| - Loss on sale of Investments | **-** | - |
| Less: | | |
| - Profit on sale/discard of fixed assets | **0.01** | 0.01 |
| - Profit on sale of Investments | **0.13** | 4.49 |
| Net profit on which commission is payable | **2,035.63** | 1,519.01 |
| Commission @ 1% of net profit | **20.36** | 15.19 |

2) Director's Remuneration includes the following:

(Rs. in Crores)

| | Current Year | Previous Year |
|---|---|---|
| Remuneration paid to Directors including the Managing Director and Whole time Directors | | |
| - Salary | **13.06** | 3.65 |
| - Commission incentive to Executive Vice Chairman and Managing Director | **20.36** | 15.19 |
| - Commission to Vice Chairman and CEO | **0.70** | 0.51 |
| - Contribution to Provident Fund and Other funds | **0.89** | 0.31 |
| - Monetary value of perquisites* | **0.04** | 0.03 |

* Valuation as per the provisions of the Income Tax Act ,1961

**25. FINANCIAL AND DERIVATIVE INSTRUMENTS**

a) Derivative contracts entered into by the Company and outstanding as on 31st March, 2009

For hedging currency and interest rate related risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding is Rs.2250.11 crores (previous year Rs. 1220.17 crores). Category wise break-up is given below:

(Rs. in Crores)

| | **Current Year** | Previous Year |
|---|---|---|
| Interest rate Swaps | 804.30<br>(USD 157.86 Million) | 719.72<br>(USD 180.07 Million) |
| Options | 290.42<br>(USD 57 Million) | 367.52<br>(USD 91.95 Million) |
| Forward Contracts | 1,155.39<br>(USD 226.77 Million) | 132.93<br>(USD 32.34 Million) |

b) The principal component of foreign currency loans/debts not hedged by derivative instruments amount to Rs. 2,101.75 crores (previous year Rs. 1,808.48 crores) which in respective currencies is as under:

| | **Current Year** | Previous Year |
|---|---|---|
| US Dollars | 81.83 Million | 256.02 Million |
| Japanese Yen | 31,196.34 Million | 19,590.25 Million |
| Euro | 9.88 Million | - |

c) In accordance with the principles of prudence and on the early adoption of Accounting Standard (AS-30) 'Financial Instruments : Recognition and Measurement', the Company has charged an amount of Rs. 109.38 crores to the Profit and Loss Account in respect of the outstanding derivative contracts.

d) Pursuant to the ICAI announcement "Accounting for Derivatives" on the early adoption of Accounting Standard (AS-30) " Financial Instruments: Recognition and Measurement", the Company has adopted the Standard for the year under review, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, company law and other regulatory requirements.

**26 Interest in Joint Ventures:**

The Company's interest as a venturer, in jointly controlled entities (Incorporated Joint Ventures ) is as under:

| **Name** | **Country of Incorporation** | **Percentage of ownership interest as at 31st March,2009** |
|---|---|---|
| Shresht Mining And Metals Private Limited | India | 50 |
| Jindal Coal to Liquid Limited | India | 70 |

The Company's interests in the above Joint Ventures is reported as Long Term Investment (Schedule-6) and stated at cost. However, the Company's share of assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the joint ventures) related to its interest in the Joint Ventures are :

(Rs. in Crores)

| | **As at 31st March, 2009** |
|---|---|
| **I. ASSETS** | |
| 1. Fixed Assets | - |
| 2. Current Assets, Loans and Advances | |
| Cash and Bank Balances | - |
| **II. LIABILITIES** | |
| 1. Unsecured Loans | 0.23 |
| 2. Current Liabilities | 0.02 |
| **III. MISCELLANEOUS EXPENDITURE** (To the extent not written off or adjusted) | 0.03 |

| | For the period ended 31st March, 2009 |
|---|---|
| IV. **INCOME** | - |
| V. **EXPENSES** | |
| Administrative and Other expenses (under pre-operative account) | 0.24 |

As this is the first year of reporting under Accounting Standard 27-'Financial Reporting of Interests in Joint Ventures', figures for the previous year have not been presented.

27. Previous Year figures have been regrouped and/or rearranged wherever considered necessary to facilitate comparison with Current Year figures.

28. **ADDITIONAL INFORMATION**

Pursuant to paragraphs 3 & 4 of part II of Schedule VI to the Companies Act, 1956

**(monetary figures in Rs. Crores)**

**[A] INSTALLED CAPACITY**

| **Sl. No.** | **Particulars** | **Unit** | **Installed Capacity per annum as at 31st March, 2009** Current Year | Previous Year |
|---|---|---|---|---|
| | **AT RAIGARH** | | | |
| 1 | Sponge Iron | M.T | **1,370,000** | 1,370,000 |
| 2 | Mild Steel | M.T | **2,400,000** | 2,400,000 |
| 3 | Ferro Alloys | M.T | **36,000** | 36,000 |
| 4 | Power | MW | **358** | 333 |
| 5 | Hot Metal/Pig Iron | M.T | **1,500,000** | 1,500,000 |
| 6 | Rail & Universal Beam Mill | M.T | **750,000** | 750,000 |
| 7 | Plate Mill | M.T | **1,000,000** | 1,000,000 |
| | **AT RAIPUR** | | | |
| 8 | Machinery and Castings | M.T | **11,500** | 11,500 |
| 9 | Ingots | M.T | **30,000** | 30,000 |
| 10 | CF Castings | M.T | **3,000** | 3,000 |
| | **AT BARBIL** | | | |
| 11 | Pelletization Plant | M.T | **4,500,000** | - |
| | **AT SATARA (MAHARASHTRA)** | | | |
| 12 | Wind Energy | MW | **15** | - |

Note :Installed capacity is as certified by the management.

**[B] RAW MATERIAL CONSUMPTION**

| **Sl. No.** | **Description** | **Unit** | **Current Year** Quantity (MT) | **Current Year** Amount | Previous Year Quantity (MT ) | Previous Year Amount |
|---|---|---|---|---|---|---|
| 1 | Iron Ore | M.T | **4,258,356** | **532.28** | 4,126,050 | 323.44 |
| 2 | Chrome Ore | M.T | **36,534** | **52.93** | 44,208 | 36.69 |
| 3 | Coking Coal | M.T | **979,923** | **979.69** | 962,368 | 585.64 |
| 4 | Others | | | **1,107.15** | | 384.55 |
| | **Grand Total** | | | **2,672.05** | | 1,330.32 |

**(C) QUANTITATIVE INFORMATION OF STOCK OF MANUFACTURED FINISHED GOODS** (Rs. in Crores)

| Sl. No. | Particulars | Unit | Opening Stock As at 01.04.2007 | | Opening Stock As at 01.04.2008 | | **Closing Stock As at 31.03.2009** | |
|---|---|---|---|---|---|---|---|---|
| | | | Quantity | Amount | Quantity | Amount | **Quantity** | **Amount** |
| 1 | Sponge Iron | M.T | 28,587 | 14.77 | 21,377 | 14.91 | **5,366** | **2.67** |
| 2 | M.S.Round | M.T | 10,612 | 15.82 | 6,838 | 12.15 | **3,406** | **6.93** |
| 3 | H.C. Ferro Chrome | M.T | 1,316 | 3.87 | 264 | 1.25 | **5,397** | **27.09** |
| 4 | Hot Metal/Pig Iron | M.T | 35,500 | 36.70 | 28,916 | 35.07 | **3,448** | **5.01** |
| 5 | Parallel Flange Beam/Columns | M.T | 35,844 | 73.73 | 68,292 | 141.84 | **32,703** | **84.68** |
| 6 | Other Finished Steel Products | M.T | 5,044 | 8.09 | 21,248 | 43.06 | **28,695** | **72.82** |
| 7 | Other Semi Steel Products | M.T | 93,142 | 136.14 | 54,510 | 93.10 | **96,901** | **195.41** |
| 8 | Machineries | M.T | 54 | 0.64 | 194 | 2.68 | **891** | **8.94** |
| 9 | Universal Plate /Coil | M.T. | 954 | 2.06 | 61,468 | 140.08 | **50,629** | **153.94** |
| 10 | Others | | | 24.09 | | 10.98 | | **12.83** |
| | | | | 315.91 | | 495.12 | | **570.32** |

**(D) PRODUCTION**

| Sl. No. | Particulars | **Unit** | **Current Year Quantity** | Previous Year Quantity |
|---|---|---|---|---|
| 1 | Sponge Iron | M.T | **1,248,511** | 1,185,739 |
| 2 | M.S.Round | M.T | **148,813** | 292,275 |
| 3 | H.C. Ferro Chrome | M.T | **16,143** | 17,905 |
| 4 | Power | Million KWH | **2,831** | 2,665 |
| 5 | Hot Metal / Pig Iron | M.T | **1,262,261** | 1,250,636 |
| 6 | Parallel Flange Beam/Columns | M.T | **345,408** | 434,788 |
| 7 | Universal Plate /Coil | M.T | **558,040** | 239,702 |
| 8 | Other Finished Steel Products | M.T | **94,757** | 72,591 |
| 9 | Other Semi Steel Products | M.T | **1,429,977** | 1,135,781 |
| 10 | Machineries | M.T | **4,210** | 2,135 |

**(E) THE FOLLOWING ITEMS WERE USED FOR INTERNAL/ CAPTIVE CONSUMPTION DURING THE YEAR**

| Sl. No. | Particulars | Unit | **Current Year Quantity** | Previous Year Quantity |
|---|---|---|---|---|
| 1 | Sponge Iron | M.T | **878,925** | 787,471 |
| 2 | M.S.Round | M.T | **175** | 1,787 |
| 3 | H.C. Ferro Chrome | M.T | **1,156** | 1,166 |
| 4 | Power | Million KWH | **1,706** | 1,773 |
| 5 | Hot Metal / Pig Iron | M.T | **1,007,282** | 909,908 |
| 6 | Parallel Flange Beam/Columns | M.T | **1,228** | 761 |
| 7 | Other Semi Steel Products | M.T | **1,056,028** | 800,256 |
| 8 | Machineries | M.T | **519** | 256 |
| 9 | Universal Plate /Coil | M.T | **3,139** | 372 |
| 10 | Other Finished Steel Products | M.T | **1,124** | |

**(F) SALES & INTER DIVISIONAL TRANSFER** (Rs. in Crores)

**[a] SALES**

| Sl. No. | Particulars | Unit | Current Year Quantity | Current Year Amount | Previous Year Quantity | Previous Year Amount |
|---|---|---|---|---|---|---|
| | **MANUFACTURED FINISHED GOODS** | | | | | |
| 1 | Sponge Iron | M.T. | **385,583** | **637.67** | 405,446 | 577.22 |
| 2 | M.S.Round | M.T. | **152,069** | **551.34** | 294,263 | 862.15 |
| 3 | H.C. Ferro Chrome | M.T. | **9,841** | **71.83** | 17,774 | 89.93 |
| 4 | Power | Million KWH | **1,124.48** | **274.44** | 893 | 246.73 |
| 5 | Pig Iron | M.T | **280,419** | **701.77** | 347,261 | 674.63 |
| 6 | Parallel Flange Beam/Columns | M.T | **379,770** | **1,666.74** | 401,578 | 1,446.62 |
| 7 | Universal Plate /Coil | M.T | **565,740** | **2,188.05** | 178,816 | 568.89 |
| 8 | Other Finished Steel Products | M.T | **86,185** | **360.41** | 56,388 | 192.85 |
| 9 | Other Semi Steel Products | M.T | **331,516** | **1,071.90** | 374,068 | 893.71 |
| 10 | Machineries | M.T | **149.322** | **26.18** | 230 | 20.92 |
| 11 | Iron Ore /Iron Ore Fines | M.T | **1,325,328** | **524.28** | 1,182,812 | 386.04 |
| 12 | Others | | | **352.48** | | 155.54 |
| | **TOTAL** | | | **8,427.09** | | 6,115.23 |

**[b] INTER DIVISIONAL TRANSFERS**

| Sl. No. | Particulars | Unit | Current Year Quantity | Current Year Amount | Previous Year Quantity | Previous Year Amount |
|---|---|---|---|---|---|---|
| 1 | Sponge Iron | M.T | **15** | **0.02** | 32 | 0.05 |
| 2 | M.S.Round | M.T. | | | | |
| 3 | H.C.Ferro Chrome | M.T | **12** | **0.09** | 17 | 0.08 |
| 4 | Power | Million KWH | | | - | - |
| 5 | Pig Iron | M.T | **28** | **0.08** | 52 | 0.09 |
| 6 | Parallel Flange Beam/Columns | M.T | | | 15,185 | 53.25 |
| 7 | Universal Plate /Coil | M.T | | | 11,986 | 39.16 |
| 8 | Iron Ore | M.T | **4,914,841** | **276.13** | 4,966,760 | 206.39 |
| 9 | Coal & Job Charges | M.T | **4,333,470** | **205.45** | 4,031,431 | 224.65 |
| 10 | Other Finished Steel Products | M.T | | | 6,870 | 21.58 |
| 11 | Other Semi Steel Products | M.T | **42** | **0.50** | 16,036 | 37.65 |
| 12 | Machineries | M.T | **2,845** | **33.68** | 1,509 | 21.82 |
| 13 | Others | | | **4.01** | - | 6.89 |
| | **TOTAL** | | | **519.96** | | 611.59 |
| **( c)** | **OTHER OPERATIONS** | | | | | |
| | Job Charges | | | **0.06** | | 0.04 |
| | Export Benefits Received | | | **6.67** | | 16.36 |
| | | | | **6.73** | | 16.40 |
| | **TOTAL [a]+[b]+[c]** | | | **8,953.78** | | 6,743.23 |

**(G) SALES INCLUDES GOODS ISSUED FOR PROJECTS/ CAPTIVE (during trial run period) CONSUMPTION AS DETAILED BELOW**

| Sl. No. | Particulars | Unit | Current Year Quantity | Current Year Amount | Previous Year Quantity | Previous Year Amount |
|---|---|---|---|---|---|---|
| 1 | M S Round | M.T | | | 26 | 0.04 |
| 2 | Parallel Flange Beam/Columns | M.T | **7,996** | **17.09** | 11,077 | 18.09 |
| 3 | Plate & Coil | M.T | **14,561** | **33.04** | 11,591 | 19.89 |
| 4 | Other Semi Steel Products (Trial period) | M.T | **-** | **-** | 604 | 0.84 |
| 5 | Other Finished Steel Products | M.T | **1,312** | **2.61** | 1,861 | 3.36 |
| 6 | Other Semi Steel Products | M.T | **45** | **0.05** | 296 | 0.68 |
| 7 | Machineries | M.T | **519** | **3.33** | 256 | 2.34 |
| | **TOTAL** | | | **56.12** | | 45.25 |

**(H) C.I.F. VALUE OF IMPORTS** (Rs. in Crores)

| Sl. No. | Particulars | Current Year Amount | Previous Year Amount |
|---|---|---|---|
| 1 | Raw Material & Fuel | **913.21** | 677.22 |
| 2 | Components & Spare Parts | **87.92** | 88.24 |
| 3 | Capital Goods and Others | **618.66** | 188.99 |
| | **TOTAL** | **1,619.79** | 954.45 |

**(I) BREAK UP OF CONSUMPTION OF RAW MATERIALS AND STORES & SPARES INTO IMPORTED & INDIGENOUS :**

| Sl. No. | Particulars | Current Year Amount | Current Year % | Previous Year Amount | Previous Year % |
|---|---|---|---|---|---|
| [ a ] | **RAW MATERIAL** | | | | |
| i) | Imported (includes purchased through canalising agencies, High Sea Sales and Others) | **854.46** | **31.98** | 622.23 | 46.77 |
| ii) | Indigenous | **1,817.59** | **68.02** | 708.09 | 53.23 |
| | | **2,672.05** | **100.00** | 1,330.32 | 100.00 |
| ( b ) | **STORES AND SPARES** | | | | |
| i) | Imported (includes purchased through canalising agencies, High Sea Sales and Others) | **91.10** | **11.10** | 34.88 | 6.11 |
| ii) | Indigenous | **729.38** | **88.90** | 535.58 | 93.89 |
| | | **820.47** | **100.00** | 570.46 | 100.00 |
| ( c ) | **COKE AND COAL** | | | | |
| i) | Imported (includes purchased through canalising agencies, High Sea Sales and Others) | **139.71** | **55.67** | 152.81 | 58.25 |
| ii) | Indigenous | **111.26** | **44.33** | 109.54 | 41.75 |
| | | **250.97** | **100.00** | 262.35 | 100.00 |

**(J) EXPENDITURE IN FOREIGN EXCHANGE (As remitted)**

| Sl. No. | **Particulars** | Current Year Amount | Previous Year Amount |
|---|---|---|---|
| | Travelling | **4.82** | 1.77 |
| | Interest and Arrangement charges | **82.03** | 61.15 |
| | Dividend | **3.01** | 4.69 |
| | Technical Knowhow fees | **-** | 23.99 |
| | Others | **28.98** | 39.72 |
| | | **118.84** | 131.32 |

**(K) EARNINGS IN FOREIGN CURRENCY**

| Sl. No. | Particulars | Current Year Amount | Previous Year Amount |
|---|---|---|---|
| | FOB Value of Export Sales | **1,021.37** | 653.01 |
| | Others | **-** | - |
| | | **1,021.37** | 653.01 |

**In terms of our report of even date**
For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants

**J. KRISHNAN**
Partner
Membership No 84551

Place : New Delhi
Dated : 27.05.2009

**For & on behalf of the Board**

**NAVEEN JINDAL**
Executive Vice Chairman & Managing Director

**VIKRANT GUJRAL**
Vice Chairman & Chief Executive Officer

**ASHOK ALLADI**
Whole time Director

**SUSHIL K MAROO**
Director

**T.K. SADHU**
Company Secretary

**29. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

**I. Registration Details**

| | | | |
|---|---|---|---|
| Registration No./CIN No | L27105HR1979PLC009913 | State Code | 05 |
| Balance Sheet Date : | 31 (Date) 03 (Month) 2009 (Year) | | |

**II. Capital Raised during the year** (Amount in Rs. Thousands)

| | | | |
|---|---|---|---|
| Public Issue | NIL | Right Issue | NIL |
| Bonus Issue | NIL | Private Placement | 691 |

**III. Position of Mobilization and deployment of Funds** (Amount in Rs. Thousand)

| | | | |
|---|---|---|---|
| Total Liabilities | 109777428 | Total Assets | 109777428 |

**Source of Funds :**

| | | | |
|---|---|---|---|
| Paid -up Capital | 164652 | Reserves & Surplus | 53716764 |
| Secured Loans | 21054770 | Unsecured Loans | 28571664 |
| Other Liabilities | 5257899 | | |

**Application of Funds :**

| | | | |
|---|---|---|---|
| Net Fixed Assets | 80639466 | Investments | 12334040 |
| Net Current Assets | 16737767 | Misc. Expenditure | 30153 |
| Accumulated Losses | NIL | | |

**IV. Performance of Company** (Amount in Rs. Thousands)

| | | | |
|---|---|---|---|
| Turnover (Total Income) | 77994301 | Total Expenditure | 57975482 |
| + – | Profit Before Tax | + – | Profit After Tax |
| + | 20018819 | + | 15364814 |

(Please tick Appropriate box + for Profit and – for Loss)

| | | | |
|---|---|---|---|
| Earning per Share in Rupees | 99/44 | Dividend Rate % | 550 |

**V. Generic Names of Three principal Products/ Services of Company (As per monetary terms)**

| | |
|---|---|
| Item Code No. (ITC Code) | 72.03 |
| Product Description | SPONGE IRON |
| Item Code No. (ITC Code) | N.A. |
| Product Description | POWER |
| Item Code No. (ITC Code) | 72.07 |
| Product Description | MILD STEEL |

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**In terms of our report of even date**
For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants

**J. KRISHNAN**
Partner
Membership No 84551

Place : New Delhi
Dated : 27.05.2009

**For & on behalf of the Board**

**NAVEEN JINDAL**
Executive Vice Chairman
& Managing Director

**VIKRANT GUJRAL**
Vice Chairman &
Chief Executive Officer

**ASHOK ALLADI**
Whole time Director

**SUSHIL K MAROO**
Director

**T.K. SADHU**
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

| | | For the year ended 31st March 2009 (Rs. in Crores ) | For the year ended 31st March 2008 (Rs. in Crores ) |
|---|---|---|---|
| **A.** | **CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES** | | |
| | **NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS** | **2,001.88** | 1,502.51 |
| | Adjustment for : | | |
| | Depreciation | **433.03** | 451.51 |
| | Miscellaneous expenditure written off during the year | **0.20** | 0.27 |
| | Employees Compensation Expenses under Employees Stock Option Scheme | **(3.93)** | 12.79 |
| | Interest Paid | **168.91** | 208.59 |
| | **Operating Profit before Working Capital Changes** | **2,600.09** | 2,175.67 |
| | Adjustment for: | | |
| | Inventories | **(229.42)** | (338.11) |
| | Sundry Debtors | **(104.08)** | 32.93 |
| | Other Current Assets | **(646.81)** | (343.56) |
| | Income Tax paid | **(330.08)** | (157.63) |
| | Other Current Liabilities | **1,412.29** | 248.72 |
| | **Net Cash Inflow from Operating Activities** | **2,701.99** | 1,411.78 |
| **B** | **CASH INFLOW / (OUTFLOW) FROM INVESTMENT ACTIVITIES** | | |
| | Capital Expenditure | **(2,569.10)** | (754.38) |
| | Sale Proceeds of Fixed Assets/Investment | **1.11** | 3.01 |
| | Loans & Advances | **(687.27)** | (166.95) |
| | Miscellaneous Expenditure | **(0.08)** | (0.17) |
| | Share Application Money (converted into Investment) | **(13.48)** | 2.34 |
| | **Cash outflow from Investing Activities** | **(3,268.82)** | (927.48) |
| **C** | **CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES** | | |
| | State Sales Tax Subsidy | **50.04** | 81.59 |
| | Issue of Equity Shares | **14.03** | – |
| | Proceeds from Borrowings | **1,120.48** | 1,314.10 |
| | Working Capital Loan from Banks | **303.61** | (169.34) |
| | (Increase)/Decrease in Investments | **(197.20)** | (326.37) |
| | Repayment/Adjustment of Borrowings | **(704.05)** | (789.10) |
| | Dividend | **(38.66)** | (60.04) |
| | Corporate Tax on Dividend | **(6.57)** | (10.20) |
| | Interest Paid | **(243.80)** | (217.57) |
| | **Net cash inflow/(outflow) from Financing Activities** | **297.88** | 40.64 |
| | **NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)** | **(268.95)** | 524.94 |
| | **Cash & Cash equivalents (Opening Balance)** | **577.91** | 52.97 |
| | **Cash & Cash equivalents (Closing Balance)** | **308.96** | 577.91 |

**Note:**
The figures have been regrouped/ rearranged, wherever necessary, for comparison purposes

**In terms of our report of even date**
For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants

**J. KRISHNAN**
Partner
Membership No 84551

Place : New Delhi
Dated : 27.05.2009

**For & on behalf of the Board**

**NAVEEN JINDAL**
Executive Vice Chairman
& Managing Director

**VIKRANT GUJRAL**
Vice Chairman &
Chief Executive Officer

**ASHOK ALLADI**
Whole time Director

**SUSHIL K MAROO**
Director

**T.K. SADHU**
Company Secretary

## Statement Pursuant to exemption under Section 212(8) of Companies Act, 1956 relating to Subsidiary Companies

| Name of the Subsidiary Companies | Currency | Issued & Subscribed Share Capital | Reserves | Total Assets | Total Liabilities | Investments | | Total | Turnover | Profit/ (Loss) before Taxation | Provision for Taxation | Profit/ (Loss) after Taxation | Proposed Dividend |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Long Term | Current | | | | | | |
| Chhattisgarh Energy Trading Company Ltd. | INR in Crores | 7.60 | 0.07 | 7.92 | 7.92 | 0.00 | 0.00 | 0.00 | - | 0.11 | 0.03 | 0.07 | - |
| Jindal Power Limited | INR in Crores | 867.70 | 1499.84 | 6104.66 | 6104.66 | 61.15 | 183.28 | 244.43 | 3257.48 | 1920.44 | 338.51 | 1581.93 | 86.77 |
| Jindal Hydro Power Ltd. | INR in Crores | 0.05 | - | 0.05 | 0.05 | - | - | - | - | - | - | - | - |
| Jindal Power Transmission Limited | INR in Crores | 0.05 | - | 0.05 | 0.05 | - | - | - | - | - | - | - | - |
| Jindal Power Distribution Limited | INR in Crores | 0.05 | - | 0.07 | 0.07 | - | - | - | - | - | - | - | - |
| Power Plant Engineers Limited | INR in Crores | 0.05 | - | 0.05 | 0.05 | - | - | - | - | - | - | - | - |
| Jindal Petroleum Ltd. | INR in Crores | 61.00 | - | 61.51 | 61.51 | - | - | - | - | - | - | - | - |
| Jindal Coal to Liquid Limited | INR in Crores | 0.21 | - | 0.21 | 0.21 | - | - | - | - | - | - | - | - |
| Jindal Minerals & Metals Africa Limited. | US$ in Million | 0.00 | 4.69 | 14.67 | 14.67 | 0.10 | - | 0.10 | - | (0.58) | - | (0.58) | - |
| | INR in Crores | 0.01 | 23.88 | 74.74 | 74.74 | 0.51 | - | 0.51 | - | (2.97) | - | (2.97) | - |
| Jindal Minerals and Metals Africa Congo SPRL | US$ in Million | 0.05 | - | 11.18 | 11.18 | - | - | - | - | - | - | - | - |
| | INR in Crores | 0.25 | - | 56.97 | 56.97 | - | - | - | - | - | - | - | - |
| Jindal Steel & Power (Mauritius) Limited | US$ in Million | 19.15 | (4.45) | 99.72 | 99.72 | 9.27 | - | 9.27 | - | (4.13) | - | (4.13) | - |
| | INR in Crores | 97.57 | (22.66) | 508.07 | 508.07 | 47.24 | - | 47.24 | - | (21.03) | - | (21.03) | - |
| Trans Atlantic Trading Limited | US$ in Million | 0.00 | 0.87 | 7.10 | 7.10 | - | - | - | - | 1.20 | - | 1.20 | - |
| | INR in Crores | 0.00 | 4.41 | 36.19 | 36.19 | - | - | - | - | 6.10 | - | 6.10 | - |
| PT Jindal Overseas | US$ in Million | 0.10 | - | 0.86 | 0.86 | - | - | - | - | - | - | - | - |
| | INR in Crores | 0.51 | - | 4.38 | 4.38 | - | - | - | - | - | - | - | - |
| Vision Overseas Limited | US$ in Million | 0.00 | (0.01) | 3.05 | 3.05 | - | - | - | - | (0.01) | - | (0.01) | - |
| | INR in Crores | 0.00 | (0.03) | 15.52 | 15.52 | - | - | - | - | (0.03) | - | (0.03) | - |
| Jubilant Overseas Limited | US$ in Million | 0.00 | (0.00) | 3.05 | 3.05 | - | - | - | - | (0.00) | - | (0.00) | - |
| | INR in Crores | 0.00 | (0.02) | 15.52 | 15.52 | - | - | - | - | (0.02) | - | (0.02) | - |
| Affiliate Overseas Limited | US$ in Million | 0.00 | (0.00) | 0.05 | 0.05 | - | - | - | - | (0.00) | - | (0.00) | - |
| | INR in Crores | 0.00 | (0.03) | 0.23 | 0.23 | - | - | - | - | (0.03) | - | (0.03) | - |
| Skyhigh Overseas Limited | US$ in Million | 0.00 | (0.00) | 0.05 | 0.05 | - | - | - | - | (0.00) | - | (0.00) | - |
| | INR in Crores | 0.00 | (0.02) | 0.24 | 0.24 | - | - | - | - | (0.02) | - | (0.02) | - |
| Harmony Overseas Limited | US$ in Million | 0.00 | (0.01) | 2.60 | 2.60 | - | - | - | - | (0.01) | - | (0.01) | - |
| | INR in Crores | 0.00 | (0.03) | 13.23 | 13.23 | - | - | - | - | (0.03) | - | (0.03) | - |
| Worth Overseas Limited | US$ in Million | 4.50 | (0.01) | 7.99 | 7.99 | 4.90 | - | 4.90 | - | (0.00) | - | (0.00) | - |
| | INR in Crores | 22.93 | (0.04) | 40.72 | 40.72 | 24.97 | - | 24.97 | - | (0.03) | - | (0.03) | - |
| Jindal Steel Bolivia SA | US$ in Million | 11.71 | - | 15.84 | 15.84 | 0.00 | - | 0.00 | - | - | - | - | - |
| | INR in Crores | 59.66 | - | 80.69 | 80.69 | 0.00 | - | 0.00 | - | - | - | - | - |
| Gas to Liquids International | US$ in Million | 0.51 | - | 5.61 | 5.61 | 0.00 | - | 0.00 | - | - | - | - | - |
| | INR in Crores | 2.59 | - | 28.59 | 28.59 | 0.01 | - | 0.01 | - | - | - | - | - |
| Jindal Power LLC | US$ in Million | 0.01 | (0.00) | 0.31 | 0.31 | - | - | - | - | (0.00) | - | (0.00) | - |
| | INR in Crores | 0.05 | (0.00) | 1.58 | 1.58 | - | - | - | - | (0.00) | - | (0.00) | - |
| Jindal Steel & Power LLC | US$ in Million | 0.01 | (0.03) | 0.04 | 0.04 | - | - | - | - | (0.03) | - | (0.03) | - |
| | INR in Crores | 0.05 | (0.13) | 0.19 | 0.19 | - | - | - | - | (0.13) | - | (0.13) | - |
| Jindal Mining Industry LLC | US$ in Million | 0.01 | (0.00) | 0.21 | 0.21 | - | - | - | - | (0.00) | - | (0.00) | - |
| | INR in Crores | 0.05 | (0.00) | 1.07 | 1.07 | - | - | - | - | (0.00) | - | (0.00) | - |
| JSPL Mozambique Minerais LDA | US$ in Million | 0.00 | - | 2.03 | 2.03 | - | - | - | - | - | - | - | - |
| | INR in Crores | 0.00 | - | 10.34 | 10.34 | - | - | - | - | - | - | - | - |
| Enduring Overseas Limited | US$ in Million | 0.05 | 0.22 | 14.98 | 14.98 | - | - | - | - | 0.22 | - | 0.22 | - |
| | INR in Crores | 0.25 | 1.10 | 76.30 | 76.30 | - | - | - | - | 1.10 | | 1.10 | - |
| Jindal Mining & Exploration Limited | US$ in Million | 0.00 | (0.01) | 11.02 | 11.02 | - | - | - | - | (0.01) | - | (0.01) | - |
| | INR in Crores | 0.00 | (0.03) | 56.14 | 56.14 | - | - | - | - | (0.03) | - | (0.03) | - |
| Jindal Investment Holdings Limited | US$ in Million | 0.00 | (0.01) | 0.02 | 0.02 | - | - | - | - | (0.01) | - | (0.01) | - |
| | INR in Crores | 0.00 | (0.03) | 0.10 | 0.10 | - | - | - | - | (0.03) | - | (0.03) | - |
| Jindal Africa Investments (Pty) Ltd | US$ in Million | 0.00 | (0.16) | 0.37 | 0.37 | - | - | - | - | (0.16) | - | (0.16) | - |
| | INR in Crores | 0.00 | (0.81) | 1.89 | 1.89 | - | - | - | - | (0.81) | - | (0.81) | - |
| Osho Madagascar SARL | US$ in Million | 0.00 | (0.15) | 0.13 | 0.13 | - | - | - | - | (0.15) | - | (0.15) | - |
| | INR in Crores | 0.01 | (0.78) | 0.68 | 0.68 | - | - | - | - | (0.78) | - | (0.78) | - |
| Jindal Petroleum (Mauritius) Ltd. | US$ in Million | 12.00 | (0.01) | 12.00 | 12.00 | 10.04 | - | 10.04 | - | (0.01) | - | (0.01) | - |
| | INR in Crores | 61.14 | (0.03) | 61.14 | 61.14 | 51.15 | - | 51.15 | - | (0.03) | - | (0.03) | - |
| Jindal Petroleum (Georgia) Ltd. | US$ in Million | 10.04 | (0.02) | 11.48 | 11.48 | - | - | - | - | (0.02) | - | (0.02) | - |
| | INR in Crores | 51.15 | (0.10) | 58.50 | 58.50 | - | - | - | - | (0.10) | - | (0.10) | - |
| Rolling Hills Resources LLC | US$ in Million | 1.95 | (0.61) | 1.77 | 1.77 | 0.01 | - | 0.01 | - | (0.60) | - | (0.60) | - |
| | INR in Crores | 9.96 | (3.10) | 9.01 | 9.01 | 0.06 | - | 0.06 | - | (3.05) | - | (3.05) | - |

**Exchange Rate as on 31.03.2009 US$1= Rs. 50.95*

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**TO THE BOARD OF DIRECTORS**
**JINDAL STEEL & POWER LIMITED**

1. We have audited the attached consolidated balance sheet of Jindal Steel and Power Ltd and its subsidiaries, associates and joint ventures (collectively referred to as "the Group") as at 31st March, 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated 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.

2. We conducted our audit in accordance with the auditing standards general accepted 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 identified financial reporting framework and 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.

3. The financial statements of one associate company and one joint venture have been audited by us in which the share of profit of the group is Rs.39.59 crores. Investment in associate company has been reported in accordance with Accounting Standard (AS) -23 and in joint venture in accordance with Accounting Standard (AS)-27.

4. (a) We did not audit the financial statements of subsidiaries, whose adjusted financial statements reflect total assets (net) of Rs.5,566.78 Crores as at 31st March, 2009 and, total revenues of Rs.3,314.79 crores and net cash flows amounting to Rs.311.97 crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, is based solely on the report of the other auditors.

   (b) In the case of certain subsidiaries of the Company, having total assets (net) of Rs.777.08 crores as at 31st March, 2009 and total revenue of Rs.1.79 crores and net cash flows amounting to Rs.5.67 crores for the year then ended, the figures used for the consolidation are based on the management estimates and are therefore unaudited.

5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) -21, 'Consolidated Financial Statements', Accounting Standard (AS) -23,'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard (AS) - 27, ' financial reporting of interests in Joint Ventures' issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of the subsidiaries, associates and joint ventures included in the Consolidated Financial Statements.

6. Based on our audit and on consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) In the case of consolidated balance sheet, of the consolidated state of affairs of the Group as at 31st March, 2009;

   b) In the case of consolidated profit & loss account, of the consolidated results of operations of the Group for the year ended on that date; and

   c) In the case of consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

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

**(J. KRISHNAN)**
Partner
Membership No. 84551

Place : New Delhi
Dated : 27.05.2009

# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

| | Schedule | | As at 31st March, 2009 (Rs. in Crores ) | | As at 31st March, 2008 (Rs. in Crores ) |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| **SHAREHOLDERS FUND** | | | | | |
| Share Capital | 1 | | 16.47 | | 16.40 |
| Reserves and Surplus | 2 | | 7,007.83 | | 3,808.26 |
| Employees' Stock Options Outstanding | | 29.82 | | 41.78 | |
| Less : Deferred employee compensation expenditure | | (2.63) | | (10.66) | |
| (Refer note 14 of Schedule 20) | | | 27.19 | | 31.12 |
| | | | 7,051.49 | | 3,855.78 |
| **MINORITY INTEREST** | | | 4.46 | | 6.24 |
| **LOAN FUNDS** | | | | | |
| Secured | 3 | | 5,274.85 | | 4,882.47 |
| Unsecured | 4 | | 2,838.46 | | 2,113.60 |
| | | | 8,113.31 | | 6,996.08 |
| **DEFERRED TAX LIABILITY (NET)** | 20 | | 717.03 | | 494.67 |
| **TOTAL** | | | 15,886.29 | | 11,352.76 |
| **APPLICATION OF FUNDS** | | | | | |
| **FIXED ASSETS** | | | | | |
| Gross Block | 5 | 11,672.41 | | 7,899.89 | |
| Less: Depreciation | | (2,241.49) | | (1,216.01) | |
| | | | 9,430.92 | | 6,683.88 |
| Add: Capital work in progress (including preoperative expenses pending allocation / capitalization and Capital goods lying in stores) | | | 3,255.36 | | 2,779.77 |
| | | | 12,686.28 | | 9,463.65 |
| **INVESTMENTS** | 6 | | 513.87 | | 270.89 |
| **GOODWILL ON CONSOLIDATION** | | | 36.32 | | 24.71 |
| **CURRENT ASSETS, LOANS AND ADVANCES** | | | | | |
| Inventories | 7 | 1,240.27 | | 996.07 | |
| Sundry Debtors | 8 | 574.11 | | 354.96 | |
| Cash and Bank balances | 9 | 669.36 | | 620.72 | |
| Loans and Advances | 10 | 3,582.31 | | 1,483.33 | |
| | | | 6,066.05 | | 3,455.08 |
| **LESS: CURRENT LIABILITIES AND PROVISIONS** | | | | | |
| Liabilities | 11 | 2,190.05 | | 1,371.59 | |
| Provisions | 12 | 1,229.32 | | 586.84 | |
| | | | 3,419.37 | | 1,958.43 |
| **NET CURRENT ASSETS** | | | 2,646.68 | | 1,496.65 |
| **MISCELLANEOUS EXPENDITURE** | | | | | |
| (to the extent not written off or adjusted) | 13 | | 3.14 | | 96.86 |
| **TOTAL** | | | 15,886.29 | | 11,352.76 |
| Significant Accounting Policies & Notes to Accounts | 20 | | | | |

The accompanying schedules 1 to 20 form an integral part of these accounts

**In terms of our report of even date**
For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants

**J. KRISHNAN**
Partner
Membership No 84551

Place : New Delhi
Dated : 27.05.2009

**For & on behalf of the Board**

**NAVEEN JINDAL**
Executive Vice Chairman & Managing Director

**VIKRANT GUJRAL**
Vice Chairman & Chief Executive Officer

**ASHOK ALLADI**
Whole time Director

**SUSHIL K MAROO**
Director

**T.K. SADHU**
Company Secretary

# CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | Schedule | For the year ended 31st March, 2009 (Rs. in Crores) | | For the year ended 31st March, 2008 (Rs. in Crores) | |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Sales and Operational Income | 14 | 12,152.59 | | 6,822.42 | |
| Less: Inter Division Transfer | | 519.96 | | 611.59 | |
| Less: Excise Duty/Electricity Duty | | 781.62 | | 721.85 | |
| **Net Sales and Operational Income** | | | 10,851.01 | | 5,488.98 |
| Other Income | 15 | | 62.36 | | 49.75 |
| TOTAL | | | 10,913.37 | | 5,538.73 |
| **EXPENDITURE** | | | | | |
| Material, Manufacturing and others | 16 | 4,972.75 | | 3,059.38 | |
| Less: Inter Division Transfer | | 519.96 | | 611.59 | |
| | | | 4,452.79 | | 2,447.78 |
| Personnel | 17 | | 204.97 | | 147.12 |
| Administration and Selling | 18 | | 967.08 | | 683.94 |
| Interest | 19 | | 456.65 | | 254.48 |
| Miscellaneous Expenditure written off | | | 56.72 | | 6.91 |
| Depreciation | 5 | | 964.06 | | 479.25 |
| TOTAL | | | 7,102.27 | | 4,019.48 |
| **PROFIT BEFORE TAXATION** | | | 3,811.10 | | 1,519.25 |
| LESS: Provision for taxation | | | | | |
| (a) Income tax | | | 576.64 | | 184.17 |
| (b) Deferred tax | | | 222.36 | | 79.63 |
| (c) Wealth Tax | | | 0.27 | | 0.36 |
| (d) Fringe Benefit Tax | | | 4.68 | | 3.94 |
| **PROFIT AFTER TAXATION** | | | 3,007.15 | | 1,251.15 |
| **ADD : SHARE IN PROFIT/(LOSS) (NET) OF ASSOCIATES** | | | 39.59 | | 22.50 |
| **ADD/(LESS) : MINORITY INTEREST** | | | (1.02) | | 0.37 |
| **NET PROFIT AFTER TAXATION AND MINORITY INTEREST** | | | 3,045.72 | | 1,274.02 |
| ADD/(LESS) | | | | | |
| Surplus / (Loss) brought forward | 2 | | 3,146.62 | | 2,064.34 |
| Debenture Redemption Reserve written back | | | - | | 5.83 |
| **PROFIT AVAILABLE FOR APPROPRIATION** | | | 6,192.34 | | 3,344.19 |
| Interim Dividend on Equity Shares | | | - | | 23.09 |
| Corporate tax on Interim Dividend | | | - | | 3.92 |
| Proposed Dividend on Equity Shares (Refer note 21 of Schedule 20) | | | 85.28 | | 38.93 |
| Corporate tax on Proposed Dividend (Refer note 22 of Schedule 20) | | | 14.75 | | 6.63 |
| General Reserve | | | 155.00 | | 125.00 |
| Debenture Redemption Reserve | | | 25.00 | | - |
| Balance carried to Balance Sheet | | | 5,912.31 | | 3,146.62 |
| | | | 6,192.34 | | 3,344.19 |
| Basic Earning per share (in Rs.) (Refer note 25 of Schedule 20) | | | 194.63 | | 81.26 |
| Diluted Earning per share (in Rs.) (Refer note 25 of Schedule 20) | | | 192.94 | | 79.13 |
| Significant Accounting Policies & Notes to Accounts | 20 | | | | |
| The accompanying schedules 1 to 20 form an integral part of these accounts | | | | | |

**In terms of our report of even date**
For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants

**J. KRISHNAN**
Partner
Membership No 84551

Place : New Delhi
Dated : 27.05.2009

**For & on behalf of the Board**

**NAVEEN JINDAL**
Executive Vice Chairman &
Managing Director

**VIKRANT GUJRAL**
Vice Chairman &
Chief Executive Officer

**ASHOK ALLADI**
Whole time Director

**SUSHIL K MAROO**
Director

**T.K. SADHU**
Company Secretary

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

| | As at 31st March, 2009 (Rs. in Crores ) | As at 31st March, 2008 (Rs. in Crores ) |
|---|---|---|
| **SCHEDULE - 1** | | |
| **SHARE CAPITAL** | | |
| **AUTHORISED** | | |
| 200,000,000 (Previous year 200,000,000) Equity Shares of Re. 1 each | **20.00** | 20.00 |
| 10,000,000 (Previous year 10,000,000) Redeemable Cumulative Preference Shares of Rs.100 each | **100.00** | 100.00 |
| | **120.00** | 120.00 |
| **ISSUED, SUBSCRIBED AND PAID UP** | | |
| **EQUITY SHARES** | | |
| 154,652,683 (Previous year 153,961,340) Equity Shares of Re. 1 each fully paid up | **15.47** | 15.40 |
| | **15.47** | 15.40 |
| Shares Forfeited Account- Preference Shares | **1.00** | 1.00 |
| **TOTAL** | **16.47** | 16.40 |

(A) Out of the above,126,122,840(Previous year 126,122,840) Equity shares of Re.1/-each have been allotted as fully paid up to the erstwhile shareholders of Jindal Strips Limited pursuant to the scheme of arrangement sanctioned by the Hon'ble High Court of Punjab & Haryana.

(B) Stock options vested in the employees including those of subsidiary company (Refer note 14 of Schedule 20)

| | As at 31st March, 2009 (Rs. in Crores ) | As at 31st March, 2008 (Rs. in Crores ) |
|---|---|---|
| **SCHEDULE - 2** | | |
| **RESERVES AND SURPLUS** | | |
| **(A) SHARE PREMIUM** | | |
| As per last account | **143.36** | 143.36 |
| Add: Addition during the year | **13.96** | - |
| | **157.32** | 143.36 |
| **(B) GENERAL RESERVE** | | |
| As per last account | **364.31** | 238.43 |
| Add: Transfer from Profit and Loss Account | **155.00** | 125.00 |
| Add: On account of Transitional Provisions under Accounting Standard-15 | **-** | 0.88 |
| Add: On account of Foreign Exchange Fluctuation as per notification on Accounting Standard -11 (Refer Note 11 of Schedule 20) | **79.97** | - |
| | **599.28** | 364.31 |
| **(C) DEBENTURE REDEMPTION RESERVE** | | |
| As per last account | **-** | 5.83 |
| Add: Transfer from Profit and Loss Account | **25.00** | - |
| Less: Written back during the year | **-** | (5.83) |
| | **25.00** | - |
| **(D) CAPITAL REDEMPTION RESERVE** | | |
| As per last account | **70.00** | 70.00 |
| Add: Transfer from Profit and Loss Account | **-** | - |
| | **70.00** | 70.00 |
| **(E) CENTRAL/STATE SUBSIDY RESERVE** | | |
| As per last account | **0.24** | 0.24 |
| Add: Received during the year | **-** | - |
| | **0.24** | 0.24 |
| **(F) SALES TAX SUBSIDY/CAPITAL RESERVE** | | |
| (Refer note 8 of Schedule 20) | | |
| As per last account | **83.73** | 2.14 |
| Add: During the year | **50.04** | 81.59 |
| | **133.77** | 83.73 |
| **(G) FOREIGN CURRENCY/TRANSLATION RESERVE** | | |
| As per last account | **-** | - |
| Add: During the year | **109.90** | - |
| | **109.90** | - |
| **(H) SURPLUS IN PROFIT AND LOSS ACCOUNT** | **5,912.31** | 3,146.62 |
| | **7,007.83** | 3,808.26 |

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

| | As at 31st March, 2009 (Rs. in Crores ) | As at 31st March, 2008 (Rs. in Crores ) |
|---|---|---|
| **SCHEDULE - 3** | | |
| **(A) TERM LOANS** | | |
| From Financial Institutions | **498.75** | 525.00 |
| From Banks and others | **4,644.88** | 4,288.13 |
| | **5,143.63** | 4,813.13 |
| **(B) OTHERS** | **16.96** | 25.09 |
| **(C) WORKING CAPITAL BORROWINGS FROM BANKS** | **114.26** | 44.25 |
| **TOTAL** | **5,274.85** | 4,882.47 |

**NOTES :**

**(A) TERM LOANS**

**From Banks and Others**

Secured by first pari-passu charge in favour of Banks by way of mortgage of the Company's immovable properties and hypothecation of moveable assets except those charged in favour of the Company's Bankers for securing working capital facilities excluding a) loans of Rs.469.95 crores (previous year Rs.557.92 crores) which are secured by exclusive charge on Assets created under Steel expansion project, b) loan of Rs.338.20 crores (previous year Rs.375.00 crores) which are secured by exclusive charge on assets created under Plate Mill project at Raigarh, Chattisgarh, c) loan of Rs. 180 crores (previous year Rs 214.28 crores) which is secured by exclusive charge on Assets under 3x25 MW Captive Power Plant, d) loans of Rs. 306.11 crores ( previous year Rs.120.00 crores) which are secured by exclusive charge on Assets created under the Plate Mill project at Angul, Orissa. e) loans of Rs.270.07 crores (previous year Rs.50.00 crores ) which are to be secured by exclusive charge on Assets created under the DRI project at Angul, Orissa, f ) loans of Rs 6.00 crores (previous year nil) which are secured by exclusive charge on assets to be created under 2X135 MW Captive Power Plant (Phase -1) at Dongamauha, Raigarh, Chattisgarh, g) Loan of Rs. 234.57 crores (Previous year Rs 58.21 crores) which are secured by a subservient charge on current assets of the Company, h) loans of Rs. 2.90 crores (Previous year Rs. 8.42 crores) which is secured by third and residual charge of the Fixed Assets of the Company and i) Loan from banks and Others includes US$ 6.82 Million (Previous year US$ 31.37 Million) as foreign currency loan out of which a sum of US$ nil (Previous year US$ 1.01 Million) is external commercial borrowing. Further, loans of Rs. 50.76 crores (Previous year Rs. 112.18 crores) are also secured by personal guarantee given by a Director of the Company.

Further Term Loans from Banks and Financial institutions includes loan of Rs. 2,824.36 Crores which are secured/ to be secured by way of first pari passu mortgage/charge on all the fixed assets (tangible and intangible), uncalled capital of the subsidiary, receivables accounts, book debts and all rights, titles and interest in accounts of the subsidiary both present and future, and have further secured/ to be secured by way of hypothecation of all promoters receivables realised by sale of energy purchased by the Promoters from the subsidiary and deposited in the account. Term Loans from Banks includes loans of Rs. 308.40 crores, which are secured/to be secured by way of mortgage/charge on pari passu basis which is second, subsequent and subservient to mortgage/ charge as stated above. The above said loans are further secured by way of pledge of 51% of the equity share capital issued/to be issued by a subsidiary to the promoter on pari-passu basis.

Term Loan from banks includes vehicle loan of Rs. Nil, (Previous Year Rs. 0.01 Crores) secured by way of hypothecation of the asset purchased there under. The loans from Banks and others includes a sum of GBP1.498 Million (Previous Year GBP 1.78 Million) and GBP 3.597 Million (Previous Year Nil) as foreign currency loans which are secured against specific immoveable properties.

Repayment due within one year Rs. 1,340.61 crores (Previous year Rs 493.07 crores)

**(B) OTHERS**

Secured by hypothecation of the specific assets financed.

**(C) WORKING CAPITAL BORROWING FROM BANKS**

Secured by hypothecation by way of first charge on stocks of finished goods, raw materials, work in progress, stores and spares and book debts and second chargein respect of other movable and immovable assets.

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

| | As at 31st March, 2009 (Rs. in Crores ) | As at 31st March, 2008 (Rs. in Crores ) |
|---|---|---|
| **SCHEDULE - 4** | | |
| **UNSECURED LOANS** | | |
| Fixed Deposits from Public | **32.48** | 22.27 |
| Short Term Loans from Banks / Mutual Funds | **150.25** | 200.08 |
| Non-Convertible Debentures | **100.00** | - |
| Inter Corporate Deposits | **-** | 33.64 |
| Buyers' Credit from Banks | **462.88** | 229.28 |
| External Commercial Borrowing from Banks (ECB) | **2,071.92** | 1,628.33 |
| Other Loans(in Subsidiary Companies) | **20.93** | - |
| | **2,838.46** | 2,113.60 |

Repayment due within one year Rs. 506.42 crores (Previous year Rs.72.91 crores)

**SCHEDULE - 5 - FIXED ASSETS**

(Rs. in Crores)

| GROUP OF ASSETS | GROSS BLOCK | | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As At 1 April, 2008 | Additions During The Year | Adjustments During The Year | Sales/Tfr During The Year | **As At 31March, 2009** | As At 1 April, 2008 | Additions During The Year | Sales/Tfr During The Year | **As At 31March, 2009** | **As At 31March, 2009** | As At 31March, 2008 |
| Land - freehold | 75.79 | 45.63 | | 0.43 | **120.99** | - | - | - | **-** | **120.99** | 75.79 |
| Land - leasehold | 93.03 | 81.65 | | - | **174.68** | 3.19 | 1.78 | - | **4.97** | **169.71** | 89.84 |
| Live Stock | 0.14 | - | | - | **0.14** | - | - | - | **-** | **0.14** | 0.14 |
| Building | 1,133.57 | 255.68 | 7.98 | - | **1,397.23** | 62.88 | 80.04 | - | **142.92** | **1,254.31** | 1,070.69 |
| Plant & Machinery | 6,290.92 | 3,022.08 | 0.37 | 0.40 | **9,312.97** | 1,079.31 | 910.18 | 0.21 | **1,989.28** | **7,323.69** | 5,211.61 |
| Electrical Installation | 96.62 | 22.98 | 0.36 | 0.03 | **119.93** | 11.33 | 5.42 | - | **16.75** | **103.18** | 85.29 |
| Furniture & Fixtures | 41.28 | 10.88 | 0.14 | 0.01 | **52.29** | 9.27 | 3.65 | 0.00 | **12.92** | **39.37** | 32.01 |
| Vehicles | 103.31 | 25.56 | 0.24 | 1.07 | **128.04** | 32.08 | 12.41 | 0.32 | **44.17** | **83.87** | 71.23 |
| Air Craft (GE Lease) | 26.10 | - | | - | **26.10** | 13.14 | 3.65 | - | **16.79** | **9.31** | 12.96 |
| Air Craft (Owned) | 37.12 | 248.06 | | - | **285.18** | 3.76 | 8.47 | - | **12.23** | **272.95** | 33.36 |
| Intangible assets | 2.01 | 52.84 | 0.01 | 0.00 | **54.86** | 1.05 | 0.41 | 0.00 | **1.46** | **53.40** | 0.96 |
| **TOTAL** | 7,899.89 | 3,765.36 | 9.10 | 1.94 | **11,672.41** | 1,216.01 | 1,026.01 | 0.53 | **2,241.49** | **9,430.92** | 6,683.88 |
| Capital Work in Progress (Including pre-operative Expenses pending allocation/capitalisation and capital goods lying in stores) | - | | | | | - | - | - | **-** | **3,255.36** | 2,779.77 |
| **PREVIOUS YEAR** | 5,026.67 | 2,938.49 | | 65.27 | **7,899.89** | 783.86 | 491.70 | 59.55 | **1,216.01** | **6,683.88** | 4,242.81 |

Notes:

1) Capital Work in Progress includes Rs. 690.63 crores (Previous year Rs. 295.65 crores) being Pre-operative Expenditure and Rs.684.18 crores( Previous year Rs. 25.47 crores) Capital stores(Refer note 16 of Schedule 20)
2) Freehold land includes Rs.5.85 crores jointly owned with the Company with 50% share and pending registration.
3) Depreciation during the year includes Rs. NIL crores (Previous year Rs 8.86 crores) charged to prior period expenses and Rs. 1.90 crores (Previous year Rs 0.54 crores ) transferred to pre-operative expenses.
4) In subsidiaries, depreciation amounting to Rs. Nil (Previous Year Rs. 1.62 Crores) has been capitalised and additions during the year in depreciation includes Rs. Nil (Previous Year Rs. 1.43 Crores) charged to Prior Period Expenses.
5) In a subsidiary, depreciation on Coal Handling Plant amounting to Rs. 60.05 Crores has been considered seperately, which has an impact on the Profit & Loss Account.

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

| | | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|---|
| **SCHEDULE - 6** | | | |
| **INVESTMENTS - LONG TERM, NON-TRADE** | | | |
| **(A)** | **UNQUOTED EQUITY SHARES** | | |
| i ) | Stainless Investments Limited 1,242,000 (Previous year 1,242,000) Equity Shares of Rs. 10 each | **6.05** | 6.05 |
| ii ) | Jindal Holding Limited 2,414,000 (Previous year 2,414,000) Equity Shares of Rs. 10 each | **14.48** | 14.48 |
| iii) | Brahamputra Capital and Finance Limited 19,200,000 (Previous year 19,200,000) Equity Shares of Rs.10 Each | **19.20** | 19.20 |
| iv) | Jindal Rex Exploration Pvt. Limited 9,800 (previous year 9,800) Equity Shares of Rs. 10 each | **0.01** | 0.01 |
| v) | X-Zone SDN BHD 36,250 (Previous year 36,250 ) Equity Shares of Malaysian Ringgit 1.00 each | **0.04** | 0.04 |
| vi) | Indian Energy Exchange Ltd. 12,50,000 (Previous year Nil ) Equity Shares of Rs.10 each | **1.25** | - |
| | | **41.03** | 39.78 |
| | Less: Provision For Diminution in value of Investments | **(11.54)** | (11.54) |
| | **Sub Total (A)** | **29.49** | 28.24 |
| **(B)** | **INVESTMENT IN GOVERNMENT AND TRUST SECURITIES** | | |
| i) | National Saving Certificates Rs. 1,000 (Previous year Rs. 1,000) | **0.00** | 0.00 |
| ii) | 11.50% IDBI-SLR 2011 - 10,000 (Previous year 10,000 ) units of Rs. 1,000each | **1.12** | 1.12 |
| iii) | 11.50% IDBI-SLR 2011 - 5,500 (Previous year 5,500 ) units of Rs. 1,000 each | **0.60** | 0.60 |
| iv) | 12.00% IDBI-SLR 2012 - 5,000 (Previous year 5,000) units of Rs. 1,000 each | **0.60** | 0.60 |
| v) | 12.00% NHB-SLR 2011 - 20 (Previous year 20) units of Rs. 1,00,000 each | **0.24** | 0.24 |
| | **Sub Total (B)** | **2.56** | 2.56 |
| **(C)** | **UNQUOTED INVESTMENT IN SHARES OF ASSOCIATE COMPANIES** | | |
| i) | Nalwa Steel & Power Limited (formerly Nalwa Sponge Iron Limited)-(Associate Company) Fully paid up Equity shares of Nalwa Steel & Power Limited 20,00,000 (Previous year 20,00,000 ) Equity Shares of Rs.10 each | **2.00** | 2.00 |
| | **Add/(deduct):** share in profit/(loss) - prior years | **87.51** | 65.01 |
| | **Add/(deduct):** share in profit/(loss) - current year | **39.59** | 22.50 |
| ii) | Fully paid up Equity shares of Globeleq Singapore (Pte) Limited 28,000 (Previous year 28,000 ) Equity Shares of USD 1.00 each | **0.12** | 0.12 |
| | **Add/(deduct):** share in profit/(loss) - prior years | **0.00** | 0.24 |
| | **Add/(deduct):**- share in profit/(loss) - current year | **-** | - |
| iii) | Fully paid up Equity shares of Saras Mineracao De Ferro S/A 49 (Previous year Nil ) | | - |
| | Equity Shares of R$ 1.00 each | **0.00** | - |
| | **Add/(deduct):** share in profit/(loss) - prior years | **-** | - |
| | **Add/(deduct):**- share in profit/(loss) - Current Year | **-** | - |
| | **Sub Total (C)** | **129.22** | 89.87 |
| **(D)** | **INVESTMENTS - CURRENT** | | |
| | **INVESTMENT IN UNITS OF MUTUAL FUNDS / BONDS** | | |
| i) | 8.15% ICICI - 2016 Bond 5 (Previous year 5) units of Rs. 10,00,000 each | **0.50** | 0.50 |
| ii) | LIC Mutual Fund-Liquidity Fund-Dividend Plan liquid options Nil (previous year 4,28,04,710) units of Rs.10 each | **-** | 47.00 |
| iii) | Reliance Liquidity Fund Growth Option Nil (previous year 2,05,63,945.65) units of Rs.10 each | **-** | 25.00 |
| iv) | Principal Cash Management Fund 254,790,005.30 (Previous year 19,799,941.39) units of Rs.10 each | **35.00** | 25.00 |
| v) | SBI Premier Liquid Fund-Dividend Plan Nil (previous year 4,98,38,026.41) units of Rs.10 each | **-** | 50.00 |
| vi) | LIC Mutual Fund-Liquid Fund-Growth Plan Nil (previous year 1,872,064.497) units of Rs.10 each | **-** | 2.71 |
| vii) | LICMF Liquid Fund Dividend Plan 45,545,328.623 (Previous year Nil) units of Rs.10 each | **50.00** | - |
| viii) | NLFSG Canara Roheeo Liquid Super Instt growth fund 70,145,903.4792 (Previous year Nil) units of Rs. 10 each | **75.00** | - |

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

| | | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|---|
| ix) | 9.50% TFCI Bonds 100 (Previous year Nil) units of Rs. 10,00,000 each | **10.00** | - |
| x) | Birla SunLife Dividend Option 35,651,010.50 (Previous year Nil) units of Rs.10 each | **50.01** | - |
| xi) | HDFC Liquid Mutual Fund 22,759,675.44 (Previous year Nil) units of Rs.10 each | **40.02** | - |
| xii) | Prudential ICICI Institutional Liquid Dividend 13,124,068.77 (Previous year Nil) units of Rs.10 each | **37.00** | - |
| xiii) | Reliance Liquidity Fund 15,160,473.61 (Previous year Nil) units of Rs.10 each | **20.00** | - |
| xiv) | SBI Magnum Insta Cash Fund 2,548,640.81 (Previous year Nil) units of Rs. 10 each | **5.00** | - |
| xv) | TATA Mutual Fund 184,909.16 (Previous year Nil) units of Rs.10 each | **30.00** | - |
| | **Sub Total (D)** | **352.53** | 150.21 |
| | **OTHER INVESTMENTS (LICENCES & TELECOM SOCIETY)** | **0.07** | - |
| | Total Investments- Long Term and Current - (A+B+C+D) + Other Investments | **513.87** | 270.89 |
| | Aggregate book value of quoted investments | **Nil** | Nil |
| | Aggregate book value of un-quoted investments | **513.87** | 270.89 |

**NOTE:** During the year, the Company has purchased and sold the following investments.

(Rs. in Crores)

| | | PURCHASE | | SALE | |
|---|---|---|---|---|---|
| | | **UNITS** | **VALUE** | **UNITS** | **VALUE** |
| 1 | 9.50% Tourism Finance Corporation Of India Limited Bond | 100.00 | 10.00 | - | - |
| 2 | Birla Sun Life Cash Plus- Inst. Prem. DDR | 330,988,282.07 | 331.63 | 330,988,282.07 | 331.63 |
| 3 | Birla Sun Life Savings Fund-Instl. DDR | 153,455,914.09 | 153.56 | 153,455,914.09 | 153.56 |
| 4 | Birla Sun Life Liquid Plus Fund Growth | 109,149,024.30 | 153.80 | 73,498,013.80 | 103.93 |
| 5 | Canara Robeco Liquid -Super IP-Growth | 70,145,903.48 | 75.00 | - | - |
| 6 | Fidelity Cash Fund (Super Institutional) - Daily Dividend | 39,016,538.82 | 39.03 | 39,016,538.82 | 39.03 |
| 7 | HDFC Cash Management Saving Plan Daily Dividend | 57,397,155.59 | 61.05 | 57,397,155.59 | 61.05 |
| 8 | HDFC Liquid Fund Insst Plan Growth | 49,768,578.25 | 85.80 | 27,008,902.80 | 45.86 |
| 9 | HDFC Liquid Fund Premium Plan - Growth | 11,660,887.72 | 19.50 | 11,660,887.72 | 19.51 |
| 10 | HDFC Liquid Fund Premium Plan Dividend Daily Reinvest | 130,351,461.28 | 159.81 | 130,351,461.28 | 159.81 |
| 11 | ICICI Prudential Instl Liquid Plan- Super Instl. Daily Div. | 94,588,984.62 | 94.59 | 94,588,984.62 | 94.59 |
| 12 | IDFC Cash Fund Super Inst. Plan C- Daily Dividend | 25,018,448.36 | 25.02 | 25,018,448.36 | 25.02 |
| 13 | ING Liquid Fund Instititional -Daily Dividend Option | 90,436,219.06 | 90.55 | 90,436,219.06 | 90.55 |
| 14 | ING Liquid Fund Super Institutional Instititional -Daily Dividend Option | 268,061,570.89 | 268.19 | 268,061,570.89 | 268.19 |
| 15 | ING Vysya-Liquid Fund Growth | 76,513,310.70 | 100.00 | 76,513,310.70 | 100.12 |
| 16 | Kotak Flexi Debt Fund Growth | 48,891,148.75 | 50.00 | 48,891,148.75 | 50.11 |
| 17 | LIC Liquid Fund-Dividend Plan | 50,548,624.78 | 55.50 | 50,548,624.78 | 55.50 |
| 18 | LIC Liquid Plus-Fund Growth | 217,466,178.98 | 264.00 | 219,338,243.47 | 267.03 |
| 19 | LIC Mutual Fund Liquid Fund- Dividend Plan | 417,784,378.49 | 458.73 | 415,052,162.59 | 455.73 |
| 20 | LICMF Income Plus Fund - Daily Dividend Plan | 146,261,027.23 | 146.26 | 146,261,027.23 | 146.26 |
| 21 | Mirae Asset Liquid Fund Super Inst. Dividend Plan Daily Re Investment | 3,047,619.74 | 304.98 | 3,047,619.74 | 304.98 |
| 22 | Principal Cash Management Fund Liquid Option Instl. Prem. Plan Dividend Reinvestment Daily | 191,849,629.97 | 191.86 | 191,849,629.97 | 191.86 |
| 23 | Principal Cash Mangment Fund-Liquid Option Instl. Prem. Plan Growth | 25,479,005.30 | 35.00 | 19,799,941.39 | 25.05 |
| 24 | Principal Cash Plus Growth | 80,047,553.44 | 92.00 | 80,047,553.44 | 92.27 |
| 25 | Prudential ICICI Plus Growth | 48,471,945.93 | 80.50 | 35,347,877.16 | 43.61 |
| 26 | Reliance Liquidity Fund - Growth Option | 135,749,194.58 | 278.25 | 141,152,666.61 | 283.61 |
| 27 | Reliance Liquidity Fund Daily Dividend Reinvestment | 193,168,205.01 | 193.23 | 193,168,205.01 | 193.23 |
| 28 | Relinace Money Manger Fund-Instl. Option Daily Dividend Plan | 1,250,001.67 | 125.14 | 1,250,001.67 | 125.14 |
| 29 | SBI Liquid Fund Daily Dividend Reinvestment | 99,709,504.49 | 100.03 | 99,709,504.49 | 100.03 |
| 30 | SBI Liquid Fund-Growth | 23,975,792.70 | 33.00 | 21,427,151.89 | 28.04 |
| 31 | SBI Premier Liquid Fund- Instl. Daily Dividend | 96,746,140.86 | 97.06 | 146,584,167.27 | 147.06 |
| 32 | Tata Liquid Super High Investment Fund- Daily Dividend | 179,908.50 | 20.05 | 179,908.50 | 20.05 |
| 33 | Tata Mutual Fund Growth | 184,909.16 | 30.00 | - | - |
| 34 | TFLD Tata Floater Fund - Daily Dividend | 9,970,286.32 | 10.01 | 9,970,286.32 | 10.01 |
| 35 | TFMA3 Tata Fixed Income Portfolio Fund Scheme A3 Institutional | 10,011,777.61 | 10.06 | 10,011,777.61 | 10.06 |
| 36 | UTI Liquid Cah Plan Institutional - Daily Income Option- Re Investment | 1,963,162.47 | 200.13 | 1,963,162.47 | 200.13 |
| | | **3,309,308,375** | **4,443.33** | **3,213,596,350** | **4,242.63** |
| | **Previous Year** | 3,047,650,684 | 4,245.80 | 2,921,879,381 | 4,111.17 |

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 7** | | |
| **INVENTORIES** | | |
| (As taken, valued and certified by the Management) | | |
| i) Stores and Spares ( including in transit ) | **299.63** | 114.81 |
| ii) Raw Materials ( including in transit and at port ) | **308.95** | 322.67 |
| iii) Finished Goods ( including lying at port ) | **570.32** | 495.12 |
| iv) Work in Progress | **61.37** | 63.03 |
| v) Scrap | **-** | 0.44 |
| | **1,240.27** | 996.07 |
| **SCHEDULE - 8** | | |
| **SUNDRY DEBTORS (Unsecured)** | | |
| **i) Exceeding six months** | | |
| Considered Good | **13.36** | 1.55 |
| Considered Doubtful | **2.72** | 4.23 |
| Less: Provision for bad and doubtful debts | **(2.72)** | (4.23) |
| | **13.36** | 1.55 |
| **ii) Others** | | |
| Considered good | **560.75** | 353.41 |
| | **574.11** | 354.96 |
| **SCHEDULE - 9** | | |
| **CASH AND BANK BALANCES** | | |
| Cash, Cheques, T T and Demand Drafts in hand | **69.18** | 3.33 |
| (including cash in hand Rs.2.26 crores (Previous year Rs.1.44 crores) | | |
| i ) In Current Accounts | | |
| - with Scheduled banks* | **126.71** | 92.06 |
| - with Other banks | **16.43** | 14.77 |
| ii) Fixed Deposits Accounts (Pledged with Govt. Departments and Others Rs 5.32 crores (Previous year Rs.5.32 crores)) | **457.04** | 510.56 |
| | **669.36** | 620.72 |

*1. Balance with Scheduled Banks in Current Account include Non-Scheduled Banks:
Calyon Bank Rs. 0.02 crores (Previous year Rs.0.01 crores)
ABN Amro Bank Rs. 0.07 crores (Previous year Rs.0.15 crores)

2. Fixed Deposits include Rs.190.03 Crores (Previous year US$ 111.53 million) unutilised monies out of ECB proceeds from ICICI Bank Ltd. Hongkong and Bank of Tokyo-Mitsubishi UFJ

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 10** | | |
| **LOANS AND ADVANCES** | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Advances recoverable in cash or in kind or for value to be received | | |
| - Considered good | **1,998.50** | 786.45 |
| - Considered doubtful | **7.16** | 7.16 |
| Less: Provision for doubtful advances | **(7.16)** | (7.16) |
| Net ((includes Rs.1,041.00 Crores (Previous year Rs.662.55 Crores) against capital supplies and Rs 0.39 Crore (Previous year Rs.0.14 Crores ) due from a Director) | **1,998.50** | 786.45 |
| Interest accrued | **8.46** | - |
| Loans to Bodies Corporate & others | | |
| - Considered good | **378.95** | 110.44 |
| Advance against Share Application Money | **5.03** | 3.84 |
| Security Deposits | **32.57** | 20.50 |
| Balances with Govt. Departments & others | **144.08** | 83.79 |
| Advance Income Tax ( Including TDS ) | **1,013.86** | 477.56 |
| Advance Wealth tax | **0.86** | 0.75 |
| | **3,582.31** | 1,483.33 |

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 11** | | |
| **CURRENT LIABILITIES** | | |
| Sundry Creditors (includes Rs. 216.65 Crores (Previous Year Rs.383.77 Crores ) creditors against Capital supplies) | 1,574.01 | 941.60 |
| Other Outstanding Liabilities | 335.08 | 246.86 |
| Advances from customers and others | 104.37 | 125.09 |
| Security Deposits* | 152.78 | 35.65 |
| Interest accrued but not due | 17.01 | 16.71 |
| Investor Education & Protection Fund** | | |
| - Unpaid Dividend | 6.11 | 5.20 |
| - Unpaid Fixed Deposits | 0.11 | 0.07 |
| - Unpaid Interest on Debentures | 0.01 | 0.03 |
| - Unpaid Interest on Fixed Deposits | 0.32 | 0.38 |
| Advance against share application money | 0.25 | |
| | 2,190.05 | 1,371.59 |

* includes a secured amount of Rs.108.30 crores (previous year Nil)

** There is no amount due and outstanding to be credited to Investor Education and Protection Fund

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 12** | | |
| **PROVISIONS** | | |
| For Proposed Dividend | 85.64 | 38.93 |
| For Corporate Tax on Dividend | 14.75 | 6.62 |
| For Provision for Taxation | 1,095.76 | 518.67 |
| For Provision for Wealth Tax | 1.50 | 1.31 |
| For Leave Encashment | 28.49 | 13.61 |
| For Gratuity | 3.18 | 7.70 |
| | 1,229.32 | 586.84 |

| | As at 31st March, 2009 (Rs. in Crores) | As at 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 13** | | |
| **MISCELLANEOUS EXPENDITURE** | | |
| (To the extent not written off or adjusted) | | |
| Preliminary Expenses | - | 1.04 |
| Coal Mine development expenses | 3.14 | 95.82 |
| | 3.14 | 96.86 |

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | | For the year ended 31st March, 2009 (Rs. in Crores) | For the year ended 31st March, 2008 (Rs. in Crores) |
|---|---|---|---|
| **SCHEDULE - 14** | | | |
| **SALES AND OPERATIONAL INCOME** | | | |
| Sales | | **11,625.90** | 6,194.43 |
| Inter Division Transfer | | **519.96** | 611.59 |
| Job Charges Received | | **0.06** | 0.04 |
| Export Benefits Received | | **6.67** | 16.36 |
| | | **12,152.59** | 6,822.42 |
| **SCHEDULE - 15** | | | |
| **OTHER INCOME** | | | |
| Miscellaneous Receipts | | **46.75** | 40.47 |
| Liability/Provisions no longer required written back | | **10.54** | 3.83 |
| Profit on Sale/discard of Fixed Assets | | **0.01** | 0.01 |
| Profit on sale of Investment | | **1.62** | 4.49 |
| Dividend Income | | **3.44** | 0.95 |
| | | **62.36** | 49.75 |
| **SCHEDULE - 16** | | | |
| **MATERIAL, MANUFACTURING AND OTHERS** | | | |
| Raw Material consumed | | **2,672.22** | 1,330.32 |
| Goods Purchased for resale | | **-** | 29.51 |
| Inter Division Transfer | | **519.96** | 611.59 |
| Stores and Spares consumed | | **825.42** | 571.38 |
| Power and Fuel | | **604.89** | 374.39 |
| Other Manufacturing expenses | | **97.16** | 52.38 |
| Royalty & Cess | | **65.06** | 49.09 |
| Repairs to Buildings | | **63.48** | 36.84 |
| Repairs to Plant and Machinery | | **222.30** | 164.15 |
| | **SUB TOTAL (A)** | **5,070.49** | 3,219.65 |
| (INCREASE)/DECREASE IN STOCKS | | | |
| Opening Stock - Finished Goods | | **495.12** | 314.74* |
| - Scrap | | **0.44** | 0.04 |
| - Work in Progress | | **63.03** | 38.86 |
| | | **558.59** | 353.64 |
| Closing Stock - Finished Goods | | **570.32** | 493.06 |
| - Scrap | | **-** | 0.44 |
| - Work in Progress | | **61.37** | 63.03 |
| | | **631.69** | 556.53 |
| **NET (INCREASE)/DECREASE IN STOCK -** | **SUB TOTAL (B)** | **(73.10)** | (202.89) |
| **Excise duty on account of increase/(decrease) on stock of finished goods-** | **SUB TOTAL (C)** | **(24.64)** | 42.61 |
| | **TOTAL ( A+B+C)** | **4,972.75** | 3,059.38 |

* includes Rs.2.06 crores of Inventory of Finished Goods during Trial Run Period of Plate Mill which has been adjusted in expenditure during Trial Run period in the previous year.

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | For the year ended 31st March, 2009 (Rs. in Crores) | For the year ended 31st March, 2008 (Rs. in Crores) |
|---|---|---|
| **SCHEDULE - 17** | | |
| **PERSONNEL** | | |
| Salary, Wages, Bonus and other benefits | **189.39** | 122.98 |
| Contribution to Provident and other funds | **10.03** | 5.80 |
| Workmen and staff Welfare | **9.48** | 5.55 |
| Employees Compensation Expenses under Employees Stock Option Scheme | **(3.93)** | 12.79 |
| (Refer note 14 of schedule 20 ) | | |
| | **204.97** | 147.12 |
| **SCHEDULE - 18** | | |
| **ADMINISTRATION AND SELLING** | | |
| Rent | **5.20** | 0.94 |
| Rates and Taxes | **61.39** | 53.33 |
| Insurance | **5.55** | 7.54 |
| Auditors' Remuneration | **0.23** | 0.27 |
| Miscellaneous Expenses | **212.06** | 159.21 |
| Loss on Sale/Discard of Fixed Assets | **0.24** | 0.20 |
| Donation ( refer note no 12 of Schedule 20 ) | **53.12** | 12.29 |
| Directors' meeting fees | **0.04** | 0.03 |
| Selling Expenses | **443.28** | 258.10 |
| Commission on Sales | **7.45** | 6.63 |
| Bank Charges | **15.99** | 8.73 |
| Financial Expenses | **21.12** | 9.26 |
| Provision for Doubtful debts & advances | **(1.60)** | 0.84 |
| Prior Period Adjustment | **(0.14)** | 13.60 |
| Foreign exchange Fluctuation | **143.15** | 152.97 |
| (net of income of Rs.26.08 Crores. (Previous year Rs.58.92 Crores.)) | | |
| | **967.08** | 683.94 |
| **SCHEDULE - 19** | | |
| **INTEREST** | | |
| Interest Expenses | | |
| - Debentures and Other Fixed loans | **468.60** | 246.49 |
| - Others | **47.99** | 24.91 |
| | **516.59** | 271.40 |
| Less: Interest Received | | |
| (including Tax Deducted at Source of Rs.14.01 Crores ( Previous Year Rs. 1.72 Crores)) | | |
| - Interest on Inter Corporate Deposits | **(45.27)** | (9.24) |
| - Others | **(14.67)** | (7.68) |
| Net Interest | **(59.94)** | (16.92) |
| | **456.65** | 254.48 |

**SCHEDULE - 20**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**i) Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention, on going concern basis and in terms of the Accounting Standards issued by the Institute of Chartered Accountants of India and in compliance with section 211(3C) of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realisation in respect of incomes. Accounting policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles in India.

In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average exchange rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.

The difference between the cost of investment in the subsidiaries and joint ventures, and the Company's share of net assets at the time of acquisition of shares in the subsidiaries and joint ventures is recognized in the financial statements as goodwill or capital reserve as the case may be.

Minority interest in the net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from liabilities and the equity of the Company's shareholders.

Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to minorities at the date on which investment in a subsidiary is made and the miniorities' share of movements in the equity since the date the parent subsidiary relationship comes into existence

Jindal Steel & Power Limited has prepared consolidated financial statements by consolidating its accounts with those of its subsidiaries as on 31.03.2009, in accordance with Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for investments in associates in consolidated financial statements) and Accounting Standard 27 (Accounting for investments in joint ventures in consolidated financial statements) issued by The Institute of Chartered Accountants of India.

1. The subsidiary companies considered in the consolidated financial statements are:

| Name of Subsidary | Country of Incorporation | Proportion of ownership as on 31.03.09 (%) |
|---|---|---|
| Jindal Power Limited | India | 99.93 |
| Jindal Minerals & Metals Africa Limited. | Mauritius | 80.00 |
| Jindal Steel & Power (Mauritius) Limited | Mauritius | 100.00 |
| Jindal Steel Bolivia SA | Bolivia | 99.99 |
| Chhattisgarh Energy Trading Company Limited | India | 79.34 |
| Gas to Liquids International | Bolivia | 80.00 |
| Trans Atlantic Trading Limited | Guernsey | 100.00 |
| PT Jindal Overseas | Indonesia | 99.00 |
| Vision Overseas Limited | Mauritius | 100.00 |
| Jubilant Overseas Limited | Mauritius | 100.00 |
| Affiliate Overseas Limited | Mauritius | 100.00 |
| Skyhigh Overseas Limited | Mauritius | 100.00 |
| Harmony Overseas Limited | Mauritius | 100.00 |
| Worth Overseas Limited | Mauritius | 100.00 |
| Jindal Power LLC | Mongolia | 100.00 |
| Jindal Steel & Power LLC | Mongolia | 100.00 |
| Jindal Mining Industry LLC | Mongolia | 100.00 |
| JSPL Mozambique Minerais LDA | Mozambique | 97.50 |
| Enduring Overseas Limited | British Virgin Island | 100.00 |
| Jindal Mining & Exploration Limited | Mauritius | 100.00 |
| Jindal Investment Holdings Limited | Mauritius | 100.00 |
| Jindal Africa Investments (Pty) Limited | South Africa | 100.00 |

| | | |
|---|---|---|
| Osho Madagascar SARL | Madagascar | 99.33 |
| Rolling Hills Resources LLC | Mongolia | 100.00 |
| Jindal Hydro Power Limited | India | 98.80 |
| Jindal Power Trasnmission Limited | India | 98.80 |
| Jindal Power Distribution Limited | India | 98.80 |
| Power Plant Engineers Limited | India | 99.20 |
| Jindal Petroleum Limited | India | 99.92 |
| Jindal Petroleum (Mauritius) Limited | Mauritius | 100.00 |
| Jindal Petroleum (Georgia) Limited | Mauritius | 100.00 |
| Jindal Minerals and Metals Africa Congo SPRL | Congo | 99.95 |

2. The associate companies considered in the consolidated financial statements are:

| Name of Associate | Country of Incorporation | Proportion of ownership as on 31.03.09 (%) |
|---|---|---|
| Nalwa Steel and Power Limited | India | 40.00 |
| Globleq Singapore Pte. Limited | Singapore | 40.00 |
| Saras Mineracao De Ferro SA | Brazil | 49.00 |

3. The joint venture companies considered in the consolidated financial statements are:

| Name of Joint venture | Country of Incorporation | Proportion of ownership as on 31.03.09 (%) |
|---|---|---|
| Shrest Mining and Metals Private Limited | India | 50.00 |
| Jindal Coal to Liquid Limited | India | 70.00 |

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, incomes and expenses after eliminating intra-group balances and the unrealized profit/losses on intra group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements.

iii) Investment in associate companies have been accounted for, by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition change in the company's share of net assets of the associate, in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) issued by The Institute of Chartered Accountants of India.

iv) Figures pertaining to the subsidiary company, associates and joint venture have been reclassified wherever necessary to bring them in line with parent company's financial statements.

v) Investments other than in subsidiaries, associates and joint venture have been accounted as per Accounting Standard 13 (Accounting for investments).

vi) **Other accounting policies:**

These are set out under "Significant Accounting Policies" as given in the standalone financial statements of Jindal Steel & Power Limited.

vii) **Fixed Assets and Depreciation**

a) **Fixed Assets**

Fixed Assets are stated at cost of acquisition inclusive of incidental expenses related thereto and are net of CENVAT/VAT credit. Fixed assets acquired by the Company pursuant to a Scheme of Arrangement are stated at their transfer values.

b) **Expenditure during construction period**

Expenditure related to and incurred during implementation of new/expansion-cum-modernisation projects is included under capital work-in-progress and the same is allocated to the respective Fixed Assets on completion of its construction/erection. Interest on borrowing costs related to a qualifying asset is worked out on the basis of actual utilisation of funds out of project specific loans and/or other borrowings to the extent identifiable with the qualifying asset and is capitalized with the cost of the qualifying asset.

c) **Intangible Assets**

Intangible Assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS-26) 'Intangible Assets'.

d) **Depreciation and Amortisation**

Depreciation on fixed assets is provided on straight-line method (SLM) at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Leasehold L and and Aircraft are being amortised over the period of lease. In the case of assets where impairment loss is recognized, the revised carrying amount is depreciated over the remaining estimated useful life of the asset.

Certain Plant and Machinery have been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided for accordingly.

Intangible Assets are amortised over the expected duration of benefits not exceeding ten years.

viii) **Foreign Currency Transactions**

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated at the year-end exchange rates and resultant gains / losses are recognized in the profit & loss account for the year, except to the extent that they relate to new projects till the date of capitalization which are carried to pre-operative expenses and those relating to fixed assets which are adjusted to the carrying cost of the respective assets.

In case of forward foreign exchange contracts, exchange differences are dealt with in the profit & loss account over the life of the contract except those relating to fixed assets in which case they are capitalized with the cost of respective fixed assets. Non-monetary foreign currency items are carried at historical cost.

In case of foreign subsidiaries, with non – integral foreign operations, revenue items are converted at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Exchange gain arising on conversion is recognized in Foreign Currency Translation Reserve and in case of loss, the same is taken to Profit & Loss Appropriation account and carried to accumulated balance of Profit/ (Loss).

ix) **Investments**

Long-term investments are carried at cost. Provision is made when, in the opinion of the management, diminution in the value of investment is other than temporary in nature. Current investments are carried at the lower of cost or market / fair value.

x) **Valuation of Inventories**

Raw Materials and Stores & Spares are valued at lower of cost, computed on weighted average basis, and net realisable value. Cost includes the purchase price as well as incidental expenses. Scrap is valued at estimated realisable value.

Work-in-progress is valued at lower of estimated cost and net realisable value and finished goods are valued at lower of cost and net realisable value. Cost for this purpose includes direct cost and appropriate administrative and other overheads.

xi) **Inter-Division Transfers**

Inter-division transfer of goods, as independent marketable products produced by separate divisions for captive consumption, are transferred at approximate prevailing market price. The same is shown as a contra item to reflect the true working of the respective divisions in the Profit and Loss Account. Any unrealised profit on unsold stocks is eliminated while valuing the inventories. The value of such inter-divisional transfer is netted off from sales and operational income and expenses under materials, manufacturing and others.

Inter-divisional transfer/captive consumption to Fixed Assets is at cost.

xii) **Retirement Benefits**

Expenses & liabilities in respect of employee benefits are recorded in accordance with the Revised Accounting Standard (AS)-15 Employee Benefits (revised 2005) issued by ICAI.

a) **Provident Fund**

The Company makes contribution to statutory provident fund in accordance with the Employees Provident Fund & Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

b) **Gratuity**

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the Balance Sheet in respect of gratuity is the present value of the defined benefit/obligation at the Balance Sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/ obligation is calculated at or near the Balance Sheet date by an independent Actuary using the projected unit credit method.

c) **Compensated absences**

Liability in respect of Compensated absences due or expected to be availed within one year from the Balance Sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of an actuarial valuation performed by an independent Actuary using the projected unit credit method.

d) **Other short term benefits**

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

xiii) **Excise Duty and Customs Duty**

Excise Duty liability on finished goods manufactured and lying in the factory is accounted for and the corresponding amount is considered for valuation thereof. Customs duty in respect of materials lying in bonded premises and in transit is accounted for as and when the property in the goods passes to the Company.

xiv) **Miscellaneous Expenditure**

The following expenditure shown under "miscellaneous expenditure" is amortised as follows:

a) Share issue expenses are written off over a period of ten years.

b) Debenture/Bonds issue expenses and premium on redemption are written off over the period of Debentures/Bonds.

c) Iron Ore mines/Coal mines development expenditure and Railway plot development expenditure etc., are written off over a period of ten years.

xv) **Revenue Recognition**

a) Sales and Operational income is inclusive of excise duty, export benefits and inter-divisional transfer but net of returns, rebates and sales tax. Materials returned/rejected are accounted for in the year of return/rejection. Sales net of excise duty and inter-divisional transfer is also disclosed separately.

b) Export sales are accounted for on the basis of the date of bill of lading/ airways bill.

c) Income from job charges is accounted for at the time of billing.

d) Since it is not possible to ascertain with reasonable certainty the quantum of accruals in respect of certain claims of Railways, Insurance, Electricity, Customs and Excise, the same continue to be accounted for on acceptance basis.

e) Sale of power is accounted for on the basis of billing to consumers. Generally all consumers are billed on the basis of recording of consumption of energy by installed meters. Where meters are stopped or are faulty, the billing is done based on past consumption for such period.

xvi) **Export benefits**

Export benefits available under the Export Import policy of the Government of India are accounted for in the year of export, to the extent measurable.

xvii) **Accounting for Leases**

In respect of finance lease, the same is recognized as an asset and a liability to the lessor at fair value at the inception of the lease.

In respect of operating lease, the lease payments as per respective lease agreements are recognized as expense in the profit and loss account on a straight-line basis.

xviii) **Research and Development Expenditure**

Research and Development expenditure not fulfilling the recognition criteria as set out in Accounting Standard (AS-26) on 'Intangible Assets' is charged to the profit and loss account while capital expenditure is added to the cost of fixed assets in the year in which it is incurred.

xix) **Taxes on Income**

Provision for current tax and fringe benefits tax is made considering various allowances and benefits available to the Company under the provisions of the Income Tax Act, 1961.

In accordance with Accounting Standard (AS-22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred taxes resulting from timing differences between book and tax profits are accounted for at the tax rate substantively enacted by the Balance Sheet date to the extent the timing differences are expected to be crystallized. Deferred tax assets are recognized to the extent there is reasonable/virtual certainty of realising such assets against future taxable income.

xx) **Impairment of Assets**

Specified assets are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount being the higher of the asset's net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the asset. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (i.e. cash generating units).

Previously recognized impairment losses, relating to assets other than goodwill, are reversed where the recoverable amount increases because of favourable changes in the estimates used to determine the recoverable amount since the last impairment was recognized. A reversal of an asset's impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in prior years.

xxi) **Provisions and contingent liabilities**

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

xxii) **Employee Stock Option Scheme**

Stock options granted to the employees of the Company and its subsidiary under the Company's Stock Option schemes are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly, excess of market value of the stock option as on date of grant over the exercise price of the options is recognized as deferred employee compensation and is charged to the profit and loss account as employee cost on straight line method over the vesting period of the options.

**B. NOTES TO ACCOUNTS**

1. Contingent Liabilities not provided for in respect of : (Rs. in Crores)

| | **Description** | **Current Year** | Previous Year |
|---|---|---|---|
| a) | Guarantees issued by the Company's Bankers on behalf of the Company | **388.96** | 388.89 |
| b) | Letter of credit opened by banks | **1,315.35** | 932.67 |
| c) | Corporate guarantees / undertakings issued on behalf of third parties. | **126.41** | 10.71 |
| d) | Disputed Excise Duty and Other demands | **213.77** | 30.69 |
| e) | Future liability on account of lease rent for unexpired period. | **-** | 0.20 |
| f) | Bonds executed for machinery imports under EPCG Scheme | **1,103.10** | 716.45 |
| g) | Income Tax demands where the cases are pending at various stages of appeal with the authorities | **109.81** | 42.25 |
| h) | Claims against the company, not acknowledge as debt | **2.68** | NIL |

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances): Rs. 10,296.93 crores (previous year Rs. 5,628.64 crores)
3. During the year, the Subsidiary Jindal Power Limited has initiated implementation of 2400 MW (4*600 MW) Thermal Power Plant for electricity generation at Raigarh in the State of Chattisgarh.
4. During the year, Jindal Power Limited, one of the subsidiary of the Company has changed its policy of depreciation from Straight Line Method to Written Down Value method resulting in additional charge to Profit & Loss Account of depreciation amounting to Rs. 54.68 Crore and to that extent profit for the period is stated lower.
5. During the year, Jindal Power Limited, one of the subsidiary of the Company has changed its policy for amortisation/write off of Mines Development Expenditure from over the period of three years to the period in which the same is incurred. This has resulted in additional charge to the profit & loss account amounting to Rs. 35.46 Crore and to that extent profit for the period is stated lower.

6. Till the previous year, the Foreign Operations of the Company were being classified as integral operations. From the current year, keeping in view the likely expansion of its overseas activities, the Company has changed the policy and has reclassified its foreign operations as non-integral operations consistent with the provisions of Accounting Standard-11

7. In accordance with the guiding principles enunciated in Accounting Standard (AS-29) 'Provisions, Contingent Liabilities and Contingent Assets' and based on management assessment, the Company has made a provision for contingencies on account of duties and taxes payable under various laws. At the beginning of the financial year, there was an outstanding provision of Rs.107.49 crores (previous year Rs. 66.58 crores). The Company made an additional provision of Rs.48.53 crores during the year (previous year Rs. 40.91 crores) and the amount utilized during the year was Nil (Previous year Nil). At the end of the financial year, there is an outstanding provision of Rs.156.02 crores (previous year Rs.107.49 crores).

8. One of the Company's expansion units at Raigarh (Chhatisgarh) is eligible for sales tax exemption owing to its investment in capital assets under the State industrial policy which aims towards the objective of industrialization of the State and development of backward areas. The period of exemption is linked to the quantum of investment. The Company has been advised that the element of sales tax included in the sales price of products sold out of this Unit is in the nature of sales tax subsidy granted by the State Government. Accordingly, the same amounting to Rs.50.04 crores (previous year Rs. 83.73 crores) has been credited during the year to Sales Tax Subsidy Reserve Account. The cumulative amount credited to Sales Tax Subsidy Reserve Account up to 31st March 2009 is Rs. 133.77 crores.

9. a) Provision for current income tax and fringe benefits tax has been made considering various benefits and allowances available to the Company under the provisions of the Income Tax Act, 1961.

   b) Movement of deferred tax provision/adjustment in accordance with Accounting Standard (AS–22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India is as under:

(Rs. in crores)

| | | As on 1 April 2007 | Charge/ (Credit) during 2007-08 | As on 1 April 2008 | Charge/(Credit) during the year | As on 31 March 2009 |
|---|---|---|---|---|---|---|
| **A.** | **Deferred Tax Assets** | | | | | |
| a) | Disallowance u/s 43-B of the Income Tax Act,1961 | (31.61) | (20.57) | (52.18) | (25.89) | (78.07) |
| b) | Provision for Doubtful Debtors | (2.04) | (0.27) | (2.31) | 0.52 | (1.79) |
| | **Total Deferred Tax Assets (A)** | (33.65) | (20.84) | (54.49) | (25.37) | (79.86) |
| **B.** | **Deferred Tax Liabilities** | | | | | |
| 1) | Difference between Book and Tax Depreciation | 448.52 | 100.56 | 549.08 | 246.78 | 795.86 |
| 2) | Miscellaneous Expenditure written off | 0.17 | (0.09) | 0.08 | 0.95 | 1.03 |
| | **Total Deferred Tax Liabilities** | 448.69 | 100.47 | 549.16 | 247.73 | 796.89 |
| **C.** | **Total deferred Tax** | 415.04 | 79.63 | 494.67 | 222.36 | 717.03 |

10. Additions / (Adjustments) to Plant and Machinery/Capital work-in-progress includes adjustment of Rs.377.39 crores (previous year Rs. (9.48) crores) on account of foreign exchange fluctuation on long-term liabilities relating to acquisition of Fixed Assets.

11. The Company has, during the current year, in terms of the Notification issued by the Ministry of Corporate Affairs, Government of India, relating to Accounting Standard (AS-11) dated 31.03.2009, decided to exercise the option of accounting for Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in the previous financial statements in so far as they relate to the acquisition of depreciable capital assets by addition to/ deduction from the cost of the asset and depreciate the same over the balance life of the asset. Accordingly, exchange losses accounted for during the year 2007-08 amounting to Rs. 79.97 crores have been reversed during the current year and adjusted from the cost of fixed assets with corresponding adjustment to general reserve. Depreciation on fixed assets relating to the above amounting to Rs. 0.01 crores has also been adjusted during the current year. The current year exchange losses amounting to Rs. 205.03 crores have also been accordingly adjusted to the cost of fixed assets, the impact of depreciation thereon being Rs.0.01 crores.

12. Donations include NIL (previous year Rs. 0.05 crores) to Jharkhand Pradesh Congress Committee and Rs.0.02 crores (previous year Nil) to Keonjhar District Congress Committee as contribution to political parties.

13. Sales / Adjustments in gross block and depreciation under Schedule 5 includes the assets taken out of active use during the financial year of Rs. NIL and Rs. NIL (Previous year Rs. 61.56 crores and Rs. 59.17 crores ) respectively. The resultant net block of Rs. NIL (Previous year Rs. 2.40 crores) has been considered under inventory of stores & spares.

Difference between net book value at the time the assets were taken out of active use and the estimated net realizable value amounting to Rs. NIL (Previous year Rs. 29.05 crores) has been charged under depreciation for the year and amounting to Rs. NIL (Previous year Rs. 8.85 crores) has been charged to previous year expenses owing to the assets dedicated for social cause.

14. On 25.07.2005, the Company established the Employees Stock Option Scheme – 2005 (ESOS -2005 or plan) which was modified on 27.09.2006. Under the Scheme, the Company is authorized to issue up to 55,00,000 (Fifty five lacs) [originally 11,00,000 (Eleven lacs)] equity settled options of Re1/- each (originally Rs.5/- each) to employees (including employees of the subsidiary company). A Compensation Committee has been constituted by the Board of Directors of the Company to administer the Scheme.

Pursuant to Clause 5.3 (f) of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and para 18 of Employees Stock Option Scheme –2005 of the Company, the Compensation Committee is authorized to make a fair and reasonable adjustment to the number of options and to the exercise price in respect of options granted to the employees under the Scheme in case of corporate actions such as right issue, bonus issue, merger etc. The shareholders of the Company have in their meeting held on 27.12.2007 approved sub-division of the face value of each equity share of Rs.5/- into 5 equity shares of Re.1/- each. Accordingly, the Compensation Committee has, in their meeting held on 27.01.2008, increased the number of maximum options that can be issued under the Employees Stock Option Scheme –2005 to 55,00,000 (Fifty five lacs) [originally 11,00,000 (Eleven lacs)] and the exercise price has been reduced in case of Series I to Rs 203, Series II to Rs 225 and Series III to Rs 364 per equity share of Re. 1/- each fully paid up.

On 26.11.2005, the Company granted 42,97,000 (Forty two lacs ninety seven thousand) [originally 8,59,400 (Eight lacs fifty nine thousand four hundred)] stock options (Series – I) to its employees (including employees of the subsidiary Company). Out of the above stock options, 19,12,907 (Nineteen lacs twelve thousand nine hundred seven) [originally 3,82,581 (Three lacs eighty two thousand five hundred eighty one)] have lapsed and during the year, the Company has allotted 6,91,343 (Six lacs ninety one thousand three hundred forty three) Equity Shares of Re. 1/- each and 16,92,750 (Sixteen lacs ninety two thousand seven hundred fifty) [originally 3,38,550 (Three lacs Thirty Eight thousand Five hundred fifty)] stock options are outstanding as on 31.03.2009.

Further, on 02.09.2006, the Company granted stock options of 6,47,750 (Six lakh forty seven thousand seven hundred fifty) [originally 1,29,550 (One lakh twenty nine thousand five hundred fifty)] options (Series – II) to its employees (including employees of the subsidiary company). Out of the above stock options, 2,71,500 (Two Lacs Seventy One thousand Five Hundred) [originally 54,300 (Fifty Four thousand Three hundred) have lapsed and 3,76,250 (Three lacs seventy six thousand two hundred fifty) [originally 75,250 (Seventy five thousand two hundred fifty) stock options are outstanding as on 31.03.2009.

Further, on 27.04.2007, the Company granted stock options of 6,84,750 (Six lakh eighty four thousand seven hundred fifty) [originally 1,36,950 (One lakh thirty six thousand nine hundred fifty)] options (Series – III) to its employees (including employees of the subsidiary company). Out of the above stock options, 1,88,000 (One lacs eighty eight thousand) [originally 37,600 (Thirty seven thousand six hundred)] have lapsed and 4,96,750 (Four lacs ninety six thousand seven hundred fifty) [originally 99,350 (Ninety nine thousand three hundred fifty)] stock options are outstanding as on 31.03.2009.

The details of ESOS-2005 are as under:

| | ESOS-2005 | | |
|---|---|---|---|
| | **Series-I** | **Series-II** | **Series-III** |
| 1. Grant Price – Rupees | 203 | 225 | 364 |
| 2. Grant Date | 26.11.2005 | 02.09.2006 | 27.04.2007 |
| 3. Vesting commences on | 26.11.2007 | 02.09.2008 | 27.04.2009 |
| 4. Vesting Schedule | 50% of grant on 26.11.2007, subsequent 25% of grant on 26.11.2008 and balance 25% of grant on 26.11.2009 | 50% of grant on 02.09.2008, subsequent 25% of grant on 02.09.2009 and balance 25% of grant on 02.09.2010 | 50% of grant on 27.04.2009, subsequent 25% of grant on 27.04.2010 and balance 25% of grant on 27.04.2011 |
| 5. Option granted and outstanding at the beginning of the year | 35,20,750 | 5,59,750 | 5,44,750 |
| 6. Option granted during the year | - | - | - |
| 7. Option lapsed and/or withdrawn during the period | 11,36,657 | 1,83,500 | 48,000 |
| 8. Option exercised during the year against which shares were allotted | 6,91,343 | - | - |
| 9. Option granted and outstanding at the end of the year of which | 16,92,750 | 3,76,250 | 4,96,750 |
| - Options vested | 8,46,375 | 1,88,125 | - |
| - Options yet to vest | 8,46,375 | 1,88,125 | 4,96,750 |

15. As per Accounting Standard (AS-15) "Employee Benefits", the disclosure of employee benefits as defined in the Accounting Standard is given below:

(Monetary figures Rs. in Crores)

| | | | **CURRENT YEAR** | | PREVIOUS YEAR | |
|---|---|---|---|---|---|---|
| | | | **Gratuity** | **Leave Encashment** | Gratuity | Leave Encashment |
| I | | Components of Employer Expense | Funded | Unfunded | Funded | Unfunded |
| | 1 | Current Service Cost | 1.30 | 5.09 | 0.74 | 0.83 |
| | 2 | Interest Cost | 0.66 | 1.11 | 0.40 | 0.23 |
| | 3 | Expected Return on Plan Assets | (0.52) | - | (0.34) | - |
| | 4 | Curtailment Cost/ (Credit) | - | - | - | - |
| | 5 | Settlement Cost/ (Credit) | - | - | - | - |
| | 6 | Past Service Cost | - | 0.07 | - | - |
| | 7 | Actuarial Losses/ (Gains) | 1.06 | 9.94 | 1.73 | 9.74 |
| | 8 | Total expense recognized in the Profit and Loss Account | 2.49 | 16.21 | 2.54 | 10.79 |
| II | | Actual Returns for the year ended March 31, 2009 (%) | 0.12 | - | 0.32 | - |
| III | | Net Assets/ (Liability) recognized in the Balance Sheet as at March 31, 2009 | | | | |
| | 1 | Present value of Defined Benefit Obligation | (10.78) | (28.49) | (7.56) | (13.15) |
| | 2 | Fair Value of Plan Assets | 7.60 | - | 4.37 | - |
| | 3 | Status {Surplus/(Deficit)} (1-2) | (3.18) | (28.49) | (3.18) | (13.15) |
| | 4 | Unrecognised Past Service Cost | - | - | - | - |
| | | Net Assets/ (Liability) recognised in the Balance Sheet (3+4) | (3.18) | (28.49) | (3.18) | (13.15) |
| IV | | Change in Defined Benefit Obligation (DBO) during the year ended March 31,2009 | | | | |
| | | Present Value of DBO at the beginning of the year | (7.84) | (13.48) | (4.89) | (3.09) |
| | 1 | Current Service Cost | (1.30) | (5.09) | (0.74) | (0.83) |
| | 2 | Interest Cost | (0.66) | (1.11) | (0.40) | (0.23) |
| | 3 | Curtailment Cost/(Credit) | - | - | - | - |
| | 4 | Settlement Cost/ (Credit) | - | - | - | - |
| | 5 | Plan Amendments | - | 0.07 | - | - |
| | 6 | Acquisitions | - | - | - | - |
| | 7 | Actuarial (Losses)/Gains | (1.35) | (9.94) | (1.70) | (9.72) |
| | 8 | Benefits Paid | 0.37 | 1.20 | 0.19 | 0.73 |
| | | Present Value of DBO at the end of the year | (10.78) | (28.49) | (7.56) | (13.14) |
| V | | Change in Fair Value of Assets during the year ended March 31, 2009 | | | | |
| | | Plan Assets at the beginning of the year | 4.63 | - | 3.32 | - |
| | 1 | Acquisition Adjustment | - | - | - | - |
| | 2 | Expected Return on Plan Assets | 0.52 | - | 0.34 | - |
| | 3 | Actuarial (Losses)/Gains | 0.30 | - | (0.02) | - |
| | 4 | Actual Company Contribution | 2.53 | 1.20 | 0.93 | 0.73 |
| | 5 | Benefit Paid | (0.37) | (1.20) | (0.19) | (0.73) |
| | | Plan Assets at the end of the year | 7.59 | - | 4.37 | - |
| VI | | Actuarial Assumptions | | | | |
| | 1 | Discount Rate (%) | * | * | 8.60 | 8.60 |
| | 2 | Expected Return on Plan Assets (%) | ** | ** | 9.25 | |

| | | | |
|---|---|---|---|
| * | Discount Rate | - | 8.20% for Holding Company |
| | | - | 8.30% for Subsidiary Company |
| ** | Expected Return on Plan asset | - | 9.25% for Holding Company |
| | | - | 9.15% for Subsidiary Company |

16A. Pre-operative expenditure forming part of capital work in-progress is as under:

(Rs. in Crores)

| | | Current Year | Previous Year |
|---|---|---|---|
| **Amount brought forward from last year** | | **295.65** | 289.39 |
| **Add:** | Expenditure incurred during the year | | |
| | Cost of Fuel | **-** | 29.49 |
| | Personnel Expenses | **12.89** | 13.64 |
| | Consultancy Charges | **48.91** | 8.11 |
| | Financial expenses | **80.12** | 228.33 |
| | Depreciation | **1.90** | 2.17 |
| | Foreign exchange fluctuation | **377.39** | (9.24) |
| | Expenses relating to Mining and Exploration | **111.86** | - |
| | Miscellaneous Expenses | **29.33** | 30.14 |
| | | **958.05** | 592.03 |
| **Less:** | Capitalised as part of | | |
| | Plant & Machinery | **259.29** | 244.32 |
| | Building | **0.02** | 49.68 |
| | Other fixed assets | **8.11** | 2.38 |
| Amount carried forward under capital work-in-progress | | **690.63** | 295.65 |

B. Expenditure during Trial Run period relating to Plate Mill forming part of Capital work in progress is as under:

(Rs. in Crores)

| **Description** | **Current Year** | Previous Year |
|---|---|---|
| **Income** | | |
| Sales | **-** | 0.11 |
| Increase/(Decrease) in Stock | **-** | 0.89 |
| **Total Income (A)** | **-** | 1.00 |
| **Less :- Expenditure** | | |
| Opening Stock of Finished Goods | **-** | - |
| Raw materials consumed | **-** | 0.84 |
| Power and Fuel | **-** | 0.31 |
| Stores and spare parts consumed | **-** | 0.02 |
| Repairs and Maintenance | **-** | 0.02 |
| Excise duty paid | **-** | 0.01 |
| Personnel expenses | **-** | 0.03 |
| **Total Expenditure (B)** | **-** | 1.23 |
| **(A-B) Loss during Trial run period during the current financial year** | **-** | 0.23 |
| Add :- amount brought forward | **-** | - |
| **Total** | | 0.23 |
| **Capitalised with the cost of fixed assets** | | 0.23 |

17. **Accounting for Leases**

A. **Finance Lease**

The Company has one aircraft acquired under finance lease. The lease has a primary period which is fixed and non-cancelable. The agreement provides for revision of lease rentals in the event of changes in (a) taxes, if any, leviable on the lease rental, (b) the rates of depreciation under the Income Tax Act, 1961 and (c) change in the lessor's cost of borrowing. There are no exceptional/ restrictive covenants in the lease agreement. The minimum lease rentals as at March 31, 2009 and the present value as at March 31,2009 of minimum lease payments in respect of assets acquired under finance lease are as follows:

(Rs. in Crores)

| | | Minimum Lease Payment | | Present value of Minimum Lease payment | |
|---|---|---|---|---|---|
| | | As at | | As at | |
| | | **31 Mar, 2009** | 31Mar, 2008 | **31 Mar, 2009** | 31Mar, 2008 |
| I) | Payable not later than 1 year | **2.06** | 2.17 | **1.84** | 1.84 |
| II) | Payable later than 1 year and not later than 5 years | **2.56** | 4.61 | **2.45** | 4.29 |
| III) | Payable later than 5 years | **-** | - | **-** | - |
| | **Total (I+II+III)** | **4.62** | 6.78 | **4.29** | 6.13 |
| | Less: Future Finance Charges | **0.33** | 0.65 | | |
| | Present Value of Minimum Lease Payments | **4.29** | 6.13 | | |

B. **Operating Leases**

The Company has taken certain plant and machinery on non-cancelable lease, the future minimum lease payments in respect of which as at 31st March, 2009 are as follows:

(Rs. in Crores)

| **Minimum Lease Payment** | | **Current Year** | Previous Year |
|---|---|---|---|
| I | Payable not later than 1 year | - | 0.20 |
| II | Payable later than 1 year and not later than 5 years | - | - |
| | **Total (I+ II)** | - | 0.20 |

The Company has an option, under the respective lease agreements, to renew the lease period at the end of the non- cancelable period. There are no exceptional/ restrictive covenants in the lease agreement.

18. The Company has unquoted investment of Rs. 170.30 crores in body corporates (Previous year Rs. 129.65 crores). Considering that the fall in the value of some of the investment had been a continuing one, the management had made a provision for diminution in the value of investment of Rs 11.54 crores during the earlier years. Based on the financial position of the investee companies, the management is of the view that the provision created as aforesaid is adequate.

19. In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities has been made.

20. The Company has so far not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year-end together with interest paid / payable under this Act have not been given.

21. In the previous year, dividend proposed and corporate dividend tax thereon relating to the shares under ESOP was made on the basis of options vested but not exercised till the end of the financial year. Provision made in respect of options lapsed and not exercised in the current year has been adjusted with dividend proposed for the year ended on 31st March, 2009.

22. The Company has not made provision for Corporate Dividend Tax on the amount of dividend proposed for the year ended on 31st March, 2009 since the same has been considered as a set-off against corporate dividend tax payable by a subsidiary company on the interim dividend declared by it for the same financial year.

23. Segment Reporting as required by Accounting Standard (AS–17) issued by the Institute of Chartered Accountants of India:-

(Rs. in Crores)

| Particulars | Current Year | Previous Year |
|---|---|---|
| 1. **Segment Revenue** | | |
| a) Iron & Steel | **8,255.43** | 5,985.84 |
| b) Power | **4,067.42** | 663.22 |
| c) Others | **67.56** | 28.90 |
| **Sub Total** | **12,390.41** | 6,677.96 |
| Less : Inter-segment Revenue | **757.78** | 467.13 |
| **Net Segment Revenue** | **11,632.63** | 6,210.83 |
| 2. **Segment Results (Profit(+) / Loss(-) before Tax and interest from each segment)** | | |
| a) Iron & Steel | **1,937.79** | 1,735.66 |
| b) Power | **2,157.94** | 396.02 |
| c) Others | **8.73** | 4.86 |
| **Sub Total** | **4,104.46** | 2,136.54 |
| Less : Interest, financial expenses and lease rent | **456.65** | 272.78 |
| Other un-allocable expenditure (net of un-allocable income) | **(163.29)** | 344.50 |
| Profit before Tax | **3,811.10** | 1,519.26 |
| Provision for Taxation | | |
| – Income Tax & FBT | **581.32** | 188.11 |
| – Deferred Tax | **222.36** | 79.63 |
| - Wealth Tax | **0.27** | 0.36 |
| **Profit after tax** | **3,007.15** | 1,251.16 |
| 3. **Other Information** | | |
| **I Segment Assets** | | |
| a) Iron & Steel | **9,207.55** | 5,459.25 |
| b) Power | **6,662.06** | 5,310.03 |
| c) Others | **24.34** | 96.19 |
| d) Un-allocated Assets* | **3,411.33** | 2,443.70 |
| **Total Assets** | **19,305.36** | 13,309.17 |
| **II Segment Liabilities** | | |
| a) Iron & Steel | **2,370.06** | 965.29 |
| b) Power | **42.16** | 372.70 |
| c) Others | **23.42** | 8.35 |
| d) Un-allocated Liabilities | **1,615.25** | 1,104.78 |
| **Total Liabilities** | **4,050.89** | 2,451.12 |
| **III Capital Expenditure** | | |
| (Including Capital work in Progress) | | |
| a) Iron & Steel | **2,999.23** | 728.14 |
| b) Power | **902.93** | 1,190.63 |
| c) Others | **12.77** | 17.70 |
| **Total** | **3,915.09** | 1,936.47 |
| **IV Depreciation** | | |
| a) Iron & Steel | **365.69** | 388.92 |
| b) Power | **594.95** | 87.88 |
| c) Others | **3.42** | 2.45 |
| **Total** | **964.06** | 479.25 |
| **V Non Cash expenditure other than depreciation** | | |
| a) Iron & Steel | **(1.31)** | 1.11 |
| b) Power | **(56.71)** | 6.64 |
| c) Others | **(3.93)** | 12.79 |
| **Total** | **(61.95)** | 20.54 |

* Unallocated assets include capital work in progress relating to ongoing projects with corresponding liabilities under unallocated liabilities.

24. Related party disclosure as required by Accounting Standard (AS–18) issued by the Institute of Chartered Accountants of India:-

**A) Associates and Joint ventures**

1. Nalwa Steel & Power Limited, formerly known as Nalwa Sponge Iron Limited
2. Shresht Mining and Metals Private Limited, incorporated Joint Venture
3. Globleq Singapore Pte. Limited
4. Saras Mineracao De Ferro SA
5. Jindal Coal to Liquid Limited

**B) Key Management Personnel:**

1. Shri Naveen Jindal (Exec.Vice Chairman & Managing Director)
2. Shri Vikrant Gujral (Vice Chairman & CEO)
3. Shri Anand Goel (Deputy Managing Director)
4. Shri Sushil K. Maroo (Whole Time Director upto 17.06.2008)
5. Shri Ashok Alladi (Whole Time Director from 01.12.2008)
6. Shri Arun K. Mukherji (Executive Director)

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

1. Nalwa Sons Investment Limited
2. Jindal Stainless Limited
3. Jindal Saw Limited
4. India Flysafe Aviation Limited
5. Gagan Sponge Iron Limited
6. Opelina Finance and Investment Limited
7. Jindal System Private Limited
8. Jindal Coal Private Limited
9. Advance Sporting Arms Private Limited
10. Minerals Mangement Services (India) Limited
11. Jindal Rex Exploration Private Limited
12. Yno Finvest Private Limited
13. Uttam Vidyut Transmission Private Limited
14. Bir Plantation Pvt. Ltd.

**B. Transactions with Related Parties**

(Rs. in Crores)

| **Description** | **Associates and Joint ventures** | | **Key Management Personnel** | | **Enterprises controlled by Key Management personnel and their relatives** | |
|---|---|---|---|---|---|---|
| | **Current year** | Previous year | **Current year** | Previous year | **Current year** | Previous year |
| Purchase of Goods/Services | **126.47** | 6.96 | **-** | - | **0.16** | 62.06 |
| Sales of Goods (incl. capital goods) and Services | **460.03** | 331.66 | **-** | - | **-** | 456.36 |
| Investment in Equity Shares | **-** | - | **-** | - | **-** | - |
| Advance against share Application money | **-** | - | **-** | - | **-** | - |
| Rent and other expenses Paid | **-** | - | **-** | - | **0.07** | 0.08 |
| Interest received/(paid) | **0.04** | - | **-** | - | **-** | 0.30 |
| Dividend received/(paid) | **-** | - | **(0.01)** | (0.01) | **(5.94)** | (7.37) |
| Remuneration | **-** | - | **35.05** | 20.23 | **-** | - |
| Lease rent recd. | **-** | - | **-** | - | **-** | 4.15 |
| Hire charges paid | **-** | - | **-** | - | **-** | 9.43 |
| Corporate guarantees obtained/(given) | **(71.75)** | - | **-** | - | **-** | - |
| **<u>Outstanding Balance at the year end</u>** | | | | | | |
| Loans and Advances (including Interest) | **0.05** | 0.45 | **-** | - | | 20.50 |
| Advance against Share Application money | **-** | - | **-** | - | | - |
| Debtors – Dr. Balance | **-** | - | **-** | - | **-** | - |
| Cr. Balance | **(5.79)** | - | | | | |
| Creditors – Dr. Balance | **-** | - | **-** | 0.14 | **-** | 0.15 |
| Cr. Balance | **6.16** | 5.16 | **-** | - | **0.02** | 17.91 |

**Note:** Details relating to investment in the above-related parties has been disclosed in Schedule 6 "Investments".

25. Earning per Share as required by Accounting Standard (AS)–20 issued by the Institute of Chartered Accountants of India

Rs. in Crores, except per share data

| | Current year | Previous year |
|---|---|---|
| Profit after Taxation | **3,007.15** | 1,251.15 |
| Profit attributable to ordinary shareholders | **3,007.15** | 1,251.15 |
| *Number of Equity Shares (in nos.)* | | |
| Issued and subscribed | **154,508,732** | 153,961,340 |
| Number of Potential Equity Shares (under Employees' stock option scheme) | **1,354,125** | 4,143,427 |
| Total no. of shares including potential equity shares | **155,862,857** | 158,104,767 |
| Basic earning Per Share (Rs.) | **194.63** | 81.26 |
| Diluted earning per Share (Rs.) | **192.94** | 79.13 |

26. Advances recoverable in cash or in kind or for value to be received includes Rs. 0.39 crores (previous year Rs.0.14 crores) being the amount due from directors/officers of the Company. Maximum amount outstanding at any time during the year was Rs. 0.64 crores (previous year Rs. 0.17 crores)

27. Prior period adjustment (net) includes:

(Rs. in Crores)

| | Current year | Previous year |
|---|---|---|
| Income relating to earlier years | **-** | - |
| Expenses relating to earlier years | | |
| a) Social Responsibility Cost | **-** | 15.17 |
| b) Others | **0.07** | - |

28. Auditors' Remuneration includes the following:

(Rs. in Crores)

| | Current year | Previous year |
|---|---|---|
| Payments towards | | |
| - Audit fee | **0.20** | 0.20 |
| - Tax Audit fee | **0.02** | 0.02 |
| - Out of Pocket expenses | **0.01** | 0.01 |
| | **0.23** | 0.23 |

Cost Auditors' Remuneration includes the following:

(Rs. in Crores)

| | Current year | Previous year |
|---|---|---|
| Payments towards | | |
| - Audit fee | **0.01** | 0.01 |
| - Out of Pocket expenses | **0.00** | 0.00 |
| | **0.01** | 0.01 |

29. **FINANCIAL AND DERIVATIVE INSTRUMENTS**

a) Derivative contracts entered into by the Company and outstanding as on 31st March, 2009

For hedging currency and interest rate related risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding is Rs. 2,250.11 crores (previous year Rs. 1,220.17 crores). Category wise break-up is given below:

(Rs. in Crores)

| | Current Year | Previous Year |
|---|---|---|
| Interest rate Swaps | **804.30**<br>**(USD 157.86 Million)** | 719.72<br>(USD 180.07 Million) |
| Options | **290.42**<br>**(USD 57 Million)** | 367.52<br>(USD 91.95 Million) |
| Forward Contracts | **1,155.39**<br>**(USD 226.77 Million)** | 132.93<br>(USD 32.34 Million) |

b) The principal component of foreign currency loans/debts not hedged by derivative instruments amount to Rs. 2,101.75 crores (previous year Rs. 1,808.48 crores) which in respective currencies is as under:

| | Current Year | Previous Year |
|---|---|---|
| US Dollars | 81.83 Million | 256.02 Million |
| Japanese Yen | 31,196.34 Million | 19,590.25 Million |
| Euro | 9.88 Million | - |

c) In accordance with the principles of prudence and on the early adoption of Accounting Standard (AS-30) 'Financial Instruments : Recognition and Measurement', the Company has charged an amount of Rs. 109.38 crores (previous year Rs. 108.79 crores) to the Profit and Loss Account in respect of the outstanding derivative contracts.

d) Pursuant to the ICAI announcement "Accounting for Derivatives" on the early adoption of Accounting Standard (AS-30) " Financial Instruments: Recognition and Measurement", the Company has adopted the Standard for the year under review, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, company law and other regulatory requirements.

30. **Interest in Joint Ventures:**

The Company's interest as a venturer, in jointly controlled entities (Incorporated Joint Ventures ) is as under:

| Name | Country of Incorporation | Percentage of ownership interest as at 31st March,2009 |
|---|---|---|
| Shresht Mining And Metals Private Limited | India | 50 |
| Jindal Coal to Liquid Limited | India | 70 |

The Company's interests in the above Joint Ventures is reported as Long Term Investment (Schedule-6) and stated at cost. However, the Company's share of assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the joint ventures) related to its interest in the Joint Ventures are:

(Rs. in Crores)

| | **As at 31st March, 2009** |
|---|---|
| **I. ASSETS** | |
| 1. Fixed Assets | - |
| 2. Current Assets, Loans and Advances | |
| Cash and Bank Balances | - |
| **II. LIABILITIES** | |
| 1. Unsecured Loans | 0.23 |
| 2. Current Liabilities | 0.02 |
| **III. MISCELLANEOUS EXPENDITURE** | 0.03 |
| (To the extent not written off or adjusted) | |
| | **For the period ended 31st March,2009** |
| **IV. INCOME** | - |
| **V. EXPENSES** | |
| Administrative and Other expenses (under pre-operative account) | 0.24 |

As this is the first year of reporting under Accounting Standard 27-'Financial Reporting of Interests in Joint Ventures', figures for the previous year have not been presented.

31. Previous Year figures have been regrouped and/or rearranged wherever considered necessary to facilitate comparison with Current Year figures.

In terms of our report of even date attached.

**For & on behalf of the Board**

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

**J. KRISHNAN**
Partner
Membership No 84551

**NAVEEN JINDAL**
Executive Vice Chairman &
Managing Director

**VIKRANT GUJRAL**
Vice Chairman &
Chief Executive Officer

Place : New Delhi
Dated : 27.05.2009

**ASHOK ALLADI**
Whole time Director

**SUSHIL K MAROO**
Director

**T.K. SADHU**
Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

| | | For the year ended 31st March 2009 (Rs. in Crores) | For the year ended 31st March 2008 (Rs. in Crores) |
|---|---|---|---|
| **A.** | **CASH INFLOW/(OUTFLOW) FROM THE OPERATING ACTIVITIES** | | |
| | **PROFIT BEFORE TAX, MINORITY INTEREST AND SHARE OF PROFIT OF ASSOCIATES** | **3,811.10** | 1,519.25 |
| | Adjustment for :- | | |
| | Depreciation | **1,026.01** | 479.25 |
| | Miscellaneous expenditure written off during the year | **56.72** | 6.91 |
| | Loss/ Profit on sale of Fixed Assets | **0.23** | 0.19 |
| | Provision for Bad & Doubtful Debts | **(1.60)** | - |
| | Employees Compensation Expenses under Employees Stock Option Scheme | **(3.93)** | 12.79 |
| | Liability / Provisions no longer required written back | **(10.54)** | |
| | Interest Paid | **456.65** | 254.48 |
| | **Operating Profit before Working Capital Changes** | **5,334.64** | 2,272.87 |
| | Adjustment for:- | | |
| | Inventories | **(244.20)** | (353.63) |
| | Sundry Debtors | **(217.55)** | (34.65) |
| | Other Current Assets | **(1,292.88)** | (285.88) |
| | Income Tax paid | **(540.71)** | (163.37) |
| | Other Current Liabilities | **839.41** | 160.49 |
| | **Net Cash Inflow from Operating Activities** | **3,878.71** | 1,595.83 |
| **B** | **CASH INFLOW / (OUTFLOW) FROM INVESTMENT ACTIVITIES** | | |
| | Capital Expenditure | **(3,718.82)** | (2,042.63) |
| | Sale Proceeds of Fixed Assets/Investment | **1.18** | 5.53 |
| | Loans & Advances | **(121.60)** | (197.90) |
| | Share Application | **(1.19)** | (3.66) |
| | Purchase of Goodwill | **(11.61)** | (18.98) |
| | Cash outflow from Investing Activities | **(3,852.04)** | (2,257.64) |
| **C** | **CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES** | | |
| | State Subsidy | **50.04** | 81.59 |
| | Issue of Equity Shares | **14.03** | - |
| | Proceeds from Borrowings | **1,250.22** | 3,304.71 |
| | Working Capital Loan from Banks | **303.61** | (169.34) |
| | (Increase)/Decrease in Investment | **(203.38)** | (139.65) |
| | Repayment/Adjustment of Borrowings | **(813.99)** | (1,575.30) |
| | Dividend | **(38.57)** | (60.04) |
| | Corporate Tax on Dividend | **(6.62)** | (10.20) |
| | Interest Paid | **(531.54)** | (249.12) |
| | Minority Interest | **(1.78)** | 1.22 |
| | **Net cash inflow/ (outflow) from Financing Activities** | **22.02** | 1,183.87 |
| | **NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)** | **48.69** | 522.06 |
| | **Cash & Cash equivalents (Opening Balance)** | **620.67** | 98.61 |
| | **Cash & Cash equivalents (Closing Balance)** | **669.36** | 620.67 |

**Note:**

The figures have been regrouped/ rearranged, wherever necessary, for comparison purposes

**In terms of our report of even date**
For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants

**J. KRISHNAN**
Partner
Membership No 84551

Place : New Delhi
Dated : 27.05.2009

**For & on behalf of the Board**

**NAVEEN JINDAL**
Executive Vice Chairman & Managing Director

**VIKRANT GUJRAL**
Vice Chairman & Chief Executive Officer

**ASHOK ALLADI**
Whole time Director

**SUSHIL K MAROO**
Director

**T.K. SADHU**
Company Secretary

# JINDAL STEEL & POWER LIMITED

Regd. Office: O. P. Jindal Marg, Hisar – 125 005 (Haryana)

## ATTENDANCE SLIP

| D.P. Id.* | |
|---|---|
| Client Id.* | |

| Folio No. | |
|---|---|

I/ We hereby record my/our presence at the Thirtieth Annual General Meeting of the Company at its Registered Office at O. P. Jindal Marg, Hissar – 125 005 on Tuesday, the 29th September, 2009 at 12.00 noon.

Name of the shareholder_______________________________________
(in Block letters)

Signature of the Shareholder / Proxy

Note:

1. You are requested to sign and hand this over at the entrance.
2. If you are attending the meeting in person or by proxy your copy of notice may please be brought by you or your proxy for reference at the meeting.

* Applicable for Investors holding shares in demat form.

# JINDAL STEEL & POWER LIMITED

Regd. Office: O. P. Jindal Marg, Hisar – 125 005 (Haryana)

## PROXY FORM

| D.P. Id.* | |
|---|---|
| Client Id.* | |

| Folio No. | |
|---|---|

I/we_______________________________________ of _______________________________________ in the district of _________________________ being a member / members of the above named Company hereby appoint _________________________ __________ of _________________________ in the district of _______________________________________ or failing him _____________________________ of _____________________________ in the district of _____________________________ as my / our proxy to vote for me / us on my / our behalf at the Thirtieth Annual General Meeting of the Company to be held on Tuesday, the 29th September, 2009 at 12.00 noon or at any adjournment thereof.

Signed this __________ of ______________, 2009

| Affix. 30 Ps.<br>Revenue<br>Stamp<br>Signature |
|---|

NOTE:

1. This form should be signed across the stamp as per specimen signature registered with the Company
2. The proxy must be deposited at the Registered office of the Company at Delhi Road, Hissar, Haryana in not less than 48 hours before the time of holding the meeting.
3. This form is to be used in favour of /against the Resolution. Unless otherwise directed, the proxy will vote as he thinks fit.
4. A proxy not be a member.

*Applicable for investors holding shares in demat form.

NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

## Corporate Office

Jindal Centre,
12, Bhikaiji Cama Place,
New Delhi - 110 066, INDIA.
Tel: +91 11 26188340-50
Fax: +91 11 26161271

## Registered Office

OP Jindal Road,
Hisar - 125 005,
Haryana, INDIA.
Tel: +91 1662 222471-84
Fax: +91 1662 220476

## Works

**Raigarh**
Kharsia Road,
Raigarh - 496 001,
Chhattisgarh, INDIA.
Tel: +91 7762 227001-05
Fax: +91 7762 227022-23

**Raipur**
13 K. M. Stone,
G.E. Road, Mandir Hasaud,
Raipur - 492 101,
Chhattisgarh, INDIA.
Tel: +91 771 2471205-07
Fax: +91 771 2471214, 2471120

**Angul**
Plot No. 751, Near Panchmukhi Chhaka,
Similipada, Angul - 759122,
Orissa, INDIA.
Tel: +91 6764 234483
Fax: +91 6764 232374

**Patratu**
Village Balkudra, P.O. Patratu
Distt. Ramgarh,
Jharkhand - 829143, INDIA.
Tel: +91 6553 275724/275726
Fax : +91 6553 275725

## Mines

**Dongamahua**
Jindal Open Cast Coal Mines
Dongamahua, Distt. Raigarh,
Chhattisgarh, INDIA.
Tel: +91 7767 247484/247539
Tel: +91 7767 247485/247538
(Coal Washery )

**Tensa**
TRB Iron Ore Mines
P.O. Tensa - 770 042,
Distt. Sundergarh,
Orissa, INDIA.
Tel: +91 6625 236023/24
Fax: +91 6625 236023

## Stockyards

**Ahmedabad**
Jindal Steel & Power Limited
C/o. Raghav Steel,
Plot No. 156, Mouje Eyava,
Near Hipolin Ltd., Sanand,
Viramgam Highway,
Ahmedabad - 382 110, INDIA.
Tel: +91 2717 284116

**Chennai**
Jindal Steel & Power Limited
Plot No.4,
Survey No. 110/2,
Kadappakkam Village,
Manali,
Chennai - 600 103, INDIA.
Telefax: +91 44 25930487

**Faridabad**
Jindal Steel & Power Limited
Bhakri,
Badkhal, Pali Road
Faridabad - 121 009,
Haryana, INDIA.
Telefax: +91 129 2484847

**Hyderabad**
Jindal Steel & Power Limited
Survey No. 66-E, 67-E, 68-A,
Shankarpally Road,
Nandigama Village,
Patancheruvu,
Medak Distt. - 502 319
Andhra Pradesh, INDIA.
Tel: +91 8455 200309/310

**Kolkata**
Jindal Steel & Power Limited
C/o. Blue Moon Commercial (P) Ltd.,
Jaladhulagori, Sankrail,
Opp. Ambuja Bengal Factory,
Distt. Howrah - 711 313, INDIA.
Telefax: +91 33 26791905

**Nagpur**
Jindal Steel & Power Limited
17.5 K.M. Stone,
Bhandara Road,
Mauza Kadoli,
Tehsil Kamptee,
Distt. Nagpur - 441104, INDIA.
Tel: +91 7109 270486

## Branch Offices

**Barbil**
**Iron Ore Pellet Plant**
Commercial Office,
Plot No. 507/365,
Barbil - Joda Highway
Barbil - 758 035,
Orissa, INDIA.
Tel: +91 6767 277300/349, 275511
Fax: +91 6767 275617

**Bhubaneshwar**
426, Jayadev Nagar,
Nageshwar Tangi,
Bhubaneshwar - 751 002,
Orissa, INDIA.
Tel: +91 674 2435419, 2435420
Fax: +91 674 2435419

**Chennai**
4C, Century Plaza,
560 - 562, Anna Salai,
Chennai - 600 018, INDIA.
Tel: +91 44 52132334/2134
Fax: +91 44 52132334

**Kolkata**
41, Shakespeare Sarani
Room No. 2, 3rd floor,
Kolkata - 700 017, INDIA.
Tel: +91 33 22473616/7398/7721
Fax: +91 33 22476203

**Mumbai**
Jindal Enclave,
Behind Marathe Udyog Bhawan,
New Prabhadevi Road, Prabhadevi,
Mumbai - 400 025, INDIA.
Tel: +91 22 24328000
Fax: +91 22 24238312

**Ranchi**
241/B, Ashok Path,
Road No.2, Ashok Nagar,
Ranchi 834 002,
Jharkhand, INDIA.
Tel: +91 651 2242362
Fax: +91 651 2242363

**Raipur**
13 K. M. Stone,
G.E. Road, Mandir Hasaud,
Raipur - 492 101,
Chhattisgarh, INDIA.
Tel: +91 771 3054625/685/672/675/612
Fax: +91 771 3054671/2471001

## International Addresses

**Bolivia**
Jindal Steel Bolivia S.A.
Equipetrol Norte,
1800 Av. San Martín,
Edificio Tacuaral,
4to Piso Oficina 402 - 403,
Santa Cruz de la Sierra - Bolivia,
South America.
Tel: +591 3 3416000
Fax: +591 3 3416775

**China**
Jindal Steel and Power Limited
A-502, Green Building,
12 Guanghua Lu (East),
Chaoyang District, Beijing,
P R China - 100020.
Tel: +86 10 6581 4020
Fax: +86 10 6581 4021

**Democratic Republic of Congo**
Jindal Minerals and Metals
Africa Congo Sprl,
Immeuble Congo Futur,
Bld du 30 juin,
Kinshasa/Gombe.

**Jakarta**
Apartment Cityloft, Unit 2322,
Jl. K H Mas Mansyur No.121,
Jakarta, Pusat - 10220,
Indonesia

**Mozambique**
JSPL Mozambique Minerais Limitada
Av. Julius Nyerere, No.4093,
Sommerchield II, Maputo,
Mozambique.
Tel: +258 2149 1227
Fax: +258 2149 1217

**Madagascar**
Jindal Madagascar SARL
Mahedo,
BP: 58 Majunga - 401,
Madagascar.
Tel: +261 3321 68482

**South Africa**
Jindal Africa Investment Pty. Ltd.
Ground Floor, Bldg No 3,
Parc Nicol, 3001- William Nicol Drive,
Bryanston, Johannesburg, South Africa.
Tel: +27 11 706 8420/8321/8435
Fax: + 27 11 706 8422

**Corporate Office**
Jindal Centre, 12, Bhikaiji Cama Place,
New Delhi - 110066. India.
Tel: +91 11 26188340-50 Fax: +91 11 26161271

**Registered Office**
O.P. Jindal Marg,
Hisar -125 005, Haryana.

Website: www.jindalsteelpower.com