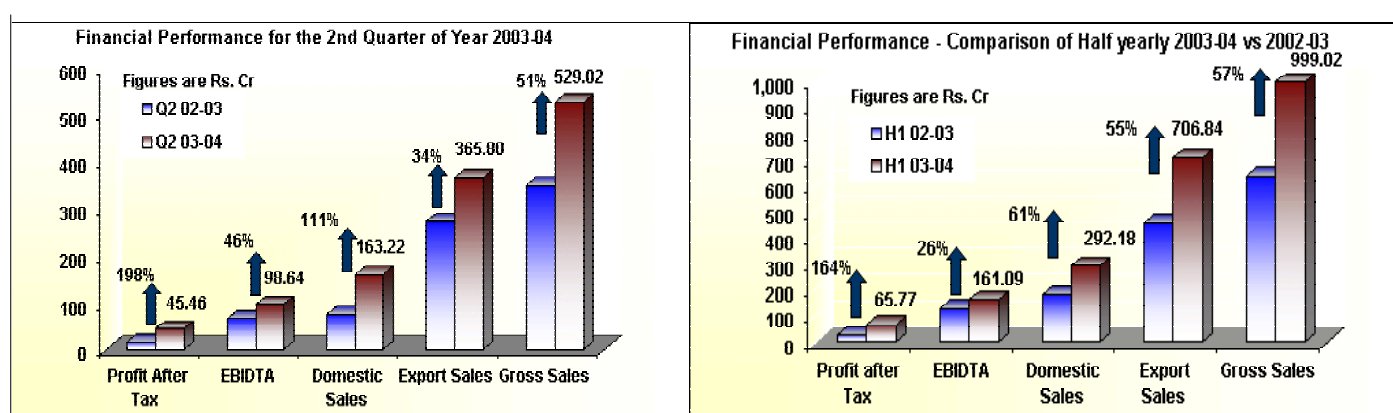


Jindal Iron and Steel Company Limited

Performance for the Half Year ending September 30, 2003

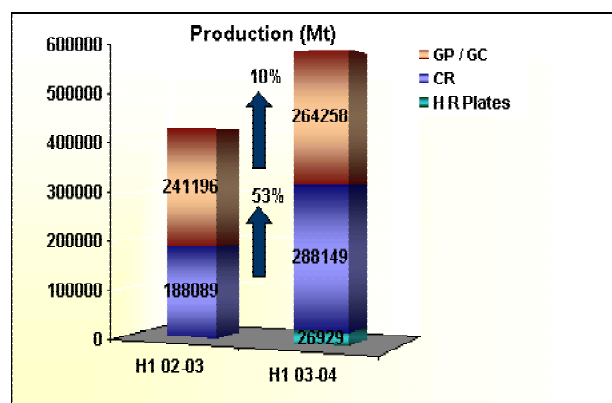
1) Financial Performance :

JISCO's *Vision* to be a *globally competitive steel company*, preferred by *customers, suppliers, investors* and *employees* has resulted in a spectacular performance for the year 2002-03. Your Company has established a robust platform for the year 2003-04, taking initiatives that will not only enhance strategic competitiveness but also contribute to future growth. Your Company has captured a unique position in industry and intends to complement it through *increasing efficiency levels and strong growth in operating margins*. Your Company's financial performance for the second quarter and half year ending September 30, 2003 is depicted below –



With improvement in the international and domestic markets –

- Production of *galvanized sheets / coils* increased by 8.20 % for Quarter 2 of FY 2003-04 (1,32,475 Mt) as compared to Quarter 2 of FY 2002-03 (1,22,430 Mt) and **by 10 %** for the first half of FY 2003-04 as compared to the first half of FY 2002-03.
- Production of *cold rolled coils / sheets* increased by 73 % for the Quarter 2 of FY 2003-04 (1,61,954 Mt) as compared to Quarter 2 of FY 2002-03 (93,363 Mt) and **by 53 %** for the first half of FY 2003-04 as compared to the first half of FY 2002-03.
- Production for *hot rolling plates* for the first half of FY 2003-04 was 26,929 Mt.
- Your Company has already **reduced its debt from Rs. 673 crores to Rs. 531 crores** in the first half of FY 2003-04 resulting in a fall in the *Debt Equity ratio* to 1.25 and reduction in *average interest cost* to around 9.19 %. **JISCO had repaid Rs. 140.36 crores** of its debt (including *prepayment Rs. 86.45 crores*).
- **Return on Capital Employed** improved to 46.96 % from 36.60 % for the Quarter 2 when compared with Quarter 1 of FY 2003-04.
- **Earnings Per Share** has improved to Rs. 10.51.



2) Preferential Allotment :

JISCO obtained your approval on August 2, 2003 to make a preferential allotment to *Citicorp Banking Corporation (CBC) - Bahrain* of 12.25 lacs equity shares, which has resulted in an *inflow of about Rs. 14.82 Cr.* CBC is a Foreign Institutional Investor (FII) registered with SEBI, an investing vehicle of CVC International, which in turn is a unit of *Citigroup Global Investments* - and has the option to increase its holding to around 4.8 % to secure a seat on JISCO's Board. With the presence of an International FII at the Board, your Company would be exposed to good corporate governance practices and able to leverage the benefits from being a *focussed global player of galvanised products* towards *branding JISCO's image as a corporate with impeccable credentials in the International Market.*

The buying of stake by Citicorp in JISCO reiterates the message that the Company has *sound fundamentals* - both in operations and financials and is a professionally managed Company with transparent and strict corporate governance practices. This has and will enable JISCO to identify itself from other major steel players and emerge as a *benchmarking company in steel industry* and also a major global player in the galvanised markets in the near future.

3) Proposal for Consolidation of Steel Business :

In order to *enhance Shareholders value in the Company and Company's wealth*, permission was obtained from the Board (on October 21, 2003) to *evaluate the feasibility of consolidation of steel businesses* with Jindal Vijayanagar Steel Limited (JVSL). The Board, in order to initiate the above process, approved the appointment of *Consultants and Advisers* - RSM & Co. and ICICI Securities Ltd. and *Valuers* - Deloitte Haskins & Sells and ICICI Securities Ltd.

The advantages that will be derived out of the above consolidation are -

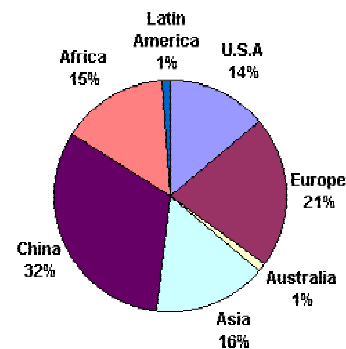
- ✓ One of the *lowest cost steel producers* in the world through - *integrating steel making process from iron ore (Rs. 200/- per Mt) to galvanised products (Rs. 30,000/-).*
- ✓ *Rationalise cost* through better utilisation of resources.
- ✓ *Re profiling of capital structure* to bring down the debt equity ratio and average cost of borrowings.
- ✓ Enhancing the *value of shareholders.*

4) Marketing :

Your Company through Brand Awareness - **GALVPLUS**, is focusing on development of new markets in Australia and New Zealand. In a recent survey, carried out in the United States market by *The Fox School of Business and Management - Temple University, USA* on behalf of JISCO, the Company was found to be *ahead of the competition in major performance metrics* i.e. quality, on time delivery and competitive pricing - in fact the Company enjoys a small premium in price owing to its superior quality.

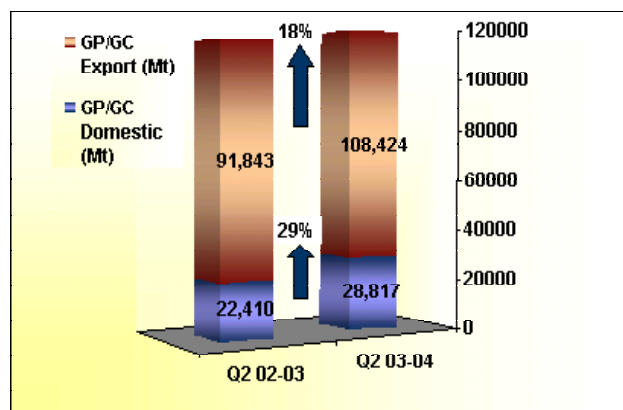
The steel industry witnessed a price correction in the first quarter of FY 2003-04 – discounts, price reductions in line with the international trend. China has played a major role in the global production, supply and prices of steel with its large-scale investment in infrastructure projects and its aspiration to quadruple its GDP by 2020. *However JISCO's Marketing Strategy to cater to wide markets with customer centric approach has resulted in its market spread across 5 continents and 45 countries all over the world. Other major markets are U.S.A, Europe, Asia and Africa.* With improvement in the international markets one would be required to quickly move up the value chain, and also identify niche and new markets overseas as well, to increase volumes.

GI Export Market Spread H 1 - 2003-04



JISCO exported **2,08,874 Mt** of galvanized products in the first half of FY 2003-04 as compared to first half of FY 2002-03 (1,64,683 Mt) **resulting into an increase of 27 % in terms of volume.** *Gross Sales increased by 57 % for the first half and 51% for the second quarter of FY 2003-04 mainly due to better realizations in the international and domestic market, repeat orders due to strong Customer Relationship Management and Brand Management.* JISCO believes

that branding not only helps in building a loyal customer base but also helps in product differentiation whereby customers are assured of a guaranteed product. Through *brand identification and promotion* both in international and domestic market, the Company is focusing on *high margin products* - Galvanized products (Skin passed material in higher coatings, High tensile material in thicker gauges), HR plates (JISCO Hard & Soft, API Grade, Medium Carbon) and Cold Rolling Closed Annealing (High tensile grades - SAE 1020 & SPC 370/440).



5) Human Resources :

The quality of people spanning across the different levels determines not only the success but also the survival of companies in today's global business environment. Continuing with our emphasis on training & development for the year 2003-04, we are initiating a series of development programs - **'Parivartan se Pragati'** for the operative staff (including workers). The program is aimed at creating a set of change agents across the organisation to facilitate company's drive of improvements in the business process. This program would assist participants to understand -

- ✓ The company, its mission, vision, objective and business priorities.
- ✓ Changing business context and its impact on JISCO.
- ✓ Importance and study of people / processes & systems in becoming a world class manufacturing company.
- ✓ Personal effectiveness and basic operational skills for improving workmanship.

6) **Way Forward :**

JISCO is concentrating on *focused steel business operations* through increasing its capacities to meet the expected demand for its products. With thrust on infrastructure development both in the country and internationally, the Company is expecting to *capitalize on the positive economic indicators* to fuel its growth. Your Company is focusing on *outsourcing* of activities like bearing and fluid management and *benchmarking* of its processes and practices with *CORUS Consulting* to achieve world class operating parameters and strategic cost reduction.

New Projects undertaken and in process for the year 2003-04 are -

- ✓ **Galvalume** - This is a product with about 55 % aluminum and provides high degree of weldability, heat resistance and corrosion resistance and is expected to be launched by June 2004.
- ✓ **Galvanizing Capacity** - Your Company has *increased its galvanizing capacity to 7,10,000 Mt* from 5,50,000 Mt by adding one more galvanizing line which will start operating from December 2003.
- ✓ **Cold Rolling Capacity** - Your Company has *already enhanced its cold rolling capacity by 1,50,000 Mt* through a Conducting Agreement with Jindal Steel and Alloys Limited.

Agenda for the current fiscal is FOCUS -

- F : Find opportunities
- O : Overcome obstacles
- C : Care of customers
- U : Unique approach
- S : Shaping the change

7) **Awards and Recognition :**

As per the recent survey conducted in the year 2003 by "*Grow Talent*" in collaboration with "*Great Places to Work Institute*", Inc. of the US and "*Business World*", India's No. 1 business weekly *JISCO has been identified in the list of Top 25 companies in India - as great places to work*. JISCO is the only Steel Company selected under the above category from the Iron and Steel Sector.

JISCO also received an award from *Engineering Export Promotion Council (EEPC)* on September 26, 2003 for its *outstanding export performance during the year 2000-01*.

Cautionary Statement :

Statements in this "Performance Highlights document" describing the Company's objectives, projections, expectations, estimates, or prediction may be "forward looking statements" within the meaning of applicable securities laws and regulations. The actual results could materially differ from those expressed or implied. The important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, cyclical demand, and pricing in Company's principal markets, changes in Government policies, regulations, tax regimes, economic development within the country and countries with which the company conducts business.