



**JINDAL** IRON & STEEL COMPANY LIMITED

32<sup>nd</sup> ANNUAL REPORT 2003-2004

# OUR REWARDS



Highest Exporter Award by Engineering Export Promotion Council & Govt. of Maharashtra



Indian Institute of Metals Award for Quality



Top 25 Great Places to Work in India



IMC Ramakrishna Bajaj National Quality Commendation Certificate

**BOARD OF DIRECTORS**

**MR. SAJJAN JINDAL**  
Chairman & Managing Director

**MR. N.K. JAIN**  
Executive Vice Chairman

**DR. S.R. CHOUGULE**  
Nominee Director of ICICI Bank Ltd.

**DR. L.K. SINGHAL**  
Nominee Director of IFCI Ltd.

**MR. S. JAMBUNATHAN**  
Nominee Director of  
UTI Asset Mgt. Co. Pvt. Ltd.

**MR. ATUL DESAI**  
Director

**MR. D.J. BALAJI RAO**  
Director

**MR. MARKAND GANDHI**  
Director

**MR. RAMAN MADHOK**  
Jt. Managing Director & CEO

**REGISTERED OFFICE**  
Jindal Mansion,  
5A, G Deshmukh Marg,  
Mumbai – 400 026.  
Website: www.jisco.com

**WORKS**  
Vasind, Shahapur Taluk, Thane,  
Maharashtra – 421 604.

Tarapur, MIDC Boisar, Thane,  
Maharashtra – 401 506.

**COMPANY SECRETARY**

Mr. Lancy Varghese

**AUDITORS**

M/S. LODHA & CO.  
Chartered Accountants  
6, Karim Chambers,  
40, A. Doshi Marg (Hamam Street),  
Mumbai – 400 023.

M/S. SHAH GUPTA & CO.  
Chartered Accountants  
2<sup>nd</sup> Floor, Bombay Mutual Building,  
Fort, Mumbai – 400 001.

**BRANCH AUDITORS**

M/S. A.K. JHUNJHUNWALA & CO.  
Chartered Accountants  
Maker Tower “F”,  
Cuffe Parade,  
Mumbai – 400 005.

**BANKERS**

State Bank of India  
Allahabad Bank  
State Bank of Patiala  
Vijaya Bank

**REGISTRARS & SHARE  
TRANSFER AGENT**

Sharepro Services (India) Pvt. Ltd.  
Satam Estate, 3<sup>rd</sup> Floor,  
Above Bank of Baroda,  
Cardinal Gracious Road,  
Chakala, Andheri (East),  
Mumbai – 400 099.

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**MANAGEMENT TEAM**

<b>Mr. Raman Madhok</b>	Jt. Managing Director & CEO	<b>Mr. Rajeev Pai</b>	General Manager - Accounts & Finance
<b>Mr. K.N. Patel</b>	Director - Corporate Affairs	<b>Mr. P.R. Kole</b>	General Manager - Banking & Finance
<b>Mr. Dileep Bhatt</b>	Vice President - International Marketing	<b>Mr. Hirdesh Gupta</b>	General Manager - Domestic Marketing
<b>Mr. R.C. Sharma</b>	Chief General Manager - Works (Vasind)	<b>Mr. M.S. Suresh</b>	General Manager - Commercial
<b>Mr. G.S. Rathore</b>	Chief General Manager - Works (Tarapur)	<b>Mr. Bavneesh Gulati</b>	General Manager - Human Resources
<b>Mr. Vijay Karayi</b>	Chief General Manager - Internal Audit		

## HIGHLIGHTS OF THE YEAR

- ❖ Highest ever turnover of Rs. 2,266 crores compared to Rs. 1,607 crores of previous year - a growth of 41%.
- ❖ Galvanized Coils/Sheets Sales at 5.55 lacs mt - a growth of 13%.
- ❖ Export Sales up by 42% to Rs. 1,714 crores compared to Rs. 1,208 crores of previous year.
- ❖ EBIDTA up by 43% to Rs. 479 crores.
- ❖ Cash Profit increased to Rs. 385 crores compared to Rs. 227 crores of previous year.
- ❖ PBT increased to Rs. 337 crores compared to Rs. 179 crores of previous year.
- ❖ PAT of Rs. 243 crores compared to Rs. 121 crores of previous year.
- ❖ EPS of Rs. 55.77 compared to Rs. 28.19 of previous year.
- ❖ Debts Repayment of Rs. 239 crores.

## FIVE YEARS REVIEW

### FINANCIAL PERFORMANCE

Rs. in crores

Particulars	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
<b>For the year :</b>					
Total Revenues	1,084.41	1,395.00	1,050.77	1,558.42	<b>2,200.64</b>
EBIDTA	135.72	64.23	103.56	334.20	<b>479.44</b>
EBIDTA as a Percentage of Total Revenue (%)	12.52	4.60	9.86	21.44	<b>21.79</b>
Profit After Tax (PAT)	8.70	(96.52)	(68.54)	120.98	<b>242.70</b>
PAT as a Percentage of Total Revenue (%)	0.80	(6.92)	(6.52)	7.76	<b>11.03</b>
Earnings per Share (Rs.)	2.03	(22.49)	(15.97)	28.19	<b>55.77</b>
Dividend per Share (Rs.)	1.00	–	–	3.00	–
<b>At the end of the year :</b>					
Equity Share Capital	42.80	42.80	42.80	42.80	<b>44.06</b>
Net Worth #	519.56	374.67	251.43	370.23	<b>639.57</b>
Book Value per Share (Rs.) #	121.39	87.54	58.75	86.50	<b>145.16</b>
Return on Capital Employed * (%)	10.33	7.59	9.50	47.89	<b>59.29</b>
Gross Fixed Assets #	820.93	830.90	834.00	832.81	<b>888.28</b>
Net Fixed Assets #	632.14	599.12	555.99	544.72	<b>561.90</b>
Long Term Debts	778.35	750.87	736.97	716.22	<b>465.88</b>
Debt : Equity	1.54	1.99	2.93	1.93	<b>0.73</b>

\* Return on Capital Employed has been computed excluding equity investments in JVSL and other body corporates.

# Excluding Revaluation

### OPERATING PERFORMANCE

Qty in mt

Particulars	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
<b>Galvanized Coils/Sheets:</b>					
Installed Capacity	5,50,000	5,50,000	5,50,000	5,50,000	<b>7,35,000</b>
Production	3,45,620	4,80,443	4,58,386	4,98,473	<b>5,56,956</b>
Total Sales	3,47,814	4,79,131	4,59,079	4,93,415	<b>5,54,610</b>
Export Sales	1,39,620	2,61,028	2,73,744	3,92,487	<b>4,52,704</b>
Domestic Sales	2,08,194	2,18,103	1,85,335	1,00,928	<b>1,01,906</b>

## NOTICE

NOTICE is hereby given that the **THIRTY SECOND ANNUAL GENERAL MEETING** of the Shareholders of **JINDAL IRON & STEEL COMPANY LIMITED** will be held on **Thursday, 23<sup>rd</sup> December, 2004 at 11.30 a.m.** at the Walchand Hirachand Hall, 4<sup>th</sup> Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2004 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. D.J. Balaji Rao who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Raman Madhok who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. Lodha & Co., Chartered Accountants, Mumbai and M/s. Shah Gupta & Co., Chartered Accountants, Mumbai as Joint Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the Company.

### SPECIAL BUSINESS

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, M/s. A.K. Jhunjhunwala & Co., Chartered Accountants, the retiring Branch Auditors of the Coated Strip Division of the Company, be and are hereby reappointed as the Branch Auditors of the said Coated Strip Division of the Company to hold office from the conclusion of this Annual General meeting upto the conclusion of the next Annual General meeting of the Company on such remuneration as may be mutually agreed upon between the Board of Directors and the Branch Auditors, plus out of pocket, travelling and other expenses, incurred in connection with the audit.”
6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the Company hereby approves the increase in Remuneration payable to Mr. Sajjan Jindal, Chairman & Managing Director of the Company for the period 01.04.2004 to 03.07.2005 with specific authority to the Board of Directors to fix his Salary

and all benefits related to the quantum of salary within an overall ceiling of Rs.22,50,000 p.m. and for the payment of Commission @ 1% of net profits as set out in the draft Supplemental Agreement, a copy which is initialled by the Chairman for the purpose of identification and placed before this meeting.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the Company hereby approves the reappointment of Mr. N.K. Jain as Executive Vice Chairman of the Company for a period of two years with effect from 20<sup>th</sup> October, 2004 upon such terms and conditions as are set out in the Draft Agreement, a copy of which is initialled by the Chairman for the purpose of identification and placed before this meeting, with specific authority to the Board of Directors to alter or vary the terms and conditions of the said reappointment and / or agreement including the remuneration which shall not exceed a ceiling of Rs.9,00,000 p.m. or the limits set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto, whichever is lower, as may be agreed to between the Board of Directors and Mr. N.K. Jain.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the Company hereby approves the payment of increased Remuneration as herein above proposed, to Mr. N.K. Jain, Executive Vice Chairman of the Company, for the period 01.04.2004 to 19.10.2004.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the Company hereby approves the reappointment of Mr. Raman Madhok as Jt. Managing Director & CEO of the Company for a period of five years with effect from 7<sup>th</sup> June, 2004 upon such terms and conditions as are set out in the Draft Agreement, a copy of which is initialled by the Chairman for the purpose of identification and placed before this meeting, with specific authority to the Board of Directors to alter or vary the terms and conditions of the said reappointment and / or agreement including the remuneration which shall not exceed a ceiling of Rs.9,00,000 p.m. or the limits set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto, whichever is lower, as may be agreed to between the Board of Directors and Mr. Raman Madhok.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the Company hereby approves the payment of increased Remuneration as herein above proposed, to Mr. Raman Madhok, Jt. Managing Director & CEO of the Company, for the period 01.04.2004 to 06.06.2004.”

By Order of the Board  
For **JINDAL IRON & STEEL COMPANY LIMITED**

**Lancy Varghese**  
Company Secretary

Mumbai, 26<sup>th</sup> October, 2004

#### **NOTES**

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of the businesses under items 5 to 8 set out above and the details under Clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors proposed to be appointed/reappointed at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The instrument(s) appointing the proxy, if any, shall be delivered at the Regd. Office of the Company, at Jindal Mansion, 5A, G Deshmukh Marg, Mumbai – 400 026 not less than forty eight (48) hours before the commencement of the Meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 11.11.2004 to 12.11.2004 (both days inclusive).
5. Members are requested to intimate the Registrars and Share Transfer Agent of the Company - Sharepro Services (India) Pvt. Ltd., immediately of any change in their address in respect of equity shares held in physical mode and to their Depository Participants (DPs) in respect of equity shares held in dematerialised form.

6. Members holding Share certificates under different folio numbers but in the same order of name are requested to apply for consolidation of such folios and send relevant Share certificates to the Registrars and Share Transfer Agent of the Company.
7. Members desirous of having any information regarding Accounts are requested to address their queries to the General Manager (Accounts & Finance) at the Registered Office of the Company at least seven days before the date of the meeting, so that the requisite information is made available at the meeting.
8. The amounts of the unclaimed dividend upto the financial year ended 31<sup>st</sup> March, 1995 have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Shareholders who have not yet encashed their Dividend Warrants for the said period are requested to forward their claims in Form No.II prescribed under The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to the Registrar of Companies, Maharashtra, Hakoba Mills Compound, 2nd Floor, Fancy Corpn. Ltd. Estate, Dattaram Lad Marg, Kalachowkie, Mumbai - 400 033.

Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

Accordingly, the Company has transferred to IEPF all unclaimed/unpaid dividends in respect of financial year 31.03.1996

9. Members/Proxies are requested to bring the attendance slip duly filled in.
10. As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

## Details of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting [Pursuant to Clause 49 of the Listing Agreement]

Name of Director	Mr. D.J. Balaji Rao	Mr. Raman Madhok	Mr. N.K. Jain
Date of Birth	15.12.1939	16.01.1958	01.09.1946
Date of Appointment	28.09.2000	07.06.1999	20.07.1994
Expertise in specific functional areas	Possesses considerable experience in all facets of Corporate functioning having earlier held the position of Deputy Managing Director of I.C.I.C.I. Ltd., Vice Chairman & Managing Director of S.C.I.C.I. Ltd. and the first Managing Director & Chief Executive of I.D.F.C. Ltd. He has also been a Consultant to National Development Bank of Sri Lanka, Managing Director of Industrial and Technical Consultancy Organisation of Tamil Nadu Ltd. and Consultant to Asian Development Bank, Manila. He is presently on the Board of various companies of repute such as Bajaj Auto Ltd., Ashok Leyland Ltd. etc.	An Alumnus of IIT, Delhi, XLRI, Jamshedpur and Manchester Business School U.K., Mr. Madhok has over two decades of experience and has an outstanding performance record during his association with the Company since December, 1995.	He has held several key posts in the Company such as Director (Finance), Jt. Managing Director & CEO & Executive Vice Chairman. Having travelled extensively to Asia, Europe & USA, he has gained enormous insight into the workings of many successful companies overseas. He possesses rich experience spanning over three decades in the areas of Strategic Planning, Project Identification & Appraisal, Corporate Financial Management and other allied areas.
Qualification	B.E. (Mech. Eng.), PG Dip. Incl. Eng, Advanced Mgt. Program from INSEAD.	MS., PGD IR & PM and Dip. Trng. & Dev.	B.Com., FCA, FCS.
Directorship in other Public Limited Companies	Ashok Leyland Ltd. 3M India Ltd. Bajaj Auto Ltd. South East Asia Marine Engg. Construction Ltd. Ashok Leyland Finance Ltd. Prudential ICICI Trust Ltd. Graphite India Ltd. Ennore Foundries Ltd.	Jindal Steel & Alloys Ltd. Sapphire Technologies Ltd. Jindal Thermal Power Co. Ltd.	Jindal Thermal Power Co. Ltd. Sapphire Technologies Ltd. Jindal South West Holdings Ltd. JSW Power Ltd.
Membership of Committees in other Public Limited Company (C = Chairman) M = Member)	<b>Remuneration Committee</b> Bajaj Auto Ltd.(C) <b>Audit Committee</b> Ashok Leyland Ltd.(M) Bajaj Auto Ltd.(M) South East Asia Marine Engg. Construction Ltd.(C) 3M India Ltd.(M) Ennore Foundries Ltd. (C) <b>Shareholders/Investors Grievance Committee</b> Ashok Leyland Ltd.(M) Bajaj Auto Ltd.(C) South East Asia Marine Engg. Construction Ltd.(M) 3M India Ltd.(C)	<b>Remuneration Committee</b> Jindal Thermal Power Co. Ltd.(M) <b>Audit Committee</b> Nil <b>Shareholders/Investors Grievance Committee</b> Nil	<b>Remuneration Committee</b> Jindal Thermal Power Co. Ltd.(C) <b>Audit Committee</b> Jindal Thermal Power Co. Ltd.(C) <b>Shareholders/Investors Grievance Committee</b> Nil

## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT:

The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 for item numbers 5 to 8 of the accompanying notice is as under:

#### Item No. 5

M/s. A.K. Jhunjhunwala & Co., Chartered Accountants, were appointed as the Branch Auditors for the Coated Strip Division of the Company and they hold office upto the conclusion of this Annual General Meeting.

Members approval, is therefore, sought for the reappointment of M/s. A.K. Jhunjhunwala & Co., Chartered Accountants, as Branch Auditors for the Coated Strip Division of the Company and to authorise the Board of Directors to determine the remuneration payable in consultation with them.

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

Your Directors recommend the resolution as at item No.5 for your approval.

#### Item No. 6

The members had at the thirtieth Annual General Meeting of the Company held on 26<sup>th</sup> August, 2002 approved the appointment of Mr. Sajjan Jindal as Chairman & Managing Director of the Company for a period of three years commencing from 4<sup>th</sup> July, 2002 and also the remuneration payable to him.

The remuneration of the Chairman & Managing Director is to be fixed by the Board of Directors from time to time in such a manner that the Salary and the aggregate value of all the perquisites and allowances like furnished accommodation or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; club fees and leave travel concession for himself and his family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Sajjan Jindal shall not exceed an overall ceiling approved by the Members in General meeting. A ceiling of Rs. 6,00,000 p.m. was approved by the members.

The Financial year 2003-04 was an excellent year for the Company in terms of production, sales, growth as well as profitability. In recognition of the significant contribution made by the Company's Executive Directors, the Board had in its meeting held on 29.06.2004 after taking into account the recommendations of the Remuneration Committee approved a raise in the compensation payable to all of the Executive Directors w.e.f. 01.04.2004 and in the process proposed a revised overall ceiling of Rs.22,50,000 p.m. for the Chairman & Managing Director which is being put up for your approval.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified above:

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b) Gratuity as per rules of the Company (which shall not exceed one half month's Salary for each completed year of Service); and
- c) Earned leave with full pay or encashment as per rules of the Company.

For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

The Chairman & Managing Director shall continue to be entitled to commission @ 1% of Net Profits which shall not be included in the computation of the said ceiling of Rs.22,50,000 p.m.

In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.

The Chairman & Managing Director shall not be eligible for any sitting fees for attending the Company's Board or Committee Meetings.

The Board of Directors may, in its discretion pay to Mr. Sajjan Jindal lower remuneration than the maximum remuneration herein above stipulated and revise the same from time to time within the maximum limit stipulated by this resolution.

All other terms and conditions of the appointment of Mr. Sajjan Jindal as approved by the Members at the thirtieth Annual General Meeting held on 26<sup>th</sup> August, 2002 remain unchanged.

A copy of the Draft Supplemental Agreement to be executed with Mr. Sajjan Jindal is available for inspection by the members of the Company at its Registered Office from 10.00 a.m. to 12.00 noon on all working days of the Company.

The above details may also be treated as an abstract of the terms of the draft Supplemental agreement between the Company and Mr. Sajjan Jindal under the provisions of Section 302 of the Companies Act, 1956.

None of the Directors other than Mr. Sajjan Jindal is concerned or interested in the resolution.

Your Directors recommend the resolution as at item No.6 for your approval.

## Item No. 7

The members of the Company had in their 27<sup>th</sup> Annual General Meeting held on 14<sup>th</sup> August, 1999 approved the appointment of Mr. N.K. Jain as Jt. Managing Director & CEO of the Company for a period of 5 years commencing from 20<sup>th</sup> October, 1999. He was later elevated and appointed as the Executive Vice Chairman of the Company with effect from 1.4.2001. The term of Mr. N.K. Jain as Executive Vice Chairman expired on 19<sup>th</sup> October, 2004. Your Directors have in their meeting held on 26<sup>th</sup> October, 2004 reappointed Mr. N.K. Jain as Executive Vice Chairman for a further period of 2 years w.e.f. 20<sup>th</sup> October, 2004 on the terms and conditions contained in the Draft Agreement to be executed with Mr. N.K. Jain.

Mr. N.K. Jain, aged 58 years, is a Fellow member of both the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Mr. N.K. Jain joined the Jindal Group in the year 1992 as General Manager (Finance) and has over the years grown with the Group progressively shouldering higher responsibilities. He has held several key posts in the Company such as Director (Finance), Jt. Managing Director & CEO and Executive Vice Chairman. Having travelled extensively to Asia, Europe & USA, he has gained enormous insight into the workings of many successful Companies overseas. He possesses rich experience spanning over three decades in the areas of Strategic Planning, Project Identification & Appraisal, Corporate Financial Management and other allied areas.

In view of his vast experience and illustrious career, the reappointment of Mr. N.K. Jain as Executive Vice Chairman would be in the best interest of your Company.

Members approval is therefore sought for the said reappointment of Mr. N.K. Jain as Executive Vice Chairman for a further period of two years with effect from 20<sup>th</sup> October, 2004 and for the payment of salary and other perquisites to be fixed from time to time by the Board of Directors of your Company. Further as explained in Item No.6 above, the Board had in its meeting held on 29<sup>th</sup> June, 2004 after taking into account the recommendations of the Remuneration Committee approved a raise in the compensation payable to all the Executive Directors w.e.f. 01.04.2004. Approval of the Members is also therefore sought for the payment of remuneration as above to Mr. N.K. Jain for the period 01.04.2004 to 19.10.2004 during the remainder of his tenure as Executive Vice Chairman of the Company prior to his reappointment.

The remuneration of the Executive Vice Chairman will be fixed by the Board of Directors from time to time in such a manner that the Salary and the aggregate value of all the perquisites and allowances like furnished accommodation or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; bonus; performance incentive; medical

reimbursement; club fees and leave travel concession for himself and his family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. N.K. Jain shall not exceed the overall ceiling approved by the Members in General meeting.

A ceiling of Rs.9,00,000 p.m. is proposed for the time being by your Directors.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified above:

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b) Gratuity as per rules of the Company (which shall not exceed one half month's Salary for each completed year of Service); and
- c) Earned leave with full pay or encashment as per rules of the Company.

For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

In the event of loss or inadequacy of profits in any financial year, the Executive Vice Chairman shall be paid remuneration by way of salary and perquisites as specified above.

The Executive Vice Chairman shall not be eligible for any sitting fees for attending the Company's Board or Committee Meetings.

The Board of Directors may, in its discretion pay to Mr. N.K. Jain lower remuneration than the maximum remuneration herein above stipulated and revise the same from time to time within the maximum limit stipulated by this resolution.

A copy of the Draft agreement to be executed with Mr. N.K. Jain is available for inspection at the Registered Office of the Company from 10.00 a.m. to 12.00 noon on all working days of the Company.

The above details may also be treated as an abstract of the terms of the draft agreement between the Company and Mr. N.K. Jain under section 302 of the Companies Act, 1956.

None of the Directors other than Mr. N.K. Jain is concerned or interested in the resolution.

Your Directors recommend the resolution as at item No.7 for your approval.

#### Item No. 8

The members of the Company had in their 29<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> August, 2001 approved the appointment of Mr. Raman Madhok as Jt. Managing Director & CEO of the Company for the period 1<sup>st</sup> April, 2001 to 6<sup>th</sup> June, 2004. Upon expiry of the term of Mr. Raman Madhok on 6<sup>th</sup> June, 2004 your Directors have in their meeting held on 29<sup>th</sup> June 2004 reappointed Mr. Raman Madhok as Jt. Managing Director & CEO for a further period of 5 years w.e.f. 7<sup>th</sup> June, 2004 on the terms and conditions contained in the Agreement executed with Mr. Raman Madhok.

Mr. Raman Madhok holds a MS., PGD IR & PM and Dip. Trng. & Dev. and is an alumnus of IIT, Delhi, XLRI, Jamshedpur and Manchester Business School U.K. He possesses over 20 years of experience and has an outstanding performance record during his association with the Company since December 1995. He is also the Managing Director of Jindal Steel & Alloys Limited, and a Director on the Boards of Sapphire Technologies Limited and Jindal Thermal Power Company Limited.

Considering his rich and varied experience spanning a period of over two decades and the rich contribution he has been making to the growth of your Company, it would be in the best interest of the Company to reappoint Mr. Raman Madhok as Jt. Managing Director & CEO.

Members' approval is therefore sought for the said reappointment of Mr. Raman Madhok as Jt. Managing Director & CEO for a further period of 5 years with effect from 7<sup>th</sup> June, 2004 and for the payment of salary and other perquisites to be fixed from time to time by the Board of Directors of your Company. Further, as explained in Item No.7 above, the Board had in its meeting held on 29<sup>th</sup> June, 2004 after taking into account the recommendations of the Remuneration Committee approved a raise in the compensation payable to all the Executive Directors w.e.f. 01.04.2004. Approval of the Members is also therefore sought for the payment of increased remuneration as above to Mr. Raman Madhok for the period 01.04.2004 to 06.06.2004 during the remainder of his tenure as Jt. Managing Director & CEO of the Company prior to his reappointment.

The remuneration of the Jt. Managing Director & CEO will be so fixed by the Board of Directors from time to time that the Salary and the aggregate value of all the perquisites and allowances like furnished accommodation or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; bonus; performance incentive; medical reimbursement; club fees and leave travel concession for himself and his family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Raman Madhok shall not exceed the overall ceiling approved by the Members in General meeting.

A ceiling of Rs.9,00,000 p.m. is proposed for the time being by your Directors.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified above:

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b) Gratuity as per rules of the Company (which shall not exceed one half month's Salary for each completed year of Service); and
- c) Earned leave with full pay or encashment as per rules of the Company.

For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

In the event of loss or inadequacy of profits in any financial year, the Jt. Managing Director & CEO shall be paid remuneration by way of salary and perquisites as specified above.

The Jt. Managing Director & CEO shall not be eligible for any sitting fees for attending the Company's Board or Committee Meetings.

The Board of Directors may, in its discretion pay to Mr. Raman Madhok lower remuneration than the maximum remuneration herein above stipulated and revise the same from time to time within the maximum limit stipulated by this resolution.

A copy of the Agreement executed with Mr. Raman Madhok is available for inspection at the Registered Office of the Company from 10.00 a.m. to 12.00 noon on all working days of the Company.

The above details may also be treated as an abstract of the terms of the agreement between the Company and Mr. Raman Madhok under section 302 of the Companies Act, 1956.

None of the Directors other than Mr. Raman Madhok is concerned or interested in the resolution.

Your Directors recommend the resolution as at item No.8 for your approval.

By Order of the Board  
For **JINDAL IRON & STEEL COMPANY LIMITED**

Mumbai, 26<sup>th</sup> October, 2004

**Lancy Varghese**  
Company Secretary

## DIRECTORS' REPORT

### Dear Members,

Your Directors are pleased to present the Thirty-second Annual Report of your Company along with the Audited Accounts for the year ended 31st March 2004.

### 1. FINANCIAL RESULTS

Rs. in crores

Particulars	2003-04	2002-03
Sales (Gross)	2265.84	1607.25
Less : Excise Duty	75.67	55.56
Sales (Net)	2190.17	1551.69
Other Income	10.47	6.73
Total Revenue	2200.64	1558.42
Profit before Interest, Depreciation and Miscellaneous Expenditure Written off	479.44	334.20
Less : Interest	80.91	106.96
Depreciation	47.89	42.11
Miscellaneous Expenditure Written off	13.56	12.52
Profit before Exceptional Income	337.08	172.61
Exceptional Income	–	6.77
Profit before Taxation	337.08	179.38
Provision for Tax including Deferred Tax	94.38	58.40
Profit after Taxation	242.70	120.98
Transferred from Debenture Redemption Reserve	28.63	–
Balance brought forward from previous year	30.45	10.67
Amount Available for Appropriation	301.78	131.65
Less: Appropriations		
Debenture Redemption Reserve	–	74.19
General Reserve	–	12.50
Proposed Dividend	–	12.86
Corporate tax on proposed dividend	–	1.65
Balance carried to Balance Sheet	301.78	30.45

The financial year 2003-04 was the year of robust growth and consolidation for the Company. The Company's focus on customer relationship management, flexibility in operations, cost leadership and substantial repayment of debt has contributed to this healthy financial performance. With 12% growth in production backed by buoyant market conditions, the Company posted revenue growth of 41%. The net profit of Rs.242.70 crores for the year compared to Rs.120.98 crores for previous year resulted in a healthy EPS of Rs.55.77 for the year.

### 2. NEW PROJECTS

The Company has commissioned a new Pickling Line with a capacity of 200000 mtpa in September, 2003 & HR Slitter Line with a capacity of 120000 mtpa in January, 2004 at Tarapur to meet the increased demand of Hot Rolled trimmed & Pickled Coils consequent to the commissioning of a new Cold Rolling Mill (TM-5) in March, 2003.

Continuing the process of up-gradation of facilities, the line speed of Galvanizing line (CSD-I) at Tarapur has been increased from 90 to 150 MPM & furnace capacity from 6 TPH to 12 TPH in November, 2003. With this modification, the capacity of this line has been enhanced from 50000 mtpa to 75000 mtpa at a reference size of 0.17x900 mm.

The Company has commissioned a new state of the art Galvanizing Line with capacity of 160000 mtpa with ceramic pot capable of producing 0.32x1250 mm soft commercial quality of GP Coil which will cater to the requirements of USA & other export markets.

### 3. SUBSIDIARY COMPANY

The Company does not have any subsidiary company.

### 4. FUTURE PROSPECTS

The outlook for steel in the medium term looks very bullish. As per the estimate of International Iron & Steel Institute (IISI), steel demand is expected to grow at 6.2% (53 million tonnes) for 2004 and 4.5% (41 million tonnes) for 2005. Global steel prices are expected to remain stable.

The National Steel Policy has targeted 100 million mtpa of steel consumption by 2018 – CAGR of 8% over next 15 years. Greater focus on infrastructure spending and growth from key end-user sectors like auto, white goods etc. is expected to result in 10% growth in steel consumption for 2004.

Your Company has firmly entrenched itself in the European and American markets and with exports at 75% of its production, has consolidated its position as a major global player in the Galvanized steel segment.

With the commissioning of 160000 mtpa state of the art Galvanizing line at Vasind, your Company has balanced cold rolling and Galvanizing capacities. Your Company is expected to commission 6HI Cold Rolling Mill with a capacity of 100000 mtpa and a flux line with a capacity of 40000 mtpa by March, 2005. Further, a Pre-painted Galvanizing Iron Line (PPGI) with a capacity of 100000 mtpa will be commissioned by June, 2005. This will take cold rolling capacity to 0.9 million mtpa, Galvanizing capacity to 0.8 million mtpa and colour coating capacity to 0.1 million mtpa by FY 2005-06.

Based on strong economy indicators, analysis of apparent steel consumption and capacity utilisation, your Company is expected to continue with the improved performance in near future.

## 5. SHARE CAPITAL

### (a) Preferential Allotment

As approved by the members in the Extra Ordinary General Meeting held on 2<sup>nd</sup> August, 2003, the Company made preferential allotment of 12,25,000 Equity Shares of Rs. 10 each to Citicorp Banking Corporation (Bahrain) for cash at a premium of Rs. 111 each during the period under review and these shares have been listed on all the Stock Exchanges where the existing equity shares of the Company are listed.

### (b) Forfeiture

1,14,498 Equity Shares were forfeited during the year for non-payment of call money arrears.

## 6. SCHEME OF ARRANGEMENT & AMALGAMATION

As the members are aware, your Company has initiated a Scheme of Arrangement & Amalgamation, whereby the Investment Division of your Company will be de-merged into Jindal South West Holdings Limited (JSWHL) and the Steel Business will be merged into Jindal Vijayanagar Steel Limited (JVSL) with effect from 1<sup>st</sup> April, 2003 - the Appointed Date. The Scheme was approved by the requisite majority in the meeting of the equity shareholders held on 27<sup>th</sup> January, 2004. The lenders have also approved the Scheme. The Scheme has been sanctioned by the Bombay High Court and is now pending for the sanction of the Karnataka High Court.

Once the Scheme becomes effective, the members will receive equity shares in JSWHL and JVSL. Your Company will then cease to exist.

Your Company expects that the merger will bring in substantial benefits from synergy, cost reduction & backward integration for the key raw material i.e. H.R. Coils.

## 7. DIVIDEND

In view of the Scheme of Arrangement & Amalgamation between the Company, Jindal South West Holdings Limited and Jindal Vijayanagar Steel Limited awaiting approval of the Karnataka High Court, your Directors do not recommend any dividend for the F.Y. 2003-04.

## 8. FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the public during the year under review.

## 9. DIRECTORS

Mr. D.J. Balaji Rao and Mr. Raman Madhok, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The proposals regarding their reappointment as Directors are placed for your approval.

Your Directors have reappointed Mr. N. K. Jain as Executive Vice Chairman for a period of 2 years w.e.f. 19<sup>th</sup> October, 2004 and Mr. Raman Madhok as Jt. Managing Director & CEO for a period of 5 years w.e.f. 7<sup>th</sup> June, 2004 subject to necessary approvals. The proposals regarding their reappointment are also placed for your approval.

UTI Asset Management Company Private Limited has nominated Mr. S. Jambunathan as its Nominee on the Board of your Company in place of Mrs. Lilly Prasad w.e.f. 9<sup>th</sup> December, 2003.

Your Directors place on record their deep appreciation of the valuable services rendered by Mrs. Lilly Prasad during her tenure as the Director of the Company.

## 10. AUDITORS

M/s. Lodha & Co., Chartered Accountants and M/s. Shah Gupta & Co., Chartered Accountants, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Members are requested to appoint Statutory Auditors including Branch Auditors for the current year.

## 11. PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars) in the Report of the Board of Directors Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed (Annexure "A") hereto forming part of the report.

## 12. ENVIRONMENT MANAGEMENT

The Company has taken various initiatives to minimize pollution by way of pollution monitoring, effluent treatment, efficient process control, Solid Waste Management and disposal of treated wastes.

## 13. AWARDS

- (i) Your Company has been awarded the IMC Ramkrishna Bajaj National Quality Commendation Certificate, 2003 in the Manufacturing category.
- (ii) Your Company has won the first prize for quality control in Pig Iron Plant/ DR Unit/ Major Re-rolling Unit category in the National Quality Competition organized by The Indian Institute of Metals (IIM), for the second year in succession.
- (iii) Your Company was the only steel Company to have secured a place in the "Top 25 Great Places to Work in India" surveyed by 'The Grow Talent Company with Great Places to Work Institute' of the US and 'Business World' of India.

- (iv) Your Company has received an award from Engineering Export Promotion Council (EEPC) for its outstanding export performance during the year 2000-01 and Government of Maharashtra, Industries, Energy and Labour Department Award.

#### 14. PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in the statement annexed (Annexure "B") hereto forming part of the report.

#### 15. CORPORATE GOVERNANCE CODE

A report on Corporate Governance alongwith the Auditors' Certificate regarding the compliance of the mandatory requirements, is separately given in the Annual Report.

#### 16. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have selected appropriate accounting policies and applied consistently and made judgement 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 that period;

- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

- (iv) they have prepared the annual accounts on a going concern basis.

#### 17. APPRECIATION

Your Directors would like to express their grateful appreciation for the cooperation and assistance received from the Central Government, the Government of Maharashtra, the Financial Institutions, Banks as well as the Shareholders and Debentureholders during the year under review. Your Directors also wish to place on record their appreciation of the devoted and dedicated service rendered by all the employees of your Company.

For and on behalf of the Board of Directors

Mumbai  
Date: 26<sup>th</sup> October, 2004

**Sajjan Jindal**  
Chairman & Managing Director

## ANNEXURE 'A' TO DIRECTORS' REPORT

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

#### A. CONSERVATION OF ENERGY

In its continuous efforts towards conservation of energy, the Company has taken following measures –

- a. Operation of De-greasing unit optimised in CSD I and stopped in CSD II & CSD III, leading to reduction in Power & LDO consumption.
- b. Improving Furnace efficiency & control practices, thereby reducing LPG consumption.
- c. Operation of single pump of 130 KW in place of two pumps of 75 KW each, resulting in power saving.
- d. Installation of energy saver-cum-precision temperature controller in AC Units.
- e. Idle running of prime movers stopped through automation, wherever possible, in all process units & education imparted to Operators & Technicians to shut off idle running prime movers manually in all process units where automation is not possible.
- f. Installation of Waste Heat Recovery Boiler no. 2 has enabled saving 3,000 litres of furnace oil per day.
- g. Replacement of Air Compressor drives (2 Nos. ) by energy efficient VVVF Drives.
- h. Energy saving by optimisation of Prime Movers.
- i. Use of FRP blade in cooling tower fan in place of metal blades at DG cooling tower thereby saving energy of 4,80,000 units per annum.
- j. Water conservation by reusing of Back Wash water from water softening & filtration tank.
- k. Energy conservation in Air Conditioners by using UNICON sequence controller for accurate temperature control.

The total energy consumption and energy consumption per unit of production is given in Form 'A'.

#### B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption are given in Form 'B'.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rupees in lacs)

	2003-04	2002-03
i) Foreign exchange earned	1,39,751.38	96,015.26
ii) Foreign exchange used	5,986.98	8,921.76

### FORM 'A'

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and fuel consumption	2003-2004		2002-2003	
	Units (in '000 KWH)	Value (Rs. in lacs)	Units (in '000 KWH)	Value (Rs. in lacs)
1. Electricity :				
a) Purchased	44,169	1,903.12	23,139	983.08
<b>Rate/ Unit (in Rs.)</b>		4.31		4.25
b) Own Generation	102,400	2,373.02	84,556	1,991.16
<b>Rate/ Unit (in Rs.)</b>		2.32		2.35
	<b>Quantity</b>		<b>Quantity</b>	
	<b>(in K. Ltrs)</b>		<b>(in K. Ltrs)</b>	
2. Furnace Oil	2,095	191.03	2,026	205.61
<b>Rate/ Litre (in Rs.)</b>		9.12		10.15
	<b>Quantity</b>		<b>Quantity</b>	
	<b>(in '000 Kg)</b>		<b>(in '000 Kg)</b>	
3. LPG	12,174	2,347.64	10,187	1,796.96
<b>Rate/ Kg (in Rs.)</b>		19.28		17.64
<b>B. Consumption per unit of production</b>		<b>2003-2004</b>		<b>2002-2003</b>
<b>Electricity</b>				
Galvanized Coils/Sheets		90		87
Cold Rolled Coils/Sheets		148		148
Hot Rolled Steel Plates/Coils		152		173
<b>Furnace Oil</b>				
Cold Rolled Coils/Sheets		1		–
Hot Rolled Steel Plates/Coils		55		64
<b>LPG</b>				
Galvanized Coils/Sheets		19		20
Cold Rolled Coils/Sheets		3		–

**FORM 'B'****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****RESEARCH & DEVELOPMENT**

Some of the new products developed during the year are:

- (i) Development of Skin Pass of 87 Grade for OEM in thickness size 1.6 mm for AC Base Tray.
- (ii) Minimising difference in the spangle size variation on top and bottom surface of GP.
- (iii) Extraction of Zinc from Top dross using Flux in the alloy furnace to improve zinc purity.

**TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION**

- Vector Control AC Master Drives from Siemens installed in place of old DC Analog Drives in CSD I for better speed, tension accuracy, response time, energy saving & easy fault diagnosis for reduction in down time.
- DC Drive 6RA70 of Siemens installed in Leveller in CSD II for fast & smooth data transmission through serial link and better response & accuracy.
- Current feedback Welding System installed in the Online Kriton Welding Machine to reduce down time & better welding.
- Installation of New Thickness Gauge in TM-2 for better accuracy & response time.
- Installation of S-7 PLC System & Win CC HMI (Siemens) in CSD I for better automation, monitoring & easy fault diagnosis.
- Modification of CRM-4 HI Mill - Improvement in quality of CRCA due to installation of Air Wiper & strengthening of pass line to reduce feeding time of strips & hence increase in production.
- Installation of New Transformer 25 MVA -To ensure uninterrupted power supply to minimise production loss.
- Revamping of Mill Drive & PLC with Digital 6RA70 & S7 PLC -By replacing earlier obsolete & Analogue Drive & S5 PLC to get 6,000 mtpa quality production of cold rolled coil.
- Commissioning of ceramic pot in CGL-II - Production of dross reduced by 4 %
  - Uniformity in temperature.
  - Yield has been improved.
  - Increase pot life by 10-12 years.

**Modifications Planned**

- Modernisation of HR Slitter will help in reducing feeding time & hence, capacity will increase by 72,000 mtpa.
- Modification of Pickling Line will help in speed increase from 90 to 120 mpm.
- Addition of 1 more acid tank in Pickling Line will increase the capacity by 72,000 mtpa.
- Cold Rolling Mill-3 Modification:
  - Modification of Pay Off section to enable to take reduction in the first pass thereby capacity increase by 24,000 mtpa.
  - Installation of Air Wiper, Coolant charge to get better quality of CR & higher speed in Final Pass.
  - Installation of Air Oil Lubrication for Work Roll & Backup Roll to enhance the life of bearings.
- Skin Pass - Installation of Electrostatic oiler to increase consumer base.
- Modification of CTL-1 - To achieve better cutting (+/- 1mm length) accuracy.
- CGL-1:
  - Speed increase from 100 mpm to 120 mpm thereby increasing production by 10%
  - Modification of Horizontal Looper to minimise rejection.
  - Modification of Soaking Furnace to get EDD quality of GP.
  - Installation of 2<sup>nd</sup> Recoiler with capacity of 22 tonnes.

## ANNEXURE 'B' TO DIRECTORS' REPORT

**INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004.**

Sr. No.	Name	Designation	Remuneration Rupees	Qualification	Experience No. of Years	Age	Date of commen- cement of employment	Last Employment
<b>(A) Employed throughout the year and were in receipt of remuneration of not less than Rs. 24,00,000 per annum.</b>								
1.	Sajjan Jindal	Chairman & Managing Director	8,342,440	B.E. (Mech.)	23	44	04.07.1992	Jindal Strips Ltd.
2.	N. K. Jain	Executive Vice Chairman	3,981,848	B. Com., F.C.A., F.C.S.	34	58	01.09.1992	Permanent Magnets Ltd.
3.	Raman Madhok	Jt. Managing Director & CEO	2,455,314	M.S., PGD IR & PM, Dip. Trg. & Dev.	23	46	15.12.1995	Cyanamide India Ltd.
<b>(B) Employed for the part of the year and were in receipt of remuneration aggregating to not less than Rs. 2,00,000 per month.</b>								
NIL								

**Notes :**

- Remuneration shown above includes Salary, Commission, House Rent Allowance, Bonus, Leave Encashment, Holiday Travel Benefits, Use of Company's Car, Furniture and Company's contribution to Provident Fund but does not include Company's contribution to Gratuity Fund. The monetary value of perquisites is calculated in accordance with the provisions of the Income-tax Act, 1961 and Rules made thereunder.
- The nature of employment in all cases is contractual.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### A] Industry Structure & Developments

#### Overview

The current steel capacity in India is of the order of 38-40 million tons per annum. Crude steel production is estimated currently at 34 million tons per annum and apparent steel consumption at 32 million tons per annum.

During the year, the upward spiral in prices was primarily driven by strong demand from China. The demand from Asia as well as from the US in the latter part of the year also led to buoyancy in prices. The surge in steel demand also impacted the prices of primary input raw materials i.e. Iron Ore, Coking Coal / Metallurgical Coke and Scrap, which became scarce with rising demand. This development drove home the point that steel producers need to necessarily have long term strategic tie - ups for their primary input raw materials.

The challenge before the Industry, therefore, is to leverage steel for development of infrastructure facilities in India. Further, Indian Economic policies will need to facilitate building of additional capacities in steel as well as enabling Indian steel companies to compete globally, both in terms of cost of borrowings and inputs as well as state of the art infrastructure facilities. Also, considering that Indian Iron Ore is qualitatively one of the best the world over with an iron content in excess of 60%, there should be some level of prioritisation of Iron Ore for the domestic industry.

#### Outlook

Overall prices of steel products have been bullish as a result of combination of very strong demand growth in China in last 2 years and recent constraints of supply of steelmaking raw-materials (coke & scrap) restricting steel outputs. Recent trends have shown that the Chinese demand for steel and growth rate of consumption in America is slowing down. On supply side, significant capacity additions are expected in China, India and Brazil. However, global steel prices are expected to remain stable over medium term.

World Economic Outlook (WEO) estimates the global GDP growth at 4.6% for 2004 (4.4% for 2005). As per the estimates of International Iron and Steel Institute (IISI), steel demand is expected to grow at 6.2% (53 million tonnes) for 2004 and 4.5% (41 million tonnes) for 2005.

### B] Opportunities and Threats

The National Steel Policy 2003, targets 100 million tonnes per annum of steel consumption by 2018-CAGR of 8% over next 15 years. This is not a stiff target when it is realised that the per capita steel consumption in India at 31 kgs is one of the lowest in the world, as compared with the global per capita steel consumption average of 150 kgs and developed world average of 450 kgs. Steel intensive technologies in various user industries leading to increased usage of steel for wide ranging

applications, thrust on infrastructure related growth in rural India, expected multiplier impact of GDP growth on steel consumption & India being considered as manufacturing hub for the world economy, provides immense opportunities to the steel industry. The Company through various strategic initiatives is now poised to take full advantage of this opportunity.

The consolidation of the steel business of the Company with Jindal Vijayanagar Steel Limited would compliment each other's strengths and provide a platform for being one of the most efficient integrated steel producers with operational synergies and opportunities to leverage the strengths of each of the Companies.

The major threat will be progressive reduction in import tariff on steel, high tariff & non-tariff barriers on steel exports & the volatility of the export markets due to impact on international economies, in particular US & China. Favourable market situation is driving US mills, but any adverse market sentiment shall lead to initiation of protectionist measures from US. Macroeconomic measures put in place by Chinese government could not decelerate the pace of economy, so fresh spree of measures are expected in 2005. These factors may exert pressure on steel prices.

### C] Risk and Concerns

The regulatory intervention in market forces, reduction in DEPB benefits, appreciating rupee making exports less viable & imports cheaper and cyclical price movement of Steel Products are major areas of concern for the Steel Industry. The fortune of the Industry swings in tandem with the trend of market prices. With the increased integration of the domestic and global markets the price movement tend to become more and more unpredictable.

### D] Financial Performance

During the year, the Company established a robust platform for F.Y. 2003-04 and consolidated its existing market presence in 45 countries and 5 continents. The Company's strategy to be present at the right place at the right time in the international market has paid rich dividends. Key contributors to the above performance were thrust on exports, enhancement in Galvanizing and Cold Rolling capacities, development of value added products and production growth. The Company also invested in brand awareness through GALVPLUS and JINDAL VISHWAS, talent management & benchmarking of processes & practices with plants of Corus at Netherlands.

During the year, Galvanizing capacity was increased by 1.85 lacs mt. The Company produced 5.57 lacs mt of Galvanized Coils/Sheets recording a growth of 12%. Turnover of the Company at Rs. 2,266 crores is higher by 41% as compared to the previous year. Exports during the year at Rs.1,714 crores were 78% of total sales.

The Company achieved highest ever EBIDTA of Rs. 479.44 crores and the Cash Profit recorded was Rs. 398.53 crores (after considering Interest of Rs. 80.91 crores). The Company has made payments to Lenders / Banks to the tune of Rs. 239 crores during the year towards repayments of debts.

During the year, the Company made preferential allotment of 12.25 lacs equity shares to Citicorp Banking Corporation (CBC), Bahrain, resulting in an inflow of Rs.14.82 crores.

The Shareholders at their meeting held on 27th January, 2004 have approved the Scheme of Arrangement and Amalgamation (Scheme) under Sections 391 to 394 of the Companies Act, 1956 with effect from 1st April, 2003, between the Company, Jindal Vijayanagar Steel Limited (JVSL) and Jindal South West Holdings Limited (JSWHL). The Scheme of Arrangement and Amalgamation has been approved by the Bombay High Court at the hearing held on September 3, 2004 and approval of the Karnataka High Court is awaited.

The salient features of the Scheme are as follows -

- (a) Demerger of Investment Division (including equity holding in JVSL) of the Company into JSWHL.
- (b) The amalgamation of the Company (excluding the Investment Division) into JVSL.
- (c) The Share exchange ratio for the amalgamation is 16 (Sixteen) equity shares of Rs. 10 each of JVSL for 1 (one) equity share of Rs. 10 each held by the shareholder of the Company. However, since the Scheme envisages reduction of capital of JVSL, the exchange ratio shall be adjusted to 1 (one) equity share of Rs. 10 each of JVSL for 1 (one) equity share of Rs. 10 each.
- (d) On the Scheme being effective, the Company shall be dissolved without being wound up.
- (e) With effect from effective Date, the name of JVSL shall be changed to "Jindal Iron & Steel Company Limited."

The effect of the Scheme in the books of accounts will be given upon receipt of necessary approvals from the High Courts.

As the Company is engaged in manufacture of flat steel products, providing segment wise information is not relevant.

#### **E] Internal Control Systems and their adequacy**

The Company uses well established integrated Enterprise Resource Planning - RAMCO 3.03x. The integrated ERP has its various business applications interfaced on a real time basis, with in-built automated controls. This ensures adequacy of the existing internal control mechanism, reliability and integrity of accounts, financial records and operational reports generated by the ERP system. Systems are also in place to ensure Confidentiality, Integrity and Availability of the Company's Information Assets.

The Company also has a well-defined organisation structure, authority levels and internal controls for conducting business

transactions. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively and that Management Information System is sound along with a well conceived annual planning and budgeting system.

An extensive Internal Audit Programme is prepared after reviewing the Annual Business Plan drawn by the management by identifying critical business areas depending upon the changing business environment. The Internal Auditors and the Concurrent Auditors report significant observations to the Audit Committee comprising of Independent / Nominee Directors.

The Company has been successful in integrating the COSO (Committee of Sponsoring Organisations of the Treadway Commission) Framework with the audit process to improve the quality of financial reporting through business ethics, effective internal controls and corporate governance. The Company has also deployed the ACL tool (Audit Command Language version & generalised Audit Software) as part of its audit process which has significantly increased the reliability of audit checks and procedures.

#### **F] Human Resources Management**

##### **1. Parivartan se Pragati**

Continuing with our emphasis on training and development for the year 2003-04, the Company initiated a series of development programs for the operative staff (including workers). The program was aimed at creating a set of change agents across the organisation to facilitate the Company's drive for improvements in the business processes.

This program assisted participants to understand:

- Changing business context and its impact on the Company.
- Importance and study of people / processes and systems in becoming a world class manufacturing Company.
- Personal effectiveness and basic operational skills for improving workmanship.

##### **2. Faculty Manager Exchange Program**

A unique industry academic partnership was initiated by JISCO with Narsee Monjee Institute of Management Studies. The endeavour was to:

- Sensitise and expose faculty members to real life management situations.
- Bringing academic ambience and teaching inputs to managers for enhancing the quality of management processes they bring to their work.
- Strengthening the bonds between industry and the Institute for building bridges between theory and practice of management.

**3. Survey - Great Places to Work**

In a survey carried out by “Grow Talent” in collaboration with “Great Places to Work Institute”, Inc. of the US and “Business World”, the Company has been identified in the list of “Top 25 Great Places to Work”. Your Company is the only steel Company to figure in the list of top 25.

**4. Benchmarking with Corus**

During the year 1997-98, the Company had conducted a Benchmarking study with British Steel, UK which contributed immensely to the improvement of operational efficiencies. Subsequently British Steel merged with Hoogovens of Netherlands to form the Corus group. To carry forward this process of comparison of best practices with world class plants, JISCO conducted a study tour of the Corus in Netherlands in which teams were divided into three batches with cross-functional representation from across the organisation. A total of 32 senior and middle level executives visited Corus and brought back critical learning from this exercise that will be implemented in FY 2004-05.

**5. Corporate Social Responsibility**

The JSW Foundation was formed in order to honour the Company’s Corporate Social Responsibility (CSR) obligations. The foundation aims at being a community sensitive organisation, which cares for and contributes to the environment in which it operates. The Company plans to spearhead all its initiatives with the motive of building the vocational skills of its neighbouring communities thus making them self-sustainable. We respect cultural differences and aim at finding sustainable livelihood opportunities to build the skills of employees and community whom we impact.

**i) Learning begins at young age**

The Company alongwith JSW Foundation has initiated the Computer Aided Learning Centre (CALC) in partnership with Azim Premji Foundation. The endeavour is to promote elementary education in rural India. The objective is to create excitement in school and hence, attract children to schools. We have already established two centres and plan to set up several more in future.

**ii) Community capacity building**

The JSW Foundation is setting up a vocational training center at Vasind in association with Father Agnel Technical College (Community Polytechnic) Bandra to provide technical training at village level. The need assessment study is already underway and very soon the curriculum will be rolled out.

**iii) Nurturing Arts**

We strongly advocate the partnership between business and arts. The Jindal Art and Creative Interaction Centre (JACIC) collaborated with Royal Court Theatre, London, the British Council, Mumbai and Rage Productions to provide a platform to Indian playwrights through a series of workshops. The chosen nine plays were staged at Prithvi and at Experimental, NCPA.

We have also supported the “Creative Edge: 21<sup>st</sup> Century Partnerships for Business and Arts”. The seminar was delivered by nine specialists from UK led by Colin Tweedy, the founder and CEO of Arts & Business, the world’s largest organisation devoted to building this relationship.

**G| Cautionary Statement**

Statement in this Management Discussion and Analysis report, describing the Company’s objectives, projections, estimates, expectations or predictions may be “Forward looking Statements” within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include global and Indian demand-supply conditions, cyclical demand and pricing in the Company’s principle markets, raw material cost and availability, changes in the Government regulations, tax regimes, economic development within India and the countries within which the Company conducts business and other factors such as litigation and industrial relations.

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

### 1. COMPANY'S PHILOSOPHY

JISCO's philosophy of corporate governance envisages attainment of the highest level of transparency, accountability and equity in all its dealings with shareholders, employees, Government and lenders. The Company cares for ethical values down the line and will not compromise on any of them. The Company's guiding principles are focused to achieve the highest standards of corporate governance. To achieve these goals the Company has formed the Executive Committee, the MANCOM (Management Committee) and Operations Committee (consisting of Senior Managers of the Company) and also various Sub-Committees of the Board of Directors. Your Company now confirms the compliance of Corporate Governance as contained in clause 49 of the Listing Agreement, the details of which are given below:

### 2. BOARD OF DIRECTORS

#### 2.1. Composition

The Board of Directors comprises of 9 Directors of which 3 are Executive Directors and 6 are Non Executive Directors. The Chairman is Executive and the number of independent Directors i.e. those who have no business relationship with the Company is 6. The composition is as under:

Name of the Director	Position
<b>Executive</b>	
Mr. Sajjan Jindal	Chairman & Managing Director
Mr. N.K. Jain	Executive Vice-Chairman
Mr. Raman Madhok	Jt. Managing Director & CEO.
<b>Non-Executive Independent</b>	
Mr. D.J. Balaji Rao	Director
Mr. Atul Desai	Director
Mr. Markand C Gandhi	Director
<b>Nominee Directors</b>	
Dr. S.R. Chougule	Nominee of ICICI Bank Ltd.
Dr. L.K. Singhal	Nominee of IFCI Ltd.
Mr. S.Jambunathan	Nominee of UTI Asset Management Company Pvt. Ltd.

#### 2.2. Meetings and attendance record of each Director

9 Meetings of the Board were held on the following dates during the year ended 31<sup>st</sup> March, 2004.

1. 28.04.2003	6. 02.08.2003
2. 28.05.2003	7. 21.10.2003
3. 27.06.2003	8. 13.11.2003
4. 08.07.2003	9. 20.01.2004
5. 24.07.2003	

The attendance record of the Directors at the Board Meetings held during the year ended on 31<sup>st</sup> March, 2004 and the last Annual General Meeting (AGM) and the details of other Directorships and Committee Chairmanships and Memberships

held by the Directors of the Company as at 31<sup>st</sup> March, 2004 are given below:-

Name of Director	Attendance Particulars		No. of Directorships and *Committee Member/Chairmanship		
	Board Meetings	Last AGM (Y/N)	Other Directorships (excluding Directorship in Private Companies)	Committee Memberships	Committee Chairmanships
Mr. Sajjan Jindal	8	Yes	5	Nil	Nil
Mr. N.K. Jain	7	Yes	4	Nil	2
Mr. Raman Madhok	9	Yes	3	1	Nil
Mr. D.J. Balaji Rao	9	Yes	8	5	5
Dr. S.R.Chougule	9	Yes	3	Nil	Nil
Mr. Atul Desai	6	Yes	4	3	2
Mr. Markand Gandhi	7	Yes	Nil	Nil	Nil
Dr. L.K.Singhal	7	Yes	1	1	Nil
<b>Part of the Year</b>					
Mr. S. Jambunathan (from 09.12.2003)	1	N.A.	1	Nil	Nil
Mrs. Lilly Prasad (upto 09.12.2003 )	7	Yes	1	Nil	Nil

\* Only three committees, namely, Audit Committee, Shareholders / Investors Grievance Committee and Remuneration Committee have been considered.

### 3. AUDIT COMMITTEE

i) The Audit Committee comprises of three members namely:

Mr. Atul Desai (Chairman), Dr. S.R. Chougule and Mr. Markand Gandhi.

All the members of the Audit Committee are independent and Non-executive Directors. They possess adequate knowledge of Accounts, Audit, Finance, etc.

The Audit Committee met 4 times during the year ended on 28<sup>th</sup> April, 2003, 24<sup>th</sup> July, 2003, 21<sup>st</sup> October, 2003, and 20<sup>th</sup> January, 2004.

ii) The attendance of each Committee member is as under:

Sl. No.	Name of the Director	No. of Meetings attended
1	Mr. Atul Desai	3
2	Dr. S.R. Chougule	4
3	Mr. Markand Gandhi	4

iii) Audit Committee meetings are attended by the Director - Corporate Affairs, Head of Internal Audit, Head of Accounts & Finance, the Company Secretary and the Statutory Auditors.

iv) The Broad terms of reference of the Audit Committee are:

1. Overseeing of the Company's financial reporting process and the disclosure of its financial information

to ensure that the financial statements are correct, sufficient and credible.

2. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with management the financial statements before submission to the Board;
4. Reviewing with the management and the external and internal auditors, the adequacy of internal control systems.
5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department.
6. Discussion with internal auditors on any significant findings and follow up there on.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
8. Discussions with External Auditors before the audit commences the nature and the scope of Audit as well as have post audit discussion.
9. Reviewing the Company's financial and risk management policies.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.

#### 4. REMUNERATION COMMITTEE

The Remuneration Committee as at 31.03.2004 comprised of three Independent and Non-executive Directors as members, namely;

Mr. Atul Desai (Chairman), Mr. D.J. Balaji Rao and Mr. Markand Gandhi.

The Remuneration Committee was reconstituted on 18.06.04 and comprises of the following three independent and Non-executive Directors as members, namely;

Mr. Atul Desai (Chairman), Mr. Markand Gandhi and Dr. L.K. Singhal.

One meeting of the committee was held on 28.04.2003 during the year ended on 31<sup>st</sup> March, 2004. The meeting was chaired by Mr. Atul Desai and was attended by all the members.

The terms of reference of the 'said committee' are as follows:

- i. To determine on behalf of the Board and on behalf of the Shareholders, the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment.
- ii. To approve the payment of remuneration to Managerial Personnel as per the Policy laid down by the Committee.

#### 4.1 Remuneration Policy

The remuneration policy of the Company aims to ensure that the remuneration practices are competitive, thereby enabling the Company to attract and retain Executives of high caliber.

While determining the remuneration consideration is given to:

- Managerial compensation survey done by leading management consultants.
- Inflation element.
- Critical job attributes.
- Remuneration practices of Companies of a size and standing, similar to the Company.

The compensation is determined at the time of hiring. Personnel attributes and suitability of the candidate for the post is given preference. The growth of the employee depends on the individual performance. The performance is reviewed as per Performance Management System. According to the Performance Management System, the goals are set for individual employee and are reviewed periodically.

The performance of the Executive Director is reviewed on a monthly basis as per Business Plan. The Executive Directors are paid remuneration as per the Agreements entered between them and the Company. These Agreements are placed for approval before the Remuneration Committee, the Board and the shareholders. The present remuneration structure of Executive Directors comprises of salary, perquisites, allowances and contributions to PF & Gratuity. The Non-Executive Directors do not draw any remuneration from the Company and are paid only sitting fee.

#### 4.2 Remuneration of Directors

The disclosure to be made on remuneration of Whole-time Directors of the Company is given below:

Name of Director	Salary (Rs.)	Commission (Rs.)	Perqui-sites (Rs.)	Contribu-tion to PF /Other funds (Rs.)	Present Period of Agreement
Mr. Sajjan Jindal Chairman & Managing Director	48,00,000	24,00,000	5,80,993	7,71,840	04.07.2002 to 03.07.2005
Mr. N.K. Jain Executive Vice Chairman	16,20,000	-	21,77,890	2,60,496	20.10.2004 to 19.10.2006
Mr. Raman Madhok Jt. Managing Director & CEO	10,80,000	-	12,57,669	1,73,664	07.06.2004 to 06.06.2009
<b>Total</b>	<b>75,00,000</b>	<b>24,00,000</b>	<b>40,16,552</b>	<b>12,06,000</b>	

(1) The Service Contract of the Executive Directors is terminable by either party by giving notice of 3 months to the other party. (2) The Company has not given any stock option to the Executive and Non Executive Directors. (3) Sitting fee to Non-executive Independent Directors is being paid at the rate of Rs.20,000 for each meeting of the Board and subcommittees attended by them w.e.f. 21.10.2003 (Previously Rs.5,000).

## 5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholders / Investors Grievance Committee consists of three members namely:

Mr. Markand Gandhi (Chairman), Mr. Atul Desai and Mr. Raman Madhok.

The Company Secretary is the Compliance Officer. Mr. Vinay Gaokar was the Compliance Officer upto 31<sup>st</sup> May, 2004 and Mr. Lancy Varghese is the present Compliance Officer w.e.f. 18<sup>th</sup> June, 2004. His address and contact details are as given below :

Address	:	Jindal Mansion 5A, G. Deshmukh Marg Mumbai – 400 026
Tel.	:	022-23513000
Fax	:	022-23526400

During the year under review 2651 complaints were received from shareholders/investors, which were replied/resolved to the satisfaction of the investors.

## 6. ANNUAL GENERAL MEETINGS

The details of date, time and location of Annual General Meetings (AGM) held in last 3 years are as under :

AGM	Date	Time	Venue
29 <sup>th</sup> AGM	06.08.2001	11.00 a.m.	Walchand Hirachand Hall, Churchgate, Mumbai
30 <sup>th</sup> AGM	26.08.2002	11.30 a.m.	Walchand Hirachand Hall, Churchgate, Mumbai
31 <sup>st</sup> AGM	27.06.2003	11.30 a.m.	Walchand Hirachand Hall, Churchgate, Mumbai

No Special Resolutions have been put through by postal ballot so far by the Company. The Company does not have any proposal for postal ballot this year.

## 7. DISCLOSURES

There are no materially significant related party transactions i.e. transaction of the Company of material nature with its Promoters, Directors or the Management, their Subsidiaries or relatives etc., that would have potential conflict with the interests of the Company at large.

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the period under review.

During the year ended 31<sup>st</sup> March, 2004, the Company has transferred unclaimed interest on Debentures amounting to Rs. 18.29 lacs and unclaimed Dividend amounting to Rs. 19.40 lacs to the Investor Education and Protection Fund pursuant to the provisions of Section 205C of the Companies Act, 1956 and the Rules framed there under.

## 8. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after the Board approves them. These are also published in the prescribed proforma within 48 hrs. of the conclusion of the meeting of the Board in which they are considered, generally in 'Economic Times', Free Press Journal and Navshakti (Marathi edition)

These results are simultaneously posted on the website of the Company at [www.jisco.com](http://www.jisco.com). The official press releases are also available on the website. The Company also submits electronically, the information with the Regulatory authorities under EDIFAR system.

### 8.1 Management Discussion & Analysis Report

The Management discussion and Analysis Report (MD&A) is a part of the Annual Report.

## 9. GENERAL SHAREHOLDERS INFORMATION

### Annual General Meeting

Date	:	23 <sup>rd</sup> December, 2004
Time	:	11.30 a.m.
Venue	:	Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020.

### Financial Calendar 2004–2005

First quarterly results	:	Declared on 27 <sup>th</sup> July, 2004
Second quarterly results	:	Declared on 26 <sup>th</sup> October, 2004
Third quarterly results	:	January, 2005
Annual results for the year ending on 31.03.2005	:	May, 2005
Annual General Meeting for the year 2005	:	July, 2005

### Book Closure

11.11.2004 to 12.11.2004 (Both days inclusive).

### Listing of Securities

The Equity Shares of your Company are presently listed on the following Stock Exchanges:

The Stock Exchange, Mumbai  
National Stock Exchange of India Limited  
The Delhi Stock Exchange Association Limited  
The Company has paid Annual Listing Fees to each of the above Stock Exchanges for the financial year 2003–04.

### Stock Code

The Stock Exchange, Mumbai (BSE)	National Stock Exchange of India Limited (NSE)	Delhi Stock Exchange Association Limited (DSE)
500107	JINDALIRON	10054

### ISIN No. for Dematerialisation of Equity shares

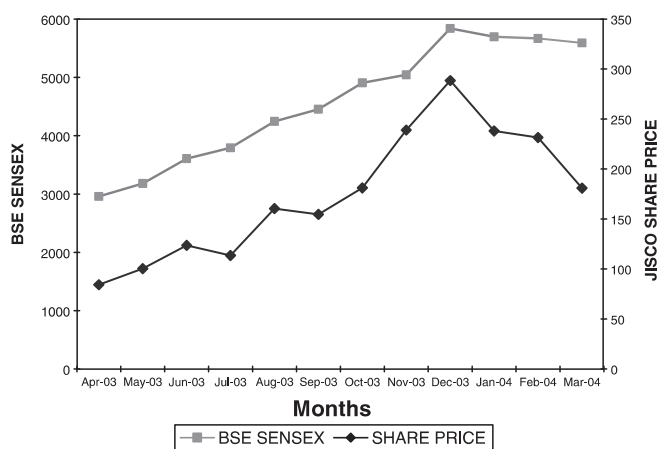
INE020A01010

## Market Price Data

The details of High & Low market price of the shares at the Mumbai and National Stock Exchanges are as under:

Month (2003-04)	Quotation at Mumbai Stock Exchange		Quotation at National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-2003	92.60	76.05	92.80	75.85
May-2003	100.30	80.90	101.25	80.75
Jun-2003	126.35	103.25	126.20	103.40
Jul-2003	124.30	108.40	124.40	108.40
Aug-2003	160.50	112.40	161.50	112.40
Sep-2003	163.35	145.85	162.75	146.05
Oct-2003	173.55	147.70	172.45	147.25
Nov-2003	238.90	161.50	238.50	161.30
Dec-2003	288.45	230.55	287.95	230.70
Jan-2004	297.70	238.00	297.90	238.90
Feb-2004	265.55	231.45	265.55	229.25
Mar-2004	240.80	164.85	240.80	165.25

## Performance of Share Price in comparison to BSE Sensex



## Share Transfer Agent

Sharepro Services (India) Pvt. Ltd.  
Satam Estate, 3rd Floor, Above Bank of Baroda,  
Cardinal Gracious Road, Chakala,  
Andheri (East), Mumbai – 400 099.  
Tel.: 022-28215168 Fax: 022-28375646  
E-mail: sharepro@vsnl.com  
Website: www.shareproservices.com

## Share Transfer System

Shares sent for transfer in physical form are normally registered by our Registrars and Share Transfer Agent within 15 days of receipt of the documents, if documents are found in order. Shares under objection are returned within two weeks. The Company conducts periodical audit of share transfer system and securities issued, through competent professionals.

## Distribution of Shareholding

The distribution of shareholding as on 31<sup>st</sup> March, 2004 is given below :

Sl No	No. of Equity Shares	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share holding
1	Upto – 500	36072	93.47	4854389	11.03
2	501 – 1000	1337	3.47	1056876	2.40
3	1001 – 2000	537	1.39	806124	1.83
4	2001 – 3000	176	0.46	447986	1.02
5	3001 – 4000	80	0.21	291129	0.66
6	4001 – 5000	71	0.18	331768	0.75
7	5001 – 10000	128	0.32	923541	2.10
8	>10001	190	0.50	35286687	80.21
	<b>Total</b>	<b>38591</b>	<b>100.00</b>	<b>43998500</b>	<b>100.00</b>

## Categories of Shareholders as on 31<sup>st</sup> March, 2004

Category	No. of Holders	Percentage	No. of Equity Shares	% of holding
Promoters	117	0.30	24315018	55.26
Resident Individual	34837	90.27	8281908	18.83
Non-Resident Individuals	2311	5.99	628575	1.43
Bodies Corporate	1235	3.20	2487778	5.65
Overseas Corporate Bodies	3	0.01	85700	0.19
Foreign Institutional Investors	15	0.04	2695304	6.13
Nationalised Banks	13	0.03	204189	0.46
Public Financial Institutions	4	0.01	1137559	2.59
Mutual Funds	48	0.13	4053219	9.21
Non Nationalised Bank	8	0.02	109250	0.25
<b>Total</b>	<b>38591</b>	<b>100.00</b>	<b>43998500</b>	<b>100.00</b>

## Dematerialisation of Shares and Liquidity

The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for demat facility. 56.38% (24805871 shares) of total equity capital is held in dematerialised form with NSDL and 4.21% (1850905 shares) of total equity capital is held in dematerialised form with CDSL as on 31.03.2004.

## Outstanding GDRs / ADRs or Warrants or any Convertible Instrument, conversion dates and likely impact on equity

There are no GDRs / ADRs or Warrants or any other convertible instruments which are pending for conversion into equity shares.

**Plant Location**

- a) Vasind, Shahapur Taluk, Thane, Maharashtra – 421 604.
- b) Tarapur, MIDC Boisar, Thane, Maharashtra – 401 506.

**Registered Office**

Jindal Mansion,  
5A, G. Deshmukh Marg  
Mumbai – 400 026  
Tel. : 022-23513000  
Fax : 022-23526400

**Address for Investor Correspondence****Registrars & Share Transfer Agent**

Sharepro Services (India) Pvt. Ltd.  
Satam Estate, 3rd Floor  
Above Bank of Baroda  
Cardinal Gracious Road,  
Chakala,  
Andheri (East),  
Mumbai – 400 099.  
Tel. : 022-28215168  
Fax : 022-28375646.

**Registrars & Share Transfer Agent's Investors Relation Centre**

Sharepro Services (India) Pvt. Ltd.  
912, Raheja Centre  
Free Press Journal Road  
Nariman Point, Mumbai – 400 021  
Tel. : 022-22884527,022-22844668  
Fax : 022-22825484

**JISCO's Investors Relation Centre**

303, The Enclave, Prabhadevi  
Mumbai – 400 025  
Tel. : 022- 24328000  
Fax : 022- 24327700

**Compliance Certificate by Auditors**

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of corporate governance as stipulated in clause 49 which is annexed herewith.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 26<sup>th</sup> October, 2004

**SAJJAN JINDAL**  
Chairman & Managing Director

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## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

**The Members,  
Jindal Iron & Steel Company Limited**

We have examined the compliance of the conditions of Corporate Governance by Jindal Iron & Steel Company Limited for the year ended 31<sup>st</sup> March, 2004, as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

On the basis of representation received from Registrars and Share Transfer Agent and as per the records maintained by the Company which are presented to the Shareholders / Investors Grievance Committee, we state that during the year ended 31<sup>st</sup> March, 2004, no Investor Grievances were pending for a period exceeding one month.

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 LODHA & CO.**  
Chartered Accountants

**N. KISHORE BAFNA**  
Partner

Place : Mumbai  
Date : 26<sup>th</sup> October, 2004

**For SHAH GUPTA & CO.**  
Chartered Accountants

**NILESH SHAH**  
Partner

## AUDITORS' REPORT

### TO THE MEMBERS JINDAL IRON & STEEL COMPANY LIMITED

1. We have audited the attached Balance Sheet of **JINDAL IRON & STEEL COMPANY LIMITED** as at 31st March, 2004, the Profit and Loss Account for the year ended on that date and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as the "Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books. The Branch Auditors' Report in respect of Coated Strips Division has been forwarded to us and has been appropriately dealt with;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Act, to the extent applicable;
  - (e) On the basis of written representations received from the directors as on 31st March, 2004 and taken on record by the Board of Directors, wherever applicable, we report that none of the directors is disqualified as on 31st March, 2004 from being appointed as a director of the Company in terms of clause (g) of subsection (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts

read together with Note No. 5 in Schedule 19 regarding demerger of Investment Division of the Company into Jindal South West Holdings Limited and amalgamation of the Company (excluding the said Investment Division) as a going concern into Jindal Vijayanagar Steel Limited, pending for approval of the High Courts and Note Nos. 9 and 10 in Schedule 19 regarding management perception about realisability / recoverability of certain investments and loans & advances respectively and other notes in Schedule 19 "Significant Accounting Policies and Notes to Financial Statements" and elsewhere in the accounts, give the information required by the Act, 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
- (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For LODHA & CO.**  
Chartered Accountants

**N.KISHORE BAFNA**  
Partner  
Membership No.7642

Place: Mumbai  
Date : 29<sup>th</sup> June, 2004

**For SHAH GUPTA & CO.**  
Chartered Accountants

**NILESH SHAH**  
Partner  
Membership No. 46224

### ANNEXURE TO THE AUDITORS' REPORT

#### Referred to in paragraph 3 of our report of even date

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

1.
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The assets have been physically verified by the management in accordance with the phased programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.
  - c) No substantial part of the fixed assets has been disposed off during the year.
2.
  - a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in-transit have been verified by the management with reference to the confirmations received from them and/or subsequent receipt of the goods.

- b) The procedures of physical verification of the inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) 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. The Company has neither taken nor granted any loans, secured or unsecured, from / to companies, firms or other parties listed in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased / sold are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
5. a) According to the information and explanations given to us and as per the records of the Company, transactions that need to be entered into the register in pursuance of Section 301 of the Act, have been so entered.
- b) In our opinion, having regard to our comments in para 4 above and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating to Rs.5,00,000 or more in respect of each party, have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposit from the public.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Order of the Central Government under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed records have been made and maintained. We are, however, not required to make a detailed examination of the records with a view to determine whether they are accurate or complete.
9. a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
- b) According to the records of the Company, there are no dues of Sales Tax / Income Tax / Customs Duty / Wealth Tax / Excise Duty / Cess which have not been deposited on account of any dispute except dues on account of the following :

Particulars	Forum where the dispute is pending	Rs. in lacs
Income Tax	CIT(Appeal)	66.75
Excise Duty	Tribunal	30.30
Excise Duty	The Commissioner of Central Excise	73.32
Sales Tax	The Assistant Commissioner of Commercial Tax	1.22
Cess	Maharashtra Industrial Development Corporation	187.62
Cess	Maharashtra Pollution Control Board	1.00

10. The Company has no accumulated losses at the end of the financial year and has not incurred cash losses during the current financial year and immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
12. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a chit fund, nidhi, mutual benefit fund or society, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees / securities given by the Company for loans taken by others from banks and financial institutions are not, prima facie, prejudicial to the interest of the Company.
16. According to the information and explanations given to us, in our opinion, the term loans were applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and on overall examination of the cash flow statement and the balance sheet of the Company, in our opinion, the funds raised on short-term basis have not been used for long term investment and vice versa.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. The Company has created securities in respect of debentures issued.
20. The Company has not raised any money by way of public issue during the year.
21. During the year, no fraud on or by the Company has been noticed or reported to/by us during the course of our audit.

**For LODHA & CO.**  
Chartered Accountants

**N.KISHORE BAFNA**  
Partner  
Membership No.7642

Place: Mumbai  
Date : 29<sup>th</sup> June, 2004

**For SHAH GUPTA & CO.**  
Chartered Accountants

**NILESH SHAH**  
Partner  
Membership No. 46224

## BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule No.	As at 31-03-2004 Rupees in lacs	As at 31-03-2003 Rupees in lacs
<b>SOURCES OF FUNDS :</b>			
<b>1. Shareholders' Funds :</b>			
(a) Share Capital	1	4,406.39	4,279.57
(b) Reserves and Surplus	2	1,04,570.24	83,710.85
		<u>1,08,976.63</u>	<u>87,990.42</u>
<b>2. Loan Funds :</b>			
(a) Secured Loans	3	67,577.84	84,153.38
(b) Unsecured Loans	4	260.46	637.24
		<u>67,838.30</u>	<u>84,790.62</u>
3. Deferred Tax Liability - Net		9,144.31	9,210.31
<b>Total :</b>		<u><u>1,85,959.24</u></u>	<u><u>1,81,991.35</u></u>
<b>APPLICATIONS OF FUNDS :</b>			
<b>1. Fixed Assets :</b>			
(a) Gross Block	5	1,42,808.32	1,38,987.11
(b) Less: Depreciation		45,203.13	37,846.22
(c) Net Block		97,605.19	1,01,140.89
(d) Capital Work-in-Progress		1,325.65	664.01
		<u>98,930.84</u>	<u>1,01,804.90</u>
2. Investments	6	54,530.20	54,630.20
<b>3. Current Assets, Loans and Advances :</b>			
(a) Inventories	7	17,528.52	14,913.27
(b) Sundry Debtors	8	33,013.81	13,972.48
(c) Cash and Bank Balances	9	695.46	239.95
(d) Loans and Advances	10	39,116.68	23,724.96
		<u>90,354.47</u>	<u>52,850.66</u>
<b>Less: Current Liabilities and Provisions :</b>			
(a) Liabilities	11	49,778.09	28,737.16
(b) Provisions	12	10,356.80	2,191.84
		<u>60,134.89</u>	<u>30,929.00</u>
<b>Net Current Assets</b>		<b>30,219.58</b>	<b>21,921.66</b>
4. Miscellaneous Expenditure (to the extent not written off or adjusted )	13	2,278.62	3,634.59
<b>Total :</b>		<u><u>1,85,959.24</u></u>	<u><u>1,81,991.35</u></u>

Significant Accounting Policies and Notes forming part of the Financial Statements 19  
Schedules referred to above form an integral part of the Financial Statements.

As per our attached Report of even date.

For and on behalf of the Board of Directors

**For LODHA & CO.**  
Chartered Accountants

**For SHAH GUPTA & CO.**  
Chartered Accountants

**SAJJAN JINDAL**  
Chairman & Managing Director

**N.KISHORE BAFNA**  
Partner

**NILESH SHAH**  
Partner

**RAJEEV PAI**  
General Manager - Accounts & Finance

**N.K. JAIN**  
Executive Vice Chairman

**LANCY VARGHESE**  
Company Secretary

**RAMAN MADHOK**  
Jt. Managing Director & CEO

Mumbai,  
Dated : 29<sup>th</sup> June, 2004

Mumbai,  
Dated : 29<sup>th</sup> June, 2004

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedule No.	Rupees in lacs	Year ended 31-03-2004 Rupees in lacs	Year ended 31-03-2003 Rupees in lacs
<b>INCOME :</b>				
Sales	14	2,26,584.37		1,60,724.97
Less : Excise Duty		<u>7,566.90</u>		<u>5,555.60</u>
			<b>2,19,017.47</b>	<b>1,55,169.37</b>
Other Income	15		<u>1,047.04</u>	<u>673.13</u>
			<b>2,20,064.51</b>	<b>1,55,842.50</b>
<b>EXPENDITURE :</b>				
Cost of Materials	16		1,44,625.78	98,484.71
Manufacturing and Other Expenses	17		27,494.11	23,962.85
Interest and Finance Charges ( net )	18		8,091.17	10,695.97
Depreciation		8,858.09		8,351.82
Less: Transferred from Revaluation Reserve		<u>4,068.82</u>		<u>4,141.25</u>
			<b>4,789.27</b>	<b>4,210.57</b>
Miscellaneous Expenditure Written Off			<u>1,355.96</u>	<u>1,252.14</u>
			<b>1,86,356.29</b>	<b>1,38,606.24</b>
Less: Transferred to Fixed Assets / Capital Work-in-Progress			-	(24.76)
			<b>1,86,356.29</b>	<b>1,38,581.48</b>
<b>Profit before Exceptional Income &amp; Tax</b>			<b>33,708.22</b>	<b>17,261.02</b>
Exceptional Income			-	676.89
<b>Profit before Tax</b>			<b>33,708.22</b>	<b>17,937.91</b>
Provision for Taxation - Current			9,504.00	370.00
- Deferred			<u>(66.00)</u>	<u>5,470.00</u>
<b>Profit after Tax</b>			<b>24,270.22</b>	<b>12,097.91</b>
Add : Transferred from Debenture Redemption Reserve			2,863.10	-
Balance brought forward from previous year			<u>3,044.92</u>	<u>1,067.14</u>
Amount available for Appropriation			<b>30,178.23</b>	<b>13,165.05</b>
<b>Appropriations :</b>				
Transferred to General Reserve			-	1,250.00
Transferred to Debenture Redemption Reserve			-	7,418.64
Proposed Dividend			-	1,286.64
Corporate Dividend Tax thereon			-	164.85
<b>Balance carried to Balance Sheet</b>			<b>30,178.23</b>	<b>3,044.92</b>
<b>Basic &amp; Diluted Earnings Per Share ( in Rs. )</b>			<b>55.77</b>	<b>28.19</b>
Significant Accounting Policies and Notes forming part of the Financial Statements				
	19			
Schedules referred to above form an integral part of the Financial Statements.				

As per our attached Report of even date.

For and on behalf of the Board of Directors

**For LODHA & CO.**  
Chartered Accountants

**For SHAH GUPTA & CO.**  
Chartered Accountants

**SAJJAN JINDAL**  
Chairman & Managing Director

**N.KISHORE BAFNA**  
Partner

**NILESH SHAH**  
Partner

**RAJEEV PAI**  
General Manager - Accounts & Finance

**N.K. JAIN**  
Executive Vice Chairman

**LANCY VARGHESE**  
Company Secretary

**RAMAN MADHOK**  
Jt. Managing Director & CEO

Mumbai,  
Dated : 29<sup>th</sup> June, 2004

Mumbai,  
Dated : 29<sup>th</sup> June, 2004

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004**

	Year ended 31-03-2004 Rupees in lacs	Year ended 31-03-2003 Rupees in lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit/( Loss ) before Tax and Exceptional items</b>	<b>33,708.22</b>	<b>17,261.02</b>
<b>Adjustments for :</b>		
Depreciation	4,789.27	4,210.57
Dividend Income	(23.34)	(7.99)
Lease Rent	(10.00)	(60.00)
Interest Income	(175.47)	(257.41)
Interest Expenses	8,266.64	10,617.26
Provision for / written-off Loans & Advances	–	1,182.47
Diminution in value of Investments	–	15.00
Miscellaneous Expenditure written off	1,355.96	1,252.14
(Profit)/Loss on sale of Assets	(36.04)	75.38
	<u>14,167.03</u>	<u>17,027.42</u>
Operating profit before working capital changes	<b>47,875.25</b>	<b>34,288.44</b>
<b>Adjustments for :</b>		
Trade and other receivables	(32,087.15)	(6,178.05)
Inventories	(2,615.25)	(8,618.12)
Trade and other payables	19,119.23	1,049.14
	<u>(15,583.17)</u>	<u>(13,747.03)</u>
Cash generated from operations	<b>32,292.08</b>	<b>20,541.41</b>
Direct taxes Refund / ( paid )	(2,621.63)	(258.73)
Repayment of Special Capital Incentive	–	(25.00)
<b>Cash flow before Exceptional items</b>	<b>29,670.45</b>	<b>20,257.68</b>
Exceptional items	–	–
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>29,670.45</b>	<b>20,257.68</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and capital advances	(7,004.51)	(3,473.03)
Interest Capitalised	–	(122.06)
Interest received	169.88	346.21
Sale of fixed assets	272.35	145.36
Loans & Advances	316.05	233.97
Sale of investments	100.00	4,071.00
Dividend Received	23.34	7.99
Lease Rent received	10.00	60.00
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(6,112.89)</b>	<b>1,269.44</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004 (Contd...)

	Year ended 31-03-2004 Rupees in lacs	Year ended 31-03-2003 Rupees in lacs
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	1,521.03	—
Proceeds from Long Term borrowings	—	3,700.00
Repayment of Long Term borrowings	(22,739.64)	(14,141.28)
Proceeds from Short Term borrowings	5,787.32	(3,093.69)
Surplus on forfeiture of debentures	—	6.71
Interest paid	(6,232.49)	(7,967.63)
Dividend paid (including Corporate Tax thereon)	(1,451.49)	—
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(23,115.27)</b>	<b>(21,495.89)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>442.29</b>	<b>31.23</b>
<b>CASH AND CASH EQUIVALENTS-OPENING BALANCE</b>	<b>227.37</b>	<b>196.14</b>
<b>CASH AND CASH EQUIVALENTS-CLOSING BALANCE</b>	<b>669.66</b>	<b>227.37</b>

**Note :** Previous year's figures have been regrouped / reclassified, wherever applicable, to conform to the current year's presentation.

As per our attached Report of even date.

For and on behalf of the Board of Directors

**For LODHA & CO.**  
Chartered Accountants

**For SHAH GUPTA & CO.**  
Chartered Accountants

**SAJJAN JINDAL**  
Chairman & Managing Director

**N.KISHORE BAFNA**  
Partner

**NILESH SHAH**  
Partner

**RAJEEV PAI**  
General Manager - Accounts & Finance

**N.K.JAIN**  
Executive Vice Chairman

**LANCY VARGHESE**  
Company Secretary

**RAMAN MADHOK**  
Jt. Managing Director & CEO

Mumbai,  
Dated : 29<sup>th</sup> June, 2004

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31-03-2004 Rupees in lacs	As at 31-03-2003 Rupees in lacs
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL :</b>		
1. <b>Authorised :</b>		
6,99,00,000 Equity Shares of Rs.10 each	6,990.00	6,990.00
10,000 11% Redeemable Cumulative Preference Shares of Rs.100 each	10.00	10.00
	<u>7,000.00</u>	<u>7,000.00</u>
2. <b>Issued :</b>		
4,43,22,998 (Previous year 4,30,97,998) Equity Shares of Rs.10 each	4,432.30	4,309.80
3. <b>Subscribed and Paid-up :</b>		
4,39,98,500 (Previous year 4,28,87,998) Equity Shares of Rs.10 each fully paid up	4,399.85	4,288.80
Less: Calls in Arrears *	—	10.48
Add : Amount paid on 1,39,498 (Previous year 25,000) Equity Shares forfeited	6.54	1.25
<b>Total:</b>	<u>4,406.39</u>	<u>4,279.57</u>
* Due from other than directors		
<b>Notes :</b> 1. Issued, Subscribed and Paid-up Equity Capital includes 65,90,143 Equity Shares of Rs. 10 each, fully paid-up allotted for consideration other than cash.		
2. Out of the rights offer of 1,29,30,000 Secured Zero Interest Fully Convertible Debentures (FCD) of face value of Rs. 60 each made pursuant to the letter of offer dated 24th March, 1993, offer in respect of 1,85,000 FCDs has been kept in abeyance. These FCDs will be automatically converted into one equity share of Rs. 10 each at a premium of Rs. 50 per share, 12 months after the date of allotment as and when made.		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS :</b>		
1. <b>Revaluation Reserve :</b>		
As per last Balance Sheet	47,332.62	52,734.40
Less: Transferred to Profit and Loss Account	4,068.82	4,141.25
Less: On sale / discarding of revalued Fixed Assets	523.18	1,260.53
	<u>42,740.62</u>	<u>47,332.62</u>
2. <b>Capital Reserve :</b>		
As per last Balance Sheet	956.53	949.82
Add: Surplus on forfeiture of debentures	—	6.71
	<u>956.53</u>	<u>956.53</u>
3. <b>Capital Redemption Reserve :</b>		
As per last Balance Sheet	9.00	9.00
4. <b>Securities Premium Account :</b>		
As per last Balance Sheet	23,658.66	23,658.66
Add: Received during the year	1,394.21	—
	<u>25,052.87</u>	<u>23,658.66</u>
5. <b>Special Capital Incentive :</b>		
As per last Balance Sheet	40.48	65.48
Less : Repaid during the year	—	25.00
	<u>40.48</u>	<u>40.48</u>
6. <b>Debenture Redemption Reserve :</b>		
As per last Balance Sheet	7,418.64	—
Add: Transferred from Profit and Loss Account	—	7,418.64
Less: Transferred to Profit and Loss Account	2,863.10	—
	<u>4,555.54</u>	<u>7,418.64</u>
7. <b>General Reserve :</b>		
As per last Balance Sheet	1,250.00	—
Add : Transfer from Profit and Loss Account	—	1,250.00
Less: Goodwill written off (Refer note no. 1 in Schedule 5)	213.04	—
	<u>1,036.96</u>	<u>1,250.00</u>
8. <b>Surplus in Profit and Loss Account :</b>		
As per annexed account	30,178.23	3,044.92
<b>Total:</b>	<u>1,04,570.24</u>	<u>83,710.85</u>

	As at 31-03-2004 Rupees in lacs	As at 31-03-2003 Rupees in lacs
<b>SCHEDULE 3</b>		
<b>SECURED LOANS :</b>		
<b>1. Debentures :</b>		
(a) 12.5% Secured Debentures	—	6.71
Less: Debentures forfeited	—	6.71
	—	—
(b) 10.5% Secured Debentures	—	3,281.00
(c) 14.25% Secured Debentures	333.33	6,905.00
(d) 10% Secured Debentures	34,269.72	43,415.96
	<b>34,603.05</b>	53,601.96
<b>2. Term Loans from Financial Institutions :</b>		
(a) Rupee Loan	3,200.00	4,000.00
(b) Foreign Currency Loan	7,118.56	9,682.51
	<b>10,318.56</b>	13,682.51
<b>3. Working Capital Loans from Banks :</b>		
(a) Term Loans	1,405.94	3,700.00
(b) Cash Credit & Export Packing Credit (including Demand Loans)		
i) In Rupees	17,512.85	11,279.75
ii) In Foreign Currency	3,737.44	1,889.16
	<b>22,656.23</b>	16,868.91
<b>Total:</b>	<b>67,577.84</b>	<b>84,153.38</b>

**Terms of Redemption :**

- 1 (a) The 14.25% Secured Debentures of the face value of Rs.5,00,000 each are redeemable at par in three instalments of Rs. 1,66,666, Rs. 1,66,667 and Rs. 1,66,667 on the expiry of 5th, 6th and 7th year, respectively from the relevant dates of allotment, i.e. 10th August, 1998 and 16th September, 1998.
- (b) 10% Secured Debentures are redeemable in 59 monthly instalments of Rs.762.19 lacs each. Redemption commenced from 28th February, 2003.

**Details of Security for Secured Loans :**

- 1 (a) The 12.5 % Debentures, representing unclaimed amount included in Schedule 11, are secured by a legal mortgage of the Company's immovable properties both present and future, located in the State of Gujarat and by way of equitable mortgage on the Company's immovable properties and hypothecation of movable properties located at Tarapur and Vasind in favour of the Debenture Trustees ranking pari passu with the equitable mortgage and hypothecation mentioned at 1(c)(ii), 1(d), 2 and 3(a) below.
- (b) The 10.5 % Debentures are secured by a legal mortgage of the Company's immovable and movable properties, both present and future located at Tarapur and Vasind in favour of the Debenture Trustees ranking second to the equitable mortgage and hypothecation mentioned at 1(a) above and 1(c)(ii), 1(d) and 2 and 3(a) below.
- (c) (i) The 14.25 % Debentures are secured by a legal mortgage of the Company's immovable and movable properties, both present and future located at Tarapur and Vasind in favour of the Debenture Trustees ranking second to the equitable mortgage, hypothecation and legal mortgage mentioned at 1(a) above and 1(c)(ii), 1(d), 2 and 3(a) below and guaranteed by IFCI Ltd.  
(ii) The guarantee given by IFCI Ltd. is secured by way of equitable mortgage on Company's immovable properties and hypothecation of movable properties located at Tarapur and Vasind ranking pari passu with the equitable mortgage mentioned at 1(a) above, 1(d), 2 and 3(a) below.
- (d) (i) The 10 % Debentures are to be secured by an equitable mortgage of the Company's immovable properties, wherever situated, both present and future, ranking pari passu to the equitable mortgage mentioned at 1(a), 1(c)(ii) above and 2 and 3(a) below and guaranteed by IFCI Ltd. to the extent of Rs.2,333.33 lacs and is to be guaranteed by a Director of the Company. The Company is in the process of completing the formalities for creating security in respect of above debentures.  
(ii) In the previous financial year, 10.5% and 14.25% Secured Debentures alongwith the simple interest outstanding thereon upto 30th September, 2002 aggregating to Rs.49,968.02 lacs were restructured with a revised coupon rate of 10%. The said debentures were secured by a way of a second charge on the Company's immovable and movable properties, both present and future, located at Tarapur & Vasind. Further, 14.25% Secured Debentures are also guaranteed by IFCI Ltd. The Company is in the process of issuing debenture certificates in respect of the said 10% restructured debentures and consequent creation of security in respect of the same.

# JINDAL IRON & STEEL COMPANY LIMITED

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- 2 (a) The Rupee Term Loan from IDBI is secured by an equitable mortgage of the Company's immovable properties and hypothecation of movable properties, both present and future located at Tarapur and Vasind ranking pari passu to the equitable mortgage and hypothecation mentioned at 1(a), 1(c)(ii), 1(d) above and 2(b) and 3(a) below and by an equitable mortgage on the immovable property of a third party.
- (b) The Foreign Currency Term Loan from ICICI Bank Ltd. is secured by an equitable mortgage of the Company's immovable properties and hypothecation of movable properties, both present and future located at Tarapur and Vasind ranking pari passu to the equitable mortgage and hypothecation mentioned at 1(a), 1(c)(ii), 1(d), and 2(a) above and 3(a) below and by a legal mortgage on the immovable property of a third party and guaranteed by a Director of the Company.
- 3 (a) Working Capital Term Loans from Banks are to be secured by an equitable mortgage on the Company's immovable properties and hypothecation of movable properties, wherever situated, both present and future, ranking pari passu to the equitable mortgage mentioned at 1(a), 1(c)(ii), 1(d) and 2 above and by second and subsequent charge by way of hypothecation of current assets and are guaranteed / to be guaranteed by a Director of the Company. The Company is in the process of completing the formalities for creating security in respect of above loans.
- (b) Other Working Capital Loans from banks are secured by hypothecation of Stocks of Raw Materials, Finished Goods, Work-in-Process, Consumable Stores and Spares and Book Debts / Receivables and by way of second and subsequent mortgage created / to be created on the Company's immovable properties and movable properties, wherever situated, both present and future and secured by a legal mortgage on the immovable property of a third party and guaranteed by a Director of the Company and by pledge of 1,10,00,000 equity shares of Jindal Coated Steel Ltd. and 27,60,00,000 equity shares of Jindal Vijayanagar Steel Ltd.
- 4 Under the respective agreements, the lenders have at their option, a right to convert the outstanding amount into fully paid equity shares, in the event of default by the Company in payment of principal and / or interest. As the Company is not in default of any payment obligations to these lenders as on 31st March, 2004, the same are not considered as potential equity shares for the purpose of calculating diluted earnings per share.

	As at 31-03-2004	As at 31-03-2003
	Rupees in lacs	Rupees in lacs

## SCHEDULE 4

### UNSECURED LOANS :

1. Interest free loans from Bodies Corporate (Short Term)	252.27	624.09
2. From SICOM Ltd. :		
Interest free Sales Tax Loan	8.19	13.15
(Repayable within one year Rs. 5.36 lacs ; Previous year Rs. 4.95 lacs)		
<b>Total:</b>	<b>260.46</b>	<b>637.24</b>

## SCHEDULE 5

### FIXED ASSETS :

Rupees in lacs

Particulars	Gross Block			Depreciation				Net Block		
	As at 01-04-2003	Additions	Deductions	As at 31-03-2004	Upto 31-03-2003	For the year	Deductions	Upto 31-03-2004	As at 31-03-2004	As at 31-03-2003
Goodwill *	213.04	–	213.04	–	–	–	–	–	–	213.04
Freehold lands	6,316.38	12.70	–	6,329.08	–	–	–	–	6,329.08	6,316.38
Leasehold land	292.21	–	–	292.21	25.85	3.06	–	28.91	263.30	266.36
Buildings	7,184.44	286.71	–	7,471.15	1,398.80	215.27	–	1,614.07	5,857.08	5,785.64
Plant & Machinery **	1,22,683.26	5,779.40	2,190.52	1,26,272.14	35,482.67	8,490.48	1,466.52	42,506.63	83,765.51	87,200.60
Furniture & Fixtures **	612.24	86.93	5.56	693.61	289.31	36.09	2.30	323.10	370.51	322.92
Vehicles and Aircraft	1,685.54	129.18	64.58	1,750.14	649.59	113.20	32.37	730.42	1,019.72	1,035.95
<b>Total</b>	1,38,987.11	6,294.91	2,473.70	1,42,808.32	37,846.22	8,858.10	1,501.19	45,203.13	97,605.19	1,01,140.89
Previous Year	1,40,877.14	6,419.18	8,309.21	1,38,987.11	36,322.34	8,351.82	6,827.94	37,846.22	1,01,140.89	
Capital Work-in-Progress									1,325.65	664.01
** Includes proportionate share of Assets jointly owned										
- Plant & Machinery	33.97	–	–	33.97	10.62	1.21	–	11.83	22.14	23.35
- Furniture & Fixtures	292.55	–	–	292.55	123.58	13.89	–	137.47	155.08	168.97

#### Notes:

1. \* Arising on amalgamation prior to 01.04.1995 and written off against General Reserve as per Accounting Standard 26 (AS-26) "Intangible Assets" issued by the ICAI and applicable to the Company from the current year.
2. Buildings include Rs. 1,250 (Previous year Rs.1,250) being the cost of shares in Co-operative Housing Societies.
3. Freehold land includes plot of book value of Rs.1,829.52 lacs and Buildings include flats of book value of Rs. 372.97 lacs which is pending, interalia, execution of conveyance deed in favour of the Company.

	Face Value Rupees	Nos.	As at 31-03-2004 Rupees in lacs	Nos.	As at 31-03-2003 Rupees in lacs
<b>SCHEDULE 6</b>					
<b>INVESTMENTS : (LONG TERM)</b>					
<b>1. IN GOVERNMENT SECURITIES (UNQUOTED):</b>					
National Saving Certificates			0.09		0.09
<b>2. TRADE INVESTMENTS:</b>					
<b>IN EQUITY SHARES</b>					
<b>QUOTED :</b>					
Jindal Vijayanagar Steel Ltd. ( JVSL ) (A company under the same management)	10	366969100	37,268.69	366969100	37,268.69
<b>UNQUOTED:</b>					
(a) Jindal Overseas Pte Ltd.	SS1	153000	31.40	153000	31.40
(b) Jindal Coated Steel Pvt. Ltd.	10	11000000	1,100.00	11000000	1,100.00
<b>3. OTHER INVESTMENTS:</b>					
<b>A IN EQUITY SHARES</b>					
<b>QUOTED:</b>					
(a) Amal Rasayan Ltd.	10	143	0.04	143	0.04
(b) Jindal Strips Ltd.	10	25014	51.65	92145	190.27
(c) Jindal Stainless Ltd.	2	460720	138.62	—	—
(d) Jindal Steel and Power Ltd.	5	122860	126.85	61430	126.85
<b>UNQUOTED:</b>					
(a) Sun Investments Pvt. Ltd.	10	29119300	13,312.14	29119300	13,312.14
(b) Midland Steel Processors Ltd.	10	200000	20.00	200000	20.00
(c) BPM Industries Ltd.	10	3175000	1,603.11	3175000	1,603.11
(d) Jindal Thermal Power Co. Ltd.	10	100	0.01	100	0.01
<b>B IN DEBENTURES</b>					
<b>UNQUOTED:</b>					
<b>15% Non Convertible Debentures</b>					
Sun Investments Pvt. Ltd.	10000000	11	1,029.00	12	1,129.00
<b>12% Debentures</b>					
(a) Karvirvasini Investments & Finance Pvt. Ltd.	500	9000	45.00	9000	45.00
(b) Kauandinya Investments & Finance Pvt. Ltd.	500	9000	45.00	9000	45.00
(c) Morta Finlease & Investments Pvt. Ltd.	500	8000	40.00	8000	40.00
(d) Atirupa Investments Pvt. Ltd.	500	8000	40.00	8000	40.00
(e) Zafonic Finlease & Investments Pvt. Ltd.	500	8000	40.00	8000	40.00
(f) Ottoman Finlease & Investments Pvt. Ltd.	500	8000	40.00	8000	40.00
			<b>54,931.60</b>		<b>55,031.60</b>
Less : Provision for diminution in value of long term Investments			<b>401.40</b>		<b>401.40</b>
<b>Total:</b>			<b>54,530.20</b>		<b>54,630.20</b>
Aggregate Book Value - Quoted Investments			<b>37,585.85</b>		<b>37,585.85</b>
- Unquoted Investments			<b>16,944.35</b>		<b>17,044.35</b>
Aggregate Market Value - Quoted Investments			<b>30,819.21</b>		<b>14,642.59</b>

**Notes:**

- (1) All Investments are fully paid up.
- (2) 12% Debenture certificates are yet to be received.
- (3) The Company has given a non disposable undertaking for 7,13,66,000 equity shares held in JVSL to Financial Institutions and Banks till the completion of projects or repayment of loans, whichever is later.
- (4) 9,09,69,100 equity shares of JVSL have been pledged as a security in favour of a Financial Institution for financial assistance given by them to JVSL. 27,60,00,000 equity shares of JVSL have been pledged as a security in favour of banks for financial assistance given by them to the Company.
- (5) 1,10,00,000 equity shares of Jindal Coated Steel Ltd., have been pledged as a security in favour of banks for financial assistance given by them to the Company.
- (6) 50,00,000 units of Rs.10 each of Principal Cash Management Fund were purchased and sold during the year.

## SCHEDULE 6 (Contd...)

- (7) Pursuant to the Scheme of Arrangement and Amalgamation between the Company, Jindal South West Holdings Ltd. and Jindal Vijaynagar Steel Ltd. (JVSL) and as contemplated in the Corporate Debt Restructuring package ('CDR') approved by the lenders of JVSL, the Scheme provides for the conversion of four equity shares out of every ten equity shares held by the equity share holders of JVSL into four 0.01% Cumulative Redeemable Preference Shares ('CRPS') of Rs.10 each. The 0.01% CRPS shall be converted into equity shares of Rs. 10 each in the ratio of one equity share of every four CRPS held by the shareholders. After giving effect to the aforesaid re-organization of capital of JVSL, the paid up value of the entire reorganised capital will be reduced by Rs. 9.375 per share. Thereafter, the equity shares would be consolidated into fully paid up share of Rs. 10. After giving effect to the aforesaid reduction of Capital, JVSL shall allot 1 warrant in respect of every 112 equity shares held by its shareholders. The holder of 1 warrant will have a right to apply and be allotted 1 equity share of JVSL for each warrant held by the shareholders upon payment of Rs. 160 per share (including premium of Rs. 150 per share), to be called in by the JVSL on or before April 1, 2006. Scheme of Arrangement of Amalgamation are subject to the approval of the Hon'ble Hight Courts of Bombay and Karnataka.

	As at 31-03-2004	As at 31-03-2003
	Rupees in lacs	Rupees in lacs

## SCHEDULE 7

### INVENTORIES :

(As certified and valued by the Management)

1. Stores and Spares	1,274.47	691.14
2. Raw Materials	8,873.92	7,281.83
3. Finished Goods	6,655.35	5,884.45
4. Work-in-Progress	415.61	831.32
5. Saleable Scrap	309.17	224.53
<b>Total:</b>	<b>17,528.52</b>	<b>14,913.27</b>

## SCHEDULE 8

### SUNDRY DEBTORS :

(Unsecured)

1. Outstanding for a period exceeding six months:		
- Considered Good	1,666.29	142.92
- Considered Doubtful	645.35	606.77
	<b>2,311.64</b>	<b>749.69</b>
Less: Provision for Doubtful Debts	645.35	606.77
	<b>1,666.29</b>	<b>142.92</b>
2. Other Debts - Considered Good	<b>31,347.52</b>	<b>13,829.56</b>
<b>Total:</b>	<b>33,013.81</b>	<b>13,972.48</b>

## SCHEDULE 9

### CASH AND BANK BALANCES :

1. Cash on hand	5.36	5.49
2. Balances with Scheduled Banks :		
(a) In Current Accounts	663.24	220.73
(b) In Margin Money Accounts	25.80	12.58
(c) Others	1.06	1.15
<b>Total:</b>	<b>695.46</b>	<b>239.95</b>

	As at 31-03-2004 Rupees in lacs	As at 31-03-2003 Rupees in lacs
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#### SCHEDULE 10

##### LOANS AND ADVANCES:

(Unsecured and considered good, unless otherwise stated)

1. Loans to Bodies Corporate (net of doubtful amount of Rs. 300 lacs full provided, previous year Rs. 300 lacs)	4,064.72	4,065.77
2. Advances recoverable in cash or in kind or for the value to be received (net of doubtful amount of Rs. 269.30 lacs full provided, previous year Rs. 1,062.32 lacs )	24,832.43	12,686.37
3. Balance with Central Excise	2,999.45	2,427.91
4. Income Tax	3,112.98	491.35
5. Interest accrued on :		
(a) Investments	1,313.26	1,289.40
(b) Others	1,507.98	1,526.25
6. Advances for Capital Goods ( net of doubtful amount of Rs. 4,933.97 lacs full provided, previous year Rs. 4,933.97 lacs ) refer note no. 10(b) in Schedule 19 )	1,285.86	1,237.91
<b>Total:</b>	<b>39,116.68</b>	<b>23,724.96</b>

#### SCHEDULE 11

##### CURRENT LIABILITIES:

1. Acceptances	16,698.40	15,685.58
2. Sundry Creditors ( Refer note no. 13 in Schedule 19 )		
(a) For Goods / Services	22,346.51	5,703.40
(b) For Expenses	4,427.21	3,135.02
3. Security Deposits	269.14	313.07
4. Advances from Customers	551.63	456.02
5. Premium payable on Redemption of Debentures	706.23	706.23
6. Interest Accrued but not due	4,539.99	2,505.84
7. Investor Education and Protection Fund shall be credited by the following amounts namely :		
(a) Unpaid Dividend	81.14	77.59
(b) Unpaid Matured Debentures	104.32	79.32
(c) Interest accrued on Debentures	53.52	75.09
<b>Total:</b>	<b>49,778.09</b>	<b>28,737.16</b>

#### SCHEDULE 12

##### PROVISIONS:

1. Provision for Taxation	10,067.28	563.28
2. Provision for Retirement Benefits	289.52	177.07
3. Proposed Dividend	-	1,286.64
4. Corporate Dividend Tax	-	164.85
<b>Total:</b>	<b>10,356.80</b>	<b>2,191.84</b>

#### SCHEDULE 13

##### MISCELLANEOUS EXPENDITURE:

(To the extent not written off or adjusted)

1. Deferred Revenue Expenditure	2,197.09	3,312.02
2. Equity Shares/Debentures Issue Expenses	81.53	322.57
<b>Total:</b>	<b>2,278.62</b>	<b>3,634.59</b>

Note : Deferred Revenue Expenditure includes one time finance charges on loans, benchmarking study for cost reduction, infructuous expenses during construction period, etc.

# JINDAL IRON & STEEL COMPANY LIMITED

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	Year ended 31-03-2004 Rupees in lacs	Year ended 31-03-2003 Rupees in lacs
<b>SCHEDULE 14</b>		
<b>SALES :</b>		
1. Domestic Sales	55,062.57	39,863.97
2. Export Sales ( including Export Benefits)	1,71,364.82	1,20,848.87
3. Job Work	156.98	12.13
<b>Total:</b>	<u>2,26,584.37</u>	<u>1,60,724.97</u>
<b>SCHEDULE 15</b>		
<b>OTHER INCOME :</b>		
1. Dividend on Long Term Investments	23.34	7.99
2. Profit on Sale of Fixed Assets	71.58	-
3. Profit on Sale of Investments	0.11	-
4. Lease Rent	10.00	60.00
5. Miscellaneous Income ( includes excess provisions and credit balances written back )	942.01	605.14
<b>Total:</b>	<u>1,047.04</u>	<u>673.13</u>
<b>SCHEDULE 16</b>		
<b>COST OF MATERIALS :</b>		
1. Raw Materials Consumed	1,26,353.18	98,934.05
2. Goods Traded-in	15,636.41	732.85
3. Stores and Spares consumed	3,346.98	3,147.67
4. Excise Duty - Differential on Opening & Closing stock of finished goods	(270.96)	254.25
<b>Total 'A':</b>	<u>1,45,065.61</u>	<u>1,03,068.82</u>
5. Opening Stocks :		
(a) Finished Goods	5,884.45	2,043.37
(b) Work-in-Progress	831.32	218.49
(c) Saleable Scrap	224.53	94.33
<b>Total 'B':</b>	<u>6,940.30</u>	<u>2,356.19</u>
6. Closing Stocks :		
(a) Finished Goods	6,655.35	5,884.45
(b) Work-in-Progress	415.61	831.32
(c) Saleable Scrap	309.17	224.53
<b>Total 'C':</b>	<u>7,380.13</u>	<u>6,940.30</u>
<b>Total 'D' (B - C)</b>	<u>(439.83)</u>	<u>(4,584.11)</u>
<b>Grand Total (A+D) :</b>	<u>1,44,625.78</u>	<u>98,484.71</u>
<b>SCHEDULE 17</b>		
<b>MANUFACTURING AND OTHER EXPENSES :</b>		
<b>1. MANUFACTURING EXPENSES :</b>		
Power and Fuel	6,814.81	4,976.81
Water Charges	270.98	38.35
Material Handling Charges	131.91	83.79
Packing Materials Consumed	929.91	672.87
Revamping Expenses (including stores & spares consumed Rs. Nil ; Previous year Rs. 344.78 lacs)	-	653.14
Conducting Charges	500.00	-
Repairs & Maintenance to :		
(a) Plant & Machinery	627.26	662.33
(b) Buildings	311.67	71.04
(c) Others	79.67	32.71
Job Work Charges	484.33	2,718.86
Other Expenses	194.51	145.26
<b>Total (1):</b>	<u>10,345.05</u>	<u>10,055.16</u>

	Year ended 31-03-2004 Rupees in lacs	Year ended 31-03-2003 Rupees in lacs
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**SCHEDULE 17 (Contd...)**

**2. EMPLOYEES' REMUNERATION & BENEFITS :**

Salaries, Wages and Bonus	2,571.91	1,789.44
Contribution to Provident and Other funds	185.08	146.16
Staff Welfare Expenses	361.08	254.17
<b>Total (2):</b>	<b>3,118.07</b>	<b>2,189.77</b>

**3. OFFICE , ADMINISTRATION & OTHER EXPENSES :**

Rent	87.76	75.98
Rates and Taxes	60.96	35.43
Insurance Charges (net)	159.86	126.06
Directors' Sitting Fees	6.10	2.80
Auditors' Remuneration	32.04	21.28
Foreign Exchange Fluctuation (net)	(2,245.03)	(702.10)
Miscellaneous Expenses	1,582.47	1,021.76
Sundry debtors / Debit Balances written-off	83.57	1,475.98
Loss on Sale / Discarding of Fixed Assets	35.54	75.38
Provision for Doubtful Debts / Advances	(754.44)	634.12
Provision for diminution in value of long term Investments	-	15.00
<b>Total (3):</b>	<b>(951.17)</b>	<b>2,781.69</b>

**4. SELLING EXPENSES :**

Brokerage and Commission on :		
(a) Domestic Sales	159.49	51.33
(b) Export Sales	4,308.60	874.44
Carriage Outward	10,234.14	7,855.28
Sales Promotion and Advertising	82.84	47.30
Rebates and Discount	197.09	107.88
<b>Total (4):</b>	<b>14,982.16</b>	<b>8,936.23</b>
<b>Grand Total ( 1 to 4 ):</b>	<b>27,494.11</b>	<b>23,962.85</b>

**SCHEDULE 18**

**INTEREST AND FINANCE CHARGES (NET) :**

Interest on Debentures and Fixed Loans	5,469.07	7,609.57
Interest on Others	1,758.10	1,673.93
Guarantee Commission	97.10	217.48
Premium on Redemption of Debentures	-	281.57
Finance Charges	942.37	1,011.27
	<b>8,266.64</b>	<b>10,793.82</b>
Less : Interest Income *	175.47	97.85
<b>Total:</b>	<b>8,091.17</b>	<b>10,695.97</b>

\* Includes interest on long term investments Rs. 30 lacs; Previous year Rs. 30 lacs and TDS of Rs. 15.89 lacs; Previous year Rs. 8.44 lacs.

**SCHEDULE 19****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES:****General**

- (a) The financial statements are prepared under the historical cost convention, except for revaluation of certain fixed assets and on the basis of a going concern. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis except, those with significant uncertainties and in accordance with the applicable accounting standards.
- (b) Accounting policies not specifically referred to herein are consistent and in consonance with generally accepted accounting principles.

**Valuation of Inventories**

- (a) Inventories are valued at lower of the cost and net realisable value. Cost is assigned on FIFO basis, except for stores and spares which is on weighted average basis. Obsolete, defective and unserviceable stocks are provided for.
- (b) Finished goods and work-in-process include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

**Fixed Assets**

- (a) Fixed Assets are stated at cost of acquisition or construction less depreciation and adjusted by revaluation of certain Assets.
- (b) Expenses related to and incurred during implementation of expansion-cum-modernisation projects are included under capital work-in-progress and the same are capitalised under the appropriate heads on completion of the project.

**Depreciation**

- (a) (i) Depreciation on assets is provided on straight line basis at the rates and in the manner as specified in Schedule XIV to the Companies Act, 1956.
- (ii) Depreciation on machinery spares of the nature of capital / insurance spares and having irregular use is provided prospectively over a period, not exceeding the useful life of the fixed asset to which they relate.
- (iii) Depreciation on revalued assets is provided prospectively over the residual life of the assets from the year of revaluation.
- (b) Cost of leasehold land is amortised over the period of the lease.
- (c) Depreciation on the amounts capitalised during the year on account of foreign exchange fluctuation is provided prospectively over residual life of the assets.
- (d) Depreciation on fixed assets added / disposed off /discarded during the year has been provided on a pro-rata basis with reference to the month of addition / disposal /discarding.
- (e) Continuous process plants as defined in Schedule XIV to the Companies Act, 1956, have been considered on technical assessment and depreciation provided accordingly.

**Preliminary / Issue Expenses**

Preliminary / Issue Expenses are written off over a period of ten years.

**Deferred Revenue Expenditure**

Deferred Revenue Expenditure incurred up to 31st March, 2003, is written off proportionately over a period of five years. Wherever such Deferred Revenue Expenditure is related to project, the same is written off over a period of five years after completion of project.

**Investments**

- (a) Long term investments are stated at cost. In case, there is a permanent diminution in the value of the investments, a provision for the same is made in the accounts.
- (b) When investment is made in partly convertible debentures with a view to retain only the convertible portion of the debentures, the excess of the face value of the non-convertible portion over the realisation on sale of such portion is treated as part of the cost of acquisition of the convertible portion of the debenture.
- (c) Cost of investment is arrived at on the basis of the average carrying amount of the total holding of the individual investment.

**Translations of Foreign Currency Items**

- (a) Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction.
- (b) Foreign currency assets and liabilities are restated at year end rates, except Investments made outside India, which are carried at the rate of exchange prevailing at the date of the transaction.
- (c) The exchange differences on settlement / conversion are adjusted to :
- (i) Cost of fixed assets, if the foreign currency liability relates to fixed assets.
- (ii) Profit and Loss Account in other cases.
- (d) In case of forward contracts, the exchange differences are dealt with in the Profit and Loss Account over the period of the contracts except in respect of liabilities incurred for acquiring fixed assets in which case, the differences are adjusted in the carrying cost of the same.

**Retirement Benefits**

Liability in respect of retirement benefits is provided and / or funded and charged to Profit and Loss Account as follows:

- (a) Provident / Family Pension Fund: On actual liability basis.
- (b) Gratuity: Liability in respect of Gratuity to employees is covered under the Group Gratuity Scheme with the Life Insurance Corporation of India. Contribution towards gratuity liability is charged to the Profit and Loss Account each year.
- (c) Leave Encashment : As determined on the basis of accumulated leave to the credit of employee as at the year end.

**Research & Development Expenditure**

Revenue expenditure is charged to Profit and Loss Account and Capital expenditure is added to the cost of Fixed Assets.

**Government Grants**

- (a) Grants are accounted for where it is reasonably certain that the ultimate collection will be made.
- (b) Grants relating to Fixed Assets are shown as deductions from the gross value of the Fixed Assets and those of the nature of Project Capital Subsidy are credited to Capital Reserve.
- (c) Other Government grants including Cash Incentives are credited to Profit and Loss Account.

### Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of respective asset up to the date when such asset is ready for intended use. Other borrowing costs are charged as an expense in the period in which they are incurred.

### Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax, to the extent that the timing differences are expected to crystallise. Deferred tax assets are recognised and carried forward only if there is a reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying value at each balance sheet date.

	Rupees in lacs	
	Current year	Previous year
2. Contingent Liabilities not provided for in respect of:		
(a) Guarantees provided by Banks	174.53	173.53
(b) Corporate guarantees given to Banks / Financial Institutions against credit facilities extended to a Company under the same management	17,109.20	74,416.99
(c) Disputed duties / tax liabilities (including Interest as demanded)	1,665.32	713.59
(d) Claims against the Company not acknowledged as debts	12,394.05	294.94
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	6,706.70	2,841.28
4. The Company alongwith Jindal Vijayanagar Steel Ltd. and Jindal Thermal Power Company Ltd., jointly and severally, has given an undertaking to buyback 880 lacs (Previous year 990 lacs) equity shares of face value of Rs.10 each of Jindal Thermal Power Company Ltd. from ICICI Bank Ltd. and Industrial Development Bank of India at the buyback price which will give an annualised return of 16% on the nominal value of shares purchased by them, as per Buyback Agreement dated 12 <sup>th</sup> December, 2001 which is valid upto 11.12.2006.		
5. The Shareholders at their meeting held on 27 <sup>th</sup> January, 2004 have approved the Scheme of Arrangement and Amalgamation (Scheme) under Sections 391 to 394 of the Companies Act, 1956 with effect from the appointed date - 1 <sup>st</sup> April, 2003, between the Company, Jindal Vijayanagar Steel Ltd (JVSL) and Jindal South West Holdings Ltd. (JSWHL). The Scheme is subject to the approval of the Hon'ble High Courts of Bombay and Karnataka. The salient features of the Scheme are -		
(a) The Investment Portfolio of the Company (including equity holding in JVSL), alongwith certain loans & advances, referred to as Investment Division, to be demerged into JSWHL.		
(b) Amalgamation of the Company (excluding the said Investment Division) as a going concern into JVSL.		
(c) (i) In respect of demerger, 1 (one) equity share of Rs. 10 each of JSWHL to be issued for 4 (four) equity shares of Rs. 10 each of the Company.		

(ii) The share exchange ratio for amalgamation is 16 (Sixteen) equity shares of Rs 10 each of JVSL for 1 (one) equity share of Rs. 10 each of the Company. However, since the Scheme envisages reduction of capital of JVSL, the exchange ratio shall be adjusted to 1 (one) equity share of Rs. 10 each of JVSL for 1 (one) equity share of Rs. 10 each of the Company.

(d) From the effective date, the name of JVSL shall be changed to "Jindal Iron & Steel Company Limited."

Pending approval of the courts as aforesaid, the accounts have been prepared without giving effect to the Scheme.

6. (a) Certain plant and machinery were revalued in 1992. Further, the Company had revalued its freehold land and plant and machinery as on 1<sup>st</sup> April 2001 and the resultant increase in value amounting to Rs. 5,180.82 lacs and Rs.56,143.11 lacs respectively were transferred to Revaluation Reserve.
- (b) The revalued amounts (net of withdrawals) substituted for the historical cost in the gross block of the fixed assets are as follows:

	Rupees in lacs	
	As at 31-03-2004	As at 31-03-2003
Freehold Land	6,249.33	6,249.33
Plant and Machinery	1,13,774.43	1,15,925.61

(c) The aforesaid revaluations have been accounted for on the basis of the report of an independent external approved valuer who has considered current replacement value of assets using standard indices.

7. (a) Capital Work-in-Progress comprises of :

	Rupees in lacs	
	Current year	Previous year
Building	415.74	109.55
Plant and Machinery	901.43	554.46
Pre-operative Expenses (pending allocation)	8.48	-
Total:	<u>1,325.65</u>	<u>664.01</u>

- (b) Pre-operative Expenses (pending allocation) :

	Rupees in lacs	
	Current year	Previous year
Interest on Fixed Loans	-	122.07
Exchange Difference	-	(53.59)
Salaries, wages & bonus	86.26	10.04
Miscellaneous Expenses	1.80	-
Power and fuel	23.70	2.68
	<u>111.76</u>	<u>81.20</u>
Add: Pre-operative Expenses brought forward	-	1,318.60
Total Pre-operative Expenses	111.76	1,399.80
Less: Allocated to Fixed Assets	103.28	1,399.80
Balance transferred to Capital Work-in-Progress	<u>8.48</u>	<u>-</u>

# JINDAL IRON & STEEL COMPANY LIMITED

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8. (a) The amount of exchange difference (net) credited to the Profit and Loss Account for the year is Rs. 2,244.50 lacs (Previous year Rs. 705.87 lacs).
- (b) The amount of exchange difference (net) adjusted to the carrying cost of fixed assets during the year is credit Rs.176.04 lacs (Previous year Rs.107.47 lacs debit).
- (c) Exchange difference (net) in respect of forward foreign exchange contracts to be debited to the Profit and Loss Account in the subsequent accounting year Rs. 59.21 lacs (Previous year Rs. 1.22 lacs).
9. (a) Market / Book values of certain long term quoted investments of Rs. 37,458.96 lacs (Previous Year Rs. 37,458.96 lacs) and unquoted investments of Rs. 1,603.11 lacs (Previous year Rs. 1,603.11 lacs) are lower than its cost. Considering the strategic and long term nature of the aforesaid investments and asset base of the investee companies, such decline, in the opinion of the management has been considered to be of temporary nature and hence, requires no provisioning. There are also loans and advances long overdue from these companies, which are dealt with in Note No. 10 (a) & (b) below.
- (b) Besides, investments include matured debentures of Rs. 1,279 lacs (Previous year Rs. 1,379 lacs), and overdue interest thereon (shown as Interest accrued on Investments in Schedule 10 "Loans and Advances") of Rs. 1,289.40 lacs (Previous year Rs. 1,289.40 lacs) for which no provision has been considered necessary since the management is confident of realising the same in due course.
10. Loans and Advances in Schedule 10 include:
- (a) Advances recoverable in cash or kind of Rs. 471.94 lacs (Previous year Rs. 471.94 lacs), loans to bodies corporate of Rs. 578.39 lacs (Previous year Rs. 578.39 lacs) including interest of Rs. 143.68 lacs (Previous year Rs. 143.68 lacs) and interest accrued on other loans of Rs. 1,497.89 lacs (Previous year Rs. 1,497.89 lacs) which are all long overdue. In view of adequate asset base & sound financials of the parties concerned, the management is confident of recovering the same alongwith principal amounts in due course and hence, the amounts outstanding have been considered as good and recoverable.
- (b) Advances for Capital goods of Rs. 917 lacs (Previous year Rs. 917 lacs) given to a party, during the implementation of expansion projects, for capital assets being purchased under relevant contracts and have become long overdue. As per the valuation report prepared by a reputed independent valuer, these capital assets on acquisition and disposal thereof, are estimated to yield a net realisation atleast equivalent to the aforesaid amount.
- (c) Advance of Rs. 1,835 lacs (Previous year Rs. 2,150 lacs), given in an earlier year, for acquisition of Vasind Division of Jindal Strips Ltd, since hived-off into a separate Company viz. Jindal Steel & Alloys Ltd. (JSAL), a company under the same management. The Company is exploring various alternatives such as purchase / lease of the said division to recover / settle the said advance.
11. (a) (i) Amount due from a company under the same management - Jindal Vijayanagar Steel Ltd. (JVSL) Rs. 7,382 lacs (Previous year Rs. Nil ).  
Maximum balance outstanding during the year Rs. 7,382 lacs (Previous year Rs.Nil).
- (ii) Amount due from a company under the same management - JSAL Rs. 1,835 lacs. (Previous year Rs. 2,150 lacs).  
Maximum balance outstanding during the year Rs. 2,150 lacs (Previous year Rs. 2,150 lacs).
12. (a) The accounts of certain Debtors, Creditors and Advances are subject to confirmation / reconciliation, if any. The management does not expect any material difference affecting the financial statements on such reconciliation / adjustments.
- (b) In the opinion of the Management, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and for all known liabilities is adequate and not in excess of what is required.
13. (a) Sundry creditors include amounts due to a small scale industrial undertakings - Rs. 39.89 lacs (Previous year Rs. 21.81 lacs).
- (b) The names of Small Scale / ancillary Industrial Undertakings to whom the Company owes a sum that is outstanding for more than 30 days are : Panchsheel Water Proof Industries, Leade Edge Paper Pvt Ltd., Rateria Laminators Pvt Ltd., Brown Cor Pac Pvt Ltd., Radix Sensors Pvt Ltd., Mega Drives (P) Ltd. & Maharashtra Elec Mech. Works (P) Ltd.
- (c) There were no amounts overdue to Small Scale and/or Ancillary industrial suppliers on account of principal and/or interest as at the close of the year.
- (d) The above disclosure is based on the information / documents available with the Company.
14. (a) Remuneration to Directors :

	<b>Rupees in lacs</b>	
	<b>Current year</b>	Previous year
Salary	<b>75.00</b>	64.97
Commission	<b>24.00</b>	-
Contribution to Provident & Other funds	<b>12.06</b>	9.64
Monetary value of Perquisites (as evaluated as per income tax rules wherever necessary)	<b>40.17</b>	27.96
<b>Total :</b>	<b><u>151.23</u></b>	<u>102.57</u>

- (b) Computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956 and Commission payable to the Chairman & Managing Director :

	<b>Rupees in lacs</b>
Net Profit before tax as per Profit & Loss Account	33,708.22
Add: Directors' Remuneration (including commission)	151.23
	<u>33,859.45</u>
Less : (a) Provision for doubtful debts/advances	754.44
(b) Profit on Sale of Investments	0.11
Net Profit as per Section 309(5)	<u><u>33,104.90</u></u>
Commission payable to Chairman & Managing Director: 1% of Net Profit as above – Restricted to 50% of Salary	<u><u>24.00</u></u>

15. (a) Provision for current tax includes provision for wealth-tax of Rs. 10 lacs (Previous year Rs. 20 lacs).

(b) Net Deferred tax liability comprise of :

	Rupees in lacs	
	As at 31-03-2004	As at 31-03-2003
Deferred tax liability :		
Depreciation	13,047.22	13,173.52
Deferred Revenue Expenditure	89.09	194.78
<b>Total Deferred tax liability :</b>	<b>13,136.31</b>	<b>13,368.30</b>
Deferred tax asset:		
Expenses covered by section 43B	3,657.34	3,443.43
Provision for doubtful debts/advances	328.13	706.41
Others	6.53	8.15
<b>Total Deferred tax asset:</b>	<b>3,992.00</b>	<b>4,157.99</b>
<b>Net Deferred tax liability</b>	<b>9,144.31</b>	<b>9,210.31</b>

16. Computation of Basic and Diluted Earnings per Share :  
(Refer note no. 4 in Schedule 3)

	Rupees in lacs	
	Current year	Previous year
Numerator : Profit after tax	24,270.22	12,097.92
Denominator : Weighted average number of equity shares Outstanding during the year	4,35,16,227	4,29,08,203
Face value : Rs.	10	10
Basic and Diluted Earning per share : Rs.	55.27	28.19

17. The Company operates in a single primary business segment i.e. manufacture of flat steel products and hence, there are no reportable segments as per Accounting Standard 17 (AS 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India.

18. (a) List of Related Parties with whom the Company has entered into transactions during the year in the ordinary course of business:

- (i) Key Management Personnel :  
Mr. Sajjan Jindal  
Mr. N. K. Jain  
Mr. Raman Madhok
- (ii) Relatives of Key Management Personnel :  
Mr. O. P. Jindal
- (iii) Other Related Parties :  
(Associates of the company/ Enterprises over which key management personnel and/or their relatives exercise significant influence)  
Sun Investments Pvt. Ltd.  
Jindal Coated Steel Pvt. Ltd.  
Gagan Trading Co. Ltd.  
Jindal Strips Ltd.  
Jindal Stainless Ltd.  
Jindal Vijayanagar Steel Ltd. (JVSL).  
Jindal Steel & Power Ltd.  
Jindal Steel & Alloys Ltd.  
Saw Pipes Ltd.

- (b) Details of transactions with related parties referred to in (a)(iii) above

	Rupees in lacs	
	Current year	Previous year
Purchases of goods / services	1,34,506.83	1,17,114.81
Sale of goods / services	2,132.94	2,047.70
Purchases of Fixed Assets	41.00	-
Sale of Fixed Assets	-	0.99
Bad Debts written off	-	1.90
Advance given	7,820.00	-
Dividend Received	23.34	7.99

Details of material related party transactions (included under (b) above) with JVSL

	Rupees in lacs	
	Current year	Previous year
Purchases of goods / services	1,22,839.30	89,320.09
Sale of goods / services	1,549.85	846.64
Purchases of Fixed Assets	-	-
Advance given	7,820.00	-

- (c) Outstanding Balances :

	Rupees in lacs			
	Current year		Previous year	
	Referred to in (a)(ii) above	Referred to in (a)(iii) above	Referred to In (a)(ii) above	Referred to in (a)(iii) above
Creditors	26.19	22,677.29	26.19	14,870.87
Loans/Advances/ Deposits given	-	16,952.38	-	9,854.16
Loans/Advances/ Deposits taken	-	225.07	-	531.49
Guarantees and Collateral	-	26,777.89	-	74,416.99

Notes :

1. Details relating to investments in the above-related parties has been disclosed in Schedule 6 "Investments".
  2. Details relating to remuneration to the above key management personnel have been disclosed in Note No.14 (a) above.
  3. No amounts in respect of related parties have been written off/ written back/provided for during the year.
  4. Related party relationship is as identified by the Company and relied upon by the auditors.
19. The Company has taken Cold Rolled Steel Undertaking on Conducting Basis during the year.
- (a) Payment under conducting charges for the period:
    - (i) Not later than one year : Rs. 600 lacs.
    - (ii) Later than one year and not later than three years : Rs. 550 lacs.
  - (b) Payments recognised in the Profit & Loss Account for the year ended 31st March 2004 : Rs. 500 lacs.
  - (c) The conducting agreement is for a period of 33 months.

20. Disclosures as per requirement of clause 32 of the listing agreement :

	Amount Outstanding as on 31-03-2004 Rupees in lacs	Maximum amount outstanding during the year Rupees in lacs	No. of Equity Shares held in the Company as on 31-03-2004	Maximum No. of Equity Shares held in the Company
<b>Loans and advance in the nature of the loans :</b>				
<b>To associates :</b>				
Sun Investments Pvt. Ltd. (including Debentures of Rs.1,029 lacs)	1,256.98	1,356.98	12,11,529	12,11,529
<b>To firms / companies in which directors are interested :</b>				
Sapphire Technologies Ltd.	-	16.84	-	-
<b>Where there is no repayment schedule and / or no interest or interest below section 372A of Companies Act :</b>				
Gagan Trading Co. Ltd. (including rent deposit of Rs. 3,400 lacs)	6,886.33	6,887.80	20,72,554	20,72,554
Reynolds Traders Pvt. Ltd.	878.39	878.39	12,22,002	12,22,002
JISCO Employees Welfare Trust	170.90	290.90	1,75,370	3,22,150
Employees (in accordance with general rules of the Company @ 0%, 5%, 6% interest)	52.23	72.12	1,37,879	1,68,705

21. Remuneration to Auditors :

	Current year	Rupees in lacs Previous year
(a) Statutory Auditors :		
Audit Fees *	17.80	8.40
Tax Audit Fees	0.75	0.75
Certification *	5.70	4.23
Other Capacity	-	3.60
Out of Pocket Expenses / Taxes	3.18	1.55
<b>Total:</b>	<u>27.43</u>	<u>18.53</u>
(b) Branch Auditors :		
Audit Fees #	2.96	1.54
Tax Audit Fees	0.40	0.40
Certification	0.79	0.55
Out of Pocket Expenses / Taxes	0.47	0.25
<b>Total:</b>	<u>4.61</u>	<u>2.74</u>

\* Audit fees and certification include Rs 3.40 lacs and Rs. 0.40 lacs respectively, for the previous year.

# Audit fees include Rs 0.71 lacs for the previous year.

22. Additional information pursuant to Part-II of Schedule VI to the Companies Act, 1956 :

**A. CAPACITY & PRODUCTION :**

Description	Note No.	Unit	Installed Capacity		Actual Production	
			2003-04	2002-03	2003-04	2002-03
Galvanized Coils/Sheets	3	MT	7,35,000	5,50,000	5,56,956	4,98,473
Cold Rolled Coils/Sheets	4	MT	7,90,000	6,00,000	6,19,092	3,96,732
Hot Rolled Steel Plates		MT	2,80,000	2,80,000	26,933	31,449

Notes:

- Licensed capacity is not applicable in view of the Company's products having been delicensed as per the liberalised licensing policy announced by the Government of India.

2. Installed capacity is as certified by the Management and accepted by Auditors, this being a technical matter.
3. Includes material processed for outsiders on job work basis 390 MT (Previous year 93 MT) and excludes material used for self consumption 5,537 MT (Previous year 4,212 MT) excludes material processed from outsiders on job work basis 55 MT (Previous year 78 MT)
4. Includes material used for self consumption 5,41,957 MT (Previous year 4,53,347 MT) and includes material processed for outsiders on job work basis 3,512 MT (Previous year Nil MT) and excludes material processed from outsiders on job work basis 23,453 MT (Previous year 88,131 MT)

**B. TURNOVER (GROSS) :**

Description	Current year		Previous year	
	Quantity MT	Rupees in lacs	Quantity MT	Rupees in lacs
Galvanized Coils/Sheets	5,54,610	1,67,552.09	4,93,415	1,42,807.73
Cold Rolled Coils/Sheets	95,597	22,777.64	28,794	5,933.20
Hot Rolled Steel Plates	31,800	6,566.45	26,582	5,390.33
Hot Rolled Steel Coils – Pickled	6,355	1,141.35	–	–
Goods Traded in :				
Pellets	4,59,184	12,359.02	–	–
Hot Rolled Coils/Sheets	27,277	4,605.20	–	–
Cold Rolled Coils/Sheets	–	–	3,867	640.48
Others		11,582.62		5,953.23
<b>Total:</b>		<b>2,26,584.37</b>		<b>1,60,724.97</b>

Notes:

Turnover includes export benefit such as Duty Entitlement Pass Book Scheme / Duty Free Replenishment Certificate / Duty Free Credit Entitlement Certificate of Rs. 23,263.58 lacs (Previous year Rs. 18,742.86 lacs.)

**C. OPENING STOCK :**

Description	Current year		Previous year	
	Quantity MT	Rupees in lacs	Quantity MT	Rupees in lacs
Galvanized Coils/Sheets	13,288	3,743.53	8,245	1,699.58
Cold Rolled Coils/Sheets	4,749	1,057.79	2,027	288.76
Hot Rolled Steel Plates	4,867	868.58	–	–
Others		214.55		55.03
<b>Total:</b>		<b>5,884.45</b>		<b>2,043.37</b>

**D. CLOSING STOCK :**

Description	Current year		Previous year	
	Quantity MT	Rupees in lacs	Quantity MT	Rupees in lacs
Galvanized Coils/Sheets	15,937	4,870.00	13,288	3,743.53
Cold Rolled Coils/Sheets	6,228	1,680.04	4,749	1,057.79
Hot Rolled Steel Plates	–	–	4,867	868.58
Hot Rolled Steel Coils	103	26.24		–
Others		78.87		214.55
<b>Total:</b>		<b>6,655.35</b>		<b>5,884.45</b>

# JINDAL IRON & STEEL COMPANY LIMITED

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## E. PURCHASE OF GOODS TRADED-IN :

Description	Current year		Previous year	
	Quantity MT	Rupees in lacs	Quantity MT	Rupees in lacs
Hot Rolled Plates	–	–	172	21.06
Cold Rolled Coils/Sheets	–	–	3,867	711.79
Hot Rolled Coils	27,380	4,101.49	–	–
Pellets	4,59,184	11,534.92	–	–
<b>Total:</b>		<b>15,636.41</b>		<b>732.85</b>

## F. CONSUMPTION OF RAW MATERIALS :

Description	Current year		Previous year	
	Quantity MT	Rupees in lacs	Quantity MT	Rupees in lacs
Hot Rolled Coils	6,79,520	1,05,275.99	5,16,123	74,402.02
Cold Rolled Coils	4,959	1,251.01	34,754	6,066.51
MS Slabs	26,394	3,450.09	35,714	4,599.16
Zinc & Alloys	30,412	16,376.09	27,073	13,866.36
<b>Total:</b>		<b>1,26,353.18</b>		<b>98,934.05</b>

## G. CONSUMPTION OF RAW MATERIALS, STORES AND SPARES :

Description	Current year		Previous year	
	Value Rupees in lacs	% of Total Value	Value Rupees in lacs	% of Total Value
<b>RAW MATERIALS</b>				
Imported	–	–	8,070.58	8.16
Indigenous	1,26,316.90	100.00	90,830.23	91.84
<b>Total:</b>	<b>1,26,316.90</b>	<b>100.00</b>	<b>98,900.81</b>	<b>100.00</b>
<b>STORES AND SPARES</b>				
Imported	433.83	12.96	646.61	19.04
Indigenous	2,913.55	87.04	2,750.29	80.96
<b>Total:</b>	<b>3,347.38</b>	<b>100.00</b>	<b>3,396.90</b>	<b>100.00</b>

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

Description	Rupees in lacs	
	Current year	Previous year
Raw Materials	–	7,109.78
Stores & Spares	409.70	653.88
Capital Goods	966.24	217.45

## I. EXPENDITURE IN FOREIGN CURRENCY :

Description	Rupees in lacs	
	Current year	Previous year
Travelling	58.51	43.49
Interest	–	15.69
Commission	4,177.23	831.84
Others	375.30	49.63

**J. EARNINGS IN FOREIGN EXCHANGE :** **Rupees in lacs**

<b>Description</b>	<b>Current year</b>	<b>Previous year</b>
F.O.B. Value of Exports :		
1. Direct Exports	<b>1,39,751.38</b>	96,015.26
2. Deemed Exports	-	594.38

23. Previous year's figures have been regrouped / reclassified, wherever applicable, to conform to the current year's presentations.

**Signatures to Schedules 1 to 19**

For and on behalf of the Board of Directors

**SAJJAN JINDAL**

Chairman & Managing Director

**RAJEEV PAI**

General Manager - Accounts & Finance

**N.K. JAIN**

Executive Vice Chairman

**LANCY VARGHESE**

Company Secretary

**RAMAN MADHOK**

Jt. Managing Director & CEO

Mumbai,

Dated : 29<sup>th</sup> June, 2004

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I.</b>	Registration No. 11-15825	State Code 11
	Balance Sheet Date 31-3-2004	
<b>II.</b>	<b>Capital raised during the year (Amount Rs. in thousands) :</b>	
	Public Issue	Rights Issue
	Nil	Nil
	Bonus Issue	Private Placement
	Nil	12,250
<b>III.</b>	<b>Position of Mobilisation and Deployment of Funds (Amount Rs. in thousands) :</b>	
	Total Liabilities	Total Assets
	2,46,09,413	2,46,09,413
	<b>Sources of Funds</b>	
	Paid up Capital	Reserves and Surplus
	4,40,639	1,04,57,024
	Secured Loans	Unsecured Loans
	67,57,784	26,046
	Net Deferred Tax Liability	
	914,431	
	<b>Application of Funds</b>	
	Net Fixed Assets	Investments
	98,93,084	54,53,020
	Net Current Assets	Misc. Expenditure
	30,21,958	2,27,862
	Accumulated Losses	
	Nil	
<b>IV.</b>	<b>Performance of Company (Amount Rs. in thousands) :</b>	
	Turnover	Total Expenditure
	2,20,06,451	1,86,35,629
	Profit / (Loss) before Tax	Profit / (Loss) after Tax
	33,70,822	24,27,022
	Earning per share in Rs.	Dividend %
	55.77	Nil
<b>V.</b>	<b>Generic Names of Three Principal Products/Services of Company (as per monetary terms)</b>	
	Item Code No. (ITC Code)	: 72.08
	Product Description	: MS Hot Rolled Plates/Sheets
	Item Code No. (ITC Code)	: 72.09
	Product Description	: MS Cold Rolled Coils/Sheets
	Item Code No. (ITC Code)	: 72.10
	Product Description	: MS Galvanized Plain/Corrugated Coils/Sheets

For and on behalf of the Board of Directors

**SAJJAN JINDAL**  
Chairman & Managing Director**N.K. JAIN**  
Executive Vice Chairman**RAMAN MADHOK**  
Jt. Managing Director & CEO**RAJEEV PAI**  
General Manager - Accounts & Finance**LANCY VARGHESE**  
Company SecretaryMumbai,  
Dated : 29<sup>th</sup> June, 2004



# JINDAL IRON & STEEL COMPANY LIMITED

Registered Office : Jindal Mansion, 5A, G. Deshmukh Marg, Mumbai - 400 026.

Regd. Folio No.....

## ATTENDANCE SLIP

\*\* Client I.D.....

\*\* D.P. I.D.....

### 32<sup>nd</sup> Annual General Meeting - 23<sup>rd</sup> December, 2004

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the 32<sup>nd</sup> Annual General Meeting of the Company held on Thursday, 23<sup>rd</sup> December, 2004 at 11.30 a.m. at the Walchand Hirachand Hall, 4<sup>th</sup> Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020.

\_\_\_\_\_   
 \* Member's / Proxy's Name in Block Letters

\_\_\_\_\_   
 \* Member's/Proxy's Signature

#### Note :

1. Member/Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed, at the registration counter.
2. The Copy of the Notice may please be brought to the Meeting Hall.

\* Strike out whichever is not applicable.

\_\_\_\_\_ Tear Here \_\_\_\_\_



# JINDAL IRON & STEEL COMPANY LIMITED

Registered Office : Jindal Mansion, 5A, G. Deshmukh Marg, Mumbai - 400 026.

Regd. Folio No.....

## PROXY FORM

\*\* Client I.D.....

\*\* D.P. I.D.....

I/We .....

of .....

being a member/members of JINDAL IRON & STEEL COMPANY LIMITED, hereby appoint .....

..... of .....

or failing him/her .....

of .....

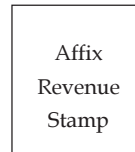
as my/our Proxy to attend and vote for me/us on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company to be held on Thursday, 23<sup>rd</sup> December, 2004 at 11.30 a.m. at the Walchand Hirachand Hall, 4<sup>th</sup> Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020, and at any adjournment thereof.

Signed this ..... day of .....2004.

#### Note :-

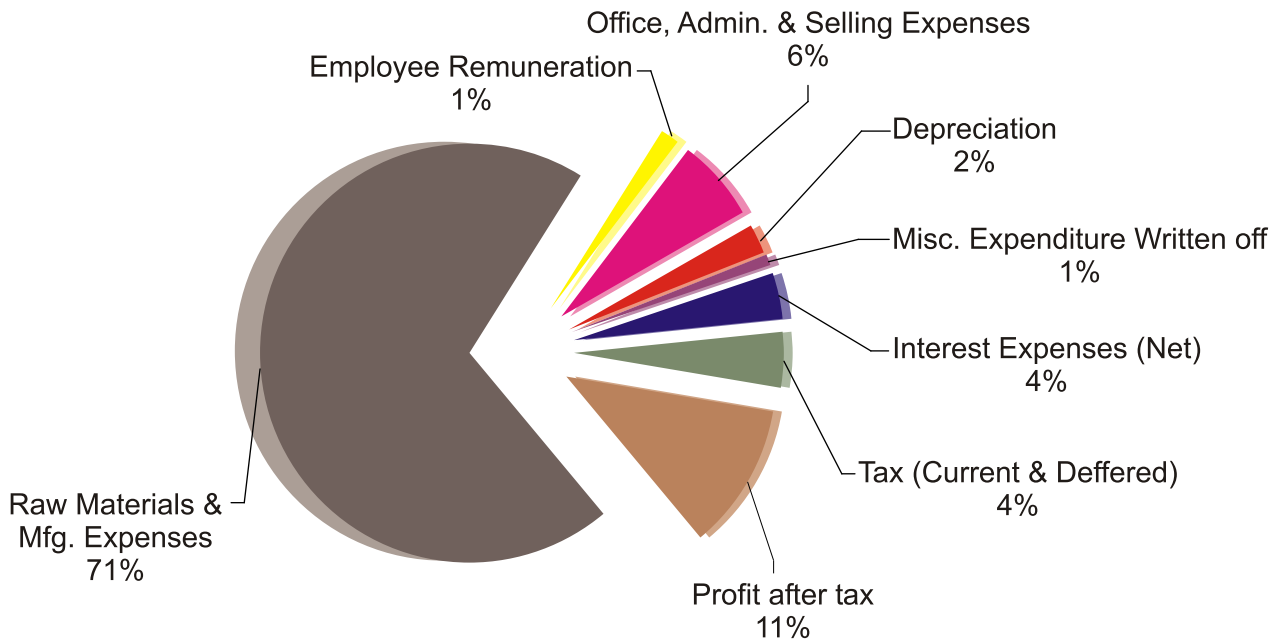
1. Proxy need not be a member
2. Proxy form, complete in all respects, should reach the Company's Regd. Office at Jindal Mansion, 5 A, G. Deshmukh Marg, Mumbai - 400 026, not less than 48 hours before the scheduled time of the meeting.

\*\* Applicable only in case of investors holding shares in Electronic form.

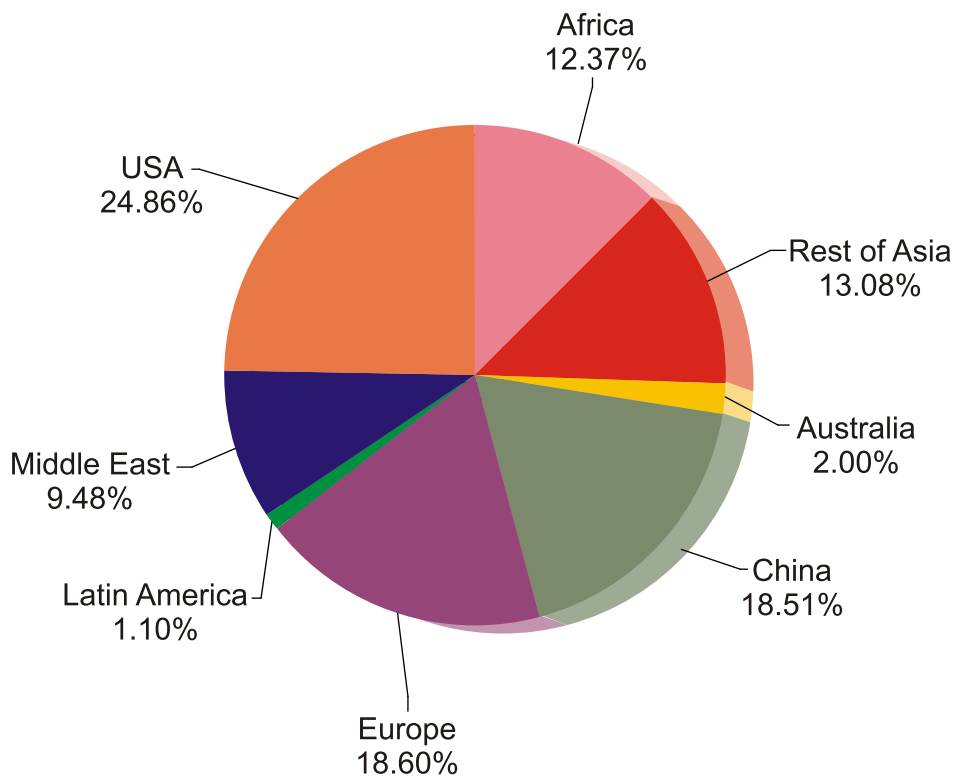


SIGNATURE

## HOW WE SPENT THE RUPEE



## GP/GC EXPORT QUANTITY



BOOK - POST

*If undelivered, please return to:*

**JINDAL** IRON & STEEL COMPANY LIMITED

Investor relation centre  
303, The Enclave,  
New Appasaheb Marathe Marg,  
Prabhadevi, Mumbai - 400 025.  
Visit us at: [www.jisco.com](http://www.jisco.com)