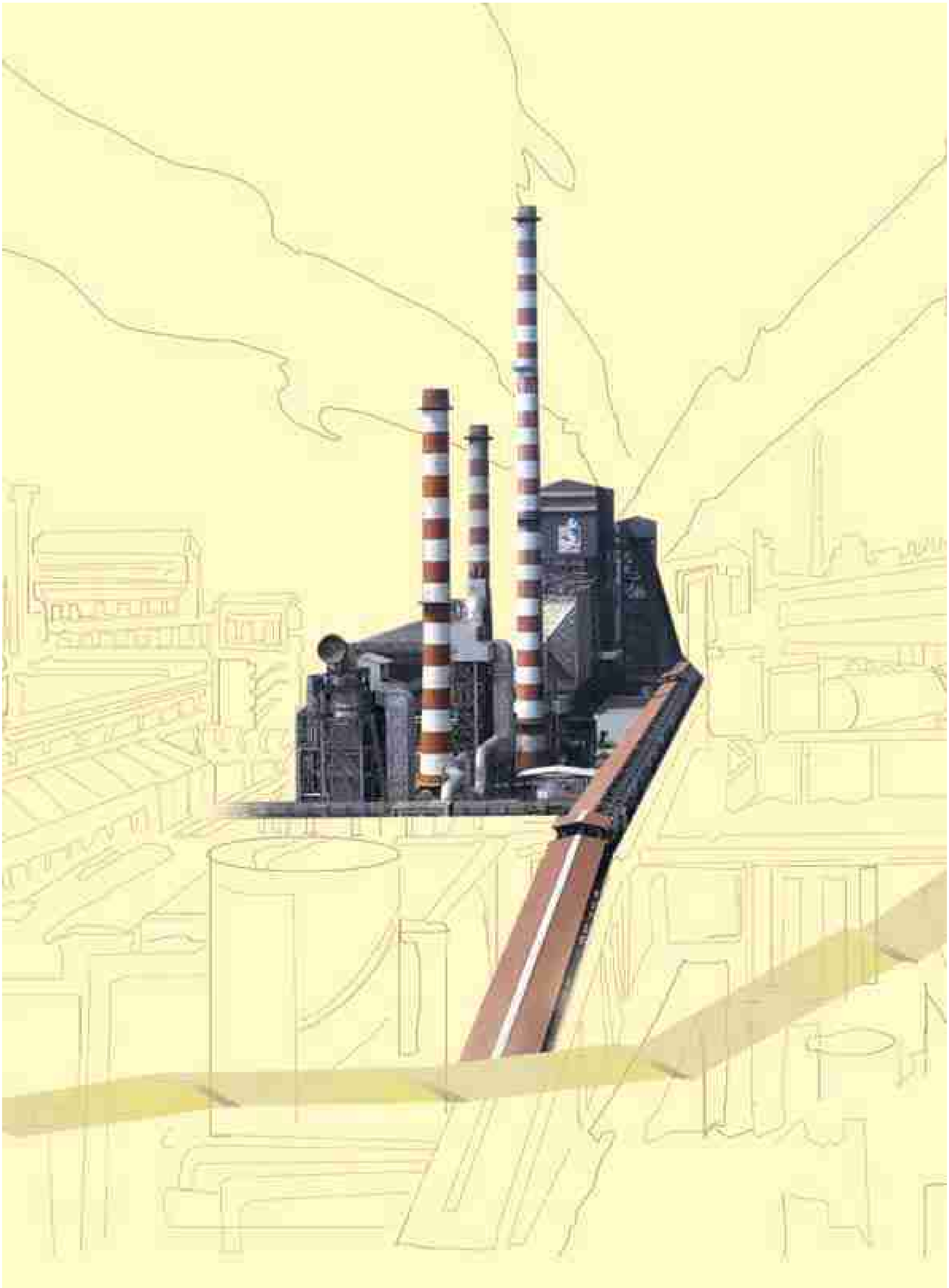
Annual Report: 2007-08

Expanding Global Horizons

JINDAL STEEL & POWER LIMITED



From Raigarh to the World

It has been a momentous journey for the O P Jindal Group from its small beginnings to becoming one of the most respected business and industrial houses today. In 1952, O.P. Jindal wondered why steel pipes could not be made in India when he spotted one with foreign markings. He got working on the idea and started a small pipe unit at Liluah in Howrah district of West Bengal. No one at that point of time dreamt where this visionary would take this humble begining. Today, O P Jindal Group is a US$ 10 billion conglomerate.

O.P. Jindal is no more, but his vision lives on as the group expands, innovates and grows setting up units dealing with steel, power, cement, mining and infrastrucutre in Chhattisgarh, Jharkhand, Orissa and outside India. Jindal Steel & Power Limited (JSPL) has set its mark in global arena after bagging the development rights for 20 billion tonnes of iron ore from Bolivia. It plans to invest US$ 2.1 billion in this South American country over the next few years in setting up a steel plant besides mining activity. The company is also exploring similar opportunities in some other parts of the globe and hope to clinch a project or two soon. It is also prospecting for diamonds in the Democratic Republic of Congo, Chhattisgarh and Jharkhand.

The last decade has been eventful for JSPL as it embraces the future with confidence that comes out of its past achievements and commitment for excellence. Investment commitments in steel, power and mining have touched more than US$ 30 billion. It has won numerous awards in the process for its ingenuity, commitment to quality and concern for conservation. It now has more than 15,000 committed employees who are helping the company scale new heights.

New technology married with a vision-fuelled growth and prosperity for consumers, stakeholders, employees and the communities has helped the group emerge as a shining example of new India. Driven by its corporate social responsibility initiatives, JSPL is showing a new way to run businesses.

As the company realizes its vision of contributing to India's growth, it is globally expanding to becoming one of India's most innovative and dynamic business groups. The future is studded with challenges and JSPL is taking them on with vigour and courage.

A Dream that today is a Mission

Late Shri O.P. Jindal
Founder Chairman- O P Jindal Group

"In the era of fierce global competition and rapid technological advancements, innovation and brilliance are common words that form an integral part of daily lives. To lead the charge in this brave new world one should be an active participant to shape it to the next level of growth, to envisage and transform an idea into astute business proposition and wear the mantle of the industry leader."

O.P. Jindal

Translating the Dream...

Smt. Savitri Jindal
Chairperson
O P Jindal Group

Today, Smt. Savitri Jindal is having the pride of seeing her late husband's dream translating into a legacy of hope, achievement and excellence as the O P Jindal Group blooms into varied areas diversifying and growing. She has the satisfaction of seeing how JSPL is globally spreading its wings to grow into a major conglomerate. She guides the company with her penchant for ethical corporate governance and values that were dear to her husband. These values have driven the company's corporate social responsibility initiatives in the fields of education, healthcare and empowerment of the economically deprived.

Innovative Strategies and Visionary Leadership

Naveen Jindal

Executive Vice Chairman &
Managing Director

Once again, I am very happy to report another great eventful year gone by. In many ways, 2007 has been a significant year for Jindal Steel & Power Limited (JSPL). For one, we have completed ten years of operation in this fiscal. For another, we not only consolidated our position at home but also stretched out operations globally. It is part of our quest for excellence coupled with the desire to make India proud.

The last decade has been very challenging as the business environment was very competitive, India was globalising and there were multiple complex issues at play. But we managed to surmount it all and emerge on the top adding new parameters to our achievements and bringing in the kind of excellence that will make the industry and country proud. The company's net sales stood at Rs. 5,459 crore in 2007-08 as compared to Rs. 377.15 crore in 1998-99 and Profit After Tax (PAT) at Rs.1,236.96 crore in 2007-08, while it was Rs. 46.50 crore in the year 1998-99. JSPL's compounded annual growth rate in terms of net sales is 35% & PAT is 44%, a stupendous growth indeed and I am thankful for that to our committed workforce. It has been a decade gone well and we look forward to another challenging decade with our determination to reach for the stars.

By upgrading its existing facilities and commissioning new ones, JSPL envisages to augment its steel production capacity to 30 million tonnes in the next decade or so. JSPL and its subsidiary Jindal Power Limited (JPL), will have a power generation capacity of 12,000 MW in next decade and help India achieve its goal of affordable power for all by 2012. JPL has already set up a coal based 1000 MW Thermal Power Plant in Chhattisgarh with an investment of over Rs. 4,500 crore.

We began our global operations with the granting of development rights for 20 billion tonnes of iron ore from El Mutun mines in Bolivia, South America, one of the largest iron reserves in the world. We are scouting for some more iron ore and coking coal mines in other parts of the world. Besides iron ore and coal, we are also prospecting for diamonds, gold and other minerals both at home and abroad.

With our innovative strategies, we have enhanced our competitive edge once again consolidating our position further. Our Key Performance Indicators (KPI-see page 24-25) have substantially improved due to our growth driven approaches. The importance we place in our relationship is manifested in our commitment to maintain transparent relations with customers & suppliers.

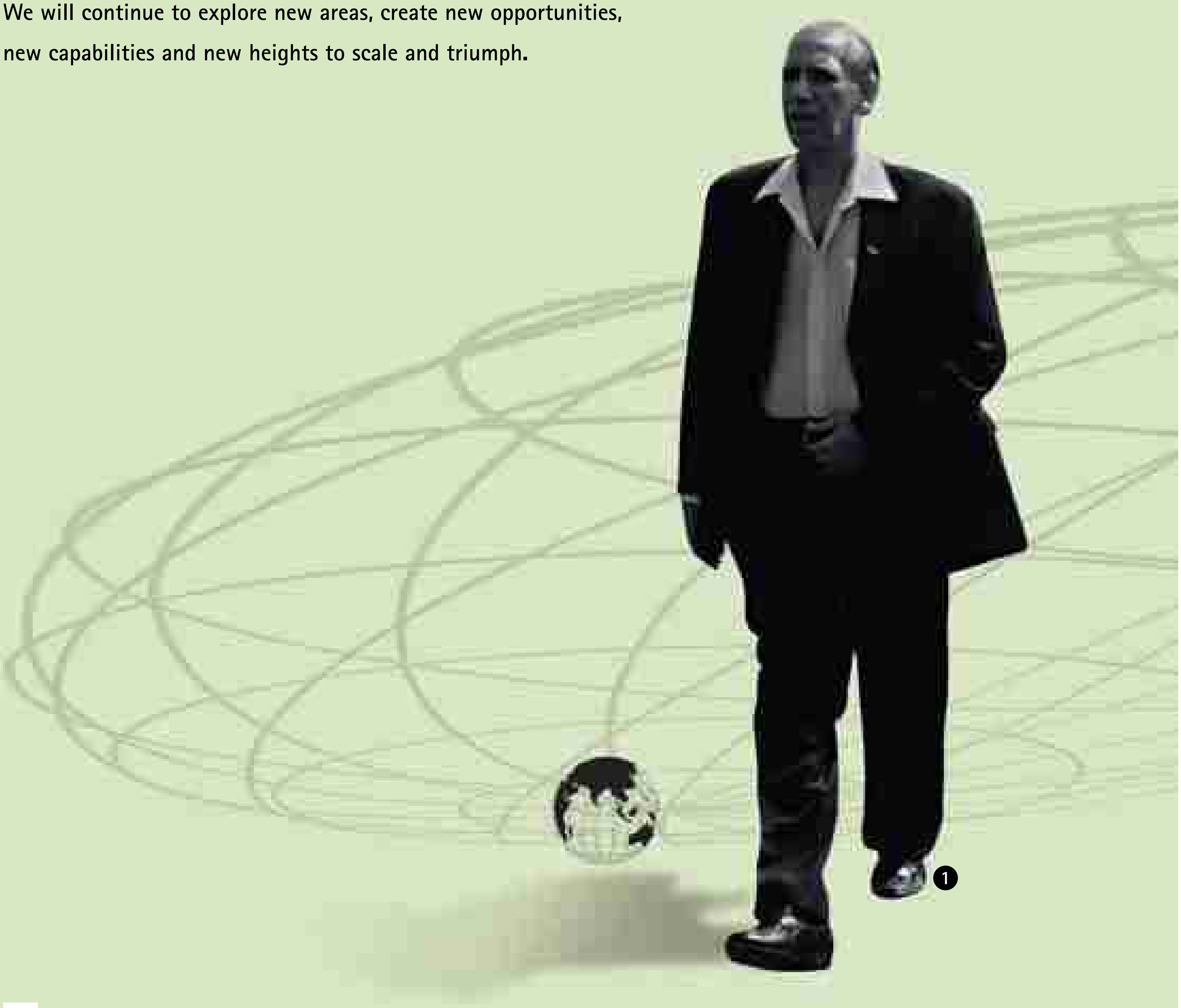
Keeping to our commitment to be socially responsible, JSPL continued to work in socially relevant projects in backward pockets of Chhattisgarh, Orissa and Jharkhand. Our company will not only be known for its quality products but also for fulfilling our social and environmental obligations for the society we live in. We are proud of what we did this year and are looking forward to new challenges and scaling new heights in future.

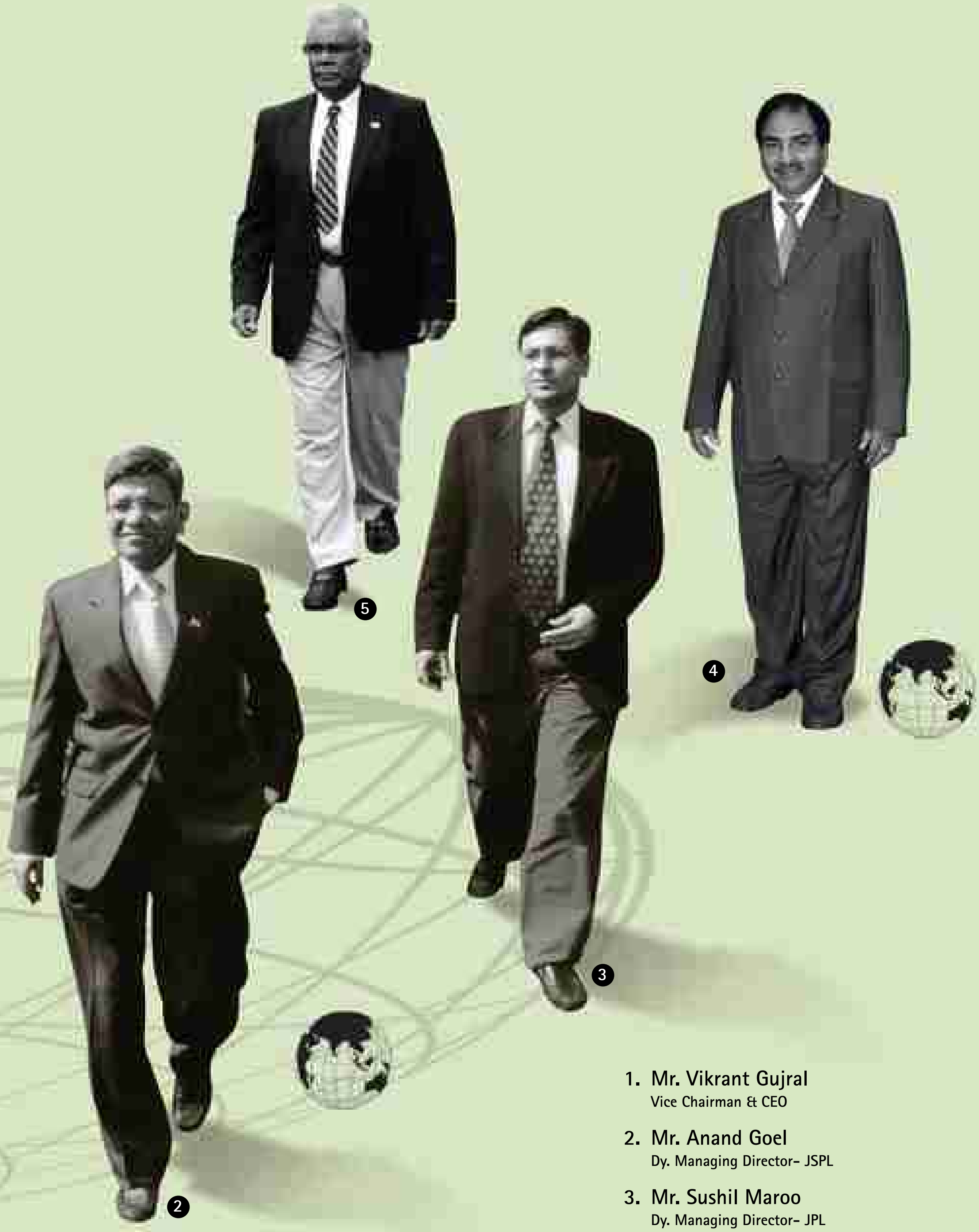
Magical Teamwork

AT JSPL, we have no doubt that our growth has been engineered by our 15,000 employees, who with excellent team work have helped us wade through a very difficult and competitive marketplace and emerge successful.

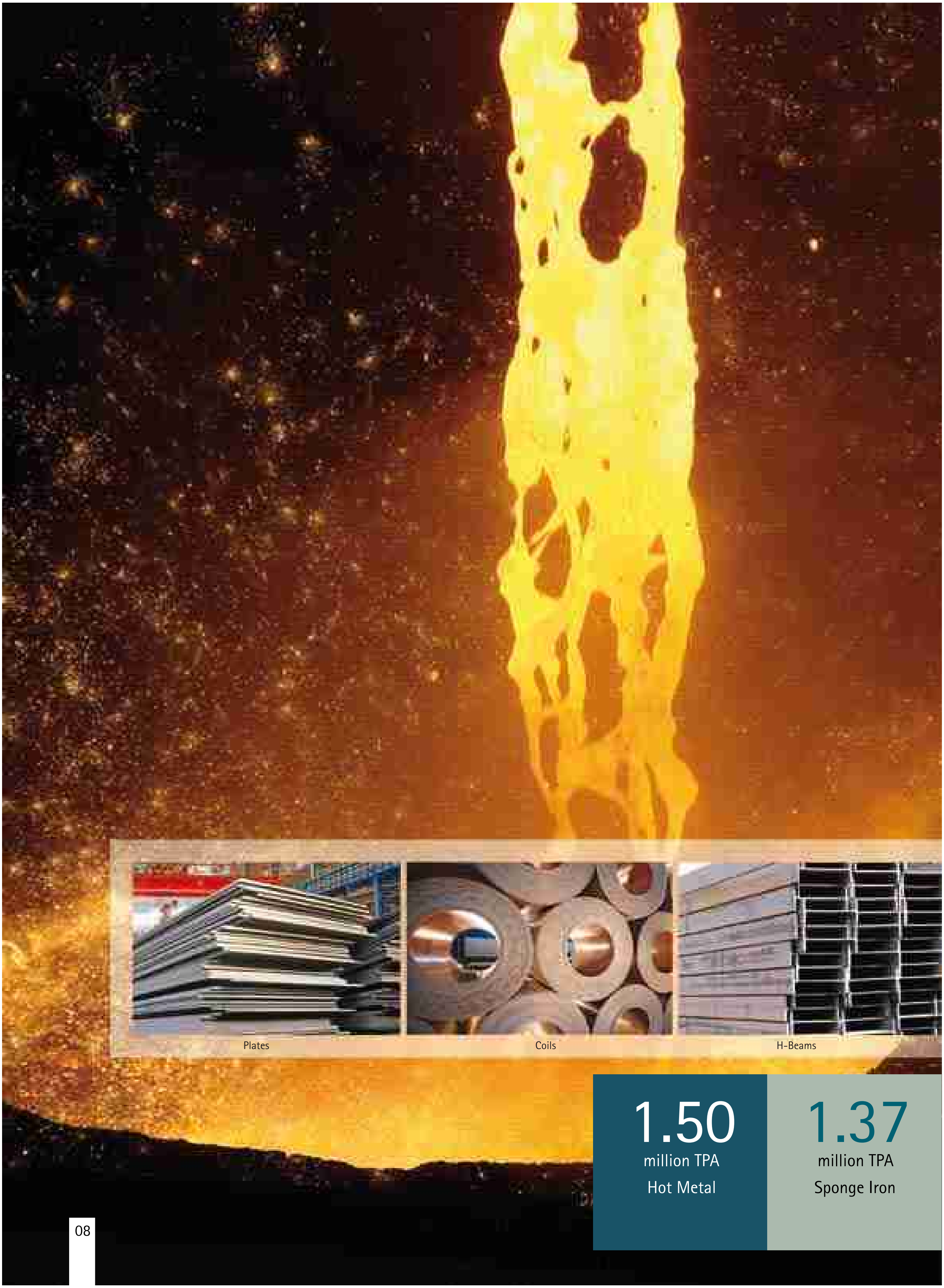
We shall continue to draw on the creativity of our employees, rely on their sincerity and ride on their commitment to make ours a truly world-class company that is constantly innovating.

We will continue to explore new areas, create new opportunities, new capabilities and new heights to scale and triumph.





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



Plates

Coils

H-Beams

1.50
million TPA
Hot Metal

1.37
million TPA
Sponge Iron

Towering Strengths

Jindal Steel & Power Limited

Aerial view of the JSPL Plant, Raigarh

JSPL's rapid growth has been a result of its inherent towering strengths of its committed employees, thinking out of the box, backward and forward integration in the group and using technology to cut costs and bring efficiency. Its emergence as one of the leaders in steel and power sectors brings it closer to fulfilling its commitment to work for a prosperous India.

Milestones:

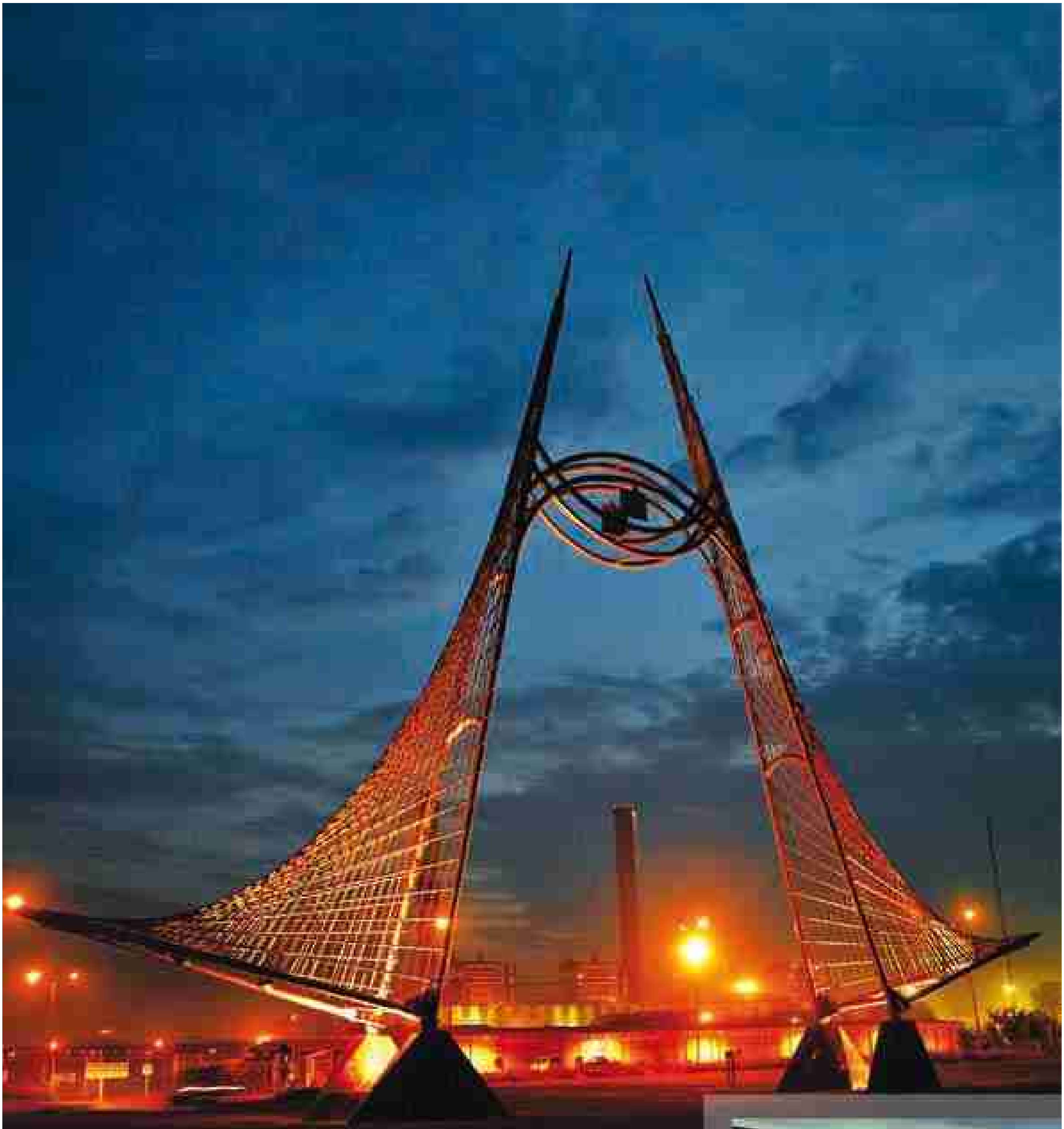
* Spreading out globally in steel production and mining.
* The largest private sector investor in the state of Chhattisgarh.
* An ISO 9002 & ISO 14001 certified Company.
* Manufactured 120 meters Rail, longest in the world.
* First to produce the 3.5 meters wide steel plates.
* Pioneered manufacturing of Hot Rolled Parallel Beam & Columns in medium and large size.
* World's largest coal based Sponge Iron manufacturing unit with its captive mines & power plant.

120mtr long Rails

Recognitions:

* JSPL was nominated as one of the emerging companies by Economic Times in 2001.
* Among the top 20-investor friendly companies listed by Business Today in 2004.
* One of the ten fastest growing large size companies listed by Dalal Street, 2006.
* One of the ten most investor friendly companies listed by Dalal Street, 2006.
* National Energy Conservation Award six times between 2001-07.
* Eight Environment Awards between 2003-08.
* Six Performance Awards between 2001-2005.
* Three Safety Awards and two HR Awards.

2.4	0.75	340	1.0	36,000
million TPA	million TPA	MW	million TPA	TPA
Steel	Rail & Universal Beam Mill	Power Generation	Plate-cum-Coil Mill	Ferro Alloys



View of the JPL- Power Plant through the entrance gate, Raigarh

Control Room

Engineered to Power India

Jindal Power Limited

Aerial view of the 1000 MW mega Power Plant, Raigarh

Jindal Power Limited (JPL), a subsidiary of JSPL, has set up a 1000 MW power project at Raigarh, the first Mega Power Project of India in private sector. JPL has planned more hydro and thermal power projects and has an 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'. (see the expansion plans below)

1000 MW Thermal Power Plant

JPL has set up a coal-based 1000 MW (4x250 MW) O P Jindal Super Thermal Power Plant near Village Tamnar in Raigarh District in Chhattisgarh. (Last unit of 4X250 MW is in trial run and expected to commence from August, 2008)

2520 MW Coal based Thermal Power Station

Proposed Investment: Around Rs. 11,340 Crore

MoUs are signed between the Govt. of Chhattisgarh, Chhattisgarh State Electricity Board & Jindal Power Ltd. for setting up 2520 MW coal based thermal power plant.

2640 MW Power Project

Proposed Investment: Around Rs. 11,880 Crore

MoU is signed between the Govt. of Jharkhand & Jindal Power Ltd. on 3rd June, 2008.

Turbine Set

Dam on River Kurket

Power Grid

Mr. Vikrant Gujral, VC & CEO- JSPL, Mr. Naveen Jindal, EVC & MD- JSPL & Mr. Evo Morales, President of Bolivia in January 2008

JSPL is now targeting not only renewed domestic growth but also reaching out globally using its expertise through diversified investment strategies and gaining a foothold in high growth markets. It continues to work concertedly to expand in its core areas as well as diversifiying into new businesses.

JSPL has acquired the development rights for 20 million tonnes of El Mutun Iron Ore Reserves in Bolivia, South America. It plans to invest US$ 2.1 billion in the next few years for mining and setting up of an integrated 1.7 MT Steel Plant, 6 MT Sponge Iron and 10 MT Iron Ore Pellet Plant.

The project will generate gainful employment for thousands of people & catalyze economic growth for the Republic of Bolivia.

This is the largest investment by an Indian company in Latin America and also the largest foreign investment in a single project in Bolivia.

Mr. Naveen Jindal, EVC & MD-JSPL talking business with Mr. Evo Morales, President of Bolivia

Mr. Evo Morales, President of Bolivia (third from left) & Mr. Vikrant Gujral, VC & CEO-JSPL (fifth from left) at the MoU singing ceremony in Bolivia

Investment in Bolivia

US$ 2.1 billion in next 8 years

Pellet Plant	:	10 MTPA
Sponge Iron Plant	:	6 MTPA
Steel Plant	:	1.7 MTPA
Power Plant	:	450 MW

Global Reach

At a reception in Mongolia - Mr. Naveen Jindal, EVC & MD-JSPL (fifth from left) with Mogolian Ambassador, Indian Ambassador & other officals in February 2008.

The company is exploring steel production & minning projects in some other parts of the world such as Brazil and Mongolia. Mr. Naveen Jindal led a delegation to Mongolia earlier this year and talks are at an advance stage to workout an agreement.

JSPL has diversified into exploration of diamond, gold, precious stones and other high value metals and minerals in Chhatisgarh, Jharkhand and the Republic of Congo. Jindal Rex Exploration Pvt. Ltd. is a joint venture with Rex Diamond Mining Company having headquarters in Canada and operational centre at Belgium.

The group has tied up with various foreign players to get cutting edge technology from JFE, Japan (earlier known as NKK Corp.) to produce long rails that will ensure faster and safer rail travel. JSPL now has a technical services agreement with Lurgi, South Africa, for producing Syn Gas from coal. Another agreement is with Danieli, Italy for producing Direct Reduced Iron (DRI), an environment friendly project. The company has also entered into an agreement with VAI-Siemens to set up a 5.0 meter wide plate mill which can also be used for ship building.

Exploration and Mining of Diamonds

Expanding Domestic Investment

JSPL's investment strategy will continue to focus on Chhattisgarh, Jharkhand and Orissa.

Investment in Chhattisgarh:

An MoU was signed between JSPL and the Govt. of Chhattisgarh on 4th May 2007 for additional projects worth Rs. 8,438 crore.

Total Project Cost:
8,720Crore

Cement:
2.0MTPA

Steel:
3.0MTPA

Power:(CPP)
600MW

Mr. Raman Singh, Hon'ble CM - Chhattisgarh and Mr. Naveen Jindal at inauguration of Blast Furnace

JSPL proposes to produce about 3.0 MTPA-HR Colis for special purpose application like auto body steel, ERW line pipes, boiler quality and atmospheric corrosion resistance steel grades. Additional 2.0 MTPA Gas based DRI is also to be added in the expansion plan.

Further Expansion at Raigarh Plant:

* 2 MTPA Cement Plant
* Additional Power Generation of 270 MW
* Medium Structural Mill
* Pipe conveyor from mines to plant
* Mini Blast Furnace upgradation
* 1 MT SMS Bloom Caster and Oxygen Plant
* Fabrication Plant in Industrial Estate

FICCI Annual Award for Sports Initiatives

Musical Fountain

Lighting up Lives in Chhattisgarh

As JSPL grows, it has not lost sight of its commitment to the less fortunate. We have often felt humbled as we work with the community, creating facilities like roads, parks, sewage and sanitation, healthcare schemes, programmes to let women see a new day and so on. We have tried to ease some pain, create awareness and engineer empowerment in various sections of society, where we work.

Corporate Social Responsibility- Raigarh:

* Adoption of more than 42 villages for overall upgradation.
* 10+2 co-educational O P Jindal School.
* O P Jindal Institute of Technology having state-of-the-art infrastructure, spread over 25 acres and AICTE affiliated.
* O P Jindal Institute of Power Technology – CEA affiliated, diploma courses to be started from September 2008.
* Other initiatives include adoption of various government-run ITIs in Chhattisgarh.
* Multi-specialty O P Jindal Hospital & Research Centre.

Mobile Medical Van

O P Jindal Hospital & Research Centre

O P Jindal Institute of Technology

Investment in Orissa:

JSPL is investing over Rs. 40,000 crore in Orissa in steel production and power generation. It proposes to produce 12.5 MTPA steel in two phases and generate 2500 MW of power over the next decade or so.

Phase I: Steel:	Phase I: Power:(CPP)	Phase II: Steel:	Phase II: Power:(CPP)
6.0 MTPA	1000 MW	6.5 MTPA	1600 MW

Highlights of Angul Project:

* The Project is proposed to be setup on 5750 acres of land, 93% of which is barren.

* The technology to be adopted for this Integrated Steel Plant will be the DRI/BF/EAF route. The DRI Plant has unique feature of using Syn Gas from the Coal Gasification Plant as reductant. The DRI/coal gasification route is being used for the first time in the world and has the advantage of using high ash coal which is predominantly available in the vicinity of the project site.

* Work on setting up of DRI plant of 2.0 MTPA capacity, plate mill of 1.5 MTPA capacity and power plant has started.

* Plate Mill of 1.5 MTPA has already been ordered and Hot Strip mill is planned to be finalized by August, 2008.


Sh. Naveen Patnaik, Hon'ble CM-Orissa & Mr. Naveen Jindal at MoU signing


Construction of Road around project site


Focus on Live-Stock

Lighting up Lives in Orissa

O P Jindal Institute of Technology & Skills

Corporate Social Responsibility- Angul:

* O P Jindal Institute of Technology & Skills started since July, 2007.
* Modular Employment Scheme (MES) classes have started in order to provide vocational training to school dropouts, existing workers and unemployed youth to improve their employability.
* Schemes to improve infrastructure of existing schools initiated at Benagadia High School and Panpur Primary School.
* Mobile Health Clinic provides basic health care services in adjoining villages.
* More than 3000 families have benefited so far from various medical camps organized.
* Deworming of livestock, vaccination camps and vitamin supplementary schemes initiated to improve nourishment of animals.
* Electrification programmes carried out at village Nisa & village Bada Mahitala.
* Community Development schemes including construction of community centre, roads, deep bore wells and pumps undertaken among others.

Village Electrification Programme

Mobile Health Clinic

Township being developed at Project Site

Investment in Jharkhand:

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

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

Sh. Madhu Koda, Hon'ble Chief Minister of Jharkhand along with Mr. Naveen Jindal at the foundation stone laying ceremony

Highlights

* JSPL has taken over the assets of closed Bihar Alloys & Steel Ltd. at Patratu, about 40kms from Ranchi.
* Using the available land and adding some more, the company is setting 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.

First lot of finished goods despatched in November 2007

Lighting up Lives in Jharkhand

O P Jindal Institute of Technology & Skills

Corporate Social Responsibility- Patratu:

The company has undertaken many projects for upgradation of basic services such as sanitation, healthcare, education, plantation of trees, building of roads, etc. in adjoining villages.

* OP Jindal Institute of Technology and Skills trains youth under Modular Employment Schemes (Welder, Electrician & MMV).
* JSPL has renovated several schools and distributed books & furniture and runs evening coaching centers and adult education classes.
* 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.
* JSPL supports self-help groups for imparting vocational training in tailoring to women.
* Mega camps for livestock, vaccination, deworming & dehorning and distribution of medicines & vitamins.

Medical checkup by company doctor

Focus on Live-Stock

Temple at Project Site

Improving Environment

Achieving a sustainable balance between environment management and economic growth is one of JSPL's dearest values. The company conducts regular environmental impact assessments for air, water and soil quality and the local ecosystem. JSPL actively promotes clean environment by complying with all the legal requirements, adopting environment-friendly technologies and works closely with the community to foster greater mutual understanding through constant educational seminars and training.

Major steps taken towards promoting a greener environment:

* Put in place the 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 Rs namely Reuse, Recycle and Reduce to convert waste into environmental wealth.
* Fly-Ash brick making, vermi-compositing and rainwater harvesting for maximizing recyclability.
* 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 (in 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.

Accolades and Awards

* National Energy Conservation Awards 2007, 2005, 2004, 2003, 2002 and 2001
* Golden Peacock Environment Management Award 2008 and 2003
* Golden Peacock Eco Innovation Award 2007
* Greentech Environment Excellence Award 2007, 2006 and 2003
* Srishti Green Cube Award for Good Green Governance 2007 and 2006

Financial Performance

FOR THE YEAR 2007-08

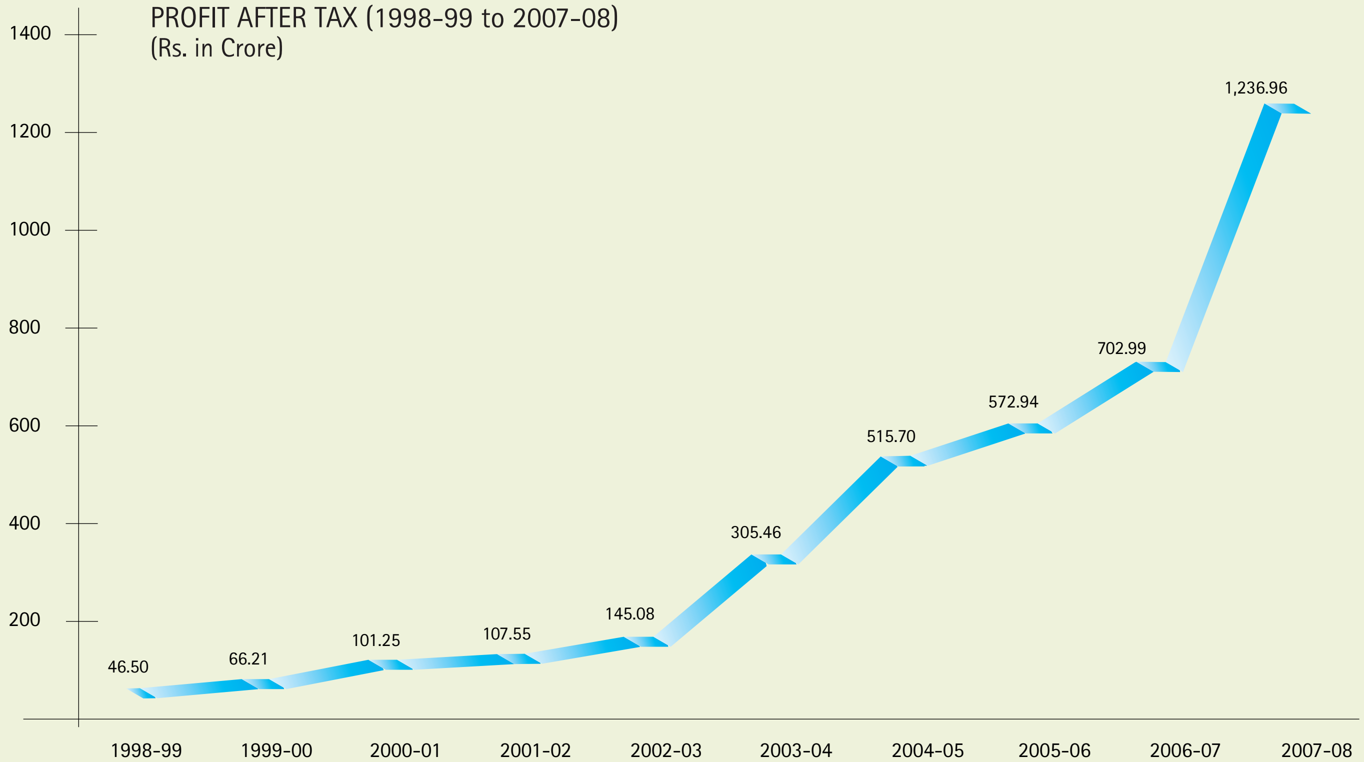
At JSPL, our consistently robust performance round the year has given us the drive to help build a new India.

CASH PROFIT: Rs. 1,768.10 Crore

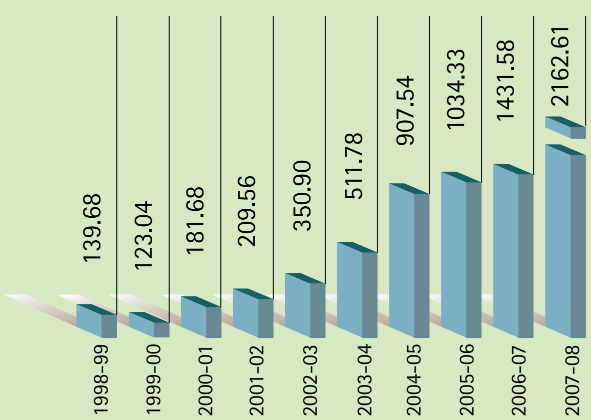
Up 51%

Growth story of the decade

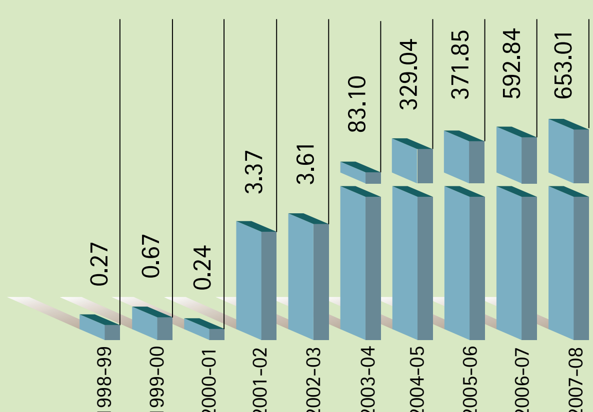
PROFIT AFTER TAX (1998-99 to 2007-08)
(Rs. in Crore)



PBIDT (1998-99 to 2007-08)
(Rs. in Crore)



EXPORTS (1998-99 to 2007-08)
(Rs. in Crore)



NET PROFIT: Rs. 1,236.96 Crore

Up 76%

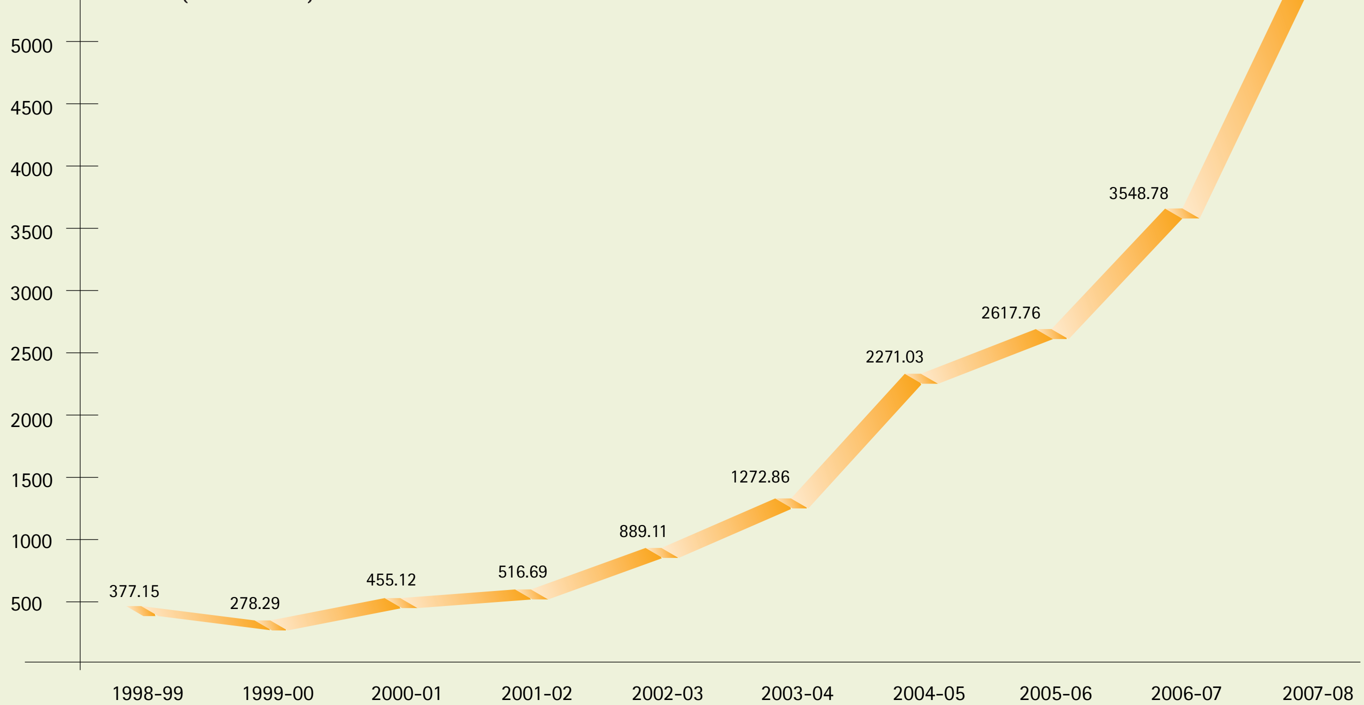
NET SALES: Rs. 5,410.75 Crore

Up 54%

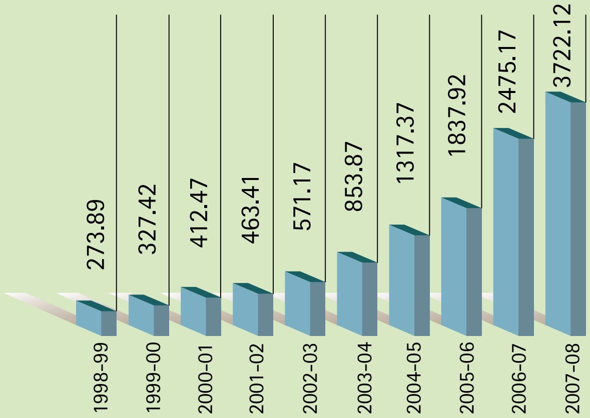
EPS: Rs. 80.34

Up 76%

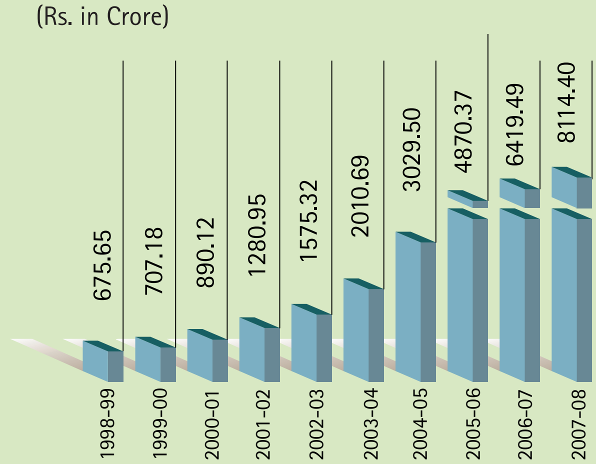
NET SALES & OTHER INCOME (1998-99 to 2007-08)
(Rs. in Crore)



NET WORTH (1998-99 to 2007-08)
(Rs. in Crore)



TOTAL ASSETS (1998-99 to 2007-08)
(Rs. in Crore)



KEY PERFORMANCE INDICATORS

	2007-08 (12 Months)	2006-07 (12 Months)	2005-06 (12 Months)	2004-05 (12 Months)
INCOME STATEMENT				
Domestic Sales	5478.62	3326.95	2506.10	2120.83
Exports	653.01	592.84	371.85	329.04
Other Income	49.12	28.97	27.51	17.43
Gross Sales & Other Income	6180.75	3948.76	2905.46	2467.30
Net Sales & Other Income	5459.87	3548.78	2617.76	2271.03
Operating Profits (PBIDT)	2162.61	1431.58	1034.33	907.54
Profit After Tax (PAT)	1236.96	702.99	572.94	515.70
Cash Profit	1768.10	1174.21	858.41	765.76
BALANCE SHEET				
Gross Block	6579.42	5866.87	4389.32	2875.98
Net Block	5396.31	5085.12	3846.99	2514.22
Share Capital				
Equity	15.40	15.40	15.40	15.40
Preference	-	-	-	-
Net Worth	3722.12	2475.17	1837.92	1317.37
Borrowings	3863.35	3507.72	2745.37	1495.86
SIGNIFICANT RATIOS				
Operating Profit to Net Sales	40%	41%	40%	40%
Net Profit to Net Sales	23%	20%	22%	23%
Total Debt to Equity Ratio	1.03	1.40	1.49	1.13
Return on Capital Employed	25%	21%	22%	28%
Return on Net Worth	33%	28%	31%	39%
PER EQUITY SHARE of Re 1/-* each				
Book Value (Rs.)	241.76	160.77	119.40	85.60
EPS (Annualised) (Rs.)	80.34	45.66	37.21	33.50
Dividend Rate	400%	360%	300%	300%

* 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.

(Rs. in Crore except otherwise stated)

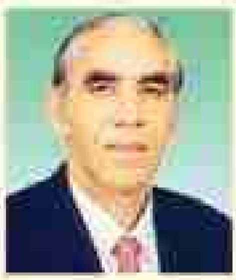
2003-04 (12 Months)	2002-03 (12 Months)	2001-02 (12 Months)	2000-01 (12 Months)	1999-00 (9 Months)	1998-99 (15 Months)
1309.59	989.57	572.18	510.25	307.40	416.25
83.10	3.61	3.37	0.24	0.67	0.27
11.25	8.50	5.86	7.05	5.75	3.82
1403.94	1001.68	581.41	517.54	313.82	420.34
1272.86	889.11	516.69	455.12	278.29	377.15
511.78	350.90	209.56	181.68	123.04	139.68
305.46	145.08	107.55	101.25	66.21	46.50
434.25	267.15	152.19	133.41	86.97	77.87
1966.97	1504.00	1128.27	782.09	539.89	487.80
1719.97	1324.69	1006.63	698.68	488.33	456.64
15.40	14.63	12.90	12.71	12.71	12.61
-	10.00	71.00	71.00	61.00	60.00
853.87	571.17	463.41	412.47	327.42	273.89
1025.96	885.26	697.51	404.53	316.29	339.20
40%	39%	41%	40%	44%	37%
24%	16%	21%	22%	24%	12%
1.09	1.41	1.49	1.04	1.02	0.85
24%	27%	18%	22%	15%	14%
36%	25%	23%	25%	18%	16%
55.40	39.00	36.00	32.60	25.80	21.80
20.04	10.40	7.60	7.20	6.20	2.95
200%	125%	70%	50%	40%	40%

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
(Dy. Managing Director)

Mr. Sushil Maroo
(Director)

Mr. A.K. Mukherji
(Wholetime Director)

Mr. R.V. Shahi
(Additional Director)

Mr. Arun K. Purwar
(Director)

Mr. Ashok Alladi
(Additional Director)

Smt. Ramni Nirula
(Nominee Director
ICICI Bank Ltd.)

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

Other Key Members

Mr. R.K. Saraf
President & Director
(JPL)

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

Mr. D.P. Sarawgi
Executive Director
(JPL)

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)

Contents

Company Secretary

T. K. SADHU

Bankers

State Bank of India

Punjab National Bank

State Bank of Patiala

ICICI Bank Limited

Canara Bank

Statutory Auditors

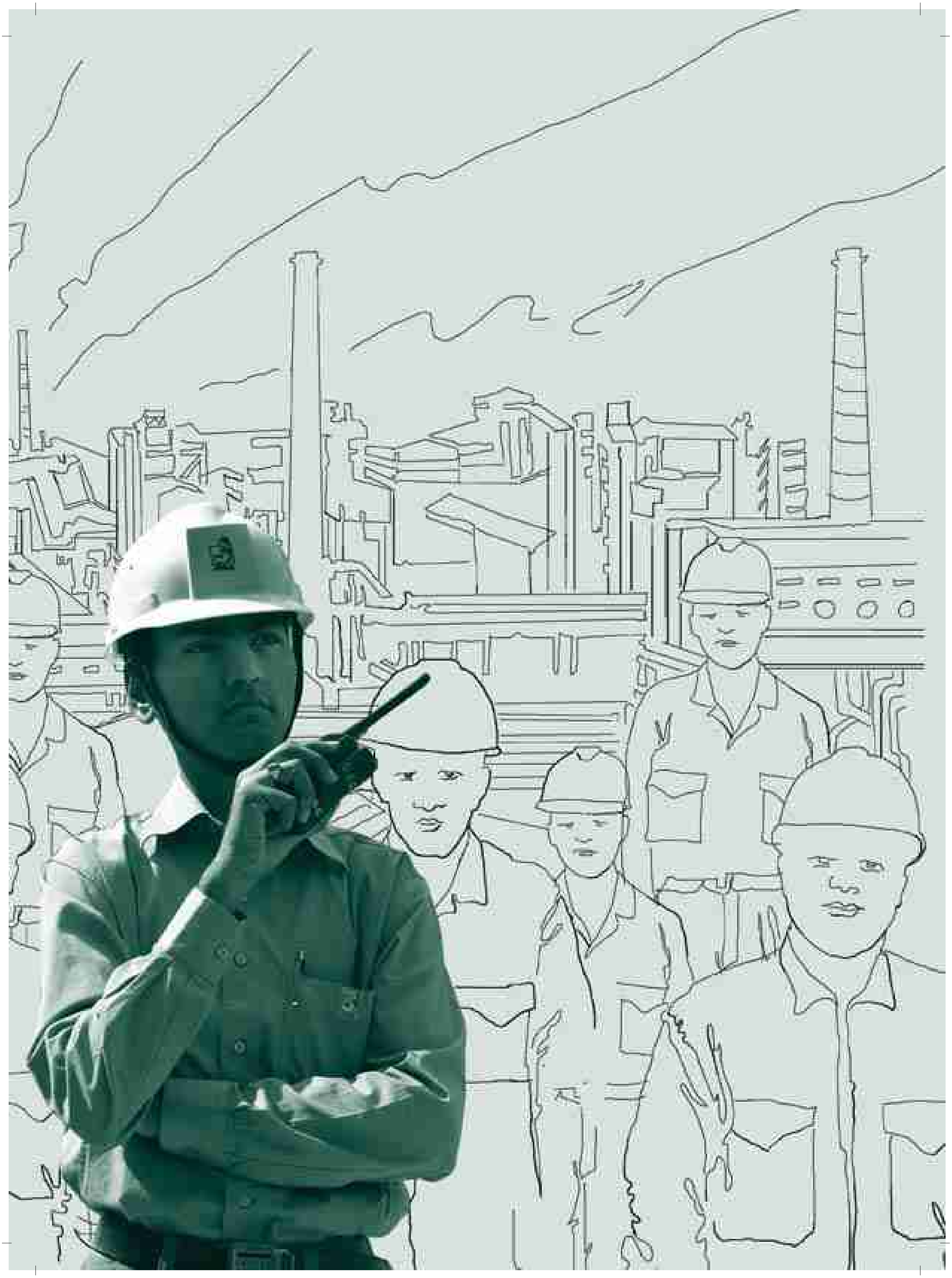
M/s S.S. Kothari Mehta & Co.
145-149, Tribhuwan Complex, Ishwar Nagar, Mathura Road, New Delhi-110 065

Cost Auditors

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

Website: www.jindalsteelpower.com

**Will of Steel-
determined workforce
at Raigarh Plant.**



DIRECTORS' REPORT

To

The members,

Your Directors are pleased to present the 29th Annual Report together with the Statement of Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS **Rs. in Crores**

Particulars	Financial Year ended 31.03.2008	Financial Year ended 31.03.2007	Growth %
Sales & other income	**5459.87**	3548.78	53.85
Profit before interest and depreciation	**2162.61**	1431.58	51.06
Profit before tax	**1502.51**	944.84	59.02
Profit after tax	**1236.96**	702.99	75.96
Appropriations :			
Equity dividend			
(i) Interim	**23.09**	18.48	
(ii) Final	**38.93**	36.95	
Corporate tax on dividend			
(i) Interim	**3.92**	2.59	
(ii) Final	**6.62**	6.28	
General reserve	**125.00**	75.00	

DIVIDEND

The Board of Directors had, vide its resolution passed by circulation on 18th February, 2008, approved payment of interim dividend of 150% which has since been paid to the shareholders. Your Directors recommend a final dividend of 250% i.e. Rs.2.50/- per equity share. Stock options under part-I of series-I have vested in the employees on 26th November, 2007. Shares will be alloted to the employees in due course and they will rank pari-passu with the existing shares in all respects. Therefore, provision for payment of final dividend for 2007-08 has also been made in respect of 17,60,365 shares being maximum number of shares to be alloted under part-I of series-I. The total outlay on account of dividend payment will be Rs.39.93 crores.

OPERATIONAL REVIEW

During the year, the Company has achieved an aggregate income of Rs.5459.87 crores registering an increase of 54% over the previous year. Profit before tax has increased to Rs.1502.51 crores from previous year's Rs.944.84 crores registering an increase of 59%. Profit after tax has increased by 76% to Rs.1236.96 crores from previous year's Rs.702.99 crores. Reserves and Surplus now stand increased to Rs.3754.40 crores.

SPONGE IRON

The Company has produced 11,85,739 MT of Sponge Iron in the year under report as against previous year's production of 11,96,330 MT and achieved capacity utilization of 86.55%.

STEEL

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

Production in MTs

Sl. No.	Product	(2007-08)	(2006-07)
1	Finished steel products	**7,34,453**	2,09,417
2	Semi steel products	**14,28,056**	8,05,675

FERRO CHROME

The Company has produced 17,905 MT of HC Ferro Chrome during the year as against 31,070 MT in the previous year. The production was lower due to shut down of furnace for a period of three months.

POWER

The Company generated 2,665 million Kwh during the year as against 2,668 million Kwh of the previous year.

RAIPUR UNIT

Raipur Unit produced 1,576 MT of MS ingots, 1,352 MT of casting and has done machining of 2,135 MT as against previous year's figures of 1,207 MT 1,166 MT and 3,045 MT respectively.

MINING

The production of calibrated Iron Ore at captive mine at Tensa in Orissa was 8.40 lac MT as against previous years production of 6.04 lac MT. The Company has exported 8.06 lac MT of Iron Ore Fines as against previous years 14.19 lac MT. The production of coal at captive mine was 59.94 lac MT as against previous years production of 59.68 lac MT.

STATUS OF PROJECTS

i) Completed

Sl. No.	Description	Capacity
1	Plate Mill	1.00 million TPA
2	Coke Oven	0.20 million TPA

R.H. Degasser in SMS 2, Beam Welding Plant, Producer Gas Plant and Cut to Length Line in Plate Mill have been commissioned during the year under report.

ii) Under Implementation

a) Steel Plant in Angul, Orissa

The Company is setting up 6.0 million TPA Integrated Steel Plant and 1080 MW power plant at Angul in the state of Orissa. The technology to be adopted for this Integrated Steel Plant will be the DRI/BF/EAF route. The DRI plant has unique feature of using syn gas from the coal gasification plants as reductant. The DRI/coal gasification route is being used for the first time in the world and has the advantage of using high ash coal which is predominantly available in the vicinity of the project site. The Company has signed an agreement with M/s. Lurgi Sasol Technology Company, South Africa for providing technology for coal gasification.

The major plant facilities include Sinter Plant, Pellet Plant, Coke Oven & By-Product Plant, Coal based Reduction Gas Facility, DRI Plant, Blast Furnace, Steel Melting Shop, Slab Caster, Plate Mill, Hot Strip Mill, Oxygen Plant, Coal Washery, Lime & Dolomite Plant and Power Plant. The technology suppliers for Pellet Plant, Sinter Plant, Slab Caster along with Hot Strip Mill, EAF, Hot DRI charging system and Lime & Dolomite Plant will be finalized by August' 2008.

Work for setting up of DRI plant of 2.0 million TPA capacity, Plate Mill of 1.5 million TPA capacity and 1080 MW Power Plant has started.

b) Steel plant in Patratu, Jharkhand

The Company is setting up 6.0 million TPA Integrated Steel Plant at Patratu in the State of Jharkhand. Work for setting up of Wire Rod mill of 0.6 million TPA capacity and Bar mill of 1.0 million TPA capacity has started. Contract has been finalised with MECON for detailed engineering for setting up 3.0 million TPA steel plant. Blast Furnace contract has been finalised with SIEMENS VAI, Germany. Arrangements for financial tie ups are being made.

The Company has acquired 642 acres of land out of the total requirement of 3,100 acres. State Government of Jharkhand has allocated 69 MCM water for the project and Damodar Valley Corporation has committed to supply 175 MVA power to the project on 220 KV line. Environment clearance for the project has been obtained from Ministry of Environment and Forest.

c) El-Mutun Iron Ore Mine, Bolivia

Consequent to the awarding of exploitation rights by the Government of Republic of Bolivia over an area of El Mutun Mine which has an estimated reserves of 20 billion tonnes of Iron Ore, a Joint Venture agreement has been executed on 18th July, 2007 between Jindal Steel Bolivia S. A. (JSB), a subsidiary of the Company and Empresa Siderurgica Del Mutun (ESM) an entity of Government of Bolivia. This agreement has been approved by the Bolivian parliament. The Joint Venture agreement shall be valid for a period of 40 years.

The Company proposes to invest US$ 2.10 billion in next 8 years for development of the mine in the granted concession and setting up mining facilities, steel making facilities and the requisite infrastructure through JSB.

d) Power plant

Work for setting up of 270 MW (2 X 135 MW) Power Plant at Raigarh has begun and orders for 13 packages have been placed. The estimated cost of the project is Rs.1,107 crores.

e) Steel Melting Shop

Work on setting up of third Steel Melting Shop of 1.00 million TPA at Raigarh has started. Orders for machinery and equipment have been placed. The estimated cost of the project is Rs.335 crores.

f) Prefabricated Plant

This plant is being set up at Raigarh at an estimated cost of Rs.29 crores. Civil work for construction of building and fabrication of structures has already started.

SUBSIDIARY COMPANIES' OPERATIONS

Jindal Power Limited (JPL) is setting up 1,000 MW power project in Raigarh (Chhattisgarh). Two units of 250 MW each have already started generation and another unit of 250 MW capacity has commenced trial run. The plant will be fully operational by July, 2008. The Company has closed its financial year 2007-08 with an income of Rs.125.86 crores and earned profit after tax of Rs.19.43 crores. The Company proposes to set up 2,640 MW (4X660MW) power plant at the existing site at Tamnar, Raigarh. Estimated cost of this project would be Rs.12,500 crores. Jindal Minerals & Metals Africa Limited and its subsidiary Jindal Minerals and Metals Africa Congo SPRL are pursuing exploration and mining of diamond in Democratic Republic of Congo. Jindal Steel & Power (Mauritius) Limited is pursuing the business of trading in steel and minerals and another subsidiary namely PT Jindal Overseas is pursuing the business of acquisition of coal mines and coal trading. Jindal Steel Bolivia S. A. has started work on development of El-Mutun mine and setting up of manufacturing facilities in Bolivia. This Company has a subsidiary namely, Gas to Liquids International for exploration and trading of natural gases. Chhattisgarh Energy Trading Company Limited is in the business of trading of power and has applied for 'C' category power trading license.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 205C of the Companies Act ,1956, the Company has transferred, during the year under report, following amounts to the Investor Education and Protection Fund of Government of India.

Particulars	Amount (Rs.)	Date of transfer
15th Instalment of interest on 12.5% NCDs	1,18,257	30.04.2007
4th Redemption of 12.5% NCDs	15,42,750	12.06.2007
16th Instalment of interest on 12.5% NCDs	1,36,823	25.10.2007
Dividend (1999-2000)	10,31,608	30.11.2007
5th Redemption & 17th instalment of interest on 12.5% NCDs	12,13,551	13.03.2008

EMPLOYEES STOCK OPTION

Options granted under Series I of the ESOS-2005 of the Company on 26.11.2005 have vested in the employees on 26.11.2007 and the exercise period is six months during which they have to apply for allotment of shares. The employees are exercising their options for seeking allotment of these shares and the allotment is under process.

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, 2008 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 2008-09 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.10.79 crores by way of fresh deposits during the year under report. The aggregate amount outstanding in respect of fixed deposits as on 31.03.2008 was Rs.22.27 crores representing 6531 number of fixed deposit holders. Out of above the amount of fixed deposits that have matured but were unclaimed as on 31.03.2008 was Rs.74.03 lacs representing 327 deposit holders. Since then 50 deposits totaling Rs.11.92 lacs have subsequently been paid / renewed.

DIRECTORS

Shri Suresh Baid ceased to be director at the conclusion of 28th Annual General Meeting of the Company held on 28th September, 2007. Shri A. K. Purwar joined the Board on 30th July, 2007 against casual vacancy caused by demise of Rajendra Singh. Shri R. V. Shahi joined the Board as an Additional Director from 15th October, 2007. ICICI Bank Limited has nominated Smt. Ramni Nirula as director from 1st November, 2007 in place of Shri Ashok Alladi. Shri Ashok Alladi joined the Board as an Additional Director from 1st November, 2007. Shri P. S. Rana resigned from directorship/ wholetime directorship of the Company from 1st April, 2008. Shri Arun Kumar Mukherji was appointed as an additional director and wholetime director of the Company from 1st April, 2008. Smt. Savitri Jindal, Chairperson and Shri A.K. Purwar, Director retire by rotation at the forthcoming Annual General Meeting and being eligible offer 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 the 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 of Corporate Governance and Management Discussion and Analysis along with necessary certificates are given elsewhere 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 2008-09.

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 31.03.2008, 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 31.03.2008 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, 2008
Place : New Delhi

SAVITRI JINDAL
CHAIRPERSON

Annexure - I

Statement as at 31.03.2008, 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 2007-08, 6,06,250 and 78,500 stock options were granted to the employees and Wholetime Directors of the Company and the subsidiary, Jindal Power Limited, respectively.
B	Pricing formula	:	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. Price per share was calculated as per above formula and based on the price quoted on NSE during the aforesaid period.
C	Option vested	:	17,60,375
D	Options exercised	:	Nil
E	Total number of Ordinary Shares arising as a result of exercise of Options	:	Nil
F	Options lapsed	:	On account of leaving of service due to resignation, retirement or otherwise, of the employees of the Company and its subsidiary 3,72,750 stock options were surrendered and will be considered for grant of Options in future.
G	Variation of terms of Options	:	NIL
H	Money realized by exercise of Options	:	Nil
I	Total number of Options in force	:	46,25,250 stock options granted to the employees and Wholetime Directors of the Company and its subsidiary are in force.
J	Details of Options granted to	:	
	i) Senior managerial personnel	:	Enclosed as Annexure – A
	ii) 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.	:	None
	iii) 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.	:	None
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.78.24
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 as per the intrinsic value method 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.7.83 Crores.

Sl. No.	Description		Remarks
	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		1,236.96
Add: Intrinsic Value Compensation Cost		12.79
Less: Fair value Compensation Cost(Black Scholes Model)		20.63
Adjusted Net Income		1,229.13
Earning per share	Basic (Rs.)	Diluted (Rs.)
As reported	80.34	78.24
As adjusted	79.83	77.74

Sl. No.	Description		Remarks
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: Rs.363.80 Weighted average fair value: Rs.264.88
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	8.14%
ii)	Expected life	3.25 Years
iii)	Expected volatility	21.40%
iv)	Expected dividend	0.65%
v)	The price of the underlying shares in market at the time of option grant	Rs.2,765.55

NOTE: Face value of the Equity shares of the Company was sub-divided from Rs.5/- per share to Re.1/- per share from 27.12.2007. Pursuant to Para 18 of ESOS-2005 read with Clause 5.3(6) of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Compensation Committee has, in its meeting held on 27.01.2008, increased the number of option by 5 times.

Annexure-A

EMPLOYEE STOCK OPTIONS-III (Date of grant-24.04.2007)

i) Details of Options granted to Senior managerial personnel of the Company as on 31.03.2008

S.No.	Name	Desingation	No. of Options Granted
1.	Shri Rajesh Jha	Executive Director Project	4000
2.	Shri Rajan Singhal	Executive Vice President	3000
3.	Shri Harihar Rai	Vice President	3000
4.	Shri Premjit Singh Dhillon	Vice President	3000
5.	Shri Amitava Sarcar	Senior GM	2000
6.	Shri NPS Mathur	GM	2000
7.	Shri Vipin Kumar	General Manager	2000

ii) Details of Options granted to Senior managerial personnel of the Subsidiary, Jindal Power Limited

S.No.	Name	Desingation	No. of Options Granted
1.	Shri Umesh Bhargava	Vice President	3000

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:

Cooling tower no. # 5 of capacity 6500 m^3 in power plant-1 has been commissioned.

Blast furnace gas is utilized in 4 WHRB of power plant-3 for generation of steam. The scheme has been completed.

In SMS-2 one smaller size pump of 42 m head LRF-1 (soft water pump) is installed (earlier it was 65m head).

Producer gas plant (PGP-3) of total 22750 Nm3/hr capacity is commissioned.

Utilization of extra steam generated in phase-2 of PP-3 in plate mill, SMS-2 & PP-3.

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

Excess BF gas utilization in two more WHRB in power plant Unit-3.

Replacement of higher head old CW pump in DRI-1 with smaller head new pump matching with actual requirements to reduce electrical power consumption.

Installation of VFD panel in place of DOL starter in F.D. Fan no. 3A & 4A of WHRB# 9 & 10 at 2x25 MW CPP.

Installation of dual speed (High / Low) starter in place of DOL starter in C.T.Fan at 2x25 MW CPP.

Installation of Lighting Energy Saver (Beblec) in TG area of 2x25 MW CPP.

Modification of 150 Watt HPSV luminaries by 70-Watt lamp in PP-3.

Provision of 2-way switches for On-OFF lights in cable cellers (Boiler & TG) at 3x25 MW CPP.

Installation of VVFD drives 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) Installation of HT & LT Capacitor Bank in RMHS Section

ii) Installation of Harmonic Filter in Kiln 7 & in first Phase.

iii) To improve the efficiency (Productivity) by 3-4 %

Recovery of compressors (3 Nos) cooling return water by connecting return water pipe line with close loop cooling water circuit of cooler in DRI-II plant. Expected recovery of water is 43.2-m^3/ hr.

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

The steam consumption has reduced from 4.88 T/MW to 4.6 T/MW. Accordingly generation has increased to 91.4 MW consistently.

50×10^3 m^3 of BF gas is being consumed which was designed in 4 boilers. 10MW additional generation is being achieved.

Power consumption reduced from 78 KW to 52 KW.

Partial replacement of petro-fuels by producer gas.

1,13,052 tons of extra steam utilization.

FORM - A

Form for Disclosure of particulars with respect to Conservation of Energy

A. POWER AND FUEL CONSUMPTION

	Current Year	Previous Year
1. ELECTRICITY		
(a) Purchased		
Unit in ('000 kwh)	**24,997.334**	16,953.876
Total amount (Rs. in Lacs)	**1,523.680**	697.584
Rate/Unit (Rs.)	**6.10**	4.11
(b) Own generation		
i) Through diesel generator		
Units ('000 kwh)	**134.963**	83.280
Units per Ltr. of diesel Oil	**3.606**	1.291
Cost / unit (Rs.)	**20.10**	22.24
ii) Through steam turbine / generator		
Units (in '000 kwh)	**17,75,102.584**	14,31,118.516
Units per ltr. of fuel Oil / Gas	**NIL**	NIL
Cost / units (Rs.)	**NA**	NA

	Current Year	Previous Year
2. COAL		
(a) *Non Coking Coal		
Quantity (MTS)	**42,02,126.67**	41,56,775.697
Total cost (Rs. in Lacs)	**27,680.81**	22,009.384
Average rate / MT (Rs.)	**658.73**	529.482
(b) **Coking Coal		
Quantity (MTS)	**9,62,367.910**	4,08,650.800
Total cost (Rs. in Lacs)	**58,564.40**	25,862.732
Average rate / MT (Rs.)	**6085.45**	6328.81
3. COKE		
Quantity (MTS)	**2,17,786.101**	4,54,144.054
Total cost (Rs. in Lacs)	**19,883.82**	48,176.221
Average rate / MT (Rs.)	**9,129.98**	10,608.14
4. FURNACE OIL		
Quantity (K. ltrs)	**27,438.536**	6,199.318
Total cost (Rs. in Lacs)	**5,240.960**	1,046.145
Average rate / Ltr (Rs.)	**19.10**	16.88
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.

	Current Year	Previous Year
B. CONSUMPTION PER UNIT OF PRODUCTION		
1. ELECTRICITY		
For Sponge Iron mfg. (unit / ton)	**76.084**	72.064
For Ferro Chrome mfg. (unit / ton)	**3,800.26**	3,795.152
For Slab / rounds / Beam /Blank Mfg. (unit / ton)	**650.18**	856.297
For Rail / Beam / Channels Mfg. (unit / ton)	**166.41**	265.115
For Plate / Coil Mfg. (unit / ton)	**202.40**	NA
For Steel melting (Ingots & Casting) (unit / ton)	**858.00**	956.000
For Machine / machinery parts Mfg. (unit / ton)	**711.00**	425.000
2. FUEL OILS:		
For Sponge Iron Mfg. (litre / ton)	**NIL**	NIL
3. COAL:		
For Sponge Iron Mfg. (mt. / ton)	**1.493**	1.585
For Ferro Chrome Mfg. (mt. / ton)	**0.158**	0.078
For Power Plant (kg / Kw)	**0.829**	0.816

B. TECHNOLOGY ABSORPTION

e) 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):

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

1. Development of India's largest 800x300 and 900x300 parallel flange beams section in Rail & Universal beam mill.
2. Casting of 255mm dia round section.
3. Rolling of 3200 mm wide plate.
4. 21 new grades developed in SMS:
   a) For Rounds : 12 new grades, like JSL 26, API 5LB, Ball Bearing Steel (SAE 52100) etc.
   b) Bloom/ Billets : 9 new grades, like C15Cu, CAQ, EQ SAE 1518 M etc.
5. API 5L X 60 and X 70 rolled successfully with desired microstructure (bainite) and properties in higher thickness (26mm).
6. Established the coal characterisation through petrography.
7. Established the Pilot Coke Oven.
8. Successfully used captive washed coal with PCI in BF-2 up to 10%.
9. Successfully developed the high strength Sponge Iron briquette.
10. Optimization of chemistry for optimum RI and RDI of sinter.
11. Optimization of chemistry to eliminate the star cracking of plates
12. Blast furnace productivity achieved up to 2.5 t/m^3 with a coke rate of 360 kg and fuel rate of 514 kg per tonne of hot metal.
13. Recycling of secondary refining slag

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

1. This will meet the requirement of the heavy structural indigenously and substitute the welded structural.
2. This is to meet the need of pipe manufacturers.
3. This will meet the requirement of fabricators in the wide section, and avoid welded structures.
4. This will meet the critical applications of the pipe, forging and wire drawing applications.
5. Controlled rolling for API5L X70, with desired microstructure of bainite will have improved welding characteristics and will cater the requirements of offshore SAW pipe.
6. This is the in house intrinsic testing of coal for optimization of the coal blend for coke ovens.
7. This will test the viability of the coal for its coking characteristic, and helps in blend optimization.
8. Resulted in saving of imported coal.
9. This will improve the yield of EAF to the tune of 2%
10. This has helped to improve the productivity of blast furnace
11. This has helped in reducing the down gradation of the plates.
12. Cost saving, energy saving etc.
13. Saving of lime by 9kg/Tof steel.

3. Future Plan of action:

1. Modification of existing 351 Cu.M mini blast furnace to 418 CuM
2. Establishment of cold briquetting of Sponge Iron.
3. Production of sponge iron through coal gasification.
4. Installation of servo hydraulic universal testing machine for fatigue, sub zero fracture toughness and high temperature testing.
5. Installation of Electron probe micro analyzer..
6. Study to minimize accretion in coal base DRI kilns.
7. Study to reduce rusting problems in structurals.
8. Blending of non coking coals to produce desired coke.
9. Process optimization for casting of SAE52100 in round section.
10. Laboratory scale induction furnace and forging press to develop new grades.

4. Expenditure on R&D

a) Capital	:	**Rs.126.10 Lac**
b) Recurring	:	**Rs.210.20 Lac**
c) Total	:	**Rs.336.30 Lac**
d) Total R&D expenditure as a percentage of total turnover	:	**0.06 %**

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

1. Commissioning of R-H degasser for steel.
2. Use of producer gas in Re heating furnaces of the rolling mills.
3. Conversion of burners of ignition hearth of Sinter Plant from single fuel to dual fuel to use Blast Furnace gas.
4. Addition of Metallurgical waste like mill scale and flue dust in sinter making and Electric Arc Furnace for reduction of solid waste and cost reduction.
5. Changing top size feed coal from 75 mm to 25 mm at coal mines.
6. Mechanization of flame hardening of hot saw blades at rail and universal beam mill.
7. Forced cooling of structural on cooling bed by forced draft.

2. Benefits derived as a result of the above efforts:

1. This has helped to meet the critical requirement of rails.
2. Helped in partial replacement of Petro fuels.
3. This has helped Sintering Plant in smooth commissioning and stabilization, at the same time retaining the use of HSDO firing system in case of non-availability of BF gas.
4. This has helped to increase productivity, reduction of slag volume, ore fines and coke fines consumption.
5. This has helped to improve yield in dense media deshaler.
6. This has helped to increase the no. of cuts, reduction of manpower, saving of time and 100% uniform hardening & depth of hardness.
7. This has helped to reduce the process delay to negligible from average 3hrs/day during rolling of heavy section.

3. 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:

2003-04	2004 – 05	2005 – 06	2006 – 07	2007 - 08
NIL	i) 8 Lac TPA Environment friendly Clean Type pollution free Non-recovery Mechanized Coke Oven Technology ii) 1670 M^3 (useful volume) Blast Furnace with Optimized Energy Utilization	i) 2.4 Million tonne sinter plant technology ii) CCS stands and both structural sections and rail for Rail & Universal Beam Mill (RUBM)	Universal tandem rolling in Rail & Universal Beam Mill (RUBM)	RH degasser

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 therefore and future plans of action	:	N / A

C. Foreign Exchange earning and outgo

a. Activities relating to Exports

i). Initiatives taken to increase exports

With a view to increase reach in to the European construction industry, wherein certification of processess and goods as per European Construction Products Directive 89/106/EC (CE certification) is mandatory, inspection and audit of RUBM and Plate Mill for CE certificaiton by TUV-NORD Germany was arranged. While certification for RUBM was received, which enabled increased sales of RUBM products in to Europe and initiation of sales in to UK and Ireland, in financial year 07-08, recommendation letter for Plate mill has also been received from TUV, and CE certification is expected in June'08.

Export of steel slabs was taken up for the first time in year 2007-08. The total steel shipments to overseas destinations increased to 1,41,236mt in yr 2007-08 from about 1,07,741 mt in year 2006-07.

Operations for Iron ore exports were also started from Haldia port in year 2007-08 to increase export volumes.

ii). Development of new exports market for products and services and export plans.

The countries to which the Company's products were exported for the first time in year 2007-08 are Saudi Arabia, Romania, Vietnam, Thailand, Bangladesh, Ireland, Latvia, Ghana, Nigeria, Portugal, Spain, UK, Bahrain, Belgium, France, Germany, Italy, Nigeria, Spain and UAE. The company targets to increase "finished products" shipments in year 2008-09 to over 1,50,000 MT from about 55,000MT in year 2007-08. Exports of semi-finished products and Pig Iron, etc shall be as per availability, as in the past year.

b. Total Foreign Exchange used and earned

i) Foreign Currency used Rs.1,084.75 cr.

ii) Foreign Currency earned Rs.653.01 cr.

Annexure-IV

CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Our Corporate Governance philosophy is based on the principles of equity, fairness, transparency, spirit of law and honest communication. We believe that sound Corporate Governance is necessary to retain stakeholders trust and ensures 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:

Presently the Company's Board consists of 12 members, of which 7 are Non Executive Directors. All Directors, Executive or Non Executive, are professionally competent and highly experienced in their respective fields.

i) Present structure of Board of Directors

Sl.No.	Name	Designation	Category
1.	Smt. Savitri Jindal#	Chairperson	Non – Executive and Promoter
2.	Shri Ratan Jindal#	Director	Non – Executive and Promoter
3.	Shri Naveen Jindal#	Executive Vice Chairman & Managing Director	Executive and Promoter
4.	Shri Vikrant Gujral	Vice Chairman & Chief Executive Officer	Executive
5.	Shri Anand Goel	Dy. Managing Director	Executive
6.	Shri S. Ananthakrishnan	Nominee Director (IDBI Bank Limited)	Non Executive and Independent
7.	Smt. Ramni Nirula*	Nominee Director (ICICI Bank Limited)	Non Executive and Independent
8.	Shri A.K Purwar**	Director	Non Executive and Independent
9.	Shri R.V. Shahi***	Director	Non Executive and Independent
10.	Shri Ashok Alladi****	Director	Non Executive and Independent
11.	Shri Sushil K. Maroo	Director	Executive
12.	Shri A.K. Mukherji*****	Director	Executive
13.	Shri P.S. Rana******	Director	Not Applicable
14	Late Rajendra Singh*******	Director	Not Applicable

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

* *Appointed as Nominee Director of ICICI Bank Limited in place of Shri Ashok Alladi w.e.f. 01.11.2007.*

** *Appointed as Director on 30.07.2007 against the casual vacancy caused by death of Late Rajendra Singh.*

*** *Appointed as Additional Director w.e.f 15.10.2007.*

**** *Appointed as Additional Director w.e.f 01.11.2007.*

***** *Appointed as Additional Director and Wholetime Director w.e.f. 01.04.2008.*

****** *Ceased to be a Director w.e.f 01.04.2008*

******* *Ceased to be director on account of death on 20.05.2007.*

ii) Attendance of Directors

The overall attendance of Directors for the year 2007-08 is shown hereunder:

Name	Meetings held during the tenure of the Directors	Meetings attended during the tenure	Attendance at the last AGM held on 28th September, 2007
Smt. Savitri Jindal	4	1	Yes
Shri Ratan Jindal	4	1	-
Shri Naveen Jindal	4	4	Yes
Shri Vikrant Gujral	4	3	-
Shri Anand Goel	4	4	-
Shri S. Ananthakrishnan	4	3	-
Smt. Ramni Nirula	1	1	-
Shri A.K Purwar	2	1	-
Shri R.V. Shahi	2	2	-
Shri Ashok Alladi	4	4	Yes
Shri Sushil K. Maroo	4	4	Yes
Shri P.S. Rana	4	4	-

iii) Other Directorships

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

Name of Directors	No. of Directorships in other Companies			No. of Chairmanship/Membership of Committees	
	Private	Public	Foreign	Chairmanship	Membership
Smt. Savitri Jindal	0	6	0	0	0
Shri Ratan Jindal	1	6	4	0	0
Shri Naveen Jindal	1	4	0	0	0
Shri Vikrant Gujral	0	0	2	0	0
Shri Anand Goel	6	7	8	0	2
Shri S. Ananthakrishnan	0	1	0	0	3
Smt. Ramni Nirula	0	3	0	0	2
Shri A.K Purwar	3	7	1	0	0
Shri R.V. Shahi	2	2	0	0	0
Shri Ashok Alladi	0	4	0	1	3
Shri Sushil K. Maroo	3	6	1	0	1
Shri A.K. Mukherji	0	0	0	0	0

iv) 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 Sushil K. Maroo	5 Years	20.05.2004	Nil

v) Board Meetings

In all, 38 meetings of Directors were held during the financial year 2007-08 which includes 4 Board meetings, 22 meetings of the Sub Committee of Directors, 4 meetings of the Shareholders' / Investors' Grievance Committee, 5 meetings of Audit Committee, 2 meetings of Compensation Committee and 2 meetings of Committee of Directors (Limited Review).

Detailed agenda 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 to the members sufficiently in advance of their meetings.

The Board meetings were held on the following dates, viz., 21.05.2007, 30.07.2007, 29.10.2007 and 28.01.2008.

BRIEF INTRODUCTION OF DIRECTORS BEING APPOINTED OR REAPPOINTED

Smt. Savitri Jindal and Shri A.K. Purwar, Directors of the Company retire by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting. ICICI Bank Limited had nominated Smt. Ramni Nirula as nominee Director w.e.f 01.11.2007 in place of Shri Ashok Alladi. Shri R.V. Shahi, Shri Ashok Alladi, and Shri A.K. Mukherji were appointed as Additional Directors w.e.f 15.10.2007, 01.11.2007 and 01.04.2008 respectively. The Company has received notices from members for their appointment as Directors by the shareholders in the forthcoming Annual General Meeting.

SMT. SAVITRI JINDAL is wife of Late O.P. Jindal, who was a great visionary, renowned industrialist and Jindal Group patriarch. She is Chairperson of JSW Steel Limited, Jindal Saw Limited, Jindal Stainless Limited and Jindal Industries Limited and Director on the Board of Rohit Tower Building Limited and Sonabheel Tea Limited and the patron of the Managing Committee of Vidhya Devi Jindal Public School, Hisar. She is member of Haryana Legislative Assembly since 2005 and Minister of State (Independent Charge) of Revenue & Disaster Management, Consolidation and Rehabilitation.

SHRI A. K. PURWAR is M.Com and holds diploma in Business Administration. He was Chairman of State Bank of India (SBI) upto May 2006. Prior to his appointment as Chairman of SBI he was Managing Director of State Bank of Patiala and CEO of Tokyo Branch of SBI. He is an experienced banker and expert in financial management and is presently a Member on the Board of Governors of IIM-Lucknow and XLRI, Jamshedpur, visiting professor of IIM – Indore and Chair-professor in NMIMS. He had been awarded CEO of the year Award from the Institute for Technology & Management (2004), Outstanding Achiever of the year Award from Indian Banks Association (2004) and "Finance Man of the year " Award by the Bombay Management Association in 2006. He is chairman of IL & FS Renewable Energy Limited. He is Director on the Board of Vardhman Textiles Limited, Caparo Plc., UK, Caparo Engineering India Private Limited, Reliance Communication Limited, India Infoline Limited, Deccan Infrastructure and Land Holdings Limited, Apollo Tyres Limited, India Ventures Advisors Private Limited, Energy Infratech Private Limited and Engineers India Limited.

SHRI R. V. SHAHI is Post Graduate in Industrial Engineering and in Business Management and Graduate in Mechanical Engineering. He was Secretary, Ministry of Power, Government of India from April 2002 – January 2007. Prior to his appointment as Secretary, Ministry of Power, he was Chairman & Managing Director of BSES Limited from 1994 to 2002. He has also worked with NTPC for 16 years at various positions including member on the Board of Directors of NTPC. Prior to this, he worked with Hindustan Steel Limited and Steel Authority of India Limited for over 10 years. Presently he is Chairman (Executive) of Energy Infratech Private Limited, an Engineering & Project development company and Chairman of Advisory Group on Energy set up by Infrastructure Development Finance Company Limited (IDFC). He is Director on the Board of Global Heavy Electricals Limited, Asian Infrastructure Private Limited and Jindal Power Limited.

SMT. RAMNI NIRULA is Master in Business Administration and holds Bachelors Degree in Economics. She is Senior General Manager of ICICI Bank Limited and is the Country Head for Corporate Banking Group of ICICI Bank Limited. She has more than three decades of experience in the financial sector. She has started her career with erstwhile ICICI Limited in 1976 in the project appraisal division. She was Managing Director & CEO of ICICI Securities Limited and was associated with Rural Banking, Microfinance & Agriculture Business. She is the Director on the Board of Haldia Petrochemicals Limited, Abhishek Industry Limited and ICICI Commtrade Ltd.

SHRI ASHOK ALLADI was with State Bank of India for 24 years since 1972, where he was exposed to wide range of areas of general banking, large commercial credits, as head of a specialized office dealing with SME lending, credit analyst at the zonal office, merchant banking, international banking (at the corporate office) and as Vice President (International Banking) at State Bank of India, Chicago during 1991 to 1995.In the year 1996 he joined ICICI Bank Limited where he served for 9 years at various offices before he took early retirement in August 2005. At the time of retirement, he was General Manager responsible for Middle Office Group in ICICI Bank Limited. He is Director on the Board of Rama Newsprint and Papers Limited, Dharani Sugars and Chemicals Limited, India Foils Limited and ICICI Home Finance Company Limited.

3) AUDIT COMMITTEE:

The Audit Committee comprises three independent directors and 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 the 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. Necessary disclosures in respect of subsidiary companies were made to the Audit Committee and the Board from time to time.

The Audit Committee of the Company consists of 3 Independent Non Executive Directors, namely, Shri Ashok Alladi, Shri R. V. Shahi and Shri S. Ananthakrishnan. The Audit Committee meetings were held on 19.05.2007, 27.06.2007, 30.07.2007, 29.10.2007 and 27.01.2008 during the financial year 2007-08. On account of death of Rajendra Singh, Shri Ashok Alladi was appointed Chairman of the Audit Committee. Shri R.V. Shahi, an Independent Director of the Company has been nominated on the Board of Jindal Power Limited, a material unlisted subsidiary of the Company. Shri T.K. Sadhu, Company Secretary is the Secretary to the Committee.

Attendance

Attendance of members of Audit Committee for the year 2007-08 is as under:

Date of Meeting à	19.05.2007	27.06.2007	30.07.2007	29.10.2007	27.01.2008
Name of Members					
Shri Ashok Alladi	√	√	√	√	√
Shri R. V. Shahi	NA	NA	NA	√	√
Shri S. Ananthakrishnan	√	√	√	√	√
Late Rajendra Singh	No	NA	NA	NA	NA

4) 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 year ended on 31.03.2008 is as follows:

Name	PositionHeld	Sitting Fees (Rs.)	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs)
Smt. Savitri Jindal	Chairperson	-	-	-	-
Shri Ratan Jindal	Director	20,000	-	-	20,000
Shri Naveen Jindal	Executive Vice Chairman & Managing Director	-	1,74,00,000	15,19,00,000	16,93,00,000
Shri Vikrant Gujral	Vice Chairman & Chief Executive Officer	-	61,47,853	36,44,260	97,92,113
Shri Anand Goel	Dy. Managing Director	-	42,63,120	-	42,63,120
Shri S. Ananthakrishnan	Nominee Director	85,000	-	-	85,000
Smt. Ramni Nirula	Nominee Director	20,000	-	-	20,000
Shri A.K Purwar	Independent Director	20,000	-	-	20,000
Shri R.V. Shahi	Independent Director	65,000	-	-	65,000
Shri Ashok Alladi	Independent Director	1,15,000	-	-	1,15,000
Shri Sushil K. Maroo	Wholetime Director	-	46,76,280	-	46,76,280
Shri P.S. Rana	Wholetime Director	-	47,00,040	-	47,00,040

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.*
3) *Sitting fee in respect of nominee director of IDBI Bank Limited was paid to IDBI Bank Limited directly.*
4) *Sitting fee in respect of nominee, director of ICICI Bank Limited was paid to Shri Ashok Alladi till he was nominee and to ICICI Bank Limited directly after Smt. Ramni Nirula was nominated on the Board of the Company.*
5) *The details of stock options granted to the Executive Directors is given below:-*

Sl. No.	*Name of Director*	*No of Options granted*	*Date of Grant.*
1	*Shri Vikrant Gujral*	*25,000*	*26.11.2005*
2	*Shri Anand Goel*	*25,000*	*26.11.2005*
3	*Shri Sushil Maroo*	*25,000*	*26.11.2005*
4	*Shri A. K. Mukherji*	*20,000*	*26.11.2005*
5	*Shri P. S. Rana*	*25,000*	*26.11.2005*

Note; On account of sub-division of face value of share from Rs. 5/- per share to Rs.1/- , the number of options were increased by five times.

6) *Smt. Savitri Jindal and Shri Ratan Jindal, Non-Executive Directors are holding 1,86,090 and 33,845 equity shares of Re1./- each respectively.*

5) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee consists of Shri Anand Goel, Shri Sushil K. Maroo and Shri Ashok Alladi. Shri Ashok Alladi was appointed in place of Late Rajendra Singh who died on 20.05.2007. The Committee met 4 times on 21.05.2007, 30.07.2007, 29.10.2007 and 27.01.2008. Shri T.K. Sadhu, Company Secretary is compliance officer.

During the year, the Company received 102 complaints from shareholders out of which 101 complaints were resolved and one complaint was pending on 31.03.2008 for want of document, which has since been resolved.

6) COMPENSATION COMMITTEE

In terms of clause 5.1 of SEBI (Employees stock option scheme and employees stock purchase scheme) Guidelines 1999, Compensation Committee was constituted by the Board. This Committee consists of Shri R.V. Shahi, Shri S. Ananthakrishnan and Shri Sushil K. Maroo. Shri R.V. Shahi was appointed as member of this Committee on account of death of Rajendra Singh on 20.05.2007. The Committee met 2 times during the year on 19.05.2007 and 27.01.2008. The necessary disclosures with respect to stock options have been mentioned in the Annexure I to the Directors' Report.

7) SUB-COMMITTEE OF DIRECTORS

The Sub-Committee of Directors comprises 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 22 times.

8) COMMITTEE OF DIRECTORS (LIMITED REVIEW)

In terms of Clause 41 of the Listing Agreement, the Board of Directors has constituted Committee of Directors (Limited Review) for approving the Limited Review Report in respect of unaudited quarterly results of the Company submitted by the Statutory Auditors. The Committee comprises of Shri Naveen Jindal, Shri Vikrant Gujral, Shri Sushil K. Maroo and Shri R.V. Shahi. The Committee met 2 times during the year on 28.11.2007 and 27.02.2008.

9) 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
28th	2006-07	Registered Office	28.09.2007 Friday	11.30A.M.	• Giving of authority to Board pursuant to Section 81(1A) to offer, allot, issue any security including ADR, GDR & FCCB etc. upto US$ 500 Million. • 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	27.09.2006 Wednesday	11.00 AM	• Giving of authority to Board pursuant to Section 81(1A) to offer, allot, issue any security including ADR, GDR & FCCB etc. upto US$ 300 Million. • Amendment to Employee Stock Option Scheme-2005.
26th	2004-05	Registered Office	25.07.2005 Monday	11.30 AM	• Issuing of Stock Options to the employees of the Company. • Issuing of Stock Options to the employees of the Subsidiary Company(ies).

During the financial year 2007-08, the Company has passed two resolutions by way of postal ballot for seeking approval of shareholders for i) alteration of Other Object Clause of Memorandum & Articles of Association of the Company and ii) making investment, giving of loans and guarantees and providing of securities, result of which was declared on 28.09.2007.

For resolution No. 1, 11945363 votes were cast in favour and 1415 votes against it. For resolution No. 2, 11944616 were cast in favour and 1922 votes against it.

10) DISCLOSURES

Neither has any non compliance with any of the legal provisions of law been made by the Company nor any penalty or stricture imposed by the stock exchanges or SEBI or any other statutory authority on any matter related to the capital market 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 any employee access to the Audit Committee. All the mandatory requirements of Clause 49 are being complied with. Related party transactions have been regularly disclosed to the Audit Committee and the Board. Such transactions have been disclosed in Notes to Accounts in the Financial Statements of the Company at point no. 18 of part B of Schedule 20.

The Board reviews the risk management procedures and policies periodically.

11) MEANS OF COMMUNICATION

Information like quarterly / half yearly / annual financial results and press releases on significant developments in the Company that has 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.

12) GENERAL SHAREHOLDERS INFORMATION

FINANCIAL CALENDER 2008-09

First Quarter Results	:	July, 2008
Second Quarter Results	:	October, 2008
Third Quarter Results	:	January, 2009
Fourth Quarter Results	:	April, 2009
Alternatively,		
Annual Results for the year ending on 31st March, 2009	:	on or before 30th June, 2009

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.

A) Listing of Shares on stock exchanges and stock code

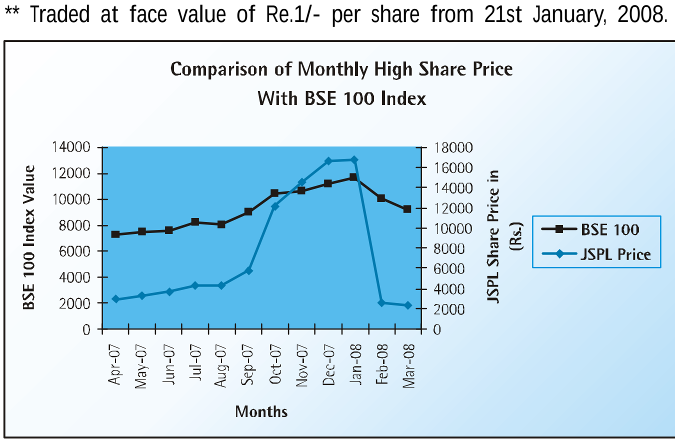
Sl. No.	Name of the stock exchange	Stock code
1	The Bombay Stock Exchange Limited	532286
2	National Stock Exchange of India Limited	JINDALSTEL.EQ

B) Market Price Data – BSE

	BSE 100 Index			JSPL Share Price		
MONTH	HIGH	LOW	CLOSE	HIGH	LOW	VOLUME
Apr-07	7249.51	6270.97	7032.93	2919.00	2225.00	133191
May-07	7493.69	6917.02	7468.70	3280.00	1425.00	403360
Jun-07	7609.66	7154.60	7605.37	3750.00	3248.40	215444
Jul-07	8204.32	7610.72	8004.05	4270.00	3370.00	163571
Aug-07	8019.64	7075.70	7857.61	4269.80	3540.00	120512
Sep-07	8992.65	7863.18	8967.41	5848.80	3830.00	289359
Oct-07	10482.23	8825.78	10391.19	12218.00	5170.00	1683595
Nov-07	10645.49	9629.20	10384.40	14545.00	9662.00	2080872
Dec-07	11209.18	10298.27	11154.28	16590.00	13051.00	1403348
Jan-08*	11655.91	10364.31	11509.96	16780.00	14100.00	662705
Jan-08**	10342.25	8081.27	9745.29	2898.70	1305.00	2607340
Feb-08	10062.21	8738.60	9404.98	2615.00	1890.00	5247149
Mar-08	9229.75	7767.02	8232.82	2319.90	1726.20	4229974

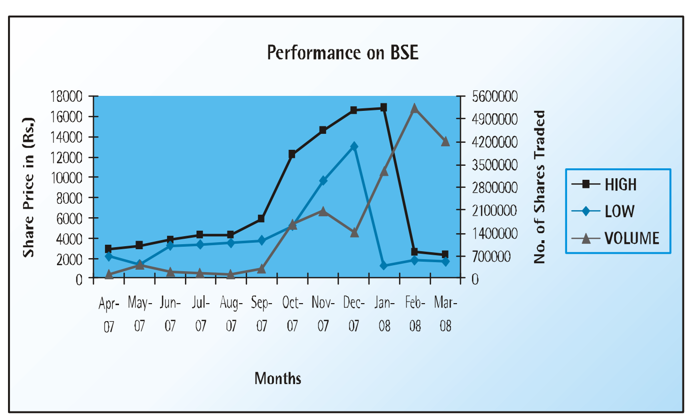
* Traded at face value of Rs.5/- per share upto 20th January, 2008.

** Traded at face value of Re.1/- per share from 21st January, 2008. on sub division of face value of each share from Rs.5/- to Re.1/-.



Note:

Face value of equity shares of the Company has been sub- divided from Rs.5/- to Re.1/- per share and the trading of sub divided equity shares started on Stock Exchanges w.e.f. 21st January, 2008. Accordingly, the quoted price per share has reduced.



Note:

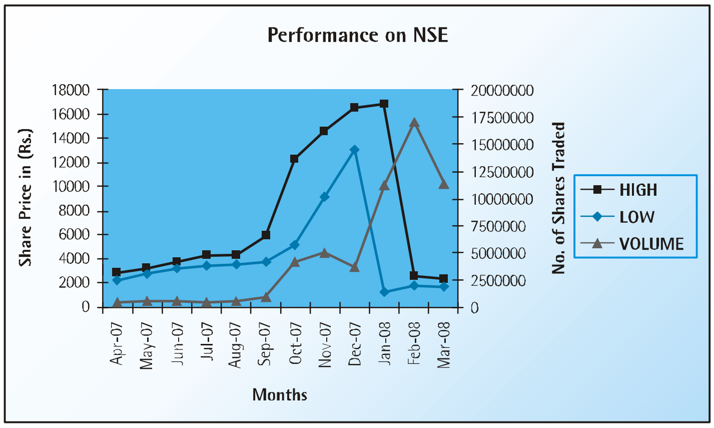
Face value of equity shares of the Company has been sub- divided from Rs.5/- to Re.1/- per share and the trading of sub divided equity shares started on Stock Exchanges w.e.f. 21st January, 2008. Accordingly, the quoted price per share has reduced and the volume has increased from that date as shown in the above graph.

C) Market Price Data – NSE

MONTH	HIGH	LOW	Volume
Apr-07	2940.00	2215.00	477045
May-07	3269.90	2810.00	600601
Jun-07	3750.00	3208.90	625500
Jul-07	4300.00	3420.00	493634
Aug-07	4265.00	3540.00	565559
Sep-07	5880.00	3800.00	1000064
Oct-07	12239.00	5151.15	4149747
Nov-07	14560.00	9180.00	4989629
Dec-07	16540.00	13050.00	3722884
Jan-08*	16785.90	14101.00	2042063
Jan-08**	2961.00	1280.00	9177669
Feb-08	2630.00	1885.00	17061848
Mar-08	2325.00	1729.00	11404929

*Traded at face value of Rs.5/- per share upto 20th January, 2008.

**Traded at face value of Re.1/- per share from 21st January, 2008. on sub division of face value of each share from Rs.5/- to Re.1/-.



Note:

The face value of equity shares of the Company has been sub- divided from Rs.5/- to Re.1/- per share and the trading of sub divided equity shares started on Stock Exchanges w.e.f. 21st January, 2008. Accordingly, the quoted price per share has reduced and the volume has increased from that date as shown in the above graph

D) 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 form (demat) are 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, 42541955 Fax: 011-23552001, Email: alankit@alankit.com

E) Share Transfer System

Presently, the share transfer instruments, which are received in physical form, are processed and the share certificates returned within a period of 30 days from the date of receipt subject to the documents being complete and valid in all respects. The request 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.

F) Distribution of Shareholding

The shareholding distribution of Equity Shares as on 31.03.2008 is given hereunder:

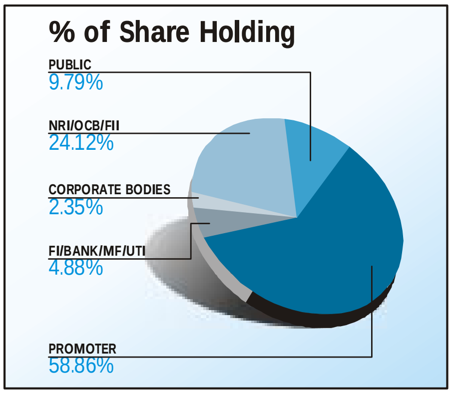
Nominal value of each share Re.1.00

No. of shareholders	% to total	Shareholding of nominal value of Rs.	No. of shares	Amount in Rs.	% to total
57275	68.22	Up to 100	1028350	1028350	0.67
19704	23.47	101 to 500	5870062	5870062	3.81
3298	3.93	501 to 1000	2513658	2513658	1.63
3104	3.70	1001 to 5000	6024637	6024637	3.91
204	0.24	5,001 to 10,000	1474888	1474888	0.96
115	0.14	10,001 to 20,000	1673214	1673214	1.09
44	0.05	20,001 to 30,000	1125459	1125459	0.73
23	0.03	30,001 to 40,000	792743	792743	0.51
23	0.03	40,001 to 50,000	1059088	1059088	0.69
61	0.07	50,001 to 1,00,000	4464583	4464583	2.90
59	0.07	1,00,001 to 5,00,000	12357797	12357797	8.03
51	0.05	5,00,001 and above	115576861	115576861	75.07
83961	**100.00**	**Total**	**153961340**	**153961340**	**100.00**

CATEGORIES OF SHAREHOLDERS (AS ON 31.03.2008)

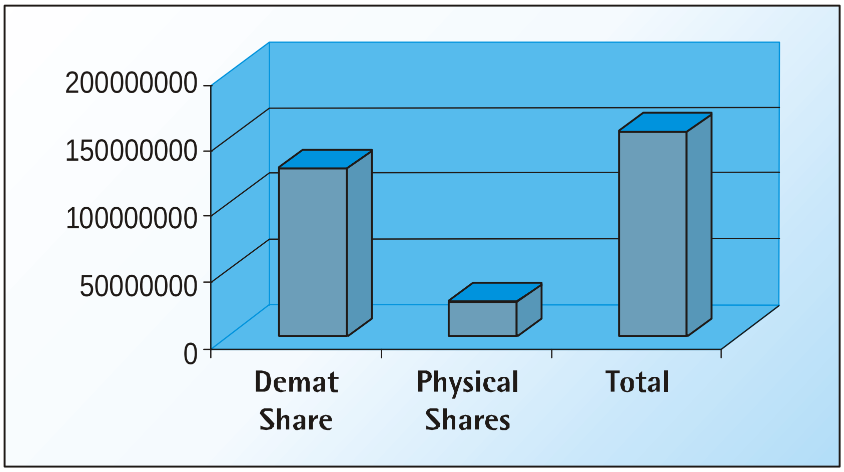
The categories of shareholders are shown hereunder:

Category	No. of Shares	% of Holding
Promoters	9,06,28,615	58.86
FIs/ Banks/MF/UTI	75,10,831	4.88
Corporate Bodies	36,17,765	2.35
NRIs/OCBs/FII	3,71,34,269	24.12
Public	1,50,69,860	9.79
Total	**15,39,61,340**	**100.00**



G) Dematerialisation of shares

As on 31.03.2008, the number of equity shares held in dematerialised form was 12,74,66,565 (82.79%) and in physical form was 2,64,94,775 (17.21%) equity shares.



H) Compliance under Listing Agreement

Company is regularly complying with various clauses of the Listing Agreement. Information, certificates, returns, as required under various clauses are sent to the stock exchanges within the prescribed time.

I) Convertible Instrument

No further Option was granted after Series III under the Employee Stock Option Scheme of the Company. Part I of the Option granted under Series I vested on 26.11.2007 and their exercise period is upto 25.05.2008.

J) Deviation from Accounting Standards

There has been no deviation from the accounting standards in preparation of annual accounts for the financial year 2007-08.

K) 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
Tensa (Iron Ore Mines)	TRB Iron Ore Mines, P. O. Tensa 770 004, Dist. Sundergarh, Orissa
Raigarh (Coal Mines)	Gare Coal Fields, Mand, Raigarh, Chhattisgarh
Angul	Plot No. 751, Near Panchpukhi Chhaka, Simplipada, Angul – 759122, Orissa.
Patratu	Patratu, District Ranchi, Jharkhand

L) Investor correspondence:

Company Secretary
Jindal Steel & Power Limited
28, Najafgarh Road, New Delhi-110015
Ph: 011- 45021817, 45021820, 45021853
Fax No. 011-25928118
Email: investor.grievance@ngr.jindalsteel.com

13) 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 also available on the Corporate website of the Company i.e. www.jindalsteelpower.com. Declaration of compliance of the Code of conduct in terms of sub-clause (ii) of clause 49 (1) 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 (1) 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 the members of 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 2007-08".

Naveen Jindal
Executive Vice Chairman & Managing Director

Date : 27th May, 2008

14) In terms of para (v) of clause 49 (i) of listing agreement, CEO/CFO certificate dated 27.05.2008 has been placed before the Board Meeting on 27th May, 2008.

15) Non Mandatory Requirements

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

16) AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The auditors' certificate on compliance of clause 49 of the listing agreement relating to corporate governance is published as an Annexure to the Directors' Report.

For and on behalf of the Board

Date : 27th May, 2008
Place : New Delhi

SAVITRI JINDAL
Chairperson

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT(S)

TO

THE MEMBERS,

JINDAL STEEL & POWER LIMITED

We have reviewed the implementation of Corporate Governance procedures by Jindal Steel & Power Limited during the year ended March 31, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

On the basis of our review and according to the information and explanations given to us, and the representations made by Directors and the Management, the conditions of Corporate Governance as stipulated in Corporate Governance Clause 49 of the listing agreement(s) with the stock exchange(s) have been substantially complied with by the Company except that the number of independent directors on the Board are less than one half of the Board as the Chairman is a non-executive promoter , the company is in the process of suitably increasing the strength of Board and inducting requisite number of independent directors as explained, and that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

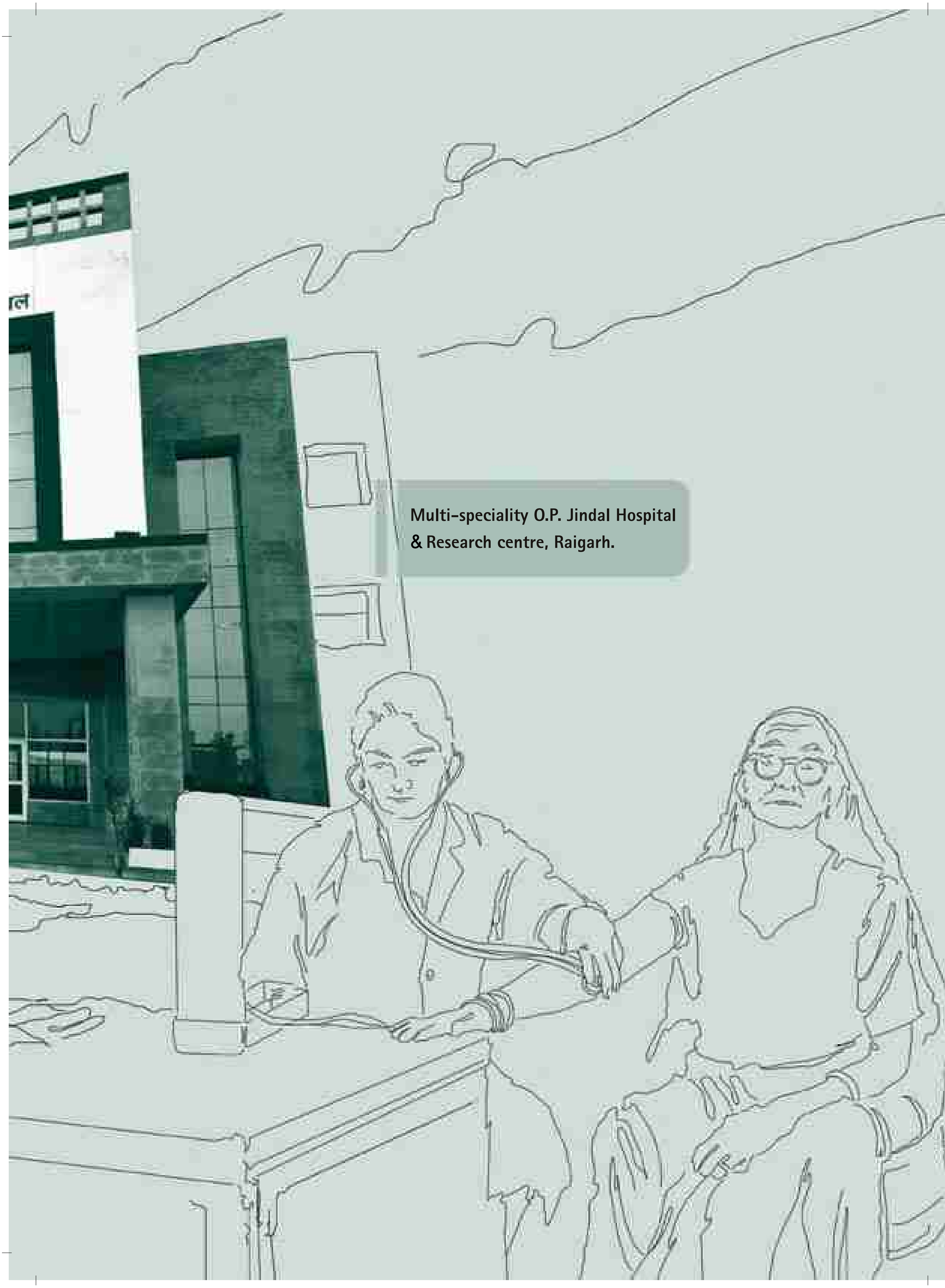
We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

ARUN K. TULSIAN
Partner
Membership No. 89907

Date : 27th May, 2008
Place : New Delhi


ओ. पी. जिंदल अस्पताल



Multi-speciality O.P. Jindal Hospital & Research centre, Raigarh.

Annexure-V

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

BUSINESS REVIEW

Indian economy is growing at a steady and sustained pace and is expected to register a growth rate of 8-8.5% for the year 2007-08. With positive indicators such as rising foreign exchange reserves, booming capital markets, rapidly expanding foreign direct investment inflows, Indian economy has emerged as the fastest growing economy in the world. Industrial and services sector have been the major contributors to this growth backed by increasing savings and investment rates. India's per capita income has increased at a rapid pace and according to the advance estimates of the Central Statistical Organization (CSO) India's Per Capita Income is estimated to be over USD 825.07 in 2007-08. Another significant aspect has been the broad-based nature of the growth process. While new economy industries like Information Technology and biotechnology have been growing around 30 per cent, significantly old economy sectors like steel have also been major contributors in the Indian growth process. India has moved up two places to become the fifth largest steel producer in the world. After the IT boom, a manufacturing revolution has been well underway in the Indian economy, spurred by the increasing presence of multinationals, scaling up of operations by the domestic companies and expanding domestic market. The sector has been averaging 9 per cent in the last four years (2004-08), with a record 12.3 per cent in 2006-07. India's vast domestic market and availability of low-cost workers with advanced technical skills has been instrumental in attracting the ever expanding number of multinationals who are setting up their manufacturing base in the country. The large size of the Indian market has obvious appeal and is the largest consumer market in the world.

Indian steel industry has entered into a new growth zone considering the average growth rate in steel output for the last 5 years. The rapid rise in production has resulted in India becoming the world's fifth largest producer of steel. Demand for steel will continue to grow in traditional sectors such as infrastructure, construction, housing, automotive, steel tubes and pipes, consumer durables and ground transportation. Demand for specialized steel which is used in hi-tech engineering industry such as power generation, petro-chemicals, fertilizer etc. is also increasing. World wide production of steel was 1344 million tons in 2007-08 against 1249 million tons of last year. The production of steel in India in 2007-08 was 53.08 million tons as against 49.45 million tons in the previous year. Consumption of steel in India grew by 11.72% to 51.80 million tons in 2007-08. Steel is yet to touch the lives of millions of people in India. Per capita consumption of steel in India is only 29 kgs as against 400 kgs in the developed countries and world average of 140 kgs. The world apparent consumption of finished steel in 2008-09 is likely to rise by 5-6% and increase in supply is likely to be around 3-5%.

Inflation during the first nine months of 2007-08 was under control but from January it has been steadily rising and has reached as high as 7.61% in April 08. The Government and Reserve Bank India (RBI) have taken series of steps for checking inflation including impressing upon steel and cement manufacturers to reduce prices despite heavy increase in the input costs. Export of iron ore continues from Indian shores and iron ore availability in India on per capita basis is one of the lowest in the world. If exports are not stopped India may not remain self sufficient in iron ore. Current shortage of inputs has increased the cost for steel products. There is urgent need for the Government to help develop raw material resources for inputs like iron ore and coal and to provide adequate enabling infrastructure such as power, roads, ports, rail transport. Government intervention in prices is only a short term solution. Determination of steel prices should be left to the market dynamics which ensures price correction.

Demand for steel is continuously increasing particularly in view of growth in infrastructure sector and new capacities are being set up in India. National steel policy formulated by Ministry of Steel envisages that by 2019-20 production of crude steel will reach 110 million tons, demand for steel will be 90 million tons, steel exports will be 26 million tons and steel imports will be 6 million tons. In line with the rising demand for steel your Company is setting up two steel plants of 6 million TPA each in Angul, Orissa and Patratu, Jharkhand.

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.5459.87 crores and net profit after tax of Rs.1236.96 crores. The decade 1998-99 to 2007-08 has been a decade of great achievements for the Company and has laid down solid foundations for attaining higher growth in coming years. The figures given below stand testimony to this outstanding performance of the Company:

(Rs. in Crores)

Particulars	1998-99 (annualized)	2007-08	YOY growth%
Net turnover	333.22	**5459.87**	36.44
Operating Profit (PBIDT)	111.74	**2162.61**	38.99
Net profit after tax (PAT)	37.20	**1236.96**	47.60
Cash profit	62.30	**1688.47**	44.29

OPPORTUNITIES AND THREATS

Barring slight decrease in manufacturing sector and rising inflation, Indian economy is poised for a quantum jump in the next decade particularly steel industry in India and world over. Major investment will be made by the Government through budgetary allocation on infrastructure where steel is required in large quantities. Indian steel manufacturers are employing world class technology. New innovations are also taking place in Steel Industry for cost minimization and production maximization. Some of the cutting edge technologies that are being implemented in this industry are thin-slab casting, making of steel through the use of electric furnace and vacuum degassing. Steel from India finds growing acceptability in international markets. Present share of Indian steel industry in world trade steel is marginal and there is tremendous scope to increase this share further.

The steel making capacity of the Company will increase to 8.4 million TPA after commissioning of steel plant in Angul, Orissa and will go up to 14.4 million TPA after commissioning of steel plant in Patratu, Jharkhand. The Company has signed a Memorandum of Understanding with Government of Chhattisgarh for increasing the capacity of Raigarh Plant from 3 million TPA to 6 million TPA.

Power is crucial to industrial growth of India and private and public sector units are making huge investments in this sector. The Company is also giving major thrust to power generation. In addition to existing captive power plant of 333 MW, 270 MW (2X135MW) captive power plant is being set up at Raigarh to meet growing requirement of power at Raigarh works. 1080 MW captive power project is a part of Steel project being set up at Angul, Orissa and 1000 MW captive power project is a part of Steel project being set up at Patratu, Jharkhand. Jindal Power Limited, a subsidiary of the Company is implementing 1000 MW (4X250 MW) power project at Tamnar in Raigarh out of which two units of 250 MW capacity each have already started commercial generation of power. The plant will be fully operational by the end of July 2008.

Another key raw material for power as well as steel is coal and iron ore. Applications have been made to State and Central Governments for allotment of additional coal and iron ore mines. During the year under report the Company was allotted Amarkonda - Murgadangal Coal block in Jharkhand jointly with Gagan Sponge Iron Limited and another mine namely Jitpur Coal Block in Jharkhand was also allotted to the Company for captive use in proposed power plant in the state of Jharkhand. State Government of Jharkhand has also allotted Jeralda Buru iron ore concession in Jharkhand for captive use in the proposed steel plant in the state of Jharkhand.

The Central Government has issued Mining Policy – 2008 which provides an important shift from the traditional ‘conservationist’ to an ‘appropriate use’ of resources approach. This policy focuses on reduction in delays in the grant of mineral concession which attempts to provide level playing field for all players which will promote development of mining sector. The policy provides for greater certainty to the exploration companies for grant of mining licenses for the right to exploit the mineral resources successfully explored by it. Pursuant to this policy the Company expects to be allotted more iron ore and coal mines for its projects.

The Company’s subsidiary Jindal Steel Bolivia, SA has executed documents with the Government of Republic of Bolivia for development of El Mutun iron ore mine which contains iron ore reserves of about 20 billion MT. Exploration licence has been granted and the mining license is expected to be granted in this financial year. The mining work will start immediately after receiving mining licence.

The Central Government has tried to impress upon the industry to reduce prices in order to contain inflation and has announced removal of basic customs duty (BCD) on pig iron and mild steel products viz. sponge iron, granules and powders, ingots, billets, semi-finished products, hot rolled coils, cold rolled coils, coated coils/sheets, bars and rods, angle shapes and sections, and wires. Hitherto, these items attracted BCD of 5 per cent. To rein in prices of TMT bars and structurals, which are commonly used for construction of houses, the Government fully exempted the import of this item from countervailing duty, which is currently 14 per cent. Also, the Government has done away with BCD on three critical inputs for manufacture of steel— metallurgical coke, ferro alloys and zinc. To disincentivise export of steel, the Finance Minister announced the imposition of 15 per cent export duty on specified primary forms and semi-finished products, and hot rolled coils/sheet; 10 per cent on specified rolled products including cold-rolled coils/sheets and pipes and tubes and 5 per cent on galvanized steel in coil/sheet form. However, no new fiscal measures were proposed on iron ore exports. These measures are bound to affect export of steel products and will increase domestic availability by resorting to imports which will affect price of steel products and profit margins of steel making Companies.

OUTLOOK

The liberalization of industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the private sector in the steel industry. While the existing units are being modernized/ expanded, a large number of new/ Greenfield steel plants are coming up in different parts of the country based on modern, cost effective, state of the art technologies. With 13 billion tons of iron ore deposits, 5th largest in the world and an expanding consumer market, the Indian steel industry is likely to receive huge domestic and foreign investments.

Riding high on the resurgent economy and rising demand, the Indian steel industry has entered into a new development stage from 2005-06, with an average growth rate of 12 per cent per annum in steel output, for the last two years.

Plate mill of 1.0 million TPA has started commercial production in the Raigarh Plant and is producing plates of various sizes which are in great demand. Work is going on for setting up of steel plant at Angul in Orissa and Patratu in Jharkhand. On completion of these plants, the total steel making capacity of the Company will rise to 14.4 million TPA which will cater to the increasing demand of steel products.

Captive availability of iron ore, power and coal provides a competitive edge to the Company particularly at a time when the Government is trying to control prices. Besides, manufacturing facilities for production of a range of semi - finished and finished steel products gives leverage to the Company in deciding, based on demand and price, which products to manufacture.

INTERNAL CONTROLS AND SYSTEMS

As demanded by the level of operations, the Company maintains internal control systems which ensures effectiveness and efficiency of operations. Annual budgets are prepared and all expenditures are incurred against budgetary allocations. The Company has put in place proper system to ensure that the assets are safeguarded against loss and all transactions are recorded properly. Systems are designed in a manner to provide reliability of data and compliance with the laws. Accenture India Private Limited has thoroughly studied and analyzed the existing systems and submitted its report which is under implementation. SAP system installed in 2002 is being extended to all other units/ offices of the Company and IBM has been engaged for this purpose. Two independent firms of Chartered Accountants are conducting internal audit every quarter which covers all functions of the Company. Their reports are placed before the Audit Committee which reviews these reports and comments / suggestions of the Internal Auditors. The Audit Committee also oversees financial systems / procedures and internal controls and is competent to call for any information/ document from any department. The Audit Committee also reviews the adequacy of internal control systems and suggests improvements.

FINANCIAL MANAGEMENT

Big expansion plans are under way which require huge amount of funds. The Company has a subsisting relationship with a large number of Banks and Financial Institutions in India and abroad. Senior managerial personnel are looking after the arrangement of funds at competitive cost, servicing of debts, ensure timely availability of funds for the projects, management of internally generated funds and maintaining healthy relations with all lenders.

In view of the growing size of operations, accounts and finance department at all factories/ offices has been reinforced by induction of experienced and professionally qualified people and their role 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.170 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 US$ 200 million (equivalent in JPY) 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.

ENVIRONMENTAL PROTECTION

Achieving a sustainable balance between environmental preservation and economic growth is one of Company's core values. It is this commitment that has made the Company the most environmentally responsible steel maker in India. The Company believes and practices the philosophy of involving People - Private and Public for a sustainable growth. This approach is about creating a sense of shared ownership and responsibility for our environment.

The Company's environment management system utilizes the best available technology including continuous monitoring system with state - of - art emission control facilities. All effluent generated is properly treated and then reused back in the process. Four Sewage Treatment Plants have been installed and treated water is utilized for gardening purposes. Solid wastes are recycled and are reused by the Company or by other potential users. Fly ash is being used for making fly ash based products and land filling. The company's innovative and continuous efforts have resulted in significantly preventing air and water pollution. The Company's sustained efforts to find ways to conserve natural resources have resulted in useful energy recovery from waste gases of sponge Iron units, blast furnace, coke oven. Total landscaped area is about 22% of the works site and the Company maintains a green belt with over 2.0 million plantations. In this direction, the company is evaluating the potential to harvest rain water and generating solar power from the large roof area available to it at the Raigarh Plant.

The company has applied for necessary environmental clearances and prepared effective environmental management plan and program for the new projects. The company works closely with the community to foster mutual understanding through awareness and interactive programmes. As a part of it, company organized 5th Annual Horticultural exhibition cum flower and vegetable show to create greater awareness about environment and ecology. The environment management measures undertaken by the company are well recognized as a result of which the Company was awarded the Golden Peacock- Eco-Innovation Award 2007, Green tech Environment Excellence Gold Award 2007 and Shristi Green Cube Award 2007 for good green governance.

INDUSTRIAL RELATIONS and HUMAN RESOURCE MANAGEMENT

Management of human resources is crucial to the growth of the Company. Indian economy is growing at a fast pace which has resulted in shortage of talent. Our policy initiatives are directed towards inclusive growth and retention of talent. The Company has revised and updated its human resource policies and procedures. The Company had engaged management consultants to identify skill sets of people and training requirements. Various training programmes are being held for different levels to enhance their skills and update their knowledge.

The Company is organizing safety awareness programmes to eliminate chances of accidents and danger to lives in line with the requirements of labour laws. The medical/ educational/ recreational facilities are available within the work premises for all classes of employees. Proper priority is accorded for cleanliness of factory premises as well as its surroundings.

Senior management continuously interacts with the staff members, sorts out their problems and provides guidance to them in order to cope up with their work efficiently. Rotation of employees is done in order to provide job satisfaction and increased interface with new people. Grievance redressal system is in place and employees suggestions are being sought to improve operational efficiency.

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, 2008
Place : New Delhi

SAVITRI JINDAL
CHAIRPERSON

AUDITORS' REPORT

To the members

Jindal Steel & Power Limited

We have audited the attached Balance Sheet of **Jindal Steel & Power Limited** as at 31st March, 2008 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (collectively the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks 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.

Further to our comments in the Annexure referred to above, we report that:

a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion and read with note no. 5 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.

e) On the basis of written representations received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said 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:

   i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;

   ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and

   iii) 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

ARUN K. TULSIAN
Partner
Membership No. 89907

Date : 27th May, 2008
Place : New Delhi

Annexure to Auditors' Report
(Annexure referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has physically verified certain fixed assets during the year. Discrepancies noticed on such verification as compared to book records, which were not material and 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 material. Further, stock in the possession and custody of third parties and stock in transit at 31st March, 2008 have been verified by the management with reference to confirmation or statement of accounts or correspondence of 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 and 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 systems commensurate with size of the Company and the nature of its business with regard to purchase of inventory 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 systems.
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of opinion particulars of that 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, 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, 2008.
   (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, Income Tax along with the forum where dispute is pending:

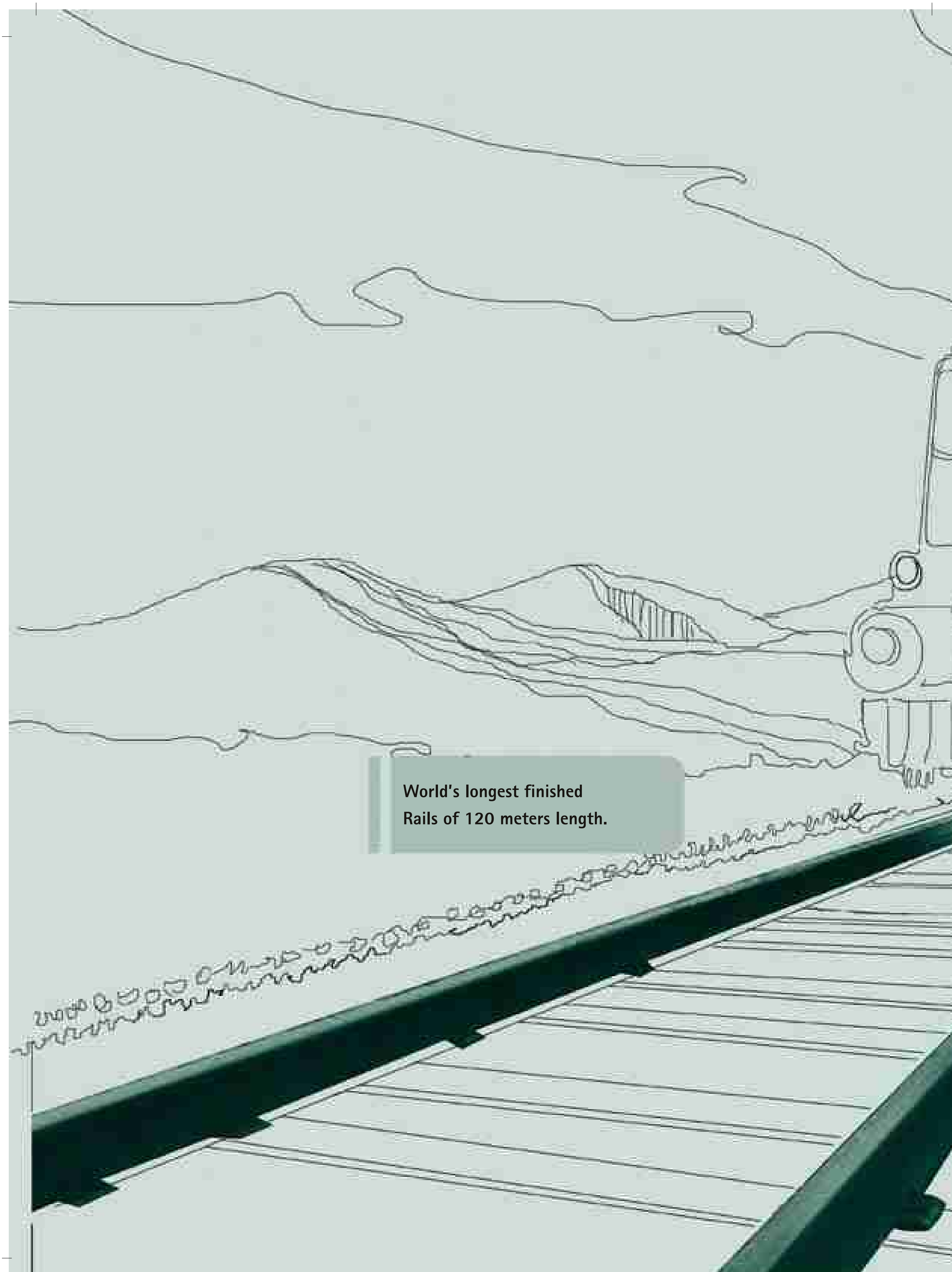
Name of the Statute	Nature of dues	Amount (Rs. in Lacs)	Forum where dispute is pending	Amount deposited (Rs. in Lacs)
Central Excise and Salt Act	Excise Duty	195.93	High Court, Bilaspur / Jabalpur	130.12
		2.00	Commissioner, Appeal	NIL
		2149.13	CESTAT, New Delhi	81.19
		84.39	Commissioner, Raipur	NIL
		102.94	Addl. Commissioner, Raipur	NIL
		7.26	Asst. Commissioner, Bilaspur	NIL
Finance Act, 1994	Service Tax	13.01	CESTAT, New Delhi	NIL
		62.71	Addl. Commissioner, Raipur	NIL
		34.56	Addl. Commissioner, (Appeal) Raipur	NIL
Central Sales Tax Act / Local Sales Tax Act / Entry Tax	Entry Tax	7.46 5.00	Commissioner, Raipur Tribunal Commercial Tax	0.76 5.00
	State Sales Tax	6.21	Board of Revenue, C.G. Raipur	1.12
	Central Sales Tax	44.05	High Court, Cuttack	44.05
		0.09	Deputy Commissoner, Commercial Tax, Raipur	0.09
		0.70	Commercial Tax Officer, Raipur	NIL
Chhattisgarh State Govt. Law	Energy Development Cess	4570.96	Honurable Supreme Court	NIL
Customs Act, 1962	Customs Duty	51.96	Asst. Commissioner	NIL
		2.48	Commissioner (Appeals)	NIL
Income Tax Act, 1961	Income Tax	4225.71	Commissioner of Income Tax (Appeal)	2443.89

10. There are no accumulated losses of the Company as at the end of the financial year. There are no cash losses during the financial year 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 investment.
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 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

ARUN K. TULSIAN
Partner
Membership No. 89907

Date : 27th May, 2008
Place : New Delhi



World's longest finished Rails of 120 meters length.

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule		As at 31st March, 2008 (Rs. in Crores)		As at 31st March, 2007 (Rs. in Crores)
SOURCES OF FUNDS					
SHAREHOLDERS FUND					
Share Capital	1		16.40		16.40
Reserves and Surplus	2		3,708.86		2,462.01
Employees' Stock Options Outstanding		41.78		37.14	
Less :- Deferred employee compensation expenditure (see note 10 of Schedule 20)		(10.66)	31.12	(18.82)	18.32
			3,756.38		2,496.73
LOAN FUNDS					
Secured	3		1,783.39		2,115.61
Unsecured	4		2,079.96		1,392.11
			3,863.35		3,507.72
DEFERRED TAX LIABILITY (NET)	20		494.67		415.04
TOTAL			8,114.40		6,419.49
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	5,918.94		4,929.03	
Less:Depreciation		(1,183.11)		(781.75)	
			4,735.83		4,147.28
Add :- Capital work in progress (including preoperative expenses pending allocation / capitalization and Capital goods lying in stores)			660.48		937.84
			5,396.31		5,085.12
INVESTMENTS	6		1,036.19		709.82
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	7	980.56		642.44	
Sundry Debtors	8	287.38		320.31	
Cash and Bank balances	9	577.91		52.97	
Loans and Advances	10	1,453.72		785.94	
			3,299.57		1,801.66
LESS: CURRENT LIABILITIES AND PROVISIONS					
Liabilities	11	1,038.87		794.87	
Provisions	12	581.94		385.48	
			1,620.81		1,180.35
NET CURRENT ASSETS			1,678.76		621.31
MISCELLANEOUS EXPENDITURE					
(to the extent not written off or adjusted)	13		3.14		3.24
TOTAL			8,114.40		6,419.49
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

ARUN K. TULSIAN
Partner
Membership No. 89907

Dated : 27th May, 2008
Place : New Delhi

For & on behalf of the Board

Naveen Jindal
Executive Vice Chairman & Managing Director

Vikrant Gujral
Vice Chairman & Chief Executive Officer

T.K. Sadhu
Company Secretary

Sushil K. Maroo
Wholetime Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	For the year ended 31st March, 2008 (Rs. in Crores)		For the year ended 31st March, 2007 (Rs. in Crores)	
INCOME					
Sales and Operational Income	14	6,743.22		4,336.54	
Less: Inter Division Transfer		611.59		416.75	
Less: Excise Duty		720.88		399.98	
Net Sales and Operational Income			5,410.75		3,519.81
Other Income	15		49.12		28.97
TOTAL			5,459.87		3,548.78
EXPENDITURE					
Material, Manufacturing and others	16	3,088.98		2,026.67	
Less: Inter Division Transfer		611.59		416.75	
			2,477.39		1,609.92
Personnel	17		144.99		93.70
Administration and Selling	18		674.61		413.31
Interest	19		208.59		150.27
Miscellaneous Expenditure written off			0.27		0.27
Depreciation	5		451.51		336.47
TOTAL			3,957.36		2,603.94
PROFIT BEFORE TAXATION			1,502.51		944.84
LESS: Provision for taxation					
(a) Income tax			181.70		104.99
(b) Deferred tax			79.63		134.75
(c) Wealth Tax			0.35		0.30
(d) Fringe Benefit Tax			3.87		1.81
PROFIT AFTER TAXATION			1,236.96		702.99
ADD/(LESS)					
Surplus / (Loss) brought forward			2,002.58		1,433.06
Debenture Redemption Reserve written back			5.83		5.84
PROFIT AVAILABLE FOR APPROPRIATION			3,245.37		2,141.89
Interim Dividend on Equity Shares			23.09		18.48
Corporate tax on Interim Dividend			3.92		2.59
Proposed Dividend on Equity Shares			38.93		36.95
Corporate tax on Proposed Dividend			6.63		6.28
General Reserve			125.00		75.00
Balance carried to Balance Sheet			3,047.80		2,002.59
			3,245.37		2,141.89
Basic Earning per share (in Rs.) **(See note 19 of Schedule 20)**			80.34		45.66
Diluted Earning per share (in Rs.) **(See note 19 of Schedule 20)**			78.24		45.06
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

ARUN K. TULSIAN
Partner
Membership No. 89907

Dated : 27th May, 2008
Place : New Delhi

For & on behalf of the Board

Naveen Jindal
Executive Vice Chairman & Managing Director

Vikrant Gujral
Vice Chairman & Chief Executive Officer

T.K. Sadhu
Company Secretary

Sushil K. Maroo
Wholetime Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
200,000,000 (Previous Year 40,000,000) Equity Shares of Re.1/- each (Previous Year Rs.5/- each)	**20.00**	20.00
10,000,000 (Previous Year 10,000,000) Redeemable Cumulative Preference Shares of Rs.100 each (Previous Year Rs.100/- each)	**100.00**	100.00
	120.00	120.00
ISSUED, SUBSCRIBED AND PAID UP		
EQUITY SHARES		
153,961,340 (Previous Year 30,792,268) Equity Shares of Re.1/- each (Previous Year Rs.5/- each)	**15.40**	15.40
	15.40	15.40
Shares Forfeited Account- Preference Shares	**1.00**	1.00
TOTAL	**16.40**	16.40

(A) Out of the above 126,122,840 equity shares of Re.1/-each (Previous Year 25,224,568 equity shares of Rs.5/- 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).

(C) Pursuant to the approval of shareholders in their extraordinary general meeting held on 27.12.2007 face value of each equity share was reduced from Rs.5/- to Re.1/- Consequently, the number of issued, subscribed and paid up Share Capital of the company has changed to 153,961,340 equity shares of Re.1/- each.

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
SCHEDULE - 2		
RESERVES AND SURPLUS		
(A) SHARE PREMIUM		
As per last account	**143.36**	143.36
Add: Addition during the year	**-**	-
	143.36	143.36
(B) GENERAL RESERVE		
As per last account	**238.43**	163.43
Add: Transfer from Profit and Loss Account	**125.00**	75.00
Add: On account of Transitional Provisions under Accounting Standard-15	**0.88**	-
	364.31	238.43
(C) DEBENTURE REDEMPTION RESERVE		
As per last account	**5.83**	11.66
Less: Written back during the year	**(5.83)**	(5.83)
	-	5.83
(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**	0.19
Add: Received during the year	**-**	0.05
	0.24	0.24
(F) SALES TAX SUBSIDY/CAPITAL RESERVE (Refer note no. 5 of schedule 20)		
As per last account	**1.56**	1.56
Addition during the year	**81.59**	
	83.15	1.56
(G) SURPLUS IN PROFIT AND LOSS ACCOUNT	**3,047.80**	2,002.59
	3,708.86	2,462.01

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
SCHEDULE - 3		
(A) DEBENTURES		
i) 10.00% Secured Redeemable Non Convertible Debentures of Rs.100/- each	-	3.33
ii) 10.00% Secured Redeemable Non Convertible Debentures of Rs.100/- each	-	1.67
iii) 7.00% Secured Redeemable Non Convertible Debentures of Rs.100/- each	-	6.67
	-	11.67
(B) TERM LOANS		
From Financial Institutions	-	2.38
From Banks and others	1,714.05	1,856.12
	1,714.05	1,858.50
(C) OTHERS	25.09	31.85
(D) WORKING CAPITAL BORROWINGS FROM BANKS	44.25	213.59
TOTAL	1,783.39	2,115.61

NOTES :-

(A) DEBENTURES

i) Debentures placed with LIC on private placement basis are redeemable at par in 3 equal annual installments commencing from the end of fifth year from the date of allotment i.e. 14th November, 2000 (The debentures have been redeemed in full during the current financial year) The debentures were secured by pari-passu charge by way of mortgage of immovable properties and hypothecation of movable assets of the company in favour of the Debenture Trustees.

ii) Debentures placed with GIC on private placement basis are redeemable at par in 3 equal annual installments commencing from the end of fifth year from the date of allotment i.e. 14th December, 2000. (The debentures have been redeemed in full during the current financial year). The debentures were secured by pari-passu charge by way of mortgage of immovable properties and hypothecation of movable assets of the company in favour of the Debenture Trustees.

iii) Debentures placed with UTI Bank Limited on private placement basis are redeemable at par in 3 equal annual installments commencing from the end of fourth year from the date of allotment i.e. 18th May, 2001. (The debentures have been redeemed in full during the current financial year) The debentures were secured by pari-passu charge by way of mortgage of immovable properties and hypothecation of movable assets of the company in favour of the Debenture Trustees.

(B) TERM LOANS

From Financial Institution

Rs. Nil (Previous Year Rs.2.38 Crores) were secured against equitable mortgage of specific dwelling units at Raigarh.

From Banks and others

Secured by first pari-passu charge in favour of Banks by way of mortgage of Company's immovable properties and hypothecation of moveable assets except those charged in favour of Company's Bankers for securing working capital facilities excluding a) loans of Rs.557.92 Crores (Previous Year 624.88 Crores) which are secured by exclusive charge on Assets created under Steel expansion project, b) loans of Rs.375.00 Crores (Previous Year Rs.349.00 Crores) which are secured by exclusive charge on assets created under Plate Mill project at Raigarh, Chhattisgarh c) loan of Rs.214.28 Crores (Previous Year Rs.240.00 Crores) which are secured by exclusive charge on Assets created under 3x25 MW Captive Power Plant, d) loans of Rs.Nil (Previous Year Rs.65.00 Crores) which were to be secured by an exclusive charge on the specific assets purchased by the company in Jharkhand e) loans of Rs.120.00 Crores (Previous Year Rs. Nil) which are to be secured by exclusive charge on Assets created under the Plate Mill project at Angul, Orissa , f) loans of Rs.50.00 Crores (Previous Year Rs. Nil) which are to be secured by exclusive charge on Assets created under the DRI project at Angul, Orissa, g) loans of Rs.58.21 Crores (Previous Year Rs.30.51 Crores) which are secured by a subservient charge on current assets of the Company and h) loans of Rs.8.42 Crores (Previous Year Rs.13.98 Crores) which is secured by third and residual charge of the Fixed Assets of the Company. The loans from Banks and others include a sum of US $ 31.37 Million (Previous Year US $ 34.18 Million) as foreign currency loans out of which a sum of US $ 1.01 Million (Previous Year US $ 2.33 Million) is external commercial borrowings.Further loans of Rs.112.18 Crores (Previous Year Rs.192.82 Crores) are also secured by a personal guarantee given by a Director of the Company.

(C) OTHERS

Secured by hypothecation of the specific assets financed.

(D) 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 guaranteed by Directors and Second charge in respect of other movable and immovable assets.

SCHEDULE - 4

UNSECURED LOANS

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
Fixed Deposits from Public	22.27	14.44
Short Term Loans from Banks / Mutual Funds	200.08	333.52
Inter Corporate Deposits (from subsidary)	-	28.45
Buyers' Credit from Banks	229.28	281.85
External Commercial Borrowing from Banks (ECB)	1,628.33	733.60
Sales Tax Deferment Loan	-	0.25
	2,079.96	1,392.11

Repayment due within one year Rs.484.91 Crores (Previous Year Rs.619.12 Crores)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE - 5

FIXED ASSETS **(Rs. in Crores)**

GROUP OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2007	ADDITIONS DURING THE YEAR	SALES/TFR DURING THE YEAR	**AS AT 31.03.2008**	AS AT 01.04.2007	ADDITIONS DURING THE YEAR	SALES/TFR DURING THE YEAR	**AS AT 31.03.2008**	**AS AT 31.03.2008**	AS AT 31.03.2007
Land - freehold	41.78	24.51	-	**66.29**	-	-	-	**-**	**66.29**	41.78
Land - leasehold	25.99	18.89	-	**44.88**	1.11	0.50	-	**1.61**	**43.27**	24.88
Live Stock	0.14	-	-	**0.14**	-	-	-	**-**	**0.14**	0.14
Building	447.18	181.91	11.60	**617.49**	40.34	29.32	11.48	**58.18**	**559.31**	406.83
Plant & Machinery	4,167.25	774.35	46.01	**4,895.59**	694.67	405.39	43.79	**1,056.27**	**3,839.32**	3,472.58
Electrical Installation	79.93	19.75	3.06	**96.62**	7.59	6.72	2.98	**11.33**	**85.29**	72.34
Furniture & Fixtures	21.77	12.29	0.97	**33.09**	4.82	2.82	0.96	**6.68**	**26.41**	16.95
Vehicles	80.24	20.91	1.12	**100.03**	21.74	10.12	0.34	**31.52**	**68.51**	58.50
Air Craft (GE Lease)	26.10	-	-	**26.10**	9.48	3.65	-	**13.13**	**12.97**	16.62
Air Craft (Owned)	37.12	-	-	**37.12**	1.68	2.08	-	**3.76**	**33.36**	35.44
Intangible Assets	1.54	0.05	-	**1.59**	0.32	0.31	-	**0.63**	**0.96**	1.22
TOTAL	4,929.04	1,052.66	62.76	**5,918.94**	781.75	460.91	59.55	**1,183.11**	**4,735.83**	4,147.28
Capital Work in Progress (Including pre-operative Expenses pending allocation/capitalisation and Capital goods lying in stores					-	-	-	**-**	**660.48**	937.84
PREVIOUS YEAR	3,243.05	1,788.92	102.94	**4,929.03**	542.33	336.47	97.05	**781.75**	**4,147.28**	2,700.72

Notes:-

1) Capital Work in Progress includes Rs. 33.55 Crores (Previous year Rs. 80.42 Crores) being Pre-operative Expenditure and Rs.25.47 Crores(Previous Year Rs. 21.26 Crores) Capital stores.

2) Sales/Transfer during the year in gross block and depreciation includes assets taken out of active use under the heads Plant & Machinery,Building,Furniture & Fixtures,Electric Installation and Vehicles (refer note no 7 of Schedule 20).

3) Freehold land includes Rs.5.85 Crores jointly owned with the company with 50% share and pending registration.

4) Depreciation during the year includes Rs.8.86 Crores (Previous Year Rs NIL) charged to prior period expenses and Rs. 0.54 Crores (Previous Year Nil) transferred to preoperative expenses.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

		As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (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 9800) 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
vi)	Globeleq Singapore (Pte) Limited - (Associate Company) 28,000 (Previous Year NIL) Equity Shares of USD 1.00 each	**0.12**	0.12
vii)	X-Zone SDN BHD 36,250 (Previous Year NIL) Equity Shares of Ringgit 1.00 each	**0.04**	-
		41.90	41.86
	Less: Provision For Diminution in value of Investments	**(11.54)**	(11.54)
	Sub Total (A)	**30.36**	30.32
(b)	**INVESTMENT IN GOVERNMENT AND TRUST SECURITIES**		
i)	National Saving Certificates Rupees 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.1,000/- each	**1.12**	1.16
iii)	11.50% IDBI-SLR 2011 5,500 (Previous Year 5,500) units of Rs.1,000/- each	**0.60**	0.62
iv)	12.00% IDBI-SLR 2012 5,000 (Previous Year 5,000) units of Rs.1,000/- each	**0.60**	0.63
v)	12.00% NHB-SLR 2011 20 (Previous Year 20) units of Rs.1,00,000/- each	**0.24**	0.25
	Sub Total (B)	**2.56**	2.66
(c)	**FULLY PAID-UP EQUITY SHARES OF SUBSIDIARY COMPANIES NON-TRADE, UNQUOTED**		
i)	Jindal Power Limited 867,050,000 (Previous Year 648,747,000) Equity Shares of Rs.10 each. 442,530,000 (Previous Year 410,350,000) Equity shares pledged as security with lenders of subsidary company)	**867.05**	648.75
ii)	Jindal Minerals & Metals Africa Limited 830 (Previous Year 830) Equity Shares of USD 1 each	**27.59**	27.59
iii)	Jindal Steel & Power (Mauritius) Limited 10,150,000 (Previous Year 100) Equity Shares of USD 1 each	**41.10**	0.00
iv)	Jindal Steel Bolivia S.A. 220,000 (Previous Year NIL) Equity Shares of Bolivianos 1 each (became subsidiary company during the current year)	**10.99**	-
v)	Chhatisgarh Energy Trading Company Limited 6,030,000 (Previous Year NIL) Equity Shares of Rs.10/- each (became subsidiary company during the current year)	**6.03**	-
	Sub Total (C)	**952.76**	676.34

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
(d) FULLY PAID-UP EQUITY SHARES OF INCORPORATED JOINT VENTURE		
NON-TRADE, UNQUOTED		
i) Shresht Mining and Metals Private Limited 5,000 (Previous Year NIL) Equity Shares of Rs.10/- each	**0.01**	-
Sub Total (D)	**0.01**	-
INVESTMENTS - CURRENT, TRADE		
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) 20,563,945.65 (Previous Year Nil) Units of Reliance Liquidity Fund Growth Option (face value Rs.10/- per unit)	**25.00**	-
iii) 19,799,941.39 (Previous Year Nil) Units of Principal Cash Management Fund (face value Rs.10/- per unit)	**25.00**	-
Sub Total (E)	**50.50**	0.50
Total Investments- Long Term and Current - (A+B+C+D+ E)	**1,036.19**	709.82
Aggregate book value of quoted investments	**Nil**	Nil
Aggregate book value of un-quoted investments	**1,036.19**	709.82

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

(Rs. in Crores)

		PURCHASE		SALE	
		UNITS	**VALUE**	**UNITS**	**VALUE**
1	ICICI Prudential Instl Liquid Plan Super Instl Growth	259,212,242	296.60	259,212,242	297.37
2	Principal Cash Management Fund Liquid Option Instl Premium Plan Dividend Reinvestment Daily	105,944,820	105.95	105,944,820	105.95
3	Principal Cash Management Fund Liquid Option Instl Premium Plan Growth*	272,196,419	331.55	252,396,477	307.12
4	Birla Cash Plus Instl Premium Growth	377,987,132	476.50	377,987,132	477.24
5	Reliance Liquid Fund Treasury Plan Instl Option Growth*	67,692,127	82.00	47,128,181	57.10
6	LICMF Liquid Fund Dividend Plan	226,730,499	248.95	226,730,499	248.95
7	LICMF Liquid Fund Growth Plan	803,533,994	1,153.36	803,533,994	1,155.17
8	UTI Liquid Cash Plus Instl Growth Option	4,143,276	544.00	4,143,276	545.08
		2,117,440,509	**3,238.92**	**2,077,076,622**	**3,193.98**

SCHEDULE - 7

INVENTORIES

		2008	2007
i)	Stores and Spares (Including in Transit)	**105.81**	81.80
ii)	Raw Materials (Including in Transit and at port)	**316.16**	205.83
iii)	Finished Goods (Including lying at Port)	**495.12**	315.91
iv)	Work in Progress	**63.03**	38.86
v)	Scrap	**0.44**	0.04
		980.56	642.44

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
SCHEDULE - 8		
SUNDRY DEBTORS (Unsecured)		
i) Exceeding six months		
Considered Good	**1.55**	7.49
Considered Doubtful	**4.23**	4.03
Less: Provision for bad and doubtful debts	**(4.23)**	(4.03)
	1.55	7.49
ii) Others		
Considered good (includes Rs.2.42 Crores due from Subsidiary Company (Previous Year Rs.nil)	**285.83**	312.82
	287.38	320.31
SCHEDULE - 9		
CASH AND BANK BALANCES		
Cash, Cheques, T T and Demand Drafts in hand (including cash in hand Rs.1.27 Crores (Previous Year Rs.0.74 Crores)	**3.17**	5.88
Balances with Scheduled Banks *		
i) In Current Accounts	**89.18**	41.81
ii) Fixed Deposits Accounts	**485.56**	5.28
	577.91	52.97

*1. Balance with Scheduled Banks in Current Account include Non-Scheduled Banks: Calyon Bank Rs.0.014 Crores (Previous Year Rs.Nil)

2. Fixed Deposits include unutilised monies out of ECB proceeds US$ 111.53 Million (Previous Year Nil) (US$ 11.53 Million from Bank of Tokyo-Mitsubishi UFJ and US$ 100 Million from ICICI Bank Ltd., Hongkong)

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (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	**691.41**	367.79
- Considered doubtful	**5.16**	5.19
Less: Provision for doubtful advances	**(5.16)**	(5.19)
Net	**691.41**	367.79
((includes Rs.558.24 Crores (Previous Year Rs.303.16 Crores) against capital supplies and Rs.0.14 Crores due from a Director(Previous Year Rs.0.03 Crores))		
Loans to Bodies Corporate & others		
- Considered good	**183.37**	16.41
- Considered Doubtful	**2.00**	2.00
Less: Provision for Doubtful Advances	**(2.00)**	(2.00)
(Includes Rs.72.86 Crores (Previous year Rs.23.39 Crores) to subsidiaries)	**183.37**	16.41
Advance against Share Application Money	**3.84**	6.18
Security Deposits	**19.06**	21.06
Balances with Govt.Departments & others	**83.47**	59.56
Advance Income Tax (Including TDS)	**471.82**	314.52
Advance Wealth tax	**0.75**	0.42
	1,453.72	785.94

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
SCHEDULE - 11		
CURRENT LIABILITIES		
Sundry Creditors (includes Rs.52.32 Crores (Previous Year Rs.111.83 Crores) creditors against Capital supplies) & includes Rs.8.64 Crores (Previous Year NIL) payable to subsidiary company	**619.78**	573.60
Other Outstanding Liabilities	**235.96**	143.80
Advances from customers and others (includes Rs.Nil Crores Advance from Subsidiary Company (Previous Year Rs.1.39 Crores)	**125.09**	31.36
Security Deposits	**35.65**	27.44
Interest accrued but not due	**16.71**	14.36
Investor Education & Protection Fund*	**-**	-
Unpaid Dividend	**5.20**	3.99
Unpaid Fixed Deposits	**0.07**	0.12
Unpaid Interest on Debentures	**0.03**	0.03
Unpaid Interest on Fixed Deposits	**0.38**	0.17
	1,038.87	794.87

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

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
SCHEDULE - 12		
PROVISIONS		
For Proposed Dividend	**38.93**	36.95
For Corporate Tax on Dividend	**6.62**	6.28
For Provision for Taxation	**514.12**	332.42
For Provision for Wealth Tax	**1.31**	0.96
For Leave Encashment	**13.26**	3.09
For Gratuity	**7.70**	5.78
	581.94	385.48
SCHEDULE - 13		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	**0.01**	0.07
Coal Mine development expenses	**3.13**	3.17
	3.14	3.24

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	For the year ended 31st March, 2008 (Rs. in Crores)	For the year ended 31st March, 2007 (Rs. in Crores)
SCHEDULE - 14		
SALES AND OPERATIONAL INCOME		
Sales	6,115.23	3,899.51
Inter Division Transfer	611.59	416.75
Job Charges Received	0.04	0.30
Export Benefits Received	16.36	19.98
	6,743.22	4,336.54
SCHEDULE - 15		
OTHER INCOME		
Miscellaneous Receipts	39.97	19.97
Liability/Provisions no longer required written back	3.83	0.86
Profit on Sale/discard of Fixed Assets	0.01	0.12
Profit on sale of Investment	4.49	0.72
Dividend Income	0.82	7.30
	49.12	28.97
SCHEDULE - 16		
MATERIAL, MANUFACTURING AND OTHERS		
Raw Material consumed	1,330.32	772.99
Goods Purchased for resale	29.51	10.39
Inter Division Transfer	611.59	416.75
Stores and Spares consumed	570.46	341.98
Power and Fuel	407.91	341.27
Other Manufacturing expenses	50.42	39.22
Royalty & Cess	49.09	42.42
Repairs to Buildings	36.51	33.73
Repairs to Plant and Machinery	163.45	88.05
SUB TOTAL (A)	3,249.26	2,086.80
(INCREASE)/DECREASE IN STOCK		
Opening Stock - Finished Goods	314.74	258.12
- Scrap	0.04	0.24
- Work in Progress	38.86	38.42
	353.64	296.78
Closing Stock - Finished Goods*	493.06	314.74
- Scrap	0.44	0.04
- Work in Progress	63.03	38.86
	556.53	353.64
NET (INCREASE)/DECREASE IN STOCK - SUB TOTAL (B)	(202.89)	(56.86)
Excise duty on account of increase/(decrease) on stock of finished goods- SUB TOTAL (C)	42.61	(3.27)
TOTAL (A+B+C)	3,088.98	2,026.67

* Net of Rs.2.06 Crores(Previous Year Rs.1.17 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 current year.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	For the year ended 31st March, 2008 (Rs. in Crores)	For the year ended 31st March, 2007 (Rs. in Crores)
SCHEDULE - 17		
PERSONNEL		
Salary, Wages, Bonus and other benefits	**121.15**	72.38
Contribution to Provident and other funds	**5.71**	4.74
Workmen and staff Welfare	**5.34**	3.30
Employees Compensation Expenses under Employees Stock Option Scheme (Refer note 10 of schedule 20)	**12.79**	13.28
	144.99	93.70
SCHEDULE - 18		
ADMINISTRATION AND SELLING		
Rent	**0.87**	0.32
Rates and Taxes	**53.32**	41.60
Insurance	**7.21**	7.72
Auditors' Remuneration	**0.23**	0.09
Miscellaneous Expenses	**152.94**	61.50
Loss on Sale/Discard of Fixed Assets	**0.20**	0.07
Loss on Sale of Investment	**-**	7.33
Donation (Refer note no 8 of Schedule 20)	**12.29**	11.49
Directors' meeting fees	**0.03**	0.02
Selling Expenses	**258.10**	268.14
Commission on Sales	**6.63**	8.33
Bank Charges	**8.65**	4.98
Financial Expenses	**9.26**	9.13
Provision for Doubtful debts & advances	**0.84**	7.17
Bad debts written off	**-**	0.00
Prior Period Adjustment	**15.17**	(0.24)
Foreign exchange Fluctuation (net of income of Rs.58.92 Crores.(Previous Year Rs.8.86 Crores.))	**148.87**	(14.34)
	674.61	413.31
SCHEDULE - 19		
INTEREST		
Interest Expenses		
- Debentures and Other Fixed loans	**200.04**	120.72
- Others (includes Rs.1.31 Crores (Previous Year Rs.3.87 Cr) Paid to Subsidiary Company)	**25.07**	38.36
	225.11	159.08
Less: Interest Received (including Tax Deducted at Source of Rs.2.15 Crores (Previous Year Rs.1.72 Crores)		
- Interest on Inter Corporate Deposits	**(8.84)**	(0.53)
- Interest on Investments	**-**	(0.27)
- Others	**(7.68)**	(8.01)
	(16.52)	(8.81)
Net Interest	**208.59**	150.27

SCHEDULE - 20

SIGNIFICANT ACCOUNTING POLICIES & 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 concept and in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India. The company follows mercantile system of accounting and recognizes Income & 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.

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.

ii) Fixed Assets & 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 the 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 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 are capitalized with the cost of qualifying assets.

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

d) Depreciation & 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 is 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.

Certain Plant & machinery have been considered as continuous process plant on 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 Exchange Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. All exchange differences are dealt within profit and loss account. Foreign currency denominated assets/ liabilities are translated at the year end exchange rates and resultant gains/ losses are recognized in the profit and loss account for the year. In case of forward foreign exchange contracts, exchange difference are dealt with in the Profit & Loss Account over the life of the contract.

iv) Investments

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

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 or 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 & 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 & others.

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

vii) Retirement Benefits

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

(a) Provident Fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision 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.

Actuaial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Profit and Loss Account in the year to which such gains or losses relate.

(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 Custom Duty

Excise Duty liability on finished goods lying in factory is accounted for and the corresponding amount is considered for the valuation thereof. Custom duty in respect of materials lying in bonded premises and in transit is accounted for as and when the property in 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/Railway plot development expenditure/Coal mines development expenditure etc., is written off over a period of ten years.

x) Revenue Recognition

a) Sales & 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 for 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 are continued to be accounted for on acceptance basis.

xi) Export benefits

Export benefits available under the Exim Policy 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 asset and a liability to the lessor at fair value at the inception of lease.

In respect of operating lease, the lease payments as per respective lease agreement are recognized as expense in the statement of Profit & Loss on straight-line basis.

xiii) Research and Development Expenditure

Research & Development expenditure not fulfilling the recognition criteria as set out in Accounting Standard AS-26 on 'Intangible Assets' is charged to profit & 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 benefit tax is made considering various allowances and benefits available to the Company under the provisions of Income Tax Law.

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 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 assets carrying amount exceeds its recoverable amount being the higher of the assets 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 assets. For the purpose of assessing impairment, assets are grouped at the lowest levels 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 assets 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 disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

xvii) Employee Stock Option Scheme

Stock option granted to the employees of the company and its subsidiary under the stock option schemes are evaluated as per the accounting treatment prescribed by 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 profit & loss account as employee costs 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 company's Bankers on behalf of Company	**352.92**	206.10
b)	Letter of credit opened by banks	**932.67**	642.26
c)	Corporate guarantees / undertakings issued on behalf of third parties.	**46.68**	4.21
d)	Disputed Excise Duty & other Demands	**30.69**	30.21
e)	Future liability on account of lease rent for unexpired period.	**0.20**	2.63
f)	Bonds executed for machinery imports under EPCG Scheme	**716.45**	681.24
g)	In respect of various Income Tax cases pending at various stages of appeal with the authorities	**42.25**	11.38

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.5399.48 crores (Previous Year Rs.2,995.09 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 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.66.58 crores (Previous Year Rs.32.59 crores). The company made an additional provision of Rs.40.91 crores during the year (Previous Year Rs.33.99 crores) and amount utilized during the year Nil (Previous Year Nil). At the end of financial year, there is an outstanding provision of Rs.107.49 crores (Previous Year Rs.66.58 crores).

4. Pursuant to the notification of Accounting Standard (AS) -11 in the Companies (Accounting Standards) Rules, 2006, the foreign exchange difference on the foreign exchange loans/liabilities have been charged off to Profit & Loss Account as against considering them as part of cost of fixed assets acquired from a country outside India, from this year.

5. One of the Company's expansion units 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.81.59 Crore has been accounted for during the year under Sales Tax Subsidy Reserve Account.

6. a) Provision for current income tax and fringe benefit 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:-

(Rs. in Crores)

		As on 1 April, 2006	Charge/(Credit) during the Year	As on 1 April, 2007	**Charge/(Credit) during the Year**	**As on 31 March, 2008**
1)	Difference between Book and Tax Depreciation	295.48	153.04	448.52	**100.56**	**549.08**
2)	Misc. Expenditure written off	0.17	-	0.17	**(0.09)**	**0.08**
3)	Provision for Doubtful Debtors	(1.33)	(0.71)	(2.04)	**(0.27)**	**(2.31)**
4)	Disallowance u/s 43-B	(14.03)	(17.58)	(31.61)	**(20.57)**	**(52.18)**
		280.29	134.75	415.04	**79.63**	**494.67**

7. Additions / (Adjustment) to Plant & Machinery/Capital work-in-progress includes adjustment of Rs. (9.48) Crores (Previous Year Rs. (14.59) Crores) on account of Foreign Exchange Fluctuation on long term liabilities relating to acquisition of Fixed Assets.

8. Donations include Rs.0.05 Crores (Previous Year Rs. Nil) to Jharkhand Pradesh Congress Committee as contribution to political parties.

9. Sales/adjustments during the year in gross block and depreciation under Schedule-5 includes the assets taken out of active use during the financial year as detailed below:

(Rs. in Crores)

Description	Gross Block	Depreciation	Net Block *
Plant and Machinery	49.87	47.47	2.40
Building	9.38	9.38	-
Furniture and Fixtures	0.96	0.96	-
Electrical Installation	1.35	1.35	-
TOTAL	**61.56**	**59.17**	**2.40**

* Amount represents the residual value of these assets which have been considered under the inventory of Stores and spares. Difference between net book value, at the time of assets been taken out of active use, and the estimated net realizable value amounting to Rs.29.05 Crores (Previous Year Rs.44.28 Crores) has been charged under depreciation for the year & amounting to Rs.8.85 Crores (Previous Year Nil) has been charged to Previous year expenses owing to the assets dedicated for social cause.

10. 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 have in their meeting held on 27.12.2007 approved sub-division of 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 number of maximum options that can be issued under 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.

On 25.07.2005, the Company established 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 (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.

On 26.11.2005, the company granted 42,97,000 (Forty two lakh ninety seven thousand) [originally 8,59,400 (Eight lakh fifty nine thousand four hundred)] stock options (Series – I) to its employees (including employees of the subsidiary company). Out of the above stock options, 7,76,250 (Seven lakh seventy six thousand two hundred fifty) [originally 1,55,250 (One lakh fifty five thousand two hundred fifty)] have lapsed and 35,20,750 (Thirty five lakh twenty thousand seven hundred fifty) [originally 7,04,150 (Seven lakh four thousand one hundred fifty)] stock options are outstanding as on 31.03.2008.

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 thirty six thousand nine hundred fifty)] options (Series – III) to its employees (including employees of the subsidiary company). Out of the above stock options, 88,000 (Eighty eight thousand) [originally 17,600 (Seventeen thousand six hundred) have lapsed and 5,59,750 (Five lakh fifty nine thousand seven hundred fifty) [originally 1,11,950 (One lakh eleven thousand nine hundred fifty) stock options are outstanding as on 31.03.2008.

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 only options (Series – III) to its employees (including employees of the subsidiary company). Out of the above stock options, 1,40,000 (One lakh forty thousand) [originally 28,000 (Twenty eight thousand)] have lapsed and 5,44,750 (Five lakh forty four thousand seven hundred fifty) [originally 1,08,950 (One lakh eight thousand nine hundred fifty)] stock options are outstanding as on 31.03.2008.

			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	36,98,000	6,15,250	-
6.	Option granted during the year	-	-	6,84,750
7.	Option lapsed and/or withdrawn During the period	1,77,250	55,500	1,40,000
8.	Option exercised during the year against which shares were allotted	-	-	-
9.	Option granted and outstanding at the end of the year of which	35,20,750	5,59,750	5,44,750
	- Options vested	17,60,375	-	-
	- Options yet to vest	17,60,375	5,59,750	5,44,750

11. As per Accounting Standard AS 15 “Employee Benefits” , the disclosures of Employee benefits as defined in the Accounting Standard are given below:

(Monetary figures Rs. in Crores)

			Gratuity	**Leave Encashment**
I	Components of Employer Expense		Funded	Unfunded
	1	Current Service Cost	0.74	0.83
	2	Interest Cost	0.40	0.23
	3	Expected Return on Plan Assets	(0.34)	-
	4	Curtailment Cost/ (credit)	-	-
	5	Settlement Cost/ (credit)	-	-
	6	Past Service Cost	-	-
	7	Actuarial Losses/ (Gains)	1.73	9.74
	8	Total expense recognized in the Statement of Profit & Loss Account	2.54	10.79
II	Actual Returns for the period ended March 31, 2008 (%)		31.58	-
III	Net Assets/ (Liability) Recognised in the Balance Sheet as at March 31, 2008			
	1	Present value of Defined Benefit Obligation	(7.56)	(13.15)
	2	Fair Value on Plan Assets	4.37	-
	3	Status {Surplus/(Deficit)} (1-2)	(3.18)	(13.15)
	4	Unrecognised Past Service Cost	-	-
	Net Assets/ (Liability) Recognised in the Balance Sheet :- (3+4)		(3.18)	(13.15)
IV	Change in Defined Benefit Obligation (DBO) during the year ended March 31, 2008			
	Present Value of DBO at the beginning of Period:-		(4.89)	(3.09)
	1	Current Service Cost	(0.74)	(0.83)
	2	Interest Cost	(0.40)	(0.23)
	3	Curtailment Cost/(credit)	-	-
	4	Settlement Cost/ (credit)	-	-
	5	Plan Amendments	-	-
	6	Acquisitions	-	-
	7	Actuarial (Losses)/Gains	(1.70)	(9.72)
	8	Benefits Paid	0.19	0.73
	Present Value of DBO at the end of Period:-		(7.56)	(13.14)
V	Change in Fair Value of Assets during the year ended March 31, 2008			
	Plan Assets at the Beginning of the year:-		3.32	-
	1	Acquisition Adjustment	-	-
	2	Expected Return on Plan Assets	0.34	-
	3	Actuarial (Losses)/Gains	(.02)	-
	4	Actual Company Contribution	0.93	0.73
	5	Benefit Paid	(0.19)	(0.73)
	Plan Assets at the end of the year:-		4.37	-
VI	Actuarial Assumption			
	1	Discount Rate (%)	8.60	8.60
	2	Expected Return on Plan Assets (%)	9.25	-

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

(Rs. in Crores)

		Current Year	PreviousYear
Amount brought forward from last year		**80.42**	126.43
Add:	Expenditure incurred during the year		
	Personnel Expenses	**3.25**	5.59
	Consultancy Charges	**5.80**	45.61
	Financial expenses	**13.52**	58.58
	Depreciation	**0.54**	-
	Foreign exchange fluctuation	**(9.48)**	(14.59)
	Miscellaneous Expenses	**32.02**	31.84
		126.07	253.46
Less:	Capitalized as part of		
	Plant & Machinery	**88.33**	161.04
	Building	**1.84**	11.53
	Other fixed assets	**2.35**	0.47
Amount carried forward under capital work-in-progress		**33.55**	80.42

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**	0.08
Increase/Decrease in Stock		**0.89**	1.17
	Total Income (A)	**1.00**	1.25
Less :	**Expenditure**		
	Opening Stock of Finished Goods	**-**	-
	Raw materials consumed	**0.84**	1.50
	Power & Fuel	**0.31**	0.18
	Stores & spare parts consumed	**0.02**	0.02
	Repairs & Maintenance	**0.02**	0.07
	Excise duty paid	**0.01**	0.45
	Personnel expenses	**0.03**	0.05
	Total Expenditure (B)	**1.23**	2.27
	(A-B) Loss during Trial run period during current financial period	**0.23**	1.02
Add :	Amount brought forward	**-**	-
	Total	**0.23**	1.02
	Capitalised / Carried under capital work in progress	**0.23**	1.02

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, 2008 and the present value as at March 31,2008 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	
		31st March, 2008	31st March, 2007	**31st March, 2008**	31st March, 2007
I)	Payable not later than 1 year	**2.17**	2.29	**1.84**	1.84
II)	Payable later than 1 year and not later than 5 years	**4.61**	6.16	**4.29**	5.52
III)	Payable later than 5 years	**-**	0.62	**-**	0.61
	Total (I+II+III)	**6.78**	9.07	**6.13**	7.97
	Less: Future Finance Charges	**0.65**	1.10		
	Present Value of Minimum Lease Payments	**6.13**	7.97		

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, 2008 are as follows:

(Rs. in Crores)

	Minimum Lease Payment	Current Year	Previous Year
I	Payable not later than 1 year	**0.20**	2.43
II	Payable later than 1 year and not later than 5 years	**-**	0.20
	Total (I+ II)	**0.20**	2.63

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.983.13 Crores in body corporates (Previous Year Rs.706.67 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 value of Rs.11.54 Crores for the same during earlier years. Based on the financial position of the investee companies, the management is of the view that provision created as aforesaid is adequate.

15. In the opinion of the Board, Current Assets, Loans & 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 not received information from vendors regarding their status under the Micro, Small & Medium Enterprises Development Act, 2006 & hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given. Sundry Creditors in the Previous Year include Rs. 7.24 Crores payable to Small-Scale Industrial Undertakings.

17. 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	**5,985.84**	3,694.53
b) Power	**584.01**	531.51
c) Others	**28.90**	39.78
Sub Total	**6,598.75**	4,265.82
Less : Inter-segment Revenue	**467.13**	346.03
Net Segment Revenue	**6,131.63**	3,919.79
2. **Segment Results (Profit(+) / Loss(-) before Tax and interest from each segment)**		
a) Iron & Steel	**1,735.66**	893.19
b) Power	**333.61**	285.48
c) Others	**4.86**	6.48
Sub Total	**2,074.13**	1,185.15
Less : Interest, financial expenses and lease rent	**226.49**	150.05
Other un-allocable expenditure (net of un-allocable income)	**345.13**	90.26
Profit before Tax	**1,502.51**	944.84
Provision for Taxation		
– Income Tax & FBT	**185.57**	106.80
– Deferred Tax	**79.63**	134.75
– Wealth Tax	**0.35**	0.30
Profit after tax	**1,236.96**	702.99
3. **Other Information**		
I Segment Assets		
a) Iron & Steel	**5,459.25**	4,085.79
b) Power	**1,274.18**	1,066.83
c) Others	**64.71**	48.08
d) Un-allocated Assets*	**2,935.06**	2,399.14
Total Assets	**9,733.20**	7,599.84
II Segment Liabilities		
a) Iron & Steel	**965.29**	664.16
b) Power	**26.72**	27.21
c) Others	**8.35**	5.60
d) Un-allocated Liabilities	**1,113.11**	860.72
Total Liabilities	**2,113.47**	1,557.69
III Capital Expenditure (Including Capital work in Progress)		
a) Iron & Steel	**728.14**	1,507.71
b) Power	**29.48**	70.97
c) Others	**17.70**	1.81
Total	**775.32**	1,580.49
IV Depreciation		
a) Iron & Steel	**388.92**	279.20
b) Power	**60.37**	55.56
c) Others	**2.22**	1.71
Total	**451.51**	336.47
V Non Cash expenditure other than depreciation		
a) Iron & Steel	**1.11**	7.38
b) Power	**-**	-
c) Others	**12.79**	13.28
Total	**13.90**	20.66

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

18. Related party disclosure as required by Accounting Standard – 18 issued by the Institute of Chartered Accountants of India:-

A. List of Related Parties & Relationships

a) Subsidiaries, Fellow Subsidiaries and Associates:

Subsidiaries

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

Fellow Subsidiaries

1. Jindal Minerals & Metal Africa Congo S.P.R.L, DPR, a subsidiary of JMMAL
2. Trans Atlantic Trading Limited, Guernsey ,a subsidiary of JSPML
3. PT Jindal Overseas, Indonesia , a subsidiary of JSPML
4. Vision Overseas Limited, Mauritius , a subsidiary of JSPML
5. Jubilant Overseas Limited, Mauritius , a subsidiary of JSPML
6. Affiliate Overseas Limited, Mauritius , a subsidiary of JSPML
7. Skyhigh Overseas Limited, Mauritius , a subsidiary of JSPML
8. Harmony Overseas Limited, Mauritius, a subsidiary of JSPML
9. Worth Overseas Limited, (WOL), Mauritius, a subsidiary of JSPML
10. Gas to Liquids International S.A., Bolivia, a subsidiary of WOL

Associates

1. Nalwa Steel & Power Limited, formerly known as Nalwa Sponge Iron Limited
2. Shresht Mining and Metals Private Limited, incorporated Joint Venture
3. Globeleq Singapore (Pte) Limited, Singapore

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)
5. Shri P.S.Rana (Whole Time Director)

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

1. Nalwa Sons Investments Limited
2. JSW Steel Limited
3. Jindal Systems Pvt. Limited
4. Jindal Stainless Limited
5. Bir Plantation Pvt. Limited
6. Jindal Saw Limited
7. India Fly Safe Aviation Limited
8. Gagan Sponge Iron Limited
9. Opelina Finance & Investment Limited
10. Minerals Management Services India Limited
11. Jindal Rex Exploration Pvt. Limited

B. Transactions with Related Parties **(Rs. in Crores)**

Description	Subsidiaries, Fellow Subsidiaries and Associates		Key Management Personnel		Enterprises controlled by Key Management personnel & their relatives	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Purchase of Goods/Services	**52.87**	16.37	**-**	-	**62.06**	34.51
Sales of Goods (incl. Capital goods) & Services	**336.87**	133.28	**-**	-	**456.36**	228.62
Advance against share Application money	**(6.00)**	6.00	**-**	-	**-**	-
Rent & other expenses Paid	**-**	-	**-**	-	**0.08**	0.30
Interest received/(paid)	**0.51**	(3.72)	**-**	0.00	**0.30**	0.69
Dividend received/(paid)	**-**	-	**(0.01)**	(0.01)	**(7.37)**	(8.79)
Remuneration	**-**	-	**19.69**	13.24	**-**	-
Lease rent recd.	**-**	-	**-**	-	**4.15**	1.68
Hire charges paid	**-**	-	**-**	-	**9.43**	2.20
Outstanding Balance at the year end						
Loans & Advances(including Interest)	**72.86**	(23.39)	**-**	-	**-**	4.50
Advance against Share Application money	**-**	6.00	**-**	-	**-**	-
Debtors	**1.44**	12.21	**-**	-	**20.50**	37.51
Creditors – Dr. Balance	**0.98**	0.30	**0.14**	0.03	**0.15**	0.77
Cr. Balance	**13.37**	-	**-**	-	**17.91**	7.22

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

19. 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	**1,236.96**	702.99
Profit attributable to ordinary shareholders	**1,236.96**	702.99
Number of Equity Shares (in nos.)		
Issued and subscribed	**15,39,61,340**	15,39,61,340*
Number of Potential Equity Shares (under Employees' stock option scheme)	**41,43,427**	20,56,010*
Total no. of shares including potential equity shares	**15,81,04,767**	15,60,17,350*
Basic earning Per Share (Rs.)	**80.34**	45.66*
Diluted Earning per Share (Rs.)	**78.24**	45.06*

*** Note :** Pursuant to the approval of shareholders in their extraordinary general meeting held on 27.12.2007, face value of each equity share was reduced from Rs.5/- to Re. 1/- Consequently, the number of Issued, Subscribed and Paid up Share Capital has changed to 15,39,61,340 equity shares of Re.1/- each and the Earning per Share of the Previous Year has been recalculated considering sub-division of face value of equity shares.

20. Advances recoverable in cash or in kind or for value to be received includes Rs.0.14 Crores (Previous Year Rs.0.03 Crores) being the amount due from directors/officers of the company. Maximum amount outstanding at any time during the year Rs.0.17 Crores (Previous Year Rs. 0.05Crores)

21. Prior period adjustment (net) includes:

(Rs. in Crores)

	Current Year	Previous Year
Income relating to earlier years	**-**	0.30
Expenses relating to earlier years		
a) Fees and Taxes	**-**	-
b) Others	**-**	0.06
c) Social Responsibility Costs	**15.17**	-

22. A. Auditors' Remuneration includes the following:

	Current Year	Previous Year
Payments towards		
- Audit fees	**0.20**	0.07
- Tax Audit fee	**0.02**	0.01
- Out of Pocket expenses	**0.01**	0.01
	0.23	0.09
Cost Auditors' Remuneration includes the following:		
Payments towards		
- Audit fees	**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 & loss account:	**1,502.51**	944.84
Add:		
- Directors remuneration	**19.69**	13.24
- Miscellaneous Expenditure written off	**0.27**	0.27
- Provision for doubtful debts & advances	**0.84**	7.11
- Loss on sale of Fixed Assets	**0.20**	0.07
- Loss on sale of Investment	**-**	7.33
Less:		
- Profit on sale/discard of fixed assets	**0.01**	0.12
- Profit on sale of Investment	**4.49**	0.72
Net profit on which commission is payable	**1519.01**	972.02
Commission @ 1% of net profit	**15.19**	9.72
2) Directors Remuneration includes the following:		
Remuneration paid to Directors including Managing Director and Whole time Directors		
- Salary	**3.65**	3.12
- Commission incentive to Executive Vice Chairman and Managing director and Vice chairman & CEO	**15.70**	9.86
- Contribution to Provident Fund & other funds	**0.31**	0.26
- Monetary value of perquisites*	**0.03**	-

* Valuation as per provisions of Income Tax Act 1961

23. **FINANCIAL AND DERIVATIVE INSTRUMENTS**

a) Derivative contracts entered into by the company and outstanding as on 31st March, 2008

For hedging currency and interest rate related risks:

Nominal amounts of derivative contracts outstanding amount to Rs.1220.17 Crores (Previous Year Rs.891.70 Crores). Category wise break-up is given below:

(Rs. in Crores)

	Current Year	Previous Year
Interest rate Swaps	**719.72 (USD 180.07 Million)**	804.52 (USD 184.57 Million)
Options	**367.52**	87.18
	(USD 91.95 Million)	(USD 20.00 Million)
Forward Contracts	**132.93**	-
	(USD 32.34 Million)	

b) The principal component of foreign currency loans/debts not hedged by derivative instruments amount to Rs.1808.48 Crores (Previous Year Rs.1183.43 Crores) which in respective currencies is as under:

	Current Year	Previous Year
US Dollars	**256.02 Million**	181.21 Million
Japanese Yen	**19590.25 Million**	10991.25 Million

c) In accordance with 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. 108.79 Crores to the Profit & Loss Account in respect of the outstanding derivative contracts.

24. Previous year figures have been regrouped and rearranged wherever considered necessary to facilitate comparison with Current Year figures.

25. ADDITIONAL INFORMATION

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

(monetary figures in Rs. Crores)

(A) INSTALLED CAPACITY

Sl. No.	Particulars	Unit	Installed Capacity (PA) As at 31st, March, 2008 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	M.W.	**333**	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**	
	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

Note : Installed capacity is as certified by the management.

(B) RAW MATERIAL CONSUMPTION

Sl. No.	Description	Unit	Current Year Quantity (MT)	Current Year Amount (Rs. in Crores)	Previous Year Quantity (MT)	Previous Year Amount (Rs. in Crores)
1	Iron Ore	M.T	**4,126,049.660**	**323.44**	3,096,128	289.10
2	Chrome Ore	M.T	**44,207.501**	**36.69**	77,156	44.15
3	Coking Coal	M.T	**962,367.912**	**585.64**	411,201	259.93
4	Others	M.T		**384.55**		179.81
	Grand Total			**1,330.32**		772.99

(C) QUANTITATIVE INFORMATION OF STOCK

MANUFACTURED FINISHED GOODS

Sl. No.	Particulars	Unit	Opening Stock As at 01.04.2006 Quantity	Opening Stock As at 01.04.2006 Amount (Rs. in Crores)	Opening Stock As at 01.04.2007 Quantity	Opening Stock As at 01.04.2007 Amount (Rs. in Crores)	Closing Stock As at 31.03.2008 Quantity	Closing Stock As at 31.03.2008 Amount (Rs. in Crores)
1	Sponge Iron	M.T	59,518	32.47	28,587	14.77	**21,377**	**14.91**
2	M.S.Round	M.T	12,476	19.12	10,612	15.82	**6,838**	**12.15**
3	H.C. Ferro Crome	M.T	599	2.01	1,316	3.87	**264**	**1.25**
4	Hot Metal/Pig Iron	M.T	2,772	4.07	35,500	36.70	**28,916**	**35.07**
5	Parallel Flange Beam/Columns	M.T	48,391	88.12	35,844	73.73	**68,292**	**141.84**
6	Other Finished Steel Products	M.T	8,130	14.77	5,044	8.09	**21,248**	**43.06**
7	Other Semi Steel Products	M.T	59,011	91.88	93,142	136.14	**54,510**	**93.10**
8	Machineries	M.T	64	0.65	54	0.64	**194**	**2.68**
9	Universal Plate /Coil	M.T.	-	-	954	2.06	**61,468**	**140.08**
10	Others	M.T.		5.03		24.09		**10.98**
				258.12		315.91		**495.12**

(D) PRODUCTION

Sl. No.	Particulars	Unit	Current Year Quantity	Previous Year Quantity
1	Sponge Iron	M.T	**1,185,739**	1,196,330
2	M.S.Round	M.T	**292,275**	233,108
3	H.C. Ferro Crome	M.T	**17,905**	31,070
4	Power	Million KWH	**2,665**	2,668
5	Hot Metal / Pig Iron	M.T	**1,250,636**	558,121
6	Parallel Flange Beam/Columns	M.T	**434,788**	192,772
7	Universal Plate /Coil	M.T	**239,702**	976
8	Other Finished Steel Products	M.T	**72,591**	16,645
9	Other Semi Steel Products	M.T	**1,135,781**	572,567
10	Machineries	M.T	**2,135**	3,045

(E) The following items used for internal/ captive consumption during the year

Sl. No.	Particulars	Unit	Current Year Quantity	Previous Year Quantity
1	Sponge Iron	M.T	**787,471**	528,316
2	M.S.Round	M.T	**1,787**	3,757
3	H.C. Ferro Crome	M.T	**1,166**	748
4	Power	Million KWH	**1,773**	1,430
5	Hot Metal / Pig Iron	M.T	**909,908**	396,400
6	Parallel Flange Beam/Columns	M.T	**761**	1,547
7	Other Semi Steel Products	M.T	**800,256**	230,856
8	Machineries	M.T	**256**	54
9	Universal Plate /Coil	M.T	**372**	-

(F) SALES & INTER DIVISIONAL TRANSFER

(a) SALES

Sl. No.	Particulars	Unit	Current Year Quantity	Current Year Amount (Rs. in Crores)	Previous Year Quantity	Previous Year Amount (Rs. in Crores)
	MANUFACTURED FINISHED GOODS					
1	Sponge Iron	M.T.	**405,446**	**577.22**	698,907	794.54
2	M.S.Round	M.T.	**294,263**	**862.15**	231,215	574.72
3	H.C. Ferro Crome	M.T.	**17,774**	**89.93**	29,591	123.44
4	Power	Million KWH	**892.51**	**246.73**	1,231	285.69
5	Pig Iron	M.T	**347,261**	**674.63**	128,982	218.96
6	Parallel Flange Beam/Columns	M.T	**401,578**	**1,446.62**	203,772	624.19
7	Universal Plate /Coil	M.T	**178,816**	**568.89**		
8	Other Finished Steel Products	M.T	**56,388**	**192.85**	19,731	57.08
9	Other Semi Steel Products	M.T	**374,068**	**893.71**	298,636	685.21
10	Machineries	M.T	**230**	**20.92**	371	33.95
11	Iron Ore / Iron OreFines	M.T	**1,182,812**	**386.04**	2,057,937	443.25
12	Others	M.T		**155.54**	4,701	58.48
	Total			**6,115.23**		3,899.51

(b) INTER DIVISIONAL TRANSFERS

Sl. No.	Particulars	Unit	Current Year Quantity	Current Year Amount (Rs. in Crores)	Previous Year Quantity	Previous Year Amount (Rs. in Crores)
1	Sponge Iron	M.T	**32**	**0.05**	38	0.04
2	H.C.Ferro Crome	M.T	**17**	**0.08**	15	0.05
3	Power	Million KWH	**-**	**-**	5	1.56
4	Pig Iron	M.T	**52**	**0.09**	11	0.02
5	Parallel Flange Beam/Columns *	M.T	**15,185**	**53.25**	-	-
6	Universal Plate /Coil **	M.T	**11,986**	**39.16**		
7	Iron Ore	M.T	**4,966,760**	**206.39**	3,902,744	174.13
8	Coal & Job Charges	M.T	**4,031,431**	**224.65**	4,192,171	208.26
9	Other Finished Steel Products ***	M.T	**6,870**	**21.58**	-	-
10	Other Semi Steel Products ****	M.T	**16,036**	**37.65**	8,855	8.06
11	Machineries	M.T	**1,509**	**21.82**	2,629	19.77
12	Others	M.T	**-**	**6.89**	-	4.86
	TOTAL			**611.59**		416.75

(c) OTHER OPERATIONS

	Current Year	Previous Year
Job Charges	**0.04**	0.30
Export Benefits Received	**16.36**	19.98
	16.40	20.28
TOTAL OF [a]+[b]+[c]	**6,743.22**	4,336.54

* Includes Beam & Column of 11937 ton transferred to Stock Yard & sold , also 3248 ton Stock lying at Stock Yard.

** Includes Universal Plate/Coil of 7510 ton transferred & sold , also 4476 ton Stock lying at Stock Yard.

*** Includes Other Finished Steel Products of 5554 ton transferred & sold , also 1316 ton Stock lying at Stock Yard.

**** Includes Other Semi Steel of 12055 ton transferred & Sold / Consumption, also 3891 ton stock is lying at Branch.

(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 (Rs. in Crores)	Previous Year Quantity	Previous Year Amount (Rs. in Crores)
1	M S Round	M.T	**26**	**0.04**	65	0.11
2	Parallel Flange Beam/Columns	M.T	**11,077**	**18.09**	6,720	14.54
3	Plate & Coil	M.T	**11,591**	**19.89**		
4	Other Semi Steel Product (Trial period)	M.T	**604**	**0.84**	1,077	1.79
5	Other Finished Steel Products	M.T	**1,861**	**3.36**	1,600	3.42
6	Other Semi Steel Products	M.T	**296**	**0.68**	74	0.13
7	Machineries	M.T	**256**	**2.34**	-	-
	TOTAL			**45.25**		19.99

(H) C.I.F. VALUE OF IMPORTS :-

Sl. No.	Particulars	Current Year Amount (Rs. in Crores)	Previous Year Amount (Rs. in Crores)
1	Raw Material & Fuel	**677.22**	406.77
2	Component & Spare Parts	**88.24**	63.18
3	Capital Goods and others	**188.99**	335.77
	TOTAL	**954.45**	805.72

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

Sl. No.	Particulars	Current Year Amount (Rs. in Crores)	Current Year %	Previous Year Amount (Rs. in Crores)	Previous Year %
(a)	**RAW MATERIAL**				
i)	Imported (includes purchased through Canalising agencies, High Sea Sales and others)	**622.23**	**46.77**	200.24	25.90
ii)	Indigenous	**708.09**	**53.23**	572.75	74.10
		1,330.32	**100.00**	772.99	100.00
(b)	**STORES AND SPARES**				
i)	Imported (includes purchased through Canalising agencies, High Sea Sales and others)	**34.88**	**6.11**	53.76	15.72
ii)	Indigenous	**535.58**	**93.89**	288.22	84.28
		570.46	**100.00**	341.98	100.00
(c)	**COKE AND COAL**				
i)	Imported (includes purchased through Canalising agencies, High Sea Sales and others)	**152.81**	**58.25**	150.35	66.75
ii)	Indigenous	**109.54**	**41.75**	74.91	33.25
		262.35	**100.00**	225.26	100.00

(J) EXPENDITURE IN FOREIGN EXCHANGE (As remitted):-

Sl. No.	Particulars	Current Year Amount (Rs. in Crores)	Previous Year Amount (Rs. in Crores)
1	Travelling	**1.77**	2.53
2	Interest & Arrangment charges	**61.15**	36.07
3	Dividend	**4.69**	3.85
4	Technical Knowhow fees	**23.99**	73.76
5	Others	**39.72**	13.35
		131.32	129.56

(K) EARNINGS IN FOREIGN CURRENCY

1	FOB Value of Export Sales	**653.01**	592.84
2	Others	**-**	-
		653.01	592.84

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

I. REGISTRATION DETAILS

Registration No. L27105HR1979PLC009913 State Code 0 5

Balance Sheet Date 3 1 (Date) 0 3 (Month) 0 8 (Year)

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	8114061	Total Assets	8114061
Sources of Funds			
Paid- up Capital	163961	Reserves & Surplus	37088566
Secured Loans	17833911	Unsecured Loans	20799723
Other Liabilities	5257900		
Application of Funds			
Net Fixed Assets	53963210	Investments	10361914
Net Current Assets	16787561	Misc. Expenditure	31376
Accumulated Losses	NIL		

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover (Total Income)	54598678	Total Expenditure	39573574
+ -	Profit Before Tax	+ -	Profit After Tax
+	15025104	+	12369604

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

Earning Per Share in Rs.	80.34	Dividend %	400

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)	NA
Product Description	POWER
Item Code No. (ITC Code)	72.07
Product Description	MILD STEEL

Signatures to Schedule 1 to 20

In terms of our report of even date

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

ARUN K. TULSIAN
Partner
Membership No. 89907

Dated : 27th May, 2008
Place : New Delhi

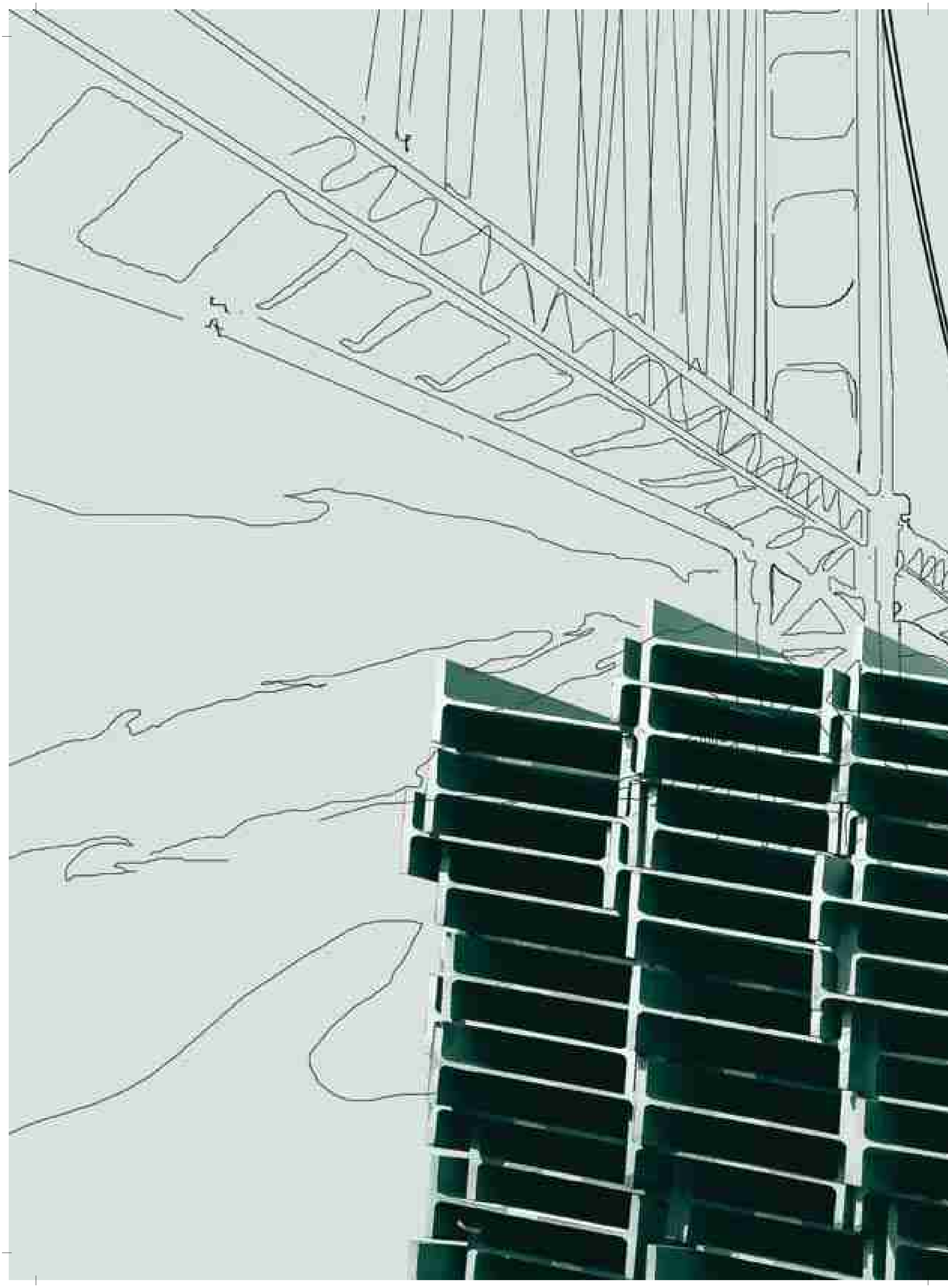
For & on behalf of the Board

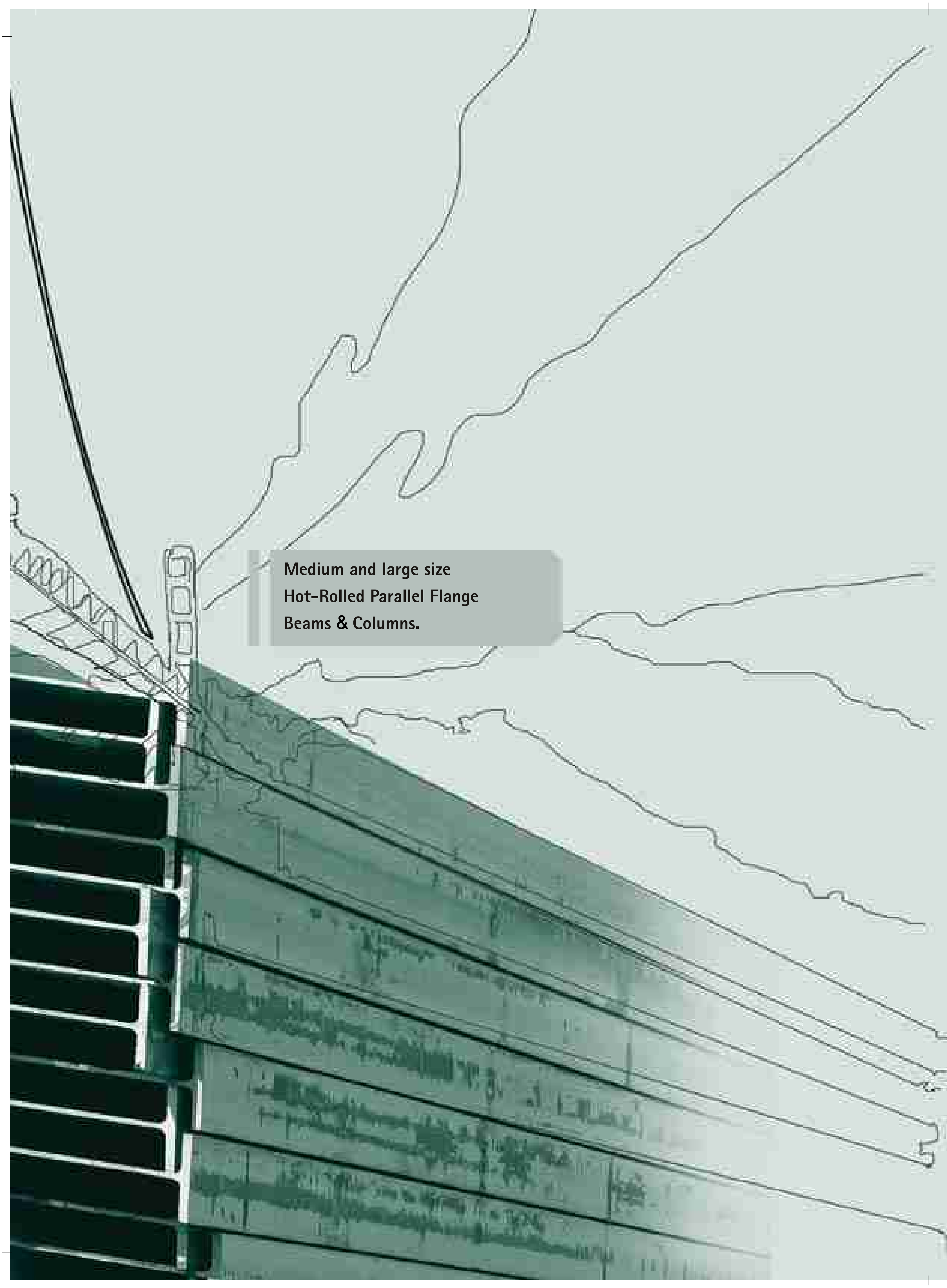
Naveen Jindal
Executive Vice Chairman & Managing Director

Vikrant Gujral
Vice Chairman & Chief Executive Officer

T.K. Sadhu
Company Secretary

Sushil K. Maroo
Wholetime Director





Medium and large size Hot-Rolled Parallel Flange Beams & Columns.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

		For the year ended 31st March, 2008 (Rs. in Crores)	For the year ended 31st March, 2007 (Rs. in Crores)
A.	**CASH INFLOW(OUTFLOW) FROM THE OPERATING ACTIVITIES**		
	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	**1,502.51**	944.84
	Adjustment for :-		
	Depreciation	**451.51**	336.47
	Miscellaneous expenditure written off during the year	**0.27**	0.27
	Loss/ Profit on sale of Fixed Assets	**-**	(0.05)
	Employees Compensation Expenses under Employees Stock Option Scheme	**12.79**	13.28
	Interest Paid	**208.59**	150.27
	Operating Profit before Working Capital Changes	**2,175.67**	1,445.08
	Adjustment for:-		
	Inventories	**(338.11)**	(73.78)
	Sundry Debtors	**32.93**	(22.76)
	Other Current Assets	**(343.56)**	(116.79)
	Income Tax paid	**(157.63)**	(88.68)
	Other Current Liabilities	**248.72**	163.68
	Interest Paid	**(206.24)**	(149.74)
	Net Cash Inflow from Operating Activities	**1,411.78**	1,157.01
B	**CASH INFLOW / (OUTFLOW) FROM INVESTMENT ACTIVITIES**		
	Capital Expenditure	**(765.71)**	(1,580.49)
	Sale Proceeds of Fixed Assets/Investment	**3.01**	35.09
	Loans & Advances	**(166.95)**	21.86
	Miscellaneous Expenditure	**(0.17)**	2.77
	Share Application (converted into Investment)	**2.34**	(6.18)
	Cash outflow from Investing Activities	**(927.48)**	(1,526.95)
C	**CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES**		
	State Subsidy	**81.59**	0.05
	Proceeds from Borrowings	**1,314.10**	1,217.03
	Working Capital Loan from Banks	**(169.34)**	94.78
	(Increase)/Decrease in Investment	**(326.37)**	(314.61)
	Repayment/Adjustment of Borrowings	**(789.10)**	(549.46)
	Dividend	**(60.04)**	(49.27)
	Corporate Tax on Dividend	**(10.20)**	(6.91)
	Net cash inflow/(outflow) from Financing Activities	**40.64**	391.61
	NET CHANGES IN CASH & CASH EQUIVALENTS(A+B+C)	**524.94**	21.67
	Cash & Cash equivalents (Opening Balance)	**52.97**	31.30
	Cash & Cash equivalents (Closing Balance)	**577.91**	52.97

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

ARUN K. TULSIAN
Partner
Membership No. 89907

Dated : 27th May, 2008
Place : New Delhi

For & on behalf of the Board

Naveen Jindal
Executive Vice Chairman & Managing Director

Vikrant Gujral
Vice Chairman & Chief Executive Officer

T.K. Sadhu
Company Secretary

Sushil K. Maroo
Wholetime Director

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 Liablities	Investments		Total	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend
						Long Term	Current						
Jindal Power Ltd.	INR in Crores	867.70	19.43	3,972.06	3,972.06	-	97.00	97.00	125.39	21.98	2.55	19.43	-
Jindal Minerals & Metal Africa Ltd.	INR in Crores	0.00	21.06	44.49	44.49	-	-	-	-	(1.34)	-	(1.34)	-
	US$ in million	0.00	5.27	11.13	11.13	-	-	-	-	(0.33)	-	(0.33)	-
Jindal Minerals & Metals Africa Congo SPRL	INR in Crores	0.20	-	44.04	44.04	-	-	-	-	(0.65)	0.01	(0.65)	-
	US$ in million	0.05	-	11.02	11.02	-	-	-	-	(0.16)	0.00	(0.16)	-
Jindal Steel & Power (Mauritius) Limited	INR in Crores	40.57	-	88.73	88.73	-	-	-	-	(1.28)	-	(1.28)	-
	US$ in million	10.15	-	22.20	22.20	-	-	-	-	(0.32)	-	(0.32)	-
Trans Atlantic Trading Limited	INR in Crores	0.00	-	29.98	29.98	-	-	-	-	(1.33)	-	(1.33)	-
	US$ in million	0.00	-	7.50	7.50	-	-	-	-	(0.33)	-	(0.33)	-
Worth Overseas Limited	INR in Crores	0.00	-	19.97	19.97	-	-	-	-	(0.02)	-	(0.02)	-
	US$ in million	0.00	-	5.00	5.00	-	-	-	-	(0.00)	-	(0.00)	-
PT Jindal Overseas	INR in Crores	0.40	-	0.40	0.40	-	-	-	-	-	-	-	-
	US$ in million	0.10	-	0.10	0.10	-	-	-	-	-	-	-	-
Gas to Liquids International S.A.	INR in Crores	0.03	-	1.80	1.80	-	-	-	-	-	-	-	-
	US$ in million	0.01	-	0.45	0.45	-	-	-	-	-	-	-	-
Chattisgarh Energy Trading Company Limited	INR in Crores	7.60	-	7.60	7.60	-	2.72	2.72	-	-	-	-	-
Jindal Steel Bolivia S.A.	INR in Crores	11.19	-	15.25	15.25	-	-	-	-	(0.36)	-	(0.36)	-
	US$ in million	2.80	-	3.81	3.81	-	-	-	-	(0.09)	-	(0.09)	-

*** Exchange Rate as on 31.03.2008 US$1= Rs.39.97**

AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF JINDAL STEEL AND POWER LTD AND ITS SUBSIDIARIES

The Board of Directors,

JINDAL STEEL AND POWER LTD

We have audited the attached consolidated balance sheet of **JINDAL STEEL AND POWER LTD** and its subsidiaries, associates and joint venture (The JSPL group) as at 31st March, 2008, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date. 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.

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

Financial statements of two associate companies and one joint venture have been audited by us in which share of profit of the group is Rs.22.50 Crores. Financial statements of one associate company are based on the management accounts and are unaudited. Investment in Associate Companies have been reported in accordance with Accounting Standard AS-23 and in joint venture in accordance with Accounting Standard AS-27.

We did not audit the financial statements of subsidiaries, whose adjusted financial statements reflect total assets of Rs.4,178.92 Crores as at 31st March, 2008, total revenues of Rs.125.39 crores and total cash flows of Rs. (2.84) Crores for the year then ended. These financial statements, other than those relating to some of the foreign subsidiaries, have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the other subsidiaries, is based solely on the report of the other auditors.

We further report that in the case of foreign subsidiaries of the company viz. Jindal Minerals & Metals Africa Limited, Jindal Steel & Power (Mauritius) Limited, Jindal Minerals & Metals Africa Congo SPRL and Worth Overseas Limited, having total assets of Rs.184.22 Crores as at 31st March, 2008 and total revenues of Rs.NIL for the year then ended, the figures used for consolidation are based on the management accounts and are therefore unaudited.

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 Investment in Associates in Consolidated Financial Statements' and AS-27, ' Accounting for Investments in Joint Ventures' issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of its subsidiaries, associates and joint venture included in the Consolidated Financial Statements.

Attention is invited to note no. 6 of Schedule 20 regarding accounting for sales tax included in the sales price of products sold out of sales tax exempted unit under Sales Tax Subsidy reserve account.

Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements 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 state of affairs of The JSPL group as at 31st March, 2008;

b) In the case of Consolidated Profit & Loss account, of the consolidated results of operations of The JSPL 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 JSPL Group for the year ended on that date.

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

Dated : 27th May, 2008
Place : New Delhi

(ARUN K. TULSIAN)
Partner
Membership No. 89907

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	As at 31st March, 2008 (Rs. in Crores)		As at 31st March, 2007 (Rs. in Crores)	
SOURCES OF FUNDS					
SHAREHOLDERS FUND					
Share Capital	1		16.40		16.40
Reserves and Surplus	2		3,808.26		2,524.33
Employees' Stock Options Outstanding		41.78		37.14	
Less :- Deferred employee compensation expenditure (see note 11 of Schedule 20)		(10.66)	31.12	(18.82)	18.32
			3,855.78		2,559.05
MINORITY INTEREST			6.24		5.39
LOAN FUNDS					
Secured	3		4,882.47		3,245.08
Unsecured	4		2,113.60		2,190.94
			6,996.08		5,436.02
DEFERRED TAX LIABILITY (NET)	20		494.67		415.04
TOTAL			11,352.76		8,415.50
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	7,899.89		5,026.67	
Less:Depreciation		(1,216.01)		(783.86)	
			6,683.88		4,242.81
Add :- Capital work in progress (including preoperative expenses pending allocation / capitalization and Capital goods lying in stores)			2,779.77		3,662.99
			9,463.65		7,905.80
INVESTMENTS	6		270.89		108.73
GOODWILL ON CONSOLIDATION			24.71		5.73
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	7	996.07		642.44	
Sundry Debtors	8	354.96		320.31	
Cash and Bank balances	9	620.72		98.61	
Loans and Advances	10	1,483.33		931.49	
			3,455.08		1,992.85
LESS: CURRENT LIABILITIES AND PROVISIONS					
Liabilities	11	1,371.59		1,213.08	
Provisions	12	586.84		387.77	
			1,958.43		1,600.85
NET CURRENT ASSETS			1,496.65		392.00
MISCELLANEOUS EXPENDITURE					
(to the extent not written off or adjusted)	13		96.86		3.24
TOTAL			11,352.76		8,415.50
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

ARUN K. TULSIAN
Partner
Membership No. 89907

Dated : 27th May, 2008
Place : New Delhi

For & on behalf of the Board

Naveen Jindal
Executive Vice Chairman & Managing Director

Vikrant Gujral
Vice Chairman & Chief Executive Officer

T.K. Sadhu
Company Secretary

Sushil K. Maroo
Wholetime Director

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	For the year ended 31st March, 2008 (Rs. in Crores)		For the year ended 31st March, 2007 (Rs. in Crores)	
INCOME					
Sales and Operational Income	14	6,822.42		4,336.54	
Less: Inter Division Transfer		611.59		416.75	
Less: Excise Duty/Electricity Duty		721.85		399.98	
Net Sales and Operational Income			5,488.98		3,519.81
Other Income	15		49.75		28.99
TOTAL			5,538.73		3,548.80
EXPENDITURE					
Material, Manufacturing and others	16	3,059.38		2,026.75	
Less: Inter Division Transfer		611.59		416.75	
			2,447.78		1,610.00
Personnel	17		147.12		93.70
Administrating and Selling	18		683.94		416.95
Interest	19		254.48		150.43
Miscellaneous Expenditure written off			6.91		0.27
Depreciation	5		479.25		336.55
TOTAL			4,019.48		2,607.90
PROFIT BEFORE TAXATION			1,519.25		940.90
Less: Provision for taxation					
(a) Income tax			184.17		104.99
(b) Deferred tax			79.63		134.75
(c) Wealth Tax			0.36		0.30
(d) Fringe Benefit Tax			3.94		1.81
PROFIT AFTER TAXATION			1,251.15		699.05
ADD : SHARE IN PROFIT/(LOSS) (NET) OF ASSOCIATES			22.50		6.18
ADD : MINORITY INTEREST			0.37		0.72
NET PROFIT AFTER TAXATION AND MINORITY INTEREST			1,274.02		705.95
ADD/(LESS)					
Surplus / (Loss) brought forward	2		2,064.34		1,491.86
Debenture Redemption Reserve written back			5.83		5.83
PROFIT AVAILABLE FOR APPROPRIATION			3,344.19		2,203.64
Interim Dividend on Equity Shares			23.09		18.48
Corporate tax on Interim Dividend			3.92		2.59
Proposed Dividend on Equity Shares			38.93		36.95
Corporate tax on Proposed Dividend			6.63		6.28
General Reserve			125.00		75.00
Balance carried to Balance Sheet			3,146.62		2,064.34
			3,344.19		2,203.64
Basic Earning per share (in Rs.) (See note 20 of Schedule 20)			81.26		45.85
Diluted Earning per share (in Rs.) (See note 20 of Schedule 20)			79.13		45.23
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

ARUN K. TULSIAN
Partner
Membership No. 89907

Dated : 27th May, 2008
Place : New Delhi

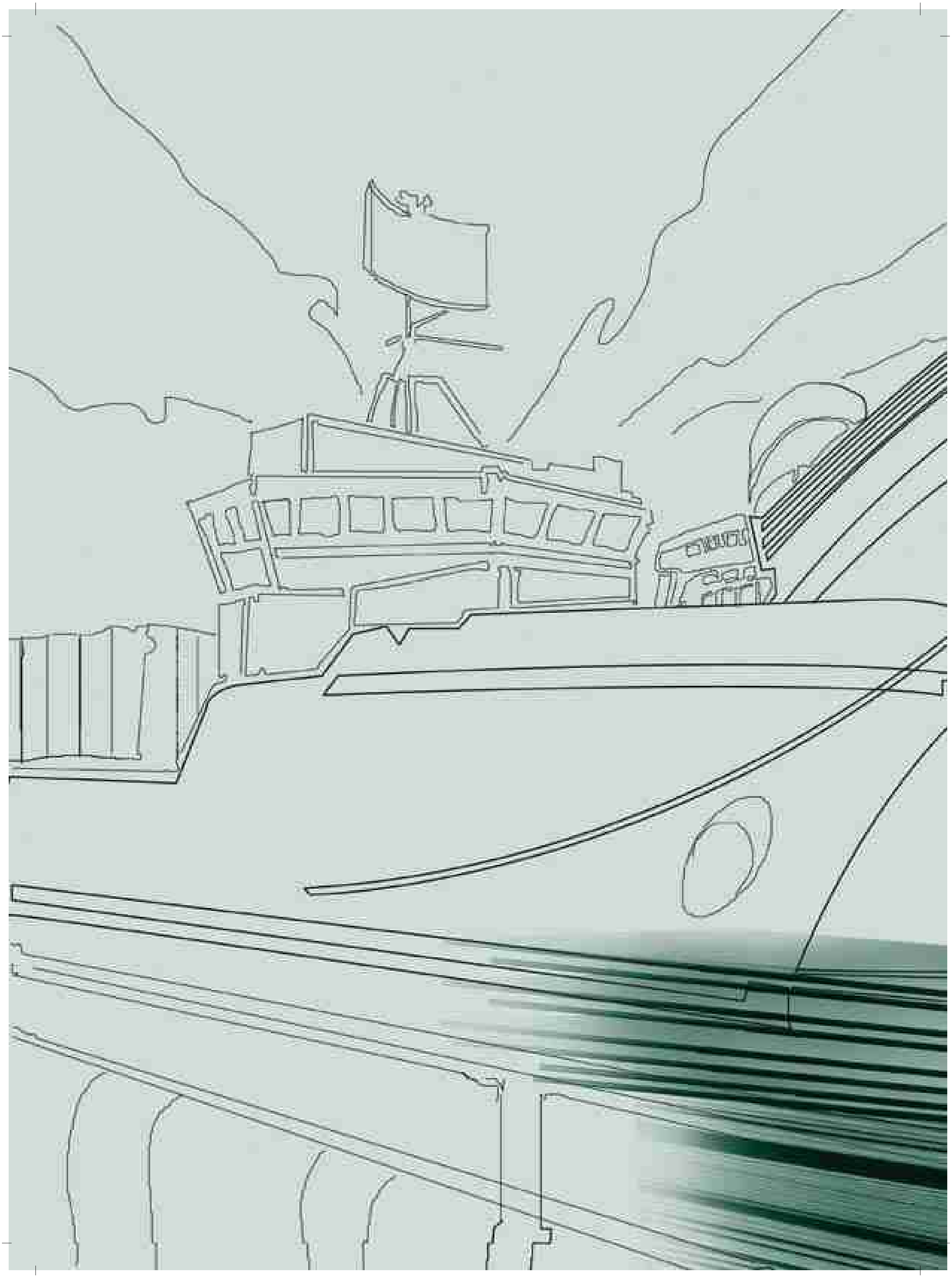
For & on behalf of the Board

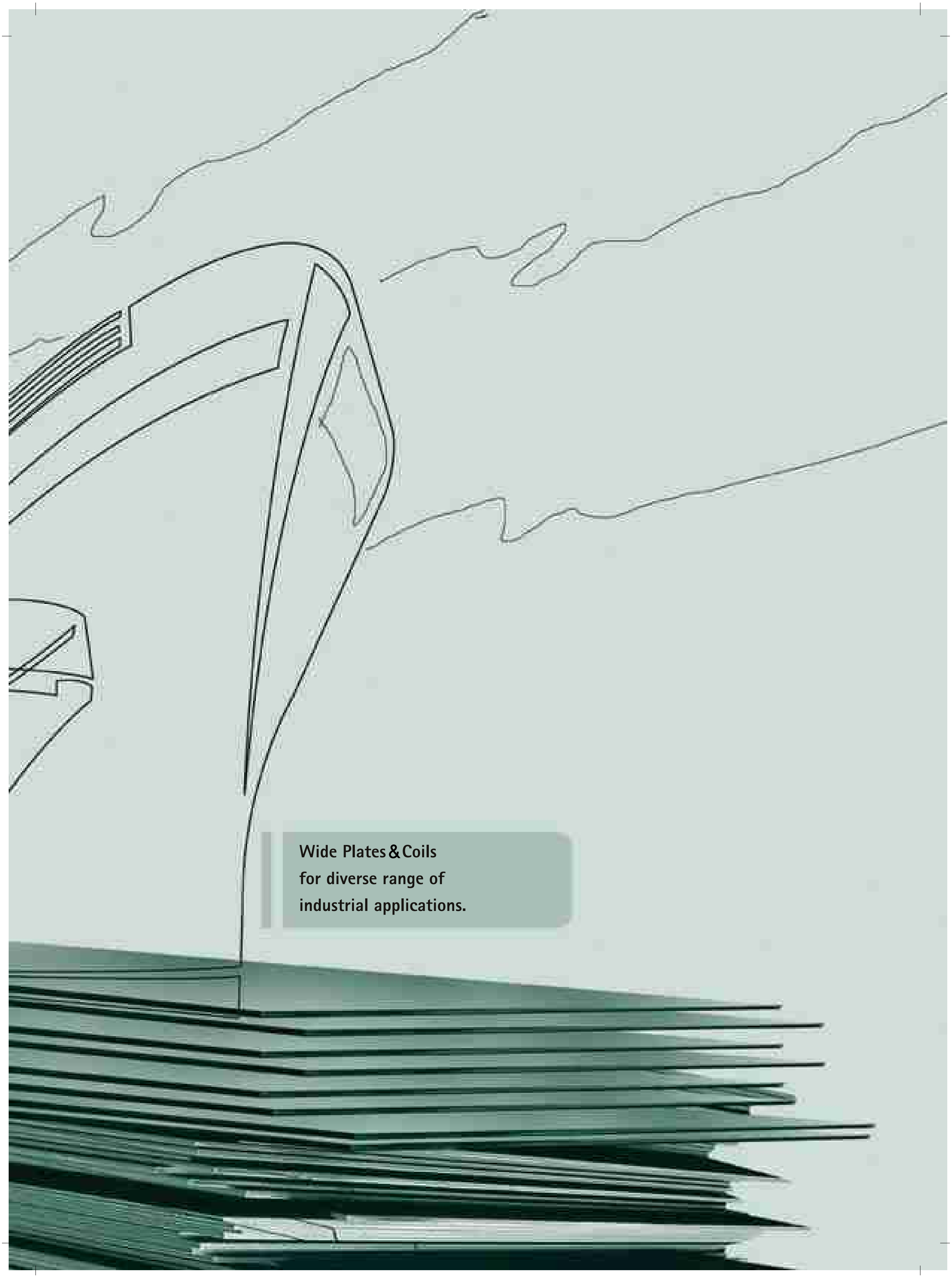
Naveen Jindal
Executive Vice Chairman & Managing Director

Vikrant Gujral
Vice Chairman & Chief Executive Officer

T.K. Sadhu
Company Secretary

Sushil K. Maroo
Wholetime Director




Wide Plates & Coils
for diverse range of
industrial applications.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
200,000,000 (Previous Year 40,000,000) Equity Shares of Re.1/- each (Previous Year Rs.5/- each)	**20.00**	20.00
10,000,000 (Previous Year 10,000,000) Redeemable Cumulative Preference Shares of Rs.100/- each (Previous Year Rs.100/- each)	**100.00**	100.00
	120.00	120.00
ISSUED, SUBSCRIBED AND PAID UP		
EQUITY SHARES		
153,961,340 (Previous Year 30,792,268) Equity Shares of Re.1/- each (Previous Year Rs.5/- each)	**15.40**	15.40
	15.40	15.40
Shares Forfeited Account- Preference Shares	**1.00**	1.00
TOTAL	**16.40**	16.40

(A) Out of the above,126,122,840 equity shares of Re.1/-each (Previous Year 25,224,568 equity shares of Rs.5/- 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 11 of Schedule 20)

(C) Pursuant to the approval of shareholders in their extraordinary general meeting held on 27.12.2007 face value of each equity share was reduced from Rs.5/- to Re.1/- consequently, the number of issued, subscribed and paid up Share Capital of the company has changed to 153,961,340 equity shares of Re.1/- each.

SCHEDULE - 2		
RESERVES AND SURPLUS		
(A) SHARE PREMIUM		
As per last account	**143.36**	143.36
Add: Addition during the year	**-**	-
	143.36	143.36
(B) GENERAL RESERVE		
As per last account	**238.43**	163.43
Add: Transfer from Profit and Loss Account	**125.00**	75.00
Add: On account of Transitional Provisions under Accounting Standard-15	**0.88**	-
	364.31	238.43
(C) DEBENTURE REDEMPTION RESERVE		
As per last account	**5.83**	11.66
Less: Written back during the year	**(5.83)**	(5.83)
	-	5.83
(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**	0.19
Addition during the year	**-**	0.05
	0.24	0.24
(F) SALES TAX SUBSIDY/CAPITAL RESERVE (Refer note 6 of Schedule 20)		
As per last account	**2.14**	1.90
Addition during the year	**81.59**	0.24
	83.73	2.14
(G) SURPLUS IN PROFIT AND LOSS ACCOUNT	**3,146.62**	2,064.34
	3,808.26	2,524.33

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
SCHEDULE - 3		
(A) DEBENTURES		
i) 10.00% Secured Redeemable Non Convertible Debentures of Rs.100/- each	-	3.33
ii) 10.00% Secured Redeemable Non Convertible Debentures of Rs.100/- each	-	1.67
iii) 7.00% Secured Redeemable Non Convertible Debentures of Rs.100/- each	-	6.67
	-	11.67
(B) TERM LOANS		
From Financial Institutions	525.00	372.62
From Banks and others	4,288.13	2,615.35
	4,813.13	2,987.97
(C) OTHERS	25.09	31.85
(D) WORKING CAPITAL BORROWINGS FROM BANKS	44.25	213.59
TOTAL	4,882.47	3,245.08

NOTES :-

(A) DEBENTURES

i) Debentures placed with LIC on private placement basis are redeemable at par in 3 equal annual installments commencing from the end of fifth year from the date of allotment i.e. 14th November, 2000 (The debentures have been redeemed in full during the current financial year) The debentures were secured by pari-passu charge by way of mortgage of immovable properties and hypothecation of movable assets of the company in favour of the Debenture Trustees.

ii) Debentures placed with GIC on private placement basis are redeemable at par in 3 equal annual installments commencing from the end of fifth year from the date of allotment i.e. 14th December, 2000. (The debentures have been redeemed in full during the current financial year). The debentures were secured by pari-passu charge by way of mortgage of immovable properties and hypothecation of movable assets of the company in favour of the Debenture Trustees.

iii) Debentures placed with UTI Bank Limited on private placement basis are redeemable at par in 3 equal annual installments commencing from the end of fourth year from the date of allotment i.e. 18th May, 2001. (The debentures have been redeemed in full during the current financial year). The debentures were secured by pari-passu charge by way of mortgage of immovable properties and hypothecation of movable assets of the company in favour of the Debenture Trustees.

(B) TERM LOANS

From Financial Institution

Rs.Nil (Previous Year Rs.2.38 Crores) were secured against equitable mortgage of specific dwelling units at Raigarh.

Term loans of Rs.525.00 Crores (Previous Year Rs.370.24 Crores) in the subsidary company from Financial Institution are secured / to be secured by way of first pari-passu mortgage / charge on all the fixed assets (tangibles and Intangibles including uncalled capital of the company), receivables accounts and book debts and all rights, titles and interest in accounts of the company, both present & future. The said loans are further secured/ to be secured by way of pledge of 51% of the equity share capital issued/ to be issued by the company on parri-passu basis and pari-passu first charge by way of hypothecation of all Promotor's receivables realised by sale of energy purchased by the Promotors from the company and deposit in the escrow account /designated account both present and future.

From Banks and others

Secured by first pari-passu charge in favour of Banks by way of mortgage of Company's immovable properties and hypothecation of moveable assets except those charged in favour of Company's Bankers for securing working capital facilities excluding (a) loans of Rs.557.92 Crores (Previous Year Rs.624.88 Crores) which are secured by exclusive charge on Assets created under Steel expansion project, (b) loans of Rs.375.00 Crores (Previous Year Rs.349.00 Crores) which are secured by exclusive charge on assets created under Plate Mill project at Raigarh, Chhattisgarh (c) loan of Rs.214.28 Crores (Previous Year Rs.240.00 Crores) which are secured by exclusive charge on Assets created under 3x25 MW Captive Power Plant, (d) loans of Rs.Nil (Previous Year Rs.65.00 Crores) which were to be secured by an exclusive charge on the specific assets purchased by the company in Jharkhand (e) loans of Rs.120.00 Crores (Previous Year Rs.Nil) which are to be secured by exclusive charge on Assets created under the Plate Mill project at Angul, Orissa, (f) loans of Rs.50.00 Crores (Previous Year Rs.Nil) which are to be secured by exclusive charge on Assets created under the DRI project at Angul,Orissa, (g) loans of Rs.58.21 Crores (Previous Year Rs.30.51 Crores) which are secured by a subservient charge on current assets of the Company and (f) loans of Rs.8.42 Crores (Previous Year Rs.13.98 Crores) which is secured by third and residual charge of the Fixed Assets of the Company.

Term loans of Rs.2,245.42 Crores (Previous Year Rs.741.86 Crores) in a subsidary from Banks and others are secured / to be secu red by way of first pari-passu mortgage / charge on all the fixed assets (tangibles and Intangibles including uncalled capital of the subsidary), receivables accounts and book debts and all rights, titles and interest in accounts of the company, both present & future. The said loans are further secured/ to be secured by way of pledge of 51% of the equity share capital issued/ to be issued by the subsidary on parri-passu basis and pari-passu first charge by way of hypothecation of all holding company's receivables realised by sale of energy purchased by the Holding Company from the Subsidiary and deposited in the escrow account /designated account both present and future. Further Term loans of Rs.314.50 Crores (Previous Year Rs.Nil) in the subsidary company, are secured/to be secured by way of mortgage / charge on all the fixed assets (tangibles and Intangibles including uncalled capital of the subsidary) which is second and subservient to charge as stated in the preceeding paragraph.

Further term loans of Rs.14.14 Crores (Previous Year Rs.17.35 Crores) in the subsidary company from Banks and others is secured against mortgage of the specific immovable property.

The loans from Banks and others includes a sum of US $ 31.37 Million (Previous Year US $ 34.18 Million) and GBP 1.78 Million (Previous Year GBP 2.01) as foreign currency loans out of which a sum of US $ 1.01 Million (Previous Year US $ 2.33 Million) is as external commercial borrowings.Further loans of Rs.112.18 Crores (Previous Year Rs.192.82 Crores) are also secured by a personal guarantee given by a Director of the Company.

(C) OTHERS

Secured by hypothecation of the specific assets financed.

(D) 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 guaranteed by Directors and Second charge in respect of other movable and immovable assets.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
SCHEDULE - 4		
UNSECURED LOANS		
Fixed Deposits from Public	**22.27**	14.44
Short Term Loans from Banks / Mutual Funds	**200.08**	1,142.65
Inter Corporate Deposits	**33.64**	18.15
Buyers' Credit from Banks	**229.28**	281.85
External Commercial Borrowing from Banks (ECB)	**1,628.33**	733.60
Sales Tax Deferment Loan	**-**	0.25
	2,113.60	2,190.94

Repayment due within one year **Rs.505.10 Crores** (Previous Year Rs.835.71 Crores)

SCHEDULE - 5

FIXED ASSETS

(Rs. in Crores)

GROUP OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2007	Additions during the year	Sales/TFR during the year	**As at 31st March, 2008**	As at 1st April, 2007	Additions during the year	Sales/TFR during the year	**As at 31st March, 2008**	**As at 31st March, 2008**	As at 31st March, 2007
Land - freehold	49.63	26.16	-	**75.79**	-	-	-	**-**	**75.79**	49.63
Land - leasehold	73.00	20.03	-	**93.03**	1.29	1.90	-	**3.19**	**89.84**	71.71
Live Stock	0.14	-	-	**0.14**	-	-	-	**-**	**0.14**	0.14
Building	478.31	669.30	14.04	**1,133.57**	40.44	33.92	11.48	**62.88**	**1,070.69**	437.87
Plant & Machinery	4,169.77	2,167.16	46.01	**6,290.92**	694.76	428.34	43.79	**1,079.31**	**5,211.61**	3,475.01
Electrical Installation	79.93	19.75	3.06	**96.62**	7.59	6.72	2.98	**11.33**	**85.29**	72.34
Furniture & Fixtures	27.78	14.48	0.98	**41.28**	6.07	4.16	0.96	**9.27**	**32.01**	21.71
Vehicles	82.93	21.56	1.18	**103.31**	21.86	10.56	0.34	**32.08**	**71.23**	61.07
Air Craft (GE Lease)	26.10	-	-	**26.10**	9.48	3.66	-	**13.14**	**12.96**	16.62
Air Craft (Owned)	37.12	-	-	**37.12**	1.68	2.08	-	**3.76**	**33.36**	35.44
Intangiable assets	1.96	0.05	-	**2.01**	0.69	0.36	-	**1.05**	**0.96**	1.27
TOTAL	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
Capital Work in Progress (Including pre-operative Expenses pending allocation/capitalisation and Capital goods lying in stores									**2,779.77**	3,662.99
PREVIOUS YEAR	3,294.84	1,835.66	103.83	**5,026.67**	544.37	336.55	97.06	**783.86**	**4,242.81**	2,750.47

Notes:-

1) Capital Work in Progress includes Rs.295.65 Crores (Previous Year Rs.289.39 Crores) being Pre-operative Expenditure and Rs.25.47 Crores (Previous Year Rs.21.26 Crores) Capital stores
2) Sales/Transfer during the year in gross block and depreciation includes assets taken out of active use under the heads Plant & Machinery and Building (refer note no 8 of Schedule 20).
3) Freehold land includes Rs.5.85 Crores jointly owned with the company with 50% share and pending registration.
4) Depreciation during the year includes Rs.8.86 Crores (Previous Year Rs.NIL) charged to prior period expenses and Rs. 0.54 Crores (Previous year Rs.1.54 Crores) transferred to preoperative expenditure.
5) In subsidaries, Depreciation amounting to Rs.1.62 Crores has been capitalized and additions during the year in depreciation includes Rs.1.43 Crores (Previous Year Rs.NIL) charged to prior period expenses.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

		As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (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 9800) Equity Shares of Rs.10/- each	**0.01**	0.01
v)	X-Zone SDN BHD 36,250 (Previous Year NIL) Equity Shares of Ringgit 1.00 each	**0.04**	-
		39.78	39.74
	Less: Provision For Diminution in value of Investments	**(11.54)**	(11.54)
	Sub Total (A)	**28.24**	28.20
(B)	**INVESTMENT IN GOVERNMENT AND TRUST SECURITIES**		
i)	National Saving Certificates Rs.1,000 (Previous Year Rs.1,000)	**-**	0.00
ii)	11.50% IDBI-SLR 2011 10,000 (Previous Year 10,000) units of Rs.1,000/- each	**1.12**	1.16
iii)	11.50% IDBI-SLR 2011 5,500 (Previous Year 5,500) units of Rs.1,000/- each	**0.60**	0.62
iv)	12.00% IDBI-SLR 2012 5,000 (Previous Year 5,000) units of Rs.1,000/- each	**0.60**	0.63
v)	12.00% NHB-SLR 2011 20 (Previous Year 20) units of Rs.1,00,000/- each	**0.24**	0.25
	Sub Total (B)	**2.56**	2.66
(C)	**INVESTMENT IN SHARES OF ASSOCIATE COMPANIES**		
	NON-TRADE, UNQUOTED **(see note)**		
i)	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	**65.01**	58.83
	Add/(deduct):- share in profit/(loss) - current year	**22.50**	6.18
ii)	Fully paid up Equity shares of Globeleq Singapore (Pte) Limited 28,000 (Previous Year NIL) Equity Shares of USD 1.00 each	**0.12**	0.12
	Add/(deduct):- share in profit/(loss) - prior years	**0.24**	-
	Add/(deduct):- share in profit/(loss) - current year	**0.00**	0.24
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)	**89.87**	67.37

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

(D)	**FULLY PAID-UP EQUITY SHARES OF INCORPORATED JOINT VENTURE NON-TRADE, UNQUOTED**		
i)	Shresht Mining and Metals Private Limited 5,000 (Previous Year NIL) Equity Shares of Rs.10/- each	**0.01**	-
	Add/(deduct):- share in profit/(loss) - prior years	**-**	-
	Add/(deduct):- share in profit/(loss) - current year	**-**	-
	Sub Total (D)	**0.01**	-
	INVESTMENTS - CURRENT, TRADE		
	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)	4,28,04,710 units (Previous Year 91,07,385.17 units) of LIC Mutual Fund-Liquid Fund-Dividend Plan- Liquidity Option (face value of Rs.10/- per unit)	**47.00**	10.00
iii)	2,05,63,945.65 (Previous Year Nil) Units of Reliance Liquidity Fund Growth Option (face value Rs.10/- per unit)	**25.00**	-
iv)	1,97,99,941.39 (Previous Year Nil) Units of Principal Cash Management Fund (face value Rs.10/- per unit)	**25.00**	-
v)	4,98,38,026.41 (Previous Year Nil) Units of SBI Premier Liquid Fund-Dividend Plan (face value Rs.10/- per unit)	**50.00**	-
vi)	1,872,064.497 units (Previous Year Nil units) of LIC Mutual Fund- Liquid Fund-Growth Plan (face value of Rs.10/- per unit)	**2.71**	-
	Sub Total (D)	**150.21**	10.50
	Total Investments- Long Term and Current - (A+B+C+D)	**270.89**	108.73
	Aggregate book value of quoted investments	**Nil**	Nil
	Aggregate book value of un-quoted investments	**270.89**	108.73

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

(Rs. in Crores)

		PURCHASE		SALE	
		UNITS	**VALUE**	**UNITS**	**VALUE**
1	ICICI Prudential Instl Liquid Plan Super Instl. Growth	259,212,242	296.60	259,212,242	297.37
2	Principal Cash Management Fund Liquid Option Instl. Premium Plan Dividend Reinvestment Daily	105,944,820	105.95	105,944,820	105.95
3	Principal Cash Management Fund Liquid Option Instl Premium Plan Growth*	272,196,419	331.55	252,396,477	307.12
4	Birla Cash Plus Instl Premium Growth	377,987,132	476.50	377,987,132	477.24
5	Reliance Liquid Fund Treasury Plan Instl Option Growth*	67,692,127	82.00	47,128,181	57.10
6	LICMF Liquid Fund Dividend Plan	226,730,499	248.95	226,730,499	248.95
7	LICMF Liquid Fund Growth Plan	803,533,994	1,153.36	803,533,994	1,155.17
8	UTI Liquid Cash Plus Instl Growth Option	4,143,276	544.00	4,143,276	545.08
9	Principal Cash Management Fund - Liquid Option Institutional Premium- Dividend Reinvestment Daily	41,062,170	41.07	41,062,170.22	41.07
10	SBI Mutual Fund-Liquid Plus-Growth	14,991,005	15.00	14,991,005.40	15.02
11	ABN AMRO Cash Fund - Institutional Daily Dividend	17,018,192	17.02	17,018,192.34	17.02
12	ICICI Prudential Institutional Liquid Plan – Super Institutional - Daily Dividend Reinvest Dividend	32,053,367	32.06	32,053,367.07	32.06
13	LIC MF Liquid Fund - Dividend Plan	772,375,469	848.03	738,678,144.12	811.03
14	ING Vysya Liquid Fund	999,880	1.00	999,880.26	1.00
15	SBI Premier Liquid Fund - Daily Dividend	49,838,026	50.00	-	-
16	LIC Mutual Fund-Liquid Fund-Growth Plan	1,872,064	2.71	-	-
		3,047,650,684	**4,245.80**	**2,921,879,381**	**4,111.17**

* Difference in purchase and sale quantity represents closing investment.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
SCHEDULE - 7		
INVENTORIES		
i) Stores and Spares (Including in Transit)	**114.81**	81.79
ii) Raw Materials (Including in Transit and at port)	**322.67**	205.83
iii) Finished Goods (Including lying at Port)	**495.12**	315.91
iv) Work in Progress	**63.03**	38.87
v) Scrap	**0.44**	0.04
	996.07	642.44
SCHEDULE - 8		
SUNDRY DEBTORS (Unsecured)		
i) Exceeding six months		
Considered Good	**1.55**	7.49
Considered Doubtful	**4.23**	4.03
Less: Provision for bad and doubtful debts	**(4.23)**	(4.03)
	1.55	7.49
ii) Others		
Considered good	**353.41**	312.82
	354.96	320.31
SCHEDULE - 9		
CASH AND BANK BALANCES		
Cash, Cheques, T T and Demand Drafts in hand (including cash in hand **Rs.1.44 Crores** (Previous Year Rs.1.04 Crores)	**3.33**	6.18
Balances with Scheduled Banks *		
i) In Current Accounts	**106.83**	52.14
ii) Fixed Deposits Accounts	**510.56**	40.29
	620.72	98.61

*1. Balance with Scheduled Banks in Current Account include Non-Scheduled Banks:
Calyon Bank Rs.0.014 Crores (Previous Year Rs.Nil)
ABN Amro Bank Rs.0.15 Crores (Previous Year Rs.Nil)

2. Fixed Deposits include unutilised monies out of ECB proceeds US$ 111.53 Million (Previous Year Nil) (US$ 11.53 Million from Bank of Tokyo-Mitsubishi UFJ and US$ 100 Million from ICICI Bank Ltd., Hongkong)

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (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	**786.45**	523.73
- Considered Doubtful	**5.16**	5.19
Less: Provision for doubtful advances	**(5.16)**	(5.19)
Net ((includes **Rs.662.55 Crores** (Previous Year Rs.419.37 Crores) against capital supplies and **Rs.0.14 Crores** due from a Director (Previous Year Rs.0.03 Crores))	**786.45**	523.73
Loans to Bodies Corporate & others		
- Considered Good	**110.44**	11.51
- Considered Doubtful	**2.00**	2.00
Less: Provision for Doubtful Advances	**(2.00)**	(2.00)
	110.44	11.51
Advance against Share Application Money	**3.84**	0.18
Security Deposits	**20.50**	21.57
Balances with Govt.Departments & Others	**83.79**	59.56
Advance Income Tax (Including TDS)	**477.56**	314.52
Advance Wealth Tax	**0.75**	0.42
	1,483.33	931.49

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
SCHEDULE - 11		
CURRENT LIABILITIES		
Sundry Creditors (includes **Rs.383.77 Crores** (Previous Year Rs.528.37 Crores) creditors against Capital supplies)	**941.60**	990.34
Other Outstanding Liabilities	**246.86**	149.67
Advances from customers and others	**125.09**	29.97
Security Deposits	**35.65**	27.44
Interest accrued but not due	**16.71**	11.35
Investor Education & Protection Fund*	**-**	-
Unpaid Dividend	**5.20**	3.99
Unpaid Fixed Deposits	**0.07**	0.12
Unpaid Interest on Debentures	**0.03**	0.03
Unpaid Interest on Fixed Deposits	**0.38**	0.17
	1,371.59	1,213.08

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

	As at 31st March, 2008 (Rs. in Crores)	As at 31st March, 2007 (Rs. in Crores)
SCHEDULE - 12		
PROVISIONS		
For Proposed Dividend	**38.93**	36.95
For Corporate Tax on Dividend	**6.62**	6.28
For Provision for Taxation	**518.67**	334.19
For Provision for Wealth Tax	**1.31**	0.96
For Leave Encashment	**13.61**	3.61
For Gratuity	**7.70**	5.78
	586.84	387.77
SCHEDULE - 13		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Preliminary Expenses	**1.04**	0.07
Mine development expenses	**95.82**	3.17
	96.86	3.24

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	For the year ended 31st March, 2008 (Rs. in Crores)	For the year ended 31st March, 2007 (Rs. in Crores)
SCHEDULE - 14		
SALES AND OPERATIONAL INCOME		
Sales	**6,194.43**	3,899.51
Inter Division Transfer	**611.59**	416.75
Job Charges Received	**0.04**	0.30
Export Benefits Received	**16.36**	19.98
	6,822.42	4,336.54
SCHEDULE - 15		
OTHER INCOME		
Miscellaneous Receipts	**40.47**	19.98
Liability/Provisions no longer required written back	**3.83**	0.87
Profit on Sale/discard of Fixed Assets	**0.01**	0.12
Profit on sale of Investment	**4.49**	0.72
Dividend Income	**0.95**	7.30
	49.75	28.99
SCHEDULE - 16		
MATERIAL, MANUFACTURING AND OTHERS		
Raw Material consumed	**1,330.32**	772.99
Goods Purchased for resale	**29.51**	10.39
Inter Division Transfer	**611.59**	416.75
Stores and Spares consumed	**571.38**	342.06
Power and Fuel	**374.39**	341.27
Other Manufacturing expenses	**52.38**	39.22
Royalty & Cess	**49.09**	42.42
Repairs to Buildings	**36.84**	33.73
Repairs to Plant and Machinery	**164.15**	88.05
SUB TOTAL (A)	**3,219.65**	2,086.88
(INCREASE)/DECREASE IN STOCKS		
Opening Stock - Finished Goods	**314.74**	258.12
- Scrap	**0.04**	0.24
- Work in Progress	**38.86**	38.42
	353.64	296.78
Closing Stock - Finished Goods	**493.06**	314.74
- Scrap	**0.44**	0.04
- Work in Progress	**63.03**	38.86
	556.53	353.64
NET (INCREASE)/DECREASE IN STOCK - SUB TOTAL (B)	**(202.89)**	(56.86)
Excise duty on account of increase/(decrease) on stock of finished goods - SUB TOTAL (C)	**42.61**	(3.27)
TOTAL (A+B+C)	**3,059.38**	2,026.75

* Net of Rs.1.17 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 current year.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	For the year ended 31st March, 2008 (Rs. in Crores)	For the year ended 31st March, 2007 (Rs. in Crores)
SCHEDULE - 17		
PERSONNEL		
Salary, Wages, Bonus and other benefits	122.98	72.38
Contribution to Provident and other funds	5.80	4.74
Workmen and staff Welfare	5.55	3.3
Employees Compensation Expenses under Employees Stock Option Scheme (Refer note 11 of schedule 20)	12.79	13.28
	147.12	93.70
SCHEDULE - 18		
ADMINISTRATION AND SELLING		
Rent	0.94	0.42
Rates and Taxes	53.33	41.60
Insurance	7.54	7.72
Auditors' Remuneration	0.27	0.09
Miscellaneous Expenses	159.21	63.73
Loss on Sale/Discard of Fixed Assets	0.20	0.07
Loss on Sale of Investment	-	7.33
Donation (refer note no 9 of Schedule 20)	12.29	11.49
Directors' meeting fees	0.03	0.02
Selling Expenses	258.10	268.14
Commission on Sales	6.63	8.33
Bank Charges	8.73	5.01
Financial Expenses	9.26	9.13
Provision for Doubtful debts & advances	0.84	7.17
Bad debts written off	-	0.00
Prior Period Adjustment	13.60	(0.24)
Foreign exchange Fluctuation (net of income of **Rs.58.92 Crores**.(Previous Year Rs.8.86 Crores.)	152.97	(13.06)
	683.94	416.95
SCHEDULE - 19		
INTEREST		
Interest Expenses		
- Debentures and Other Fixed loans	246.49	120.72
- Others	24.91	38.36
	271.40	159.08
Less: Interest Received ((including Tax Deducted at Source of **Rs.1.72 Crores** (Previous Year Rs.1.34 Crores))		
- Interest on Inter Corporate Deposits	(9.24)	(0.37)
- Interest on Investments	-	(0.27)
- Others	(7.68)	(8.01)
	(16.92)	(8.65)
Net Interest	254.48	150.43

SCHEDULE: 20

SIGNIFICANT ACCOUNTING POLICIES & 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 concept and in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India. The company follows mercantile system of accounting and recognizes Income & 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.

Pursuant to 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.

Jindal Steel & Power Limited has prepared consolidated financial statements by consolidating its accounts with those of its subsidiaries as on 31.03.2008, 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 Subsidiary	Country of Incorporation	Proportion of ownership as on 31st March, 2008 (%)
Jindal Power Limited	India	99.93
Jindal Minerals and Metals Africa Limited	Mauritius	80.00
Jindal Steel & Power (Mauritius) Limited	Mauritius	100.00
Jindal Minerals & Metals Africa Congo SPRL	Democratic Republic of Congo	99.99
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 Steel Bolivia SA	Bolivia	99.94
Gas to Liquids International S A	Bolivia	80.00
Chattisgarh Energy Trading Company Limited	India	79.34

2. The associate companies considered in the consolidated financial statements are:

Name of Associate	Country of Incorporation	Proportion of ownership as on 31st March, 2008 (%)
Nalwa Steel and Power Limited (formerly Nalwa Sponge Iron Limited)	India	40.00
Globeleq Singapore Private Limited	Singapore	40.00
Saras Mineracao De Ferro S/A	Brazil	49.00

3. The joint venture considered in the consolidated financial statements are:

Name of Joint Venture	Country of Incorporation	Proportion of ownership as on 31st March, 2008 (%)
Shresht Mining and Metals Private Limited	India	50.00

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 associates company 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 & 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 the 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 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 are capitalized with the cost of qualifying assets.

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

d) **Depreciation & 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 is 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.

Certain Plant & machinery have been considered as continuous process plant on 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 Exchange Transactions**

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. All exchange differences are dealt within Profit & Loss Account. Foreign currency denominated assets/ liabilities are translated at the year end exchange rates and resultant gains/ losses are recognized in the profit and loss account for the year. In case of forward foreign exchange contracts, exchange difference are dealt with in the Profit & Loss Account over the life of the contract.

ix) **Investments**

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

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 or 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 & 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 & others.

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

xii) **Retirement Benefits**

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

(a) Provident Fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and 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.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Profit and Loss Account in the year to which such gains or losses relate.

(c) Compensated absences

Liability in respect of compensated absences becoming 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 Custom Duty**

Excise Duty liability on finished goods lying in factory is accounted for and the corresponding amount is considered for the valuation thereof. Custom duty in respect of materials lying in bonded premises and in transit is accounted for as and when the property in 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/Railway plot development expenditure/Coal mines development expenditure etc., is written off over a period of ten years.

xv) **Revenue Recognition**

a) Sales & Operational income are 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 for 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, Excise etc., the same are continued to be accounted for on acceptance basis.

e) Revenue from power supply 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 Exim Policy 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 asset and a liability to the lessor at fair value at the inception of lease.

In respect of operating lease, the lease payments as per respective lease agreement are recognized as expense in the statement of Profit & Loss on straight-line basis.

xviii) **Research and Development Expenditure**

Research & Development expenditure not fulfilling the recognition criteria as set out in Accounting Standard AS-26 on ' Intangible Assets' is charged to profit & 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 is made considering various allowances and benefits available to the Company under the provisions of Income Tax Law.

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 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 assets carrying amount exceeds its recoverable amount being the higher of the assets 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 assets. For the purpose of assessing impairment, assets are grouped at the lowest levels 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 assets 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 disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

xxii) **Employee Stock Option Scheme**

Stock option granted to the employees of the company and its subsidiary under the stock option schemes are evaluated as per the accounting treatment prescribed by 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 profit & loss account as employee costs 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 company's Bankers on behalf of Company	**388.89**	206.10
b)	Letter of credit opened by banks	**932.67**	642.26
c)	Corporate guarantees / undertakings issued on behalf of third parties.	**10.71**	4.21
d)	Disputed Excise Duty & other Demands	**30.69**	30.21
e)	Future liability on account of lease rent for unexpired period.	**0.20**	2.63
f)	Bonds executed for machinery imports under EPCG Scheme	**716.45**	681.24
g)	In respect of various Income Tax cases pending at various stages of appeal with the authorities	**42.25**	11.38

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.5,628.64 crores (Previous Year Rs.3,731.02 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 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. 66.58 crores (Previous Year 32.59 crores). The company made an additional provision of Rs. 40.91 crores during the year (Previous Year Rs. 33.99 crores) and amount utilized during the year Nil (Previous Year Nil). At the end of financial year, there is an outstanding provision of Rs.107.49 crores (Previous Year Rs. 66.58 crores).

4. The Profit & Loss Account for one of the subsidiary companies, Jindal Power Limited, is prepared for the period starting from8th December, 2007 to 31st March, 2008, being the first Profit & Loss Account for the company, corresponding figures for the previous year do not arise and to that extent figures are not comparable in the Financial Statements.

5. Pursuant to the notification of Accounting Standards (AS) –11 in the Companies (Accounting Standards) Rules, 2006, the foreign exchange loans/ liabilities have been charged off to Profit & Loss Account as against considering them as part of cost of fixed assest acquired from a country outside India, from this year.

6. One of the Company's expansion units 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 in 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.81.59 Crores has been accounted for during the year under Sales Tax Subsidy Reserve Account.

7. a) Provision for current income tax and fringe benefit 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:-

(Rs. in Crores)

		As on 1 April, 2006	Charge/(Credit) during the year	As on 1 April, 2007	Charge/(Credit) during the year	**As on 31 March, 2008**
1)	Difference between Book and Tax Depreciation	295.48	153.04	448.52	100.56	**549.08**
2)	Misc. Expenditure written off	0.17	-	0.17	(0.09)	**0.08**
3)	Provision for Doubtful Debtors	(1.33)	(0.71)	(2.04)	(0.27)	**(2.31)**
4)	Disallowance u/s 43-B	(14.03)	(17.58)	(31.61)	(20.57)	**(52.18)**
		280.29	134.75	415.04	79.63	**494.67**

8. Additions / (Adjustment) to Plant & Machinery/Capital work-in-progress includes adjustment of Rs. (9.48) Crores (Previous Year adjustment Rs. (14.59) Crores) on account of Foreign Exchange Fluctuation on long term liabilities relating to acquisition of Fixed Assets.

9. Donations include Rs.0.05 crores (previous year Nil) contributed to Jharkhand Pradesh Congress Committee.

10. Sales/adjustments during the year in gross block and depreciation under Schedule-5 includes the assets taken out of active use during the financial year as detailed below:

(Rs. in Crores)

Description	Gross Block	Depreciation	Net Block *
Plant and Machinery	49.87	47.47	2.40
Building	9.38	9.38	-
Furniture and Fixtures	0.96	0.96	-
Electrical Installation	1.35	1.35	-
TOTAL	61.56	59.17	2.40

* Amount represents the residual value of these assets which have been considered under the inventory of Stores and spares. Difference between net book value, at the time of assets been taken out of active use, and the estimated net realizable value amounting to Rs. 29.05 Crores (Previous Year Rs.44.28 Crores) has been charged under depreciation for the year & amounting to Rs. 8.85 Crores (Previous Year Nil) has been charged to Previous Year expenses owing to the assets dedicated for social cause.

11. Pursuant to Clause 5.3 (f) of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 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 have in their meeting held on 27.12.2007 approved sub-division of 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 number of maximum options that can issued under 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.

On 25.07.2005, the Company established 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.

On 26.11.2005, the company granted 42,97,000 (Forty two lakh ninety seven thousand) [originally 8,59,400 (Eight lakh fifty nine thousand four hundred)] stock options (Series – I) to its employees (including employees of the subsidiary company). Out of the above stock options, 7,76,250 (Seven lakh seventy six thousand two hundred fifty) [originally 1,55,250 (One lakh fifty five thousand two hundred fifty)] have lapsed and 35,20,750 (Thirty five lakh twenty thousand seven hundred fifty) [originally 7,04,150 (Seven lakh four thousand one hundred fifty)] stock options are outstanding as on 31.03.2008.

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, 88,000 (Eighty eight thousand) [originally 17,600 (Seventeen thousand six hundred) have lapsed and 5,59,750 (Five lakh fifty nine thousand seven hundred fifty) [originally 1,11,950 (One lakh eleven thousand nine hundred fifty) stock options are outstanding as on 31.03.2008.

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 thiry six thousand nine hundred fifty)] options (Series – II) to its employees (including employees of the subsidiary company). Out of the above stock options, 1,40,000 (One lakh forty thousand) [originally 28,000 (Twenty eight thousand)] have lapsed and 5,44,750 (Five lakh forty four thousand seven hundred fifty) [originally 1,08,950 (One lakh eight thousand nine hundred fifty)] stock options are outstanding as on 31.03.2008.

		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	36,98,000	6,15,250	-
6.	Option granted during the year	-	-	6,84,750
7.	Option lapsed and/or withdrawnDuring the period	1,77,250	55,500	1,40,000
8.	Option exercised during the year against which shares were allotted	-	-	-
9.	Option granted and outstanding at the end of the year of which	35,20,750	5,59,750	5,44,750
	- Options vested	17,60,375	-	-
	- Options yet to vest	17,60,375	5,59,750	5,44,750

12. As per Accounting Standard AS 15 “Employee Benefits” ,the disclosures of Employee benefits as defined in the Accounting Standard are given below:

(Monetary figures Rs. in Crores)

			Gratuity	**Leave Encashment**
I	Components of Employer Expense		Funded	Unfunded
	1	Current Service Cost	0.74	0.83
	2	Interest Cost	0.40	0.23
	3	Expected Return on Plan Assets	(0.34)	-
	4	Curtailment Cost/ (credit)	-	-
	5	Settlement Cost/ (credit)	-	-
	6	Past Service Cost	-	-
	7	Actuarial Losses/ (Gains)	1.73	9.74
	8	Total expense recognized in the Statement of Profit & Loss Account	2.54	10.79
II	Actual Returns for the period ended March 31, 2008		31.58%	
III	Net Assets/ (Liability) Recognised in the Balance Sheet as at March 31, 2008			
	1	Present value of Defined Benefit Obligation	(7.56)	(13.15)
	2	Fair Value on Plan Assets	4.37	-
	3	Status {Surplus/(Deficit)} (1-2)	(3.18)	(13.15)
	4	Unrecognised Past Service Cost	-	-
		Net Assets/ (Liability) Recognised in the Balance Sheet :- (3+4)	(3.18)	(13.15)
IV	Change in Defined Benefit Obligation (DBO) during the year ended March 31,2008			
	Present Value of DBO at the beginning of Period:-		(4.89)	(3.09)
	1	Current Service Cost	(0.74)	(0.83)
	2	Interest Cost	(0.40)	(0.23)
	3	Curtailment Cost/(credit)	-	-
	4	Settlement Cost/ (credit)	-	-
	5	Plan Amendments	-	-
	6	Acquisitions	-	-
	7	Actuarial (Losses)/Gains	(1.70)	(9.72)
	8	Benefits Paid	0.19	0.73
		Present Value of DBO at the end of Period:-	(7.56)	(13.14)
V	Change in Fair Value of Assets during the year ended March 31, 2008			
	Plan Assets at the Beginning of the year:-		3.32	-
	1	Acquisition Adjustment	-	-
	2	Expected Return on Plan Assets	0.34	-
	3	Actuarial (Losses)/Gains	(.02)	-
	4	Actual Company Contribution	0.93	0.73
	5	Benefit Paid	(0.19)	(0.73)
	Plan Assets at the end of the year:-		4.37	-
VI	Actuarial Assumption			
	1	Discount Rate (%)	8.60%	8.60%
	2	Expected Return on Plan Assets (%)	9.25%	-

13. 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	**289.39**	198.09
Opening pre-operative expenses pursuant to acquisition of subsidiary	**-**	-
	289.39	198.09
Add: Expenditure incurred during the year		
Cost of Fuel	**29.49**	-
Personnel Expenses	**13.64**	15.44
Consultancy Charges	**8.11**	48.83
Financial expenses	**228.33**	157.18
Foreign exchange fluctuation	**(9.24)**	(13.59)
Depreciation	**2.17**	1.72
Miscellaneous Expenses	**30.14**	54.76
	592.03	462.43
Less: Capitalised as part of		
Plant & Machinery	**244.32**	161.04
Building	**49.68**	11.53
Other fixed assets	**2.38**	0.47
Amount carried forward under capital work-in-progress	**295.65**	289.39

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

	Current Year	Previous Year
Income		
Sales	**0.11**	0.08
Increase/Decrease in Stock	**0.89**	1.17
Total Income (A)	**1.00**	1.25
Less :- Expenditure		
Opening Stock of Finished Goods	**-**	-
Raw materials consumed	**0.84**	1.50
Power & Fuel	**0.31**	0.18
Stores & spare parts consumed	**0.02**	0.02
Repairs & Maintenance	**0.02**	0.07
Excise duty paid	**0.01**	0.45
Personnel expenses	**0.03**	0.05
Total Expenditure (B)	**1.23**	2.27
(A-B) Loss during Trial run period during current financial period	**0.23**	1.02
Add :- Amount brought forward	**-**	-
Total	**0.23**	1.02
Capitalised/Carried under capital work in progress	**0.23**	1.02

14. 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, 2008 and the present value as at March 31,2008 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, 2008	31 Mar, 2007	**31 Mar, 2008**	31 Mar, 2007
I)	Payable not later than 1 year	**2.17**	2.29	**1.84**	1.84
II)	Payable later than 1 year and not later than 5 years	**4.61**	6.16	**4.29**	5.52
III)	Payable later than 5 years	**-**	0.62	**-**	0.61
	Total (I+II+III)	**6.78**	9.07	**6.13**	7.97
	Less: Future Finance Charges	**0.65**	1.10		
	Present Value of Minimum Lease Payments	**6.13**	7.97		

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 2008 are as follows:

(Rs. in Crores)

	Minimum Lease Payment	Current Year	Previous Year
I	Payable not later than 1 year	**0.20**	2.43
II	Payable later than 1 year and not later than 5 years	**-**	0.20
	Total (I+ II)	**0.20**	2.63

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.

15. The company has unquoted investment of Rs. 118.13 Crores in body corporates (Previous year Rs.95.57 Crores). Considering that the fall in the value of some of the investments has been a continuing one, the management had made a provision for diminution in value of Rs.11.54 crores for the same in earlier years. Based on the financial position of the investee companies, the management is of the view that provision created as aforesaid is adequate.

16. In the opinion of the Board, Current Assets, Loans & 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.

17. The Company has not received information from vendors regarding their status under the Micro, Small & Medium Enterprises Development Act, 2006 & hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given. Sundry Creditors in the Previous Year include Rs. 7.24 Crores payable to Small-Scale Industrial Undertakings.

18. 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		**5985.84**	3694.53
	b)	Power		**663.22**	531.51
	c)	Others		**28.90**	39.78
		Sub Total		**6677.96**	4565.82
		Less : Inter-segment Revenue		**467.13**	346.03
		Net Segment Revenue		**6210.83**	3919.79
2.	**Segment Results (Profit(+) / Loss(-) before Tax and interest from each segment)**				
	a)	Iron & Steel		**1735.66**	893.19
	b)	Power		**396.02**	285.48
	c)	Others		**4.86**	2.54
		Sub Total		**2136.54**	1181.21
		Less : Interest, financial expenses and lease rent		**272.78**	150.05
		Other un-allocable expenditure (net of un-allocable income)		**344.50**	90.26
		Profit before Tax		**1519.26**	940.90
		Provision for Taxation			
		–	Income Tax & FBT	**188.11**	106.80
		–	Deferred Tax	**79.63**	134.75
		–	Wealth Tax	**0.36**	0.30
		Profit after tax		**1251.16**	699.05
3.	**Other Information**				
	I	**Segment Assets**			
		a)	Iron & Steel	**5459.25**	4085.79
		b)	Power	**5310.03**	1066.83
		c)	Others	**96.19**	48.08
		d)	Un-allocated Assets*	**2443.70**	4815.65
			Total Assets	**13309.17**	10016.35
	II	**Segment Liabilities**			
		a)	Iron & Steel	**965.29**	664.16
		b)	Power	**372.70**	27.21
		c)	Others	**8.35**	5.60
		d)	Un-allocated Liabilities	**1104.78**	1318.92
			Total Liabilities	**2451.12**	2015.89
	III	**Capital Expenditure** (Including Capital work in Progress)			
		a)	Iron & Steel	**728.14**	1507.71
		b)	Power	**1190.63**	2797.97
		c)	Others	**17.70**	4.15
			Total	**1936.47**	4309.83
	IV	**Depreciation**			
		a)	Iron & Steel	**388.92**	279.20
		b)	Power	**87.88**	55.56
		c)	Others	**2.45**	1.79
			Total	**479.25**	336.55
	V	**Non Cash expenditure other than depreciation**			
		a)	Iron & Steel	**1.11**	7.38
		b)	Power	**6.64**	-
		c)	Others	**12.79**	13.28
			Total	**20.54**	20.66

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

19. Related party disclosure as required by Accounting Standard – 18 issued by the Institute of Chartered Accountants of India:-

A. List of Related Parties & Relationships

a) Associates:

1. Nalwa Steel and Power Limited (Formerly Nalwa Sponge Iron Limited)
2. Globeleq Singapore Private Limited
3. Saras Mineracao De Ferro SA

Joint Venture :

4. Shresht Mining and Metals Pvt. Ltd.

b) Key Management Personnel:

1. Shri Naveen Jindal (Exec.Vice Chairman & Managing Director)
2. Shri Vikrant Gujral (Vice Chairman & CEO)
3. Shri Anand Goel (Dy. Managing Director)
4. Shri Sushil Maroo (Whole Time Director)
5. Shri P.S. Rana (Whole Time Director)
6. Shri R.K. Saraf (President & Whole Time Director)
7. Shri D.P. Sarawgi (Whole Time Director)

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

Nalwa Sons Investments Limited
JSW Steel Limited
Jindal Systems Pvt. Limited
Jindal Stainless Limited
Bir Plantation Pvt. Limited
Jindal Saw Limited
India Fly safe Aviation Limited
Gagan Sponge Iron Limited
Opelina Finance & Investment Limited
Minerals Management Services India Limited
Jindal Rex Exploration Pvt. Limited

B. Transactions with Related Parties

(Rs. in Crores)

Description	Associates		Key Management Personnel		Enterprises controlled by Key Management personnel & their relatives	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Purchase of Goods/Services	**6.96**	17.14	**-**	-	**62.06**	34.51
Sales of Goods (incl. Capital goods) & Services	**331.66**	133.17	**-**	-	**456.36**	228.62
Rent & other expenses Paid	**-**	-	**-**	-	**0.08**	0.30
Interest received/(paid)	**-**	-	**-**	-	**0.30**	0.69
Dividend received/(paid)	**-**	-	**(0.01)**	(0.01)	**(7.37)**	(8.79)
Remuneration	**-**	-	**20.23**	13.67	**-**	-
Lease rent recd.	**-**	-	**-**	-	**4.15**	1.68
Hire charges paid	**-**	-	**-**	-	**9.43**	2.20
Outstanding Balance at the year end						
Loans & Advances(including Interest)	**-**	-	**-**	-	**-**	4.50
Debtors	**0.45**	13.60	**-**	-	**20.50**	37.51
Creditors – Dr. Balance	**-**	0.30	**0.14**	0.03	**0.15**	1.24
Cr. Balance	**5.16**	-	**-**	-	**17.91**	7.22

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

20. 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	**1251.15**	705.95
Profit attributable to ordinary shareholders	**1251.15**	705.95
Number of Equity Shares (in nos.) Issued and subscribed	**15,39,61,340**	15,39,61,340*
Number of Potential Equity Shares (under Employees' stock option scheme)	**41,43,427**	20,56,010*
Total no. of shares including potential equity shares	**15,81,04,767**	15,60,17,350*
Basic earning Per Share (Rs.)	**81.26**	45.85*
Diluted Earning per Share (Rs.)	**79.13**	45.25*

* Note :

Pursuant to the approval of shareholders in their extraordinary general meeting held on 27.12.2007, face value of each equity share was reduced from Rs. 5/- to Re. 1/- consequently, the number of Issued, subscribed and paid up Share Capital has changed to 15,39,61,340 equity shares of Re.1/- each and the Earning per Share of the Previous Year has been recalculated considering sub-division of face value of equity shares.

21. Advances recoverable in cash or in kind or for value to be received includes Rs. 0.14 Crores (previous year Rs.0.03 Crores) being the amount due from directors/officers of the company. Maximum amount outstanding at any time during the year Rs. 0.17 Crores (previous year Rs.0.05 Crores)

22. Prior period adjustment (net) includes:

(Rs. in Crores)

			Current Year	Previous Year
	Income relating to earlier years		**-**	0.30
	Expenses relating to earlier years :			
	a)	Fees and Taxes	**-**	-
	b)	Others	**-**	0.06
	c)	Social Responsibility Costs	**15.17**	-
23.	A.	Auditors' Remuneration includes the following:		
		Payment to Auditors :		
		Audit fees	**0.24**	0.10
		Tax Audit & Other services fee	**0.04**	0.01
		Out of Pocket expenses	**0.01**	0.01
			0.29	0.12
	B.	Cost Auditors' Remuneration includes the following :		
		Audit Fees	**0.01**	0.01
		Out of Pocket expenses	**0.00**	0.00
			0.01	0.01

24. **FINANCIAL AND DERIVATIVE INSTRUMENTS**

a) Derivative contracts entered into by the company and outstanding as on 31st March, 2008

For hedging currency and interest rate related risks:

Nominal amounts of derivative contracts outstanding amount to Rs. 1220.17 Crores (previous year Rs.891.30 crores). Category wise break-up is given below:

Rs. in Crores)

	Current Year	Previous Year
Interest rate Swaps	**719.72 (USD 180.07 Million)**	804.52(USD 184.57 Million)
Options	**367.52 (USD 91.95 Million)**	87.18(USD 20.00 Million)
Forward Contracts	**132.93 (USD 32.34 Million)**	-

b) The principal component of foreign currency loans/debts not hedged by derivative instruments amount to Rs. 1808.48 Crores (previous year Rs.1183.43 crores) which in respective currencies is as under:

	Current Year	Previous Year
US Dollars	**256.02 Million**	181.21 Million
Japanese Yen	**19590.25 Million**	10991.25 Million

c) In accordance with principles of Prudence and on the early adoption of Accounting Standard AS-30 'Financial Instruments: Recognition and Measurement', the Company has changed an amount of Rs. 108.79 Crores to the Profit & Loss Account in respect of the outstanding derivative contracts.

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

In terms of our report of even date attached.

Signatures to Schedules 1 to 20

For & on behalf of the Board

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

ARUN K. TULSIAN
Partner
Membership No. 89907

Date : 27th May, 2008
Place : New Delhi

Naveen Jindal
Executive Vice Chairman &
Managing Director

Vikrant Gujral
Vice Chairman &
Chief Executive Officer

T. K. Sadhu
Company Secretary

Sushil K. Maroo
Wholetime Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

		For the year ended 31st March, 2008 (Rs. in Crores)	For the year ended 31st March, 2007 (Rs. in Crores)
A.	**CASH INFLOW(OUTFLOW) FROM THE OPERATING ACTIVITIES**		
	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	**1,519.25**	940.90
	Adjustment for :-		
	Depreciation	**479.25**	336.55
	Miscellaneous expenditure written off during the year	**6.91**	0.27
	Loss/ Profit on sale of Fixed Assets	**0.19**	(0.05)
	Employees Compensation Expenses under Employees Stock Option Scheme	**12.79**	13.28
	Interest Paid	**254.48**	150.43
	Operating Profit before Working Capital Changes	**2,272.87**	1,441.38
	Adjustment for:-		
	Inventories	**(353.63)**	(73.78)
	Sundry Debtors	**(34.65)**	(21.65)
	Other Current Assets	**(285.88)**	(0.42)
	Income Tax paid	**(163.37)**	(88.99)
	Other Current Liabilities	**160.49**	383.47
	Interest Paid	**(249.12)**	(152.91)
	Net Cash Inflow from Operating Activities	**1,346.71**	1,487.10
B	**CASH INFLOW / (OUTFLOW) FROM INVESTMENT ACTIVITIES**		
	Capital Expenditure	**(2,042.63)**	(3,595.35)
	Sale Proceeds of Fixed Assets/Investment	**5.53**	6.82
	Loans & Advances	**(98.93)**	26.76
	Miscellaneous Expenditure	**(98.97)**	(2.77)
	Share Application (converted into Investment)	**(3.66)**	(0.18)
	Purchase of Goodwill	**(18.98)**	(5.73)
	Share in Profit of associates	**22.50**	6.42
	Cash outflow from Investing Activities	**(2,235.14)**	(3,564.03)
C	**CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES**		
	State Subsidy	**81.59**	0.05
	Issue of Preference Shares	**-**	-
	Issue of Equity Shares	**-**	-
	Proceeds from Borrowings	**3,304.71**	2,784.33
	Working Capital Loan from Banks	**(169.34)**	94.78
	(Increase)/Decrease in Investment	**(162.15)**	18.90
	Repayment/Adjustment of Borrowings	**(1,575.30)**	(771.98)
	Dividend	**(60.04)**	(49.27)
	Corporate Tax on Dividend	**(10.20)**	(6.91)
	Minority Interest	**1.22**	5.46
	Net cash inflow/(outflow) from Financing Activities	**1,410.49**	2,075.36
	NET CHANGES IN CASH & CASH EQUIVALENTS(A+B+C)	**522.06**	(1.57)
	Cash & Cash equivalents (Opening Balance)	**98.61**	100.18
	Cash & Cash equivalents (Closing Balance)	**620.67**	98.61

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

ARUN K. TULSIAN
Partner
Membership No. 89907

Dated : 27th May, 2008
Place : New Delhi

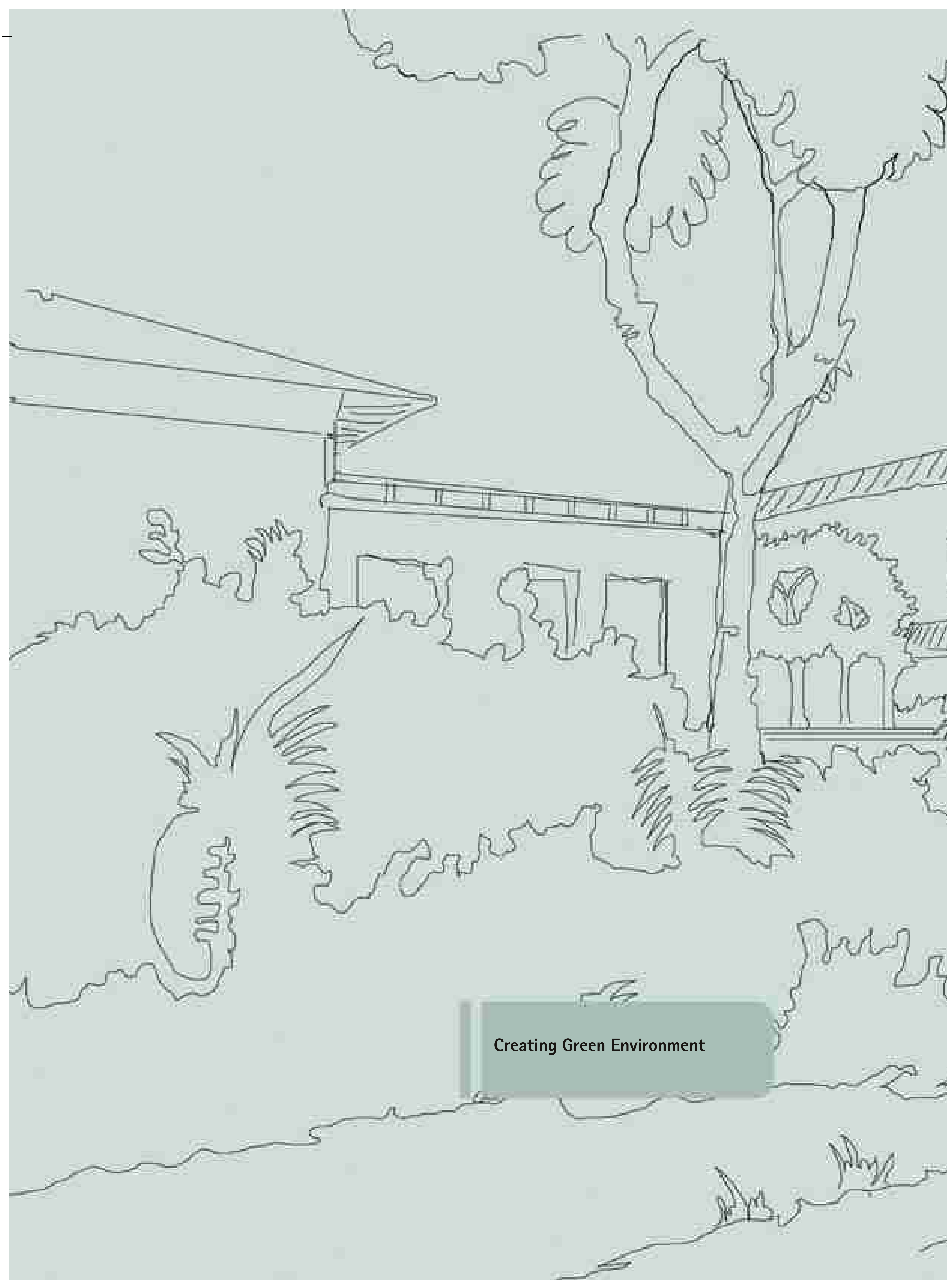
For & on behalf of the Board

Naveen Jindal
Executive Vice Chairman & Managing Director

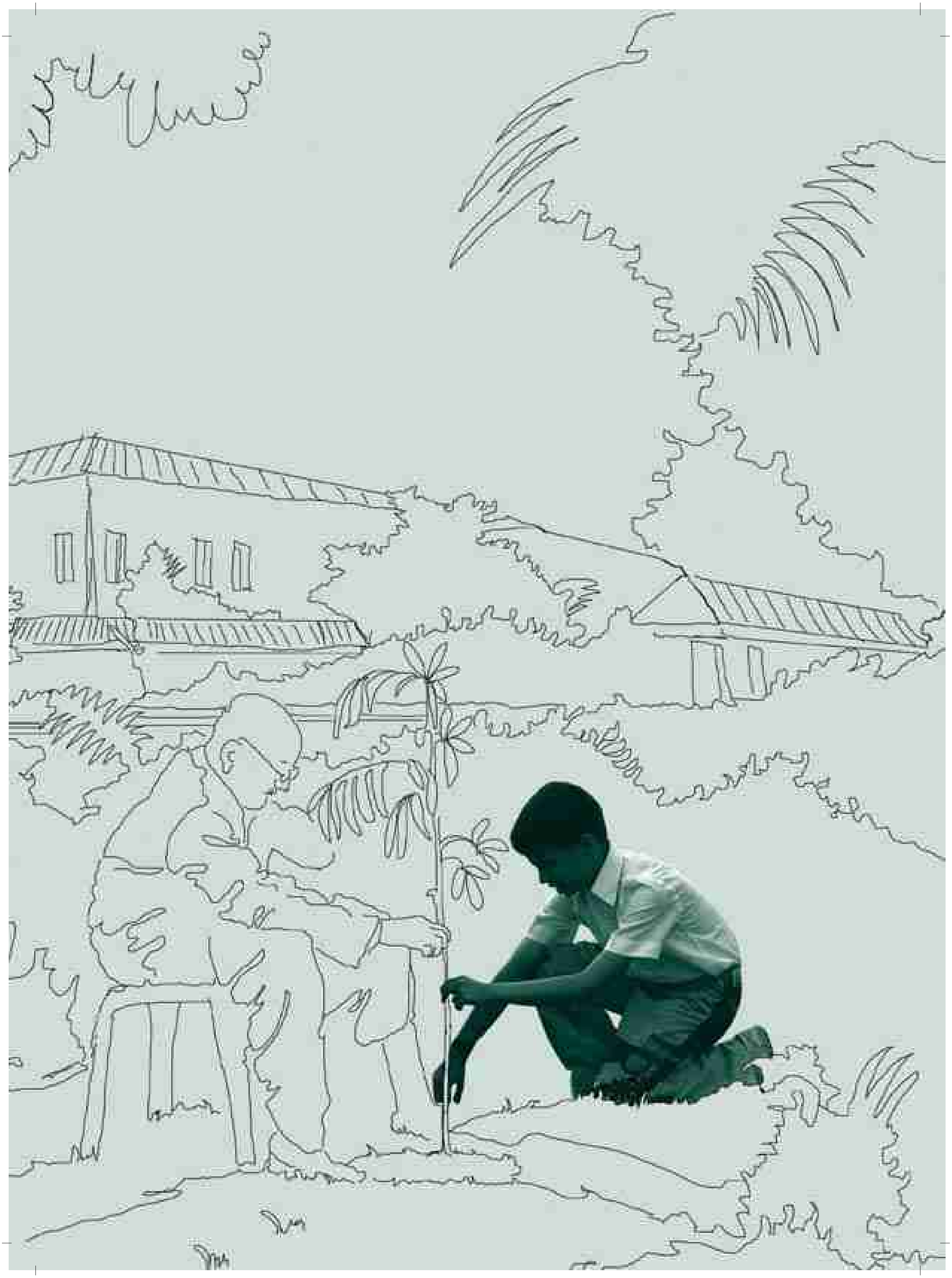
Vikrant Gujral
Vice Chairman & Chief Executive Officer

T.K. Sadhu
Company Secretary

Sushil K. Maroo
Wholetime Director



Creating Green Environment



JSPL in Media

Railways may buy steel from JSPL

K KRISHNA DAS
Raigarh, 15 May

Jindal Steel and Power Ltd (JSPL), the country's ... ing steel manuf... power ...

THE ECONOMIC TIMES NEW DELHI WEDNESDAY 28 MA...

जिंदल स्टील का ... सरकार के साथ

JSPL to invest $ 2.1 bn in Bolivia; develop mine, set up steel plant

■ JSPL MD Naveen Jindal said the company would set up a 450 MW gas-fired power plant in Bolivia to n... production n... the country's govern...

Chairman and Managing Director Naveen Jindal told reporters here. The investment will be made over five years, he said, adding, the company would look for more opportunities to invest in other ...

HIGHLIGHTS FOR THE YEAR 2007-08

54% Net Sales

76% Net Profit

51% Cash Profit

76% EPS

INDIA'S FASTEST GROWING

Large Compani...

Companies with revenues in excess of Rs 2,000 crore that grew the fastest in 2007

10. Jindal Steel & Power

JSPL's Jindal: Betting on new ...

JSPL net jum... 92% to F...

INDIA'S MOST ADMIRE...

Our Bureau
NEW DELHI

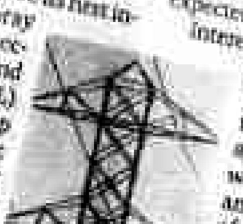
JINDAL Steel & Power (JSPL) has posted a 92% increase in net profit to Rs 390.33 crore for the fourth quarter ended March 31, 2008 as against Rs 202.77 crore in the corresponding period a year ago. Net sales during the quarter increased by 45% to ... 1,522.97 crore from Rs ... crore during the same ... previous year. ... attributed the ...

...DA increased by 52... crore during the year ... 2,180.51 crore ... cash profit increased by 50.58% to Rs 1,768.10 crore.

Jindal Steel plans two hydel plants

Abhishek Anand
New Delhi, Dec 4

In what could be its first international foray into the power sector, Jindal Steel and Power Ltd (JSPL) ... soon set up ... hydro-electric ... power ... The Naveen Jindal-headed ... is one of ... front-runner for both power ... in Nepal. ... Nepal government has ... tenders for setting up ... hydel power plants. ... bids for setting up ... in Upper ...



...ever, the company spokesperson declined to comment on the expected investment. Interestingly, the company has made no showing any interest in the third project known as Budhi Gandaki, which would have an installed capacity of 600mw. This project is the largest ... the lot. JSPL submitted its tender last month. Meanwhile, the Nepal government would select the bidder once it appoints a new secretary ... water resources ...

Jindal Steel plans Rs 5k cr power ...

NAVEEN JINDAL is the ... the four Jindal broth... and Ratan... big ...

कैंसर इंस्टीच्यूट व पार्क लोकार्पित

...सा को प्राथमिकता देना मूलमंत्र : नवीन जिंदल

...Power Ltd ...try's lead... ...turing and ... company, ...dian Rail... ...el. For the ... company ... the possi... always as ...uct that it ... Raigarh

... Research ...ds Organ... ...a recently produced ... in its re... ...was found quality-re... executive ...pany, A K ...

..., the rail... ...d the rails ... Mukher... ... had also ... their con... ...sultancy arm, RITES Ltd, to procure the rails from JSPL. In ...

JINDAL STEEL & POWER LIMITED

Corporate Office: Jindal Centre, 12, Bhikaiji Cama Place,
New Delhi - 110 066. India.
Tel: +91 11 26188340-50 Fax: +91 11 26161271

Registered Office: O.P. Jindal Marg, Hisar-125 005. Haryana

Website: www.jindalsteelpower.com

abacus #8-046 JSPL-07-08