ANNUAL REPORT
2008-2009

the challengers

JSW Steel Limited

STEEL IN YOUNG INDIA

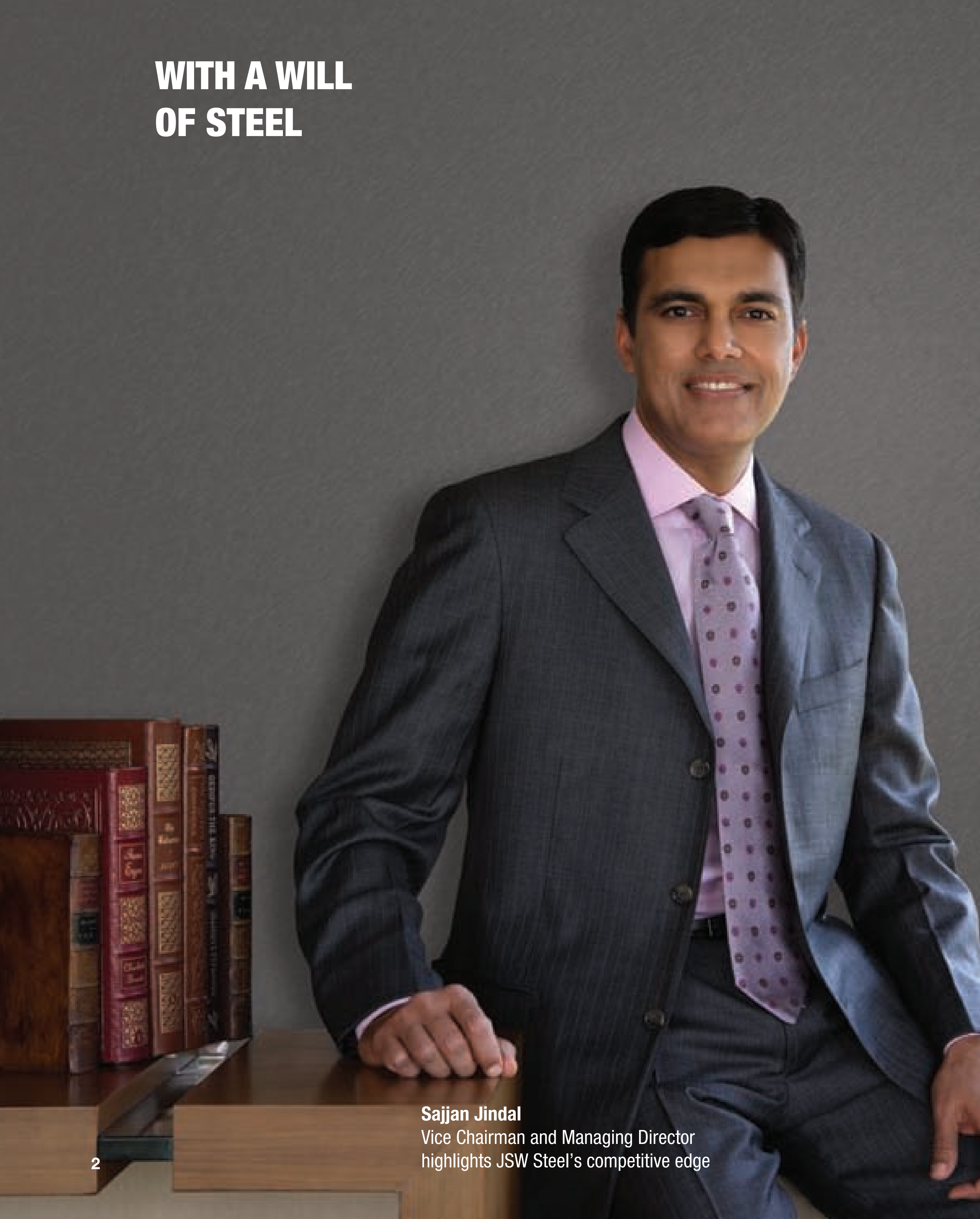
CONTENTS

The strength of a ship is not tested by the miles navigated in calm water
... but by its resilience
... to withstand the vagaries of the turbulent seas
... that challenges its very existence.

The DNA of an organization is tested not by its growth potential in good times
... but by its strength
... to seamlessly sustain through the unprecedented downturns
... that threatens its very survival.

Shri O. P. Jindal
August 7, 1930 – March 31, 2005
O.P. Jindal Group – Founder and Visionary

WITH A WILL OF STEEL



Sajjan Jindal
Vice Chairman and Managing Director highlights JSW Steel's competitive edge

Dear Shareholders,

2008-09 was an important year in your Company's evolution and growth as it comprehensively tested our will to survive, succeed and flourish in the midst of an economic meltdown. The financial crisis that brought back the painful memories of the Great Depression of the 1930's, affected the Indian economy as well. JSW Steel was no island in this crisis.

The dark clouds:

Although complete insulation from global tremors was not possible, what was possible was to construct a strategy that would allow your Company to bounce back as quickly as possible. This is precisely what we in JSW Steel set out to do.

The sudden collapse in steel prices followed by a buyers chill completely threw the steel industry out of gear. Here we had two options. The first was to cut back production and wait for the markets to recover. The other option was to convert threats into opportunities and look at obstacles as challenges. We chose the later.

The Silver lining:

We based our strategy on the unique trends that we discerned were emerging even in this gloom:

- Marginal cost producers of steel in India were drastically cutting production due to high cost and liquidity crunch.
- Rural and semi-urban demand for steel had not dipped in India.
- Indian fiscal systems and sound banking practices meant that compared to US and Europe we were on a much better footing.
- The pro-active policies of the Government with its fiscal stimulus packages meant that the revival would be sooner than later in the Indian economy.

Reducing Costs was the crux:

All this meant that a vacuum was being created in supply and demand of steel in the Indian context. We realized that we had to reduce our high cost inventory of input raw materials as quickly as possible. By rationalizing production during the third quarter and adopting an aggressive marketing strategy in the rural segment we quickly overcame the sluggish third quarter.

Cost reduction was very high on our agenda. With improved techno-economics in the operation and the fall in input raw materials we could bring down the cost of production of steel by around 43% as compared to our September, 2008 figures.

Diversifying the Product basket:

Apart from bringing down costs, your Company has very strategically entered the long product segment that will find a ready market with increased Government spending in the infrastructure projects. In the flat product segment we have very judiciously concentrated more on the Value Added product basket where the demand had not been drastically affected.

Tapping the rural Indian market:

At the core of our strategy was an aggressive Marketing push in the domestic markets. We added 50 new dealers and distributors bringing total number in excess of three hundred. To make steel more customer friendly, 48 more Shoppe outlets were opened in 2008-09 across the country with the intention of making "Pan India" presence of JSW Steel.

Growth in the times of depression:

In the fourth quarter our strategy began yielding results. We not only wiped away our excess inventories but also restored normal production in all our production facilities and by February 2009 the new 2.8 MTPA project was also commissioned. Our total crude steel production capacity stands at 7.8 MTPA making us a leading player in the steel sector in the country.

Our ability to *'see beyond the present'* empowered us with the confidence to commence our new Blast Furnace which incidentally is India's biggest. This helped us to increase our capacity by about 60% and helped manufacture first-time steel varieties in India when others were curbing operations. *What is extremely commendable is the fact that your Company could achieve this at a time when steel plants across the world were actually scaling down their production. The growth of JSW Steel by 60% is a reflection not only of your Company's successful strategy but also of the inherent strength and resilience of the Indian economy.*

Carrying forward the confidence:

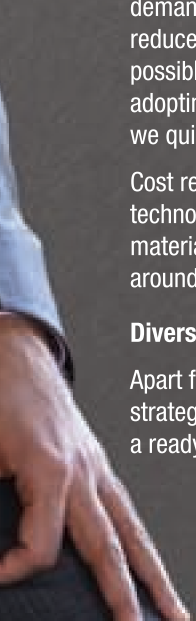
The result was that when confronted with a challenge, we operated at enhanced capacity and modified our business model to successfully address the new business reality.

JSW Steel shareholders should be assured and proud to own a stake in an organization that has delivered higher than expectations in such turbulent times. The year 2008-09 should be regarded a watershed year that has seen us evolve into a reliable, consistent and growing global steel manufacturer. I am confident that it is this foundation that will result in enhanced shareholder value over the coming years.

I look forward to your continued faith and support to JSW Steel in the coming years as well.

Yours Sincerely,

Sajjan Jindal



Highlights 2008-09

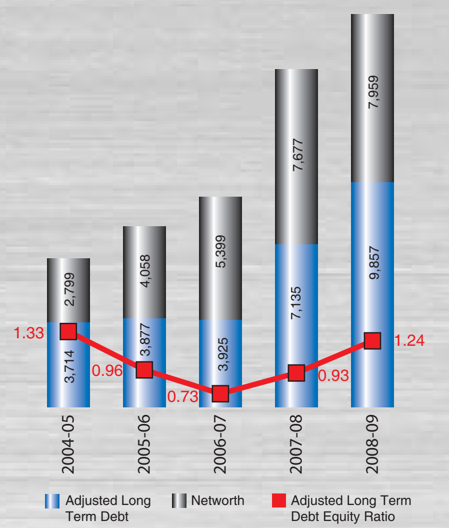
- Crude Steel Output up by 3% to 3.724 million tonnes
- Saleable steel up by 1% to 3.428 millions tonnes
- Gross Turnover up by 20% to Rs. 15,179 crores
- Net Turnover up by 23% to Rs. 14,001 crores
- EBIDTA Rs. 3,093 crores
- PBT Rs. 678 crores
- PAT Rs. 459 crores
- Weighted average cost of debt 8.22 %
- Debt Repayment Rs. 1,040 crores
- Adjusted Long Term Debt Equity Ratio 1.24
- Diluted EPS Rs. 22.70
- Equity Dividend: Re. 1 per share

Contribution to Government & Society

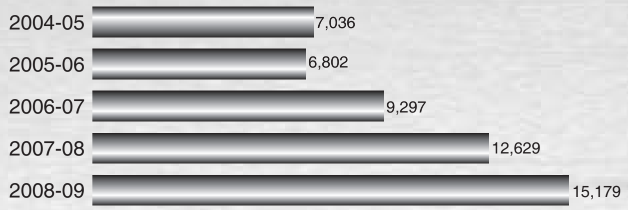
Rupees in crores

	2006-07	2007-08	2008-09
Direct Taxes	364	471	383
Indirect Taxes	538	884	992
CSR initiatives	7	24	15
Total	**909**	**1,379**	**1,389**

Adjusted Long Term Debt Equity Ratio

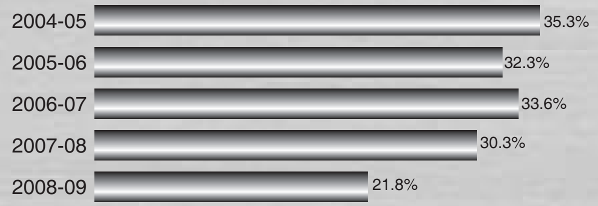


Gross Sales (Rupees in crores)
5 years CAGR 33.42%



EBIDTA (Rupees in crores)
5 years CAGR 23.34%

EBIDTA Margin (%)



Earnings Per Share - Diluted
(In Rupees)

BOARD OF DIRECTORS

Mrs. SAVITRI DEVI JINDAL
Chairperson

Mr. SAJJAN JINDAL
Vice Chairman & Managing Director

Mr. Y. SIVA SAGAR RAO
Jt. Managing Director & CEO

Mr. SESHAGIRI RAO M.V.S.
Jt. Managing Director & Group CFO

Dr. VINOD NOWAL
Director & CEO (Vijayanagar Works)

Mr. JAYANT ACHARYA
Director (Sales & Marketing)

Mrs. ZARIN DARUWALA
Nominee Director of ICICI Bank Limited

Mr. V. MADHU, IAS
Nominee Director of KSIIDC

Mr. G. R. SUNDARAVADIVEL
Nominee Director of
UTI Asset Management Company Limited

Dr. S. K. GUPTA
Director

Mr. ANTHONY PAUL PEDDER
Director

Mr. UDAY M. CHITALE
Director

Mr. SUDIPTO SARKAR
Director

Mr. KANNAN VIJAYARAGHAVAN
Director

COMPANY SECRETARY
Mr. Lancy Varghese

STATUTORY AUDITORS
M/s. Deloitte Haskins & Sells
Chartered Accountants

BANKERS
Allahabad Bank
Bank of Baroda
Bank of India
ICICI Bank Limited
IDBI Bank Limited
Indian Bank
Indian Overseas Bank
Punjab National Bank
State Bank of India
State Bank of Indore
State Bank of Mysore
State Bank of Patiala
The South Indian Bank Limited
Union Bank of India
Vijaya Bank

REGISTERED OFFICE
Jindal Mansion
5A, Dr. G. Deshmukh Marg,
Mumbai - 400 026
Tel. No. (022) 23513000 Fax No. (022) 23526400
Website: www.jsw.in

WORKS
Vijayanagar Works:
P.O. Vidyanagar, Toranagallu Village,
Sandur Taluk, Bellary District, Karnataka - 583 275.
Tel. No. (08395) 250120-30 Fax No. (08395) 250138/250665

Vasind Works:
Shahapur Taluk,
Thane District, Maharashtra - 421 604
Tel. No. (02527) 220022-25 Fax No. (02527) 220020/ 220084

Tarapur Works:
MIDC Boisar, Thane District,
Maharashtra - 401 506
Tel. No. (02525) 270147-149 Fax No. (02525) 270148

Salem Works:
Pottaneri, M. Kalipatti Village,
Mecheri Post, Mettur Taluk,
Salem District, Tamil Nadu - 636 453
Tel. No. (04298) 278400-403 Fax No. (04298) 278618

REGISTRARS & SHARE TRANSFER AGENTS
Karvy Computershare Private Limited
Plot No.17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081
Tel. No. (040) 23420815-824 (10 lines)
Fax No. (040) 23420814
E-mail: einward.ris@karvy.com
Website: www.karvy.com

NOTICE

NOTICE is hereby given that the **FIFTEENTH ANNUAL GENERAL MEETING** of the Shareholders of **JSW STEEL LIMITED** will be held on **Monday**, the **6th day of July, 2009 at 11.00 a.m.** at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai - 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009, the Profit and Loss Account for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend on 10% Cumulative Redeemable Preference Shares.
3. To declare Dividend on 11% Cumulative Redeemable Preference Shares.
4. To declare Dividend on Equity Shares.
5. To appoint a Director in place of Mr. Sajjan Jindal, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Dr. S. K. Gupta, who retires by rotation and being eligible, offers himself for reappointment.
7. To appoint a Director in place of Dr. Vinod Nowal, who retires by rotation and being eligible, offers himself for reappointment.
8. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

   "RESOLVED THAT Mr. Kannan Vijayaraghavan, who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 16.06.2008, and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Kannan Vijayaraghavan as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

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

    "RESOLVED THAT Mr. Jayant Acharya, who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 07.05.2009, and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Jayant Acharya as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

11. 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 appointment of Mr. Jayant Acharya as a Whole-time Director of the Company, designated as 'Director (Sales & Marketing)', for a period of five years, with effect from 07.05.2009, upon such terms and conditions as are set out in the Draft Agreement to be executed with Mr. Jayant Acharya (a copy of which is initialed by the Chairman of the meeting 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 appointment and/ or agreement including the remuneration which shall not exceed an overall ceiling of Rs.18,00,000/- per month, as may be agreed to between the Board of Directors and Mr. Jayant Acharya ."

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

    "RESOLVED THAT in partial modification of the resolution passed at the Thirteenth Annual General Meeting of the Company held on 13.06.2007 and subject to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the revision in the terms of remuneration of Mr. Sajjan Jindal w.e.f. 01.01.2009 for the remainder of his tenure as the Vice Chairman & Managing Director of the Company, i.e. upto 07.07.2012, as set out below, be and is hereby approved:

Remuneration/ Perquisites	Nil, subject however to review by the Board of Directors at an appropriate time.
Commission	Not exceeding 0.5% of the Net Profit as determined under Section 349 of the Companies Act, 1956.

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

    "RESOLVED THAT in partial modification of the resolution passed at the Thirteenth Annual General Meeting of the Company held on 13.06.2007 and subject to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-designation of Dr. Vinod Nowal as "Director & CEO (Vijayanagar Works)" w.e.f. 01.04.2009 & the increase in the ceiling on Remuneration payable to him w.e.f. 01.04.2008 for the remainder of his tenure i.e. upto 29.04.2012 from Rs.9,00,000/- per month to Rs.18,00,000/- per month, as set out in the draft Supplemental Agreement to be entered into between the Company and Dr. Vinod Nowal, (a copy of which is initialed by the Chairman of the meeting for the purpose of identification and placed before this meeting) with specific authority to the Board of Directors of the Company to fix, alter or vary the remuneration within the said ceiling of Rs. 18,00,000/- per month, as may be agreed to between the Board of Directors and Dr. Vinod Nowal."

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

    "RESOLVED THAT in partial modification of the resolution passed at the Twelfth Annual General Meeting of the Company held on 25.07.2006 and subject to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the increase in the ceiling on Remuneration payable to Mr. Seshagiri Rao M.V.S. w.e.f. 01.04.2008, for the remainder of his tenure as a whole-time Director of the Company designated as 'Director (Finance)' i.e. upto 05.04.2009, from Rs.9,00,000/- per month to Rs. 18,00,000/- per month, with specific authority to the Board of Directors of the Company to fix, alter or vary the remuneration within the said ceiling of Rs. 18,00,000/- per month, as may be agreed to between the Board of Directors and Mr. Seshagiri Rao M.V.S."

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

    "RESOLVED THAT subject 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. Seshagiri Rao M.V.S., as a Whole-time Director of the Company and his redesignation as 'Jt. Managing Director & Group CFO', for a period of five years with effect from 06.04.2009, upon such terms and conditions as are set out in the draft Agreement to be executed with Mr. Seshagiri Rao M.V.S. (a copy of which is initialed 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 an overall ceiling of Rs.28,00,000/- per month, as may be agreed to between the Board of Directors and Mr. Seshagiri Rao M.V.S."

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

    "RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, the provisions of Chapter XIII-A of the SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended(hereinafter referred to as the "SEBI Guidelines"), the provisions of the Foreign Exchange Management Act, 2000 (FEMA), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as also of any other applicable Laws, Rules, Regulations, and Guidelines (including any amendment thereto or re-enactment thereof) and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed, and subject to all such approvals, consents, permissions and/or sanctions from all appropriate authorities, including the Securities and Exchange Board of India (SEBI), Government of India, Reserve Bank of India, Financial Institutions, Banks, Agents & Trustees and Stock Exchanges (hereinafter singly or collectively referred to as "the Appropriate Authorities") and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting any such consents, permissions, approvals and/or sanctions (hereinafter singly or collectively referred to as "the requisite approvals") which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee(s), which the Board may have constituted or hereafter constitute in this behalf to exercise the powers conferred on the Board by this resolution), the Board be and is hereby authorised in its absolute discretion, to create, offer, issue, and allot in one or more tranches, Equity Shares or Fully Convertible Debentures (FCDs)/ Partly Convertible Debentures (PCDs)/ Optionally Convertible Debentures (OCDs) / Non-Convertible Debentures (NCDs) with warrants or any other Securities (other than warrants) or a combination thereof, which are convertible into or exchangeable with Equity Shares of the Company at a later date (hereinafter collectively referred to as the "Specified Securities"), to Qualified Institutional Buyers (QIB) (as defined in the "SEBI Guidelines") by way of Qualified Institutions Placement, as provided under Chapter XIII-A of the "SEBI Guidelines" for an aggregate amount not exceeding US$ 1 Billion (United States Dollar One Billion only) or its Indian Rupee Equivalent, inclusive of such premium as may be decided by the Board, at a price which shall not be less than the price determined in accordance with the pricing formula stipulated under Chapter XIII-A of the "SEBI Guidelines."

    RESOLVED FURTHER THAT the relevant date for the purpose of arriving at the aforesaid minimum issue price of the Specified Securities shall be the date of the meeting in which the Board (or any Committee thereof constituted/to be constituted), decides to open the issue of the Specified Securities, subsequent to the receipt of Shareholders' approval in terms of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 as also of other applicable laws, regulations and guidelines in relation to the proposed issue of the Specified Securities.

RESOLVED FURTHER THAT:

i. the Specified Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company.

ii. the Equity Shares proposed to be issued through the Qualified Institutional Placement or the Equity Shares that may be issued and allotted on conversion of Securities issued through Qualified Institutional Placement as aforesaid shall rank *pari passu* with the then existing Equity Shares of the Company in all respects including dividend; and

iii. The number and/or conversion price in relation to Equity Shares that may be issued and allotted on conversion of Securities that may be issued through Qualified Institutional Placement shall be appropriately adjusted in accordance with the SEBI Guidelines for corporate actions such as bonus issue, rights issue, split and consolidation of share capital, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Specified Securities may have such features and attributes or any terms or combination of terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets and the Board subject to applicable laws, regulations and guidelines, be and is hereby authorised to dispose off such Specified Securities that are not subscribed in such manner as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things including but not limited to finalisation and approval of the preliminary as well as final offer document(s), determining the form, manner and timing of the issue, including the investors to whom the Specified Securities are to be issued and allotted, the number of specified securities to be allotted, issue price, face value, premium amount on issue/conversion of Securities, if any, rate of interest, execution of various Agreements/ Deeds/ Documents/ Undertakings, creation of mortgage/charge in accordance with section 293(1)(a) of the Companies Act, 1956, in respect of any of the Securities issued through the Qualified Institutional Placement, either on *pari passu* basis or otherwise, and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of the Specified Securities and utilisation of the issue proceeds, as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members to the end and intent that the Members shall be deemed to have given their approval thereto expressly by virtue of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint such Consultants, Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Solicitors, Lawyers, Merchant Bankers and any such Agencies and Intermediaries as may be involved or concerned in such offerings of Specified Securities and to remunerate all such agencies by way of commission, brokerage, fees or the like, and to enter into or execute Agreements/ Arrangements/ MOUs with any such Agency or Intermediary and also to seek the listing of any or all of such Specified Securities or Securities representing the same in one or more Stock Exchanges.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors or Officers of the Company."

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

"RESOLVED THAT in supersession of the resolution passed at the thirteenth Annual General Meeting of the Company held on 13.06.2007 and in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, Foreign Exchange Management Act, 1999, Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as also of any other applicable Laws, Rules, Regulations, and Guidelines (including any amendment thereto or re-enactment thereof) and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the Regulations and Guidelines issued by and subject to all such approvals, consents, permissions and sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India (SEBI) and all other appropriate and/or concerned authorities and subject to such conditions and modifications, as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee(s), which the Board may have constituted or hereafter constitute in this behalf to exercise the powers conferred on the Board by this resolution), which the Board be and is hereby authorised to accept, if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board to create, offer, issue, and allot such number of Foreign Currency Convertible Bonds (FCCBs)/Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs)/ Warrants and/or other Instruments convertible into Equity shares optionally or otherwise (hereinafter referred to as "Securities") or any combination of such Securities, whether rupee denominated or denominated in foreign currency, for an aggregate sum of upto US$ 1 Billion (United States Dollar One Billion only) or its equivalent in any other currency(ies), inclusive of such premium as may be determined by the Board, in the course of an international offering, in one or more foreign market(s), to all eligible investors including foreign/ resident/ Non-resident investors (whether Institutions/Incorporated Bodies /Mutual Funds/ Trusts/ Foreign Institutional Investors/ Banks and/or otherwise, whether or not such investors are Members of the Company), by way of a public issue through circulation of an offering circular or prospectus or by way of private placement or a combination thereof, at such time or times, in such tranche or tranches, at such price or prices, at a discount or a premium to market price or prices in such manner and on such terms and conditions as may be deemed appropriate by the Board at the time of such issue or allotment considering the prevailing market conditions and other relevant factors, wherever necessary in consultation with the Lead Managers, Underwriters and Advisors.

RESOLVED FURTHER THAT:

i. the Securities to be created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and

ii. the underlying Equity Shares shall rank *pari passu* with the existing Equity Shares of the Company in all respects including such rights as to dividend.

RESOLVED FURTHER THAT the issue of Equity Shares underlying the Securities, to the holders of the Securities shall, *inter alia*, be subject to the following terms and conditions:

a) The number and/or conversion price in relation to Equity Shares that may be issued and allotted on conversion of Securities that may be issued shall be appropriately adjusted in accordance with applicable Laws/ Regulations/ Guidelines for corporate actions such as bonus issue, split and consolidation of share capital, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring.

b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares upon conversion, the entitlement to the Equity Shares shall stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders, and

c) in the event of any merger, amalgamation, takeover or any other reorganisation, the number of shares, the price and the time period shall be suitably adjusted.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of securities in international offering may have all or any term or combination of terms or conditions in accordance with applicable regulations, prevalent market practices, including but not limited to the terms and conditions relating to payment of interest, premium on redemption at the option of the Company and/or holders of any securities, terms for issue of equity shares upon conversion of the Securities or variation of the conversion price or period of conversion of the Securities into Equity Shares or issue of additional Equity Shares during the period of the Securities.

RESOLVED FURTHER THAT the Board may enter into any arrangement with any Agency or Body for the issue of the Securities, in Registered or Bearer Form with such features and attributes as are prevalent in International Markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in international capital markets.

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

RESOLVED FURTHER THAT the Board be and is hereby authorised to dispose of such Securities as are to be issued and are not subscribed on such terms and conditions as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint such Consultants, Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Solicitors, Lawyers, Merchant Bankers and any such Agencies and Intermediaries as may be involved or concerned in such offerings of Securities and to remunerate all such agencies by way of commission, brokerage, fees or the like, and to enter into or execute Agreements/ Arrangements/ MOUs with any such Agency or Intermediary and also to seek the listing of any or all of such Securities in one or more Stock Exchanges within or outside India.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise the mode, terms and timing of the issue(s) including the class of investors to whom the securities are to be offered, issued and allotted, to the exclusion of all other categories of Investors, the number of securities to be allotted in each tranche, issue price, face value, premium amounts on issue/conversion of securities/exercise of warrants/redemptions of securities, rates of interest, redemption, period, listings on one or more Stock Exchanges in India and/or abroad, as the Board may in its absolute discretion deem fit and to issue and allot such number of Equity Shares upon conversion of any of the Securities referred to in the paragraph(s) above in accordance with the terms of offering and also to seek the listing/admission of any or all of such equity shares on the Stock Exchanges/Depositories in India where the existing equity shares of the Company are listed/admitted.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or securities representing the same or Equity Shares, as described herein above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for such purpose, including without limitation the utilisation of issue proceeds, entering into of underwriting and marketing arrangements, to settle any questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of securities, as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby is authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any one or more Directors of the Company."

By Order of the Board
For **JSW STEEL LIMITED**

Place : Mumbai
Date : 28 May 2009

Lancy Varghese
Company Secretary

NOTES:

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the businesses under Item 9 to 17 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 deposited at the Regd. Office of the Company, at Jindal Mansion, 5A, Dr. 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 01.07.2009 to 03.07.2009 (both days inclusive).
5. In order to provide protection against fraudulent encashment of Dividend Warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the Sole/First joint holder, the following information which will be used by the Company for Dividend payments:

   i) Name of Sole/First joint holder and Folio No.

   ii) Particulars of Bank Account viz.:
   - Name of the Bank
   - Name of Branch
   - Complete address of the Bank with Pin Code Number
   - Account type, whether Savings Bank (SB) or Current Account (CA)
   - Bank Account number allotted by the Bank.

   In case of Shareholders holding shares in electronic form, Bank account details provided by the Depository Participants (DPs) will be used by the Company for printing on dividend warrants. Shareholders who wish to change such bank accounts may advise their DPs about such change with complete details of Bank Account including MICR Code.

   Shareholders residing at the centers where Electronic Clearance Service (ECS) facility is available are advised to avail of the option to collect Dividend by way of ECS.

   Equity shareholders holding shares in physical form are requested to send their ECS Mandate Form in the format available for download on the Company's website (www.jsw.in), duly filled in, to the Registrar and Share Transfer Agents of the Company - Karvy Computershare Pvt. Ltd. In case of Equity Shareholders holding shares in electronic form, the ECS Mandate Form will have to be sent to the concerned Depository Participants (DPs) directly.
6. The amounts of the unclaimed dividend declared by the erstwhile Jindal Iron & Steel Company Limited (JISCO) upto the financial year ended 31.03.1995 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 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, all unclaimed/unpaid dividends of JISCO in respect of financial year ending 31.03.2001 has been transferred to IEPF. Members who have not encashed their dividend warrants for the year F.Y 2001-2002 or thereafter are requested to write to the Company's Registrar and Share Transfer Agents.
7. Members are requested to intimate the Registrar and Share Transfer Agents of the Company – Karvy Computershare Pvt. Ltd., Plot No.17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081, 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.
8. Members desirous of having any information regarding Accounts are requested to address their queries to the Vice President (Finance & Accounts) 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.
9. All the Documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Company's Office at Victoria House, Pandurang Budhkar Marg, Lower Parel (W), Mumbai - 400 013 on all working days of the Company, between 10.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
10. 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 Registrar and Share Transfer Agents of the Company.
11. Members/Proxies are requested to bring the attendance slip duly filled in.
12. 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.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT:

The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 for item numbers 9 to 17 of the accompanying notice is as under:

Item No. 9:

Mr. Kannan Vijayaraghavan was appointed by the Board of Directors in its meeting held on 16.06.2008 as an Additional Director of your Company w.e.f. 16.06.2008 pursuant to Section 260 of the Companies Act, 1956 and in terms of Article 123 of the Articles of Association of your Company. He holds office upto the date of the ensuing Annual General Meeting.

Your Company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder of your Company, signifying his intention to propose the name of Mr. Kannan Vijayaraghavan for appointment as a Director of your Company.

Mr. Vijayaraghavan, aged 50 years, is a Fellow Member of the Institute of Chartered Accountants of India, a Certified Management Consultant and a Fellow of the Institute of Management Consultants.

He is the Director and founder of Sathguru Management Consultants Pvt. Ltd, Hyderabad, a large consultancy & policy advisory firm, founded in the year 1985. He is also Partner, DFK International, a Worldwide firm of accountants and business advisors, a Visiting Fellow and Faculty, Executive Education, Cornell University, Ithaca, NY and a Regional Coordinator for Cornell University Research Programs in South Asian/South East Asian Region.

Professional Experience:-

- Over the last twenty four years, has handled over 300 assignments in the area of Strategic Planning, Mergers and Acquisitions and Organisational Growth in Emerging Market Related Environment.
- Wide exposure to overseas environment with consulting exposure to large Multinational and Emerging National Companies. Global Companies consulted include 20 Fortune 500 companies, about 100 Mid Cap Enterprises and NASDAQ listed companies.
- Responsible for creating the first Technology Management Consulting practice in India.

Consultancy to Government Bodies:-

- Retained by Government Bodies in the Area of Policy Planning and Program Monitoring. Past and present retentions relate to Industrial Policy Advisory, International Trade Barriers, Life Science Commercialisation Strategies, Information Technology Penetration in E-commerce, Agriculture and Rural Development Growth Planning and support to Planning Commission in development of Eleventh Five Year Plan perspective document.
- Member of some of the Key Committees constituted in the past by various Government Organisations.
- Member of the Consultative Group established to determine priorities for the 11th Five Year Plan by the Planning Commission.
- Member of the Research Advisory Group of Department of Science and Technology.
- Advisor to Government of Bangladesh, Thailand, Vietnam, Philippines and other South Asian and South East Asian countries on account of a mandate provided by Asian Development Bank.

Consultancy to Investment Institutional Sector:-

- Retained by International Finance Bodies such as Commonwealth Development Corporation, World Bank and IFC to conduct sectoral studies and review ventures financed by such bodies from time to time.

- Retained by leading Venture Capital Bodies in the Asian Region to frame Investment Policy Framework for knowledge based investment by the fund in the South Asian Region.
- Retained as Advisor by Industrial Development Bank of India, State Bank of India and Exim Bank of India to conduct sectoral studies, review investment plans and prepare restructuring plans for the Portfolio Investments of these Institutions.
- Currently member of the Advisory Board in ICRISAT (International Research Center of Cgiar), K-Hub of Indian School of Business, Vice-Chairman of Cornell-Sathguru Foundation for Development and Former member of the Advisory Board of Eximus Center, Exim Bank of India.

Capacity Building Engagement:-

Trained over 200 Indian Civil Servants (IAS Officers) in the area of Policy Planning and over 500 Corporate Managers in the area of Corporate Strategic Planning, Technology Management, Intellectual Property Management, Technology Warehousing and Knowledge Management.

Papers Presented:-

Presented over 200 papers in various Domestic and International Conferences, some of which were published in leading Journals.

In view of his rich & vast experience and distinguished career, the appointment of Mr. Kannan Vijayaraghavan as a Director would be in the best interest of the Company.

None of the Directors other than Mr. Kannan Vijayaraghavan is in any way concerned or interested in the resolution.

Your Directors recommend the resolution as at Item No. 9 for your approval.

Item Nos. 10 & 11:

Mr. Jayant Acharya was appointed by the Board of Directors in its meeting held on 07.05.2009 as an Additional Director of your Company w.e.f. 07.05.2009 pursuant to Section 260 of the Companies Act, 1956 and in terms of Article 123 of the Articles of Association of your Company. He holds office upto the date of the ensuing Annual General Meeting. In the same Board Meeting he was also appointed as a Wholetime Director of the Company, designated as 'Director (Sales & Marketing)', for a period of five years, with effect from 07.05.2009, subject to the approval of the Members.

Your Company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder of your Company, signifying his intention to propose the name of Mr. Jayant Acharya for appointment as a Director of your Company.

Members' approval is also sought for the appointment of Mr. Jayant Acharya as a Whole-time Director of the Company designated as 'Director (Sales & Marketing)', for a period of five years, with effect from 07.05.2009, and for the payment of salary and other perquisites to be fixed from time to time by the Board of Directors of your Company within an overall ceiling approved by the Members.

Born in 1963, Mr. Jayant Acharya is a Chemical Engineer with a Masters in Physics from BITS, Pilani in the year 1986. He has done his MBA in Marketing from the Indore University.

Mr. Acharya has 22 years of experience in the steel industry spanning the entire range of flat and long steel products. He has worked in various capacities and locations in India. His extensive experience includes start up operations, development and execution of strategies for penetrating new markets and customers, creation of strong brand equity for the Company in the domestic and international markets and introduction of innovative marketing concepts. His strengths lie in his ability to forge strong individual and company-client relationships.

Mr. Acharya joined Jindal Iron and Steel Company Limited in July 1999 as Chief General Manager. He was Head of All India sales of Galvanised products, Hot Rolled Plates and Cold Rolled products. He was successful in creating a Strong Brand Equity for the Jindal Galvanised brand which became the largest selling brand of galvanised steel in the private sector in the country.

He shifted to JSW Steel Limited (then known as Jindal Vijayanagar Steel Limited) in April, 2001 as Vice President (Marketing), looking after All India Domestic Sales of Hot Rolled products. Upon the Commissioning of the Corex II unit in the same year, in a surplus capacity market compounded by recessionary prices, Mr. Acharya was able to successfully lead the marketing team to substantially increase sales volume. Since July 2002, he was given the additional charge of International marketing.

He became Senior Vice President in April 2005. During this time the steel business of Jindal Iron and Steel Company Limited was merged with the Company and Mr. Acharya handled the sales and marketing of the merged entity. Southern Iron and Steel Company Limited (SISCOL) was taken over by JSW Group in end 2005 which produced various long products. He took charge of marketing the products of SISCOL on its merger with JSW Steel Limited in 2007-08. He created a central sales and marketing organisation to handle these growing volumes and successfully traversed the journey from 1.6 MTPA to 4.8 MTPA.

He became President (Sales and Marketing) in April, 2008. Presently Mr. Acharya heads the sales and marketing function of JSW Steel Limited and is also associated in the functioning of some other subsidiary companies.

Prior to joining JSW Steel Limited, during September 1994 to June 1999, Mr. Acharya was Jt. General Manager (Marketing), Essar Steel Limited. Between June 1992 to September 1994, he was Chief Marketing Manager, Surya Roshni Limited. Mr. Acharya started his career in October 1986 as Management Trainee with Steel Authority of India Limited. He underwent technical and management training at Bhilai Steel Plant and subsequently Management Training at Indian Institute of Management, Calcutta. He has handled the sales and marketing of various flat and long steel products across various locations.

In view of his rich & vast experience and distinguished career, the appointment of Mr. Jayant Acharya as a Director and also as a Wholetime Director of the Company designated as 'Director (Sales & Marketing)',would be in the best interest of the Company.

The remuneration of the 'Director (Sales & Marketing)'will be so fixed by the Board of Directors from time to time, such that the salary and the aggregate value of all 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. Jayant Acharya, shall not exceed the overall ceiling on remuneration approved by the members in General Meeting.

Your Directors have recommended a maximum remuneration of Rs.18,00,000/- per month.

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

a) 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);
b) 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;
c) Gratuity as per rules of the Company (which shall not exceed one half month's salary for each completed year of service); and
d) 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 any such Rules, perquisites shall be evaluated at actual cost.

In the event of loss or inadequacy of profits in any financial year, the Director (Sales & Marketing) shall be paid remuneration by way of salary and perquisites as specified above, subject to the approval of the Central Government, if required.

The Director (Sales & Marketing) 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. Jayant Acharya 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.

The proposed remuneration is within the limits prescribed under Part II Section I of Schedule XIII of the Companies Act, 1956.

The terms of remuneration of Mr. Jayant Acharya has the approval of the Remuneration Committee.

The above details may also be treated as an abstract of the terms of appointment of Mr. Jayant Acharya, under Section 302 of the Companies Act, 1956.

A copy of the Draft Agreement to be executed with Mr. Jayant Acharya is available for inspection at the Company's office at Victoria House, Pandurang Budhkar Marg, Lower Parel (W), Mumbai 400 013 on all working days of the Company between 10.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

None of the Directors other than Mr. Jayant Acharya is in any way concerned or interested in the resolutions.

Your Directors recommend the resolutions as at Item Nos.10 & 11 for your approval.

Item No. 12:

The Members of the Company had in their 13th Annual General Meeting held on 13.06.2007 approved the reappointment of Mr. Sajjan Jindal as Vice Chairman & Managing Director of the Company for a period of five years commencing from 07.07.2007 and also the remuneration payable to him.

The remuneration of the Vice 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 the overall ceiling approved by the Members in General Meeting. A ceiling of Rs. 1,00,00,000/- per month was approved by the members.

Mr. Sajjan Jindal, Vice Chairman & Managing Director, has also been appointed as the Chairman and Managing Director of JSW Energy Limited w.e.f. 01.01.2009 for a period of five years.

Consequently, Mr. Sajjan Jindal informed the Board of Directors of the Company during its meeting held on 28.01.2009, the aforesaid fact of his appointment as the Chairman & Managing Director of JSW Energy Limited and also expressed his desire to forego his remuneration and be paid only commission from the Company w.e.f. 01.01.2009 since he would be remunerated from JSW Energy Limited.

The Board considered the same and directed that the request be put up for review to the Remuneration Committee in its next meeting and until then Mr. Sajjan Jindal be paid only commission.

The request was reviewed & approved by the Remuneration Committee in its meeting held on 06.05.2009 and thereafter by the Board in its meeting held on 07.05.2009.

Approval of the Members is now being sought for the said alteration in the terms of remuneration of Mr. Sajjan Jindal.

All other terms and conditions of the appointment of Mr. Jindal as approved by the Members at the 13th Annual General Meeting held on 13.06.2007 remain unchanged.

The above details may also be treated as an abstract of the variation in terms of appointment of Mr. Sajjan Jindal, under section 302 of the Companies Act, 1956.

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

Your Directors recommend the resolution as at Item No. 12 for your approval.

Item Nos.13 & 14:

The appointment of Dr. Vinod Nowal as Director (Commercial) of the Company for a period of 5 years commencing from 30.04.2007 and also the remuneration payable to him was approved by the Members in their 13th Annual General Meeting held on 13.06.2007.

The Members of the Company had in their 10th Annual General Meeting held on 30.12.2004 re-appointed Mr. Seshagiri Rao M.V.S. as the Director (Finance) of the Company for a period of five years commencing from 06.04.2004 and also the remuneration payable to him within an overall ceiling of Rs.4,00,000/- per month. This overall ceiling on the remuneration payable to Mr. Seshagiri Rao M.V.S. was further enhanced to Rs. 9,00,000/- per month at the 12th Annual General Meeting held on 25.07.2006.

The remuneration of Dr. Vinod Nowal & Mr. Seshagiri Rao M.V.S. is to be so fixed by the Board of Directors from time to time, such that the salary and the aggregate value of all 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 self and 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 Dr. Vinod Nowal/Mr. Seshagiri Rao M.V.S. shall not exceed the overall ceiling on remuneration approved by the members in General Meeting.

To retain the services of the Company's key management executives and in view of the highly competitive employment market which currently prevails, your Directors felt desirable that the compensation paid to the Whole-time Directors of the Company be revised w.e.f. 01.04.2008, more or less in line with the remuneration drawn by their counterparts in the country.

In view of the same, the Remuneration Committee and the Board of Directors have in their meeting held on 06.05.2009 and 07.05.2009 respectively, approved an increase in the ceiling on remuneration payable to Mr. Seshagiri Rao M.V.S. and Dr. Vinod Nowal, from Rs. 9,00,000/- to Rs. 18,00,000/- per month w.e.f. 01.04.2008 and the re-designation of Dr. Vinod Nowal, Director (Commercial) as 'Director & CEO (Vijayanagar Works)' w.e.f. 01.04.2009 subject to the approval of the Members.

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

a) 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)

b) 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;

c) Gratuity as per rules of the Company (which shall not exceed one half month's salary for each completed year of service); and

d) 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 any such Rules, perquisites shall be evaluated at actual cost.

In the event of loss or inadequacy of profits in any financial year, Dr.Vinod Nowal and Mr.Seshagiri Rao M.V.S. shall be paid remuneration by way of salary and perquisites as specified above, subject to the approval of the Central Government, if required.

Dr.Vinod Nowal and Mr.Seshagiri Rao M.V.S. shall not be eligible for any sitting fees for attending the Company's Board or Committee Meetings.

The Board may, in its absolute discretion pay to the above mentioned Whole-time Directors, lower remuneration than the maximum remuneration herein above stipulated and revise the same from time to time within the maximum limit stipulated by these resolutions.

Approval of the Members is now being sought for the said increase in the ceiling on remuneration w.e.f. 01.04.2008 and the re-designation of Dr. Vinod Nowal, Director (Commercial) as 'Director & CEO (Vijayanagar Works)' w.e.f. 01.04.2009.

The proposed increase in ceiling is within the limits prescribed under Part II Section I of Schedule XIII of the Companies Act, 1956.

All other terms and conditions of appointment of the aforesaid Whole-time Directors as approved by the Members remain unchanged.

The above details may also be treated as an abstract of the modification in the terms of appointment of the aforesaid Whole-time Directors, under section 302 of the Companies Act, 1956.

The draft Supplemental Agreement to be executed between the Company and Dr. Vinod Nowal is available for inspection by the Members of the Company at the Company's Office at Victoria House, Pandurang Budhkar Marg, Lower Parel (W), Mumbai - 400 013 on all working days of the Company, between 10.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting. No Supplemental Agreement is proposed to be entered into with Mr. Seshagiri Rao M.V.S. since the Principal Agreement entered into with him warrants no change.

None of the Directors other than Dr. Vinod Nowal & Mr. Seshagiri Rao M.V.S. is concerned or interested in the proposed resolutions.

Your Directors recommend the resolutions as at Item Nos. 13 & 14 for your approval.

Item No. 15:

The Members of the Company had in their 10th Annual General Meeting held on 30.12.2004 approved the reappointment of Mr. Seshagiri Rao M.V.S. as a Whole-time Director of the Company, designated as 'Director (Finance)' for a period of five years commencing from 06.04.2004. The term of Mr. Seshagiri Rao expired on 05.04.2009.

Your Directors have in their meeting held on 07.05.2009 re-appointed Mr. Seshagiri Rao M.V.S. as a Whole-time Director of the Company and also re-designated him as 'Jt. Managing Director & Group CFO', w.e.f. 06.04.2009 on the terms and conditions contained in the Draft Agreement to be executed with Mr. Rao.

Mr. Seshagiri Rao, M.V.S aged 51 years, is a member of the Institute of Cost and Works Accountants of India and a Licentiate member of the Institute of Company Secretaries of India. He is also a Certified Associate of the Indian Institute of Bankers and a Diploma holder in Business Finance awarded by the Institute of Chartered Financial Analysts of India. Mr. Rao joined the Company as Chief Financial Officer and became Director (Finance) in the year 1999 and has over the years grown with the Company progressively shouldering higher responsibilities. He possesses rich experience spanning over two decades in the areas of Corporate Finance, Banking and has held key positions in large Corporate houses in India.

Members' approval is sought for the said re-appointment of Mr. Seshagiri Rao M.V.S. as a Whole-time Director of the Company designated as 'Jt. Managing Director & Group CFO' for a period of five years with effect from 06.04.2009 and for payment of salary and other perquisites to be fixed from time to time by the Board of Directors of your Company.

The remuneration of Mr. Seshagiri Rao M.V.S. is to be so fixed by the Board of Directors from time to time, such that the salary and the aggregate value of all 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 self and 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. Seshagiri Rao M.V.S. shall not exceed the overall ceiling on remuneration approved by the members in General Meeting. Your Directors have recommended a ceiling of Rs.28,00,000/- per month.

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

a) 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);

b) 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;

c) Gratuity as per rules of the Company (which shall not exceed one half month's salary for each completed year of service); and

d) 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.

In the event of loss or inadequacy of profits in any financial year, the 'Jt. Managing Director & Group CFO' shall be paid remuneration by way of salary and perquisites as specified above subject to the approval of the Central Government, if required.

The 'Jt. Managing Director & Group CFO' shall not be eligible for any sitting fees for attending the Company's Board or Committee Meetings. The Board of Directors may, at its discretion pay to the 'Jt. Managing Director & Group CFO' 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.

The proposed remuneration is within the limits prescribed under Part II Section I of Schedule XIII of the Companies Act, 1956.

The terms of remuneration of the 'Jt. Managing Director & Group CFO' has the approval of the Remuneration Committee.

The above details may also be treated as an abstract of the terms of reappointment of Mr. Seshagiri Rao M.V.S. under Section 302 of the Companies Act, 1956.

A copy of the draft Agreement to be executed with Mr. Seshagiri Rao M.V.S. is available for inspection by the Members of the Company at the Company's Office at Victoria House, Pandurang Budhkar Marg, Lower Parel (W), Mumbai - 400 013 on all working days of the Company, between 10.00 a.m. and 1 p.m.

In view of his vast experience and illustrious career, the re-appointment of Mr. Seshagiri Rao M.V.S. as 'Jt.Managing Director & Group CFO' would be in the best interest of your Company.

None of the Directors other than Mr. Seshagiri Rao M.V.S. is concerned or interested in the resolution.

Your Directors recommend the resolution as at Item No.15 for your approval.

Item Nos. 16 & 17

The Members at their meeting held on 13 June 2007 had authorised the Board of Directors of the Company based on market dynamics to raise additional resources by way of a) issue of Equity Shares and/or Securities convertible into Equity Shares to Qualified Institutional Buyers (QIB) and/or b) issue of Foreign Currency Convertible Bonds (FCCBs)/ Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs)/ Warrants and/or other Instruments convertible into Equity Shares optionally or otherwise, not exceeding a sum of US $ 500 million in the aggregate to part finance the Company's capital expenditure requirements to expand the capacity of the Steel Plant at Vijayanagar Works to 10 MTPA by 2010. This was not acted upon as the Company had adequate cash accruals due to improvement in profitability to finance its planned capital expenditure programmes, without raising resources from capital markets.

The Company set out two strategic objectives:

a) to integrate vertically by increasing the captive sources of key raw materials namely; iron ore, coking coal;

b) to acquire value added facilities near to the markets which can use basic steel products produced competitively in India.

Accordingly, the Company focused on horizontal expansion in India to increase the steel making capacity to 11 MTPA by 2010 and also expanded its footprints overseas through the following acquisitions in line with its strategic vision:

- Coal mining concessions in Mozambique, Africa;
- Iron ore mining concessions in Chile, South America;
- Plate and Pipe mill in USA; and
- Service Centre in UK

Following the acquisition in USA and UK, the operations in these units turned out profitable until September 2008. The Company took initiatives for development of mining concessions both in Chile and Mozambique. The 2.8 MTPA capacity expansion project to increase the capacity from 4.8 MTPA to 7.8 MTPA was ready for commissioning in October 2008 ahead of schedule by 6 months. The work on implementation to expand the capacity further to 11 MTPA was progressing briskly. In the midst of this, the unprecedented global crisis hit the world including India in September 2008 which had a devastating impact on the world economy. The liquidity crunch following this crisis disrupted the entire financial system, which led to steep fall in demand and substantial drop in realisation for steel products both in India and abroad.

Consequent to the collapse in steel demand world wide and swift fall in realizations, several companies announced production cuts. The world steel production during October to December 2008 dropped by 25%. In these circumstances, the Company quickly adopted the strategy of reducing cost of production, moderating the capital expenditure and focusing on domestic market to increase the market share through 'JSW Shoppe' the retail outlets and dealer network to sell its products in semi urban and rural areas which were less impacted by the economic slow down. The Company announced temporary production cuts for a period of 2 months in November and December 2008. While several steel companies continued the production cuts for a longer period of time due to depressed demand and lower prices, your Company resumed normal operations in Jan'09 and also commissioned the 2.8 MTPA expansion project in Feb '09 by expanding capacity by 60%. As US and UK economies have been severely impacted by the global crisis, the operating units acquired by the Company in these countries are operating at lower capacity after absorbing losses due to write down of inventories. Further, the rupee depreciation of 27.5% during FY 08-09 also impacted the profitability of the Company. Consequently, the leverage on stand alone and consolidated basis went up to 1.24 and 1.79 respectively.

In the light of changed market conditions, the Company reworked its capital expenditure programme and accordingly postponed the commissioning of the 3.2 MTPA expansion project by 12 months. It is now proposed to plan the capital expenditure on various projects as detailed under:

A) During FY 2009-10

- Balance expenditure to be incurred on recently commissioned 2.8 MTPA expansion project and other projects.
- Completion of Phase I of New Hot Strip mill (3.5 MTPA).
- Completion of Phase I of beneficiation plant.
- Completion of 30 MW Power plant and Railway siding at Downstream unit.
- Completion of Phase I of Blooming mill at Salem works.
- Normal capital expenditure

B) During FY 2010-11

- Completion of 3.2 MTPA at Vijayanagar works taking the total capacity to 10 MTPA.
- Commissioning of Captive power plant of 300 MW.
- Completion of New Hot Strip mill Phase II.
- Commissioning of Beneficiation plant - Phase II.
- Normal capital expenditure.

The total expenditure of Rs.10,000 crores for completing the above projects is estimated to be spent to the extent of Rs.3,000 crores in FY 2009-10 and balance Rs. 7,000 crores in FY 2010-11. The total expenditure is planned to be met by debt of Rs.5,600 crores and cash accruals of Rs.4,400 crores.

The Company prepared a business plan for the FY 09-10 to sell 6.1 MTPA of saleable steel products showing a growth of 78% relative to that of previous year. The international long-term prices for iron ore and coal are set at lower levels due to which the Company's cost of production is expected to come down improving the margins. The Company is expected to have adequate cash generation to meet planned capital expenditure. However, considering the large expansion plans and the time required to reach normal level of operations for Plate and Pipe Mill and Service Centre in USA & UK in view of the expected slow and gradual recovery in those economies, the debt gearing of the Company, even though not alarming, continues to be above the levels desired to be maintained.

Further, some of the recourse debt raised to part finance overseas acquisitions will become due in the next two years. It is therefore in the interest of the Company to pro-actively arrange long-term funding to meet the planned capital expenditure and for other corporate purposes including reducing the leverage and to meet any unlikely shortfall in the unforeseen circumstances.

Following the outcome of recent General Elections in India in the formation of stable Government, the capital markets reacted positively opening up a new window of opportunity to raise capital. It is therefore proposed that the Board of Directors be authorised by way of enabling resolutions as at Item Nos. 16 & 17 of this Notice, to raise additional long term resources to part finance the Company's capital expenditure and / or for other General Corporate purposes including reducing the leverage, depending upon market dynamics by way of:

a) issue of Equity Shares and/or Securities convertible into Equity Shares to Qualified Institutional Buyers (QIB) in one or more tranches through a Qualified Institutional Placement (QIP) not exceeding US $ 1 Billion (United States Dollar One Billion only) or its Indian Rupee equivalent in the aggregate; and/or

b) issue of Foreign Currency Convertible Bonds (FCCBs)/ Global Depository Receipts (GDRs)/American Depository Receipts (ADRs)/ Warrants and/or other instruments convertible into Equity Shares optionally or otherwise, not exceeding US $ 1 Billion (United States Dollar One Billion only) in the aggregate in one or more tranches in the International Capital Market;

such that the total amount to be raised vide both of the above proposed issues would not in the aggregate exceed a sum of US $ 1 Billion (United States Dollar One Billion only) or its Indian Rupee equivalent, inclusive of such premium, as may be determined by the Board.

As per Chapter XIII-A of the SEBI (Disclosure & Investor Protection) Guidelines, 2000, a Listed Company may issue Equity Shares or other Securities convertible into Equity shares to Qualified Institutional Buyers (as defined in clause 1.2.1(xxiv a) of the said Guidelines) who are not related to the promoters, at a price not less than the price determined as per the provisions of the said Chapter XIII-A of SEBI (Disclosure & Investor Protection) Guidelines, 2000, for Qualified Institutional Placements.

The allotment of Equity Shares or other Securities issued pursuant to QIP as proposed at Item No.16 of the Notice are required to be completed within 12 months from the date of passing of the proposed resolution as prescribed under the above referred SEBI Guidelines.

The specific instrument(s) that may be issued by the Company have not been identified at this stage. The Company is in touch with various Investment/ Merchant Bankers to work out the right mix of financing and the instrument(s) to be issued.

The Company, in consultation with its Advisors, Experts and others concerned, will also fix the detailed terms and conditions of the proposed issue of various securities which will be in line with the requirements of the guidelines issued by the Securities and Exchange Board of India (SEBI)/ Government of India (GOI)/ Reserve Bank of India (RBI) and any other concerned authorities.

The relevant clause of the Listing Agreements executed by the Company with the Stock Exchanges in India where the Company's securities are listed and the provisions of Section 81 (1A) of the Companies Act, 1956 provide, inter alia, that whenever it is proposed to increase the issued capital of the Company by allotment of further shares, such shares shall be first offered to the existing Shareholders of the Company for subscription unless the Shareholders decide otherwise in a General Meeting. Since the issue of Securities pursuant to the special resolutions proposed at Item Nos. 16 & 17 of this Notice may result in the issue of equity shares of the Company otherwise than to its Members, consent of the Members is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and that of the Listing Agreement.

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

Your Directors recommend the resolutions as at Item Nos. 16 & 17 for your approval.

By Order of the Board
For **JSW STEEL LIMITED**

Place : Mumbai
Date : 28 May 2009

Lancy Varghese
Company Secretary

Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting [Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges]

Name of the Director	Mr. Sajjan Jindal	Dr. S. K. Gupta	Dr. Vinod Nowal	Mr. Kannan Vijayaraghavan	Mr. Jayant Acharya	Mr. Seshagiri Rao M.V.S.
Date of Birth	05.12.1959	18.08.1938	08.12.1955	04.05.1959	25.01.1963	15.01.1958
Date of Appointment	15.03.1994	25.04.1994	30.04.2007	16.06.2008	07.05.2009	06.04.1999
Expertise in specific functional area.	Mr. Sajjan Jindal holds a Bachelor of Mechanical Engineering from Bangalore University. In 1984, Mr. Jindal moved to Mumbai to independently look after the Western Region cold rolling mill operations of O.P. Jindal Group. Since then he has followed an aggressive backward integration strategy that has led him to be one of India's largest private integrated steel makers along with major mining, power and infrastructure operations. Mr. Sajjan Jindal is a principal promoter of the Company. He is also Chairman of other Group Companies and Director in several other Companies. Mr. Jindal was a pioneer in developing DD & EDD grades of mild steel in the Indian Steel Sector (an import substitute product). He has over 25 years experience in the Steel Industry. Mr. Jindal believes India is a global destination for Industry and trade and that associated economic growth has to be inclusive and environmentally sustainable. He serves on several civic bodies as : i. Current President of ASSOCHAM. ii. Member on the Board of Airports Authority of India. iii. Member of Board of Directors of Indian Institute of Management, Indore. iv. Member of Managing Committee of Federation of Karnataka Chambers of Commerce and Industry. v. Member of Indian Council for Sustainable Development. vi. Member of Advisory Committee of TERI School of Management. vii. Member of CII National Council. viii. Council Member of Indian Institute of Metals. In 2007, Mr. Jindal was named the Ernst & Young 'Entrepreneur of The Year' in the manufacturing category.	Dr. Saibal Kanti Gupta, is a Metallurgical Engineer with Ph.D (Tech.) & D.Sc (Tech.) from Moscow. He has over 49 years of experience in the field of metallurgy, engineering and management in the steel domain. He has vast experience in the fields of research and development, engineering and management of steel plants and large engineering companies and has held key positions such as Vice Chairman and Managing Director, JSW Steel Limited, Managing Director of Rourkela Steel Plant, Steel Authority of India Limited, Chairman and Managing Director of MECON and Managing Director of Mishra Dhatu Nigam Limited (MIDHANI), Ministry of Defence. He was Professor and Head of the Department of Metallurgical Engineering at the Indian Institute of Technology, Bombay and a member of the Board of Industrial Development Bank of India (IDBI) and various other national institutions. He served as the Chairman of the Government of India task force on Steel Growth Plant. He was the recipient of the "Metallurgist of the Year" award instituted by the Government of India in 1980 and was conferred the National Metallurgist Award in 1998. On 14th November, 2008 he received IIM Platinum Medal. He has more than 100 research publications in leading journals in Metallurgy and Management.	Dr. Vinod Nowal has been associated with the Group since 1984. He has joined Jindal Iron & Steel Co. Ltd (JISCO) as Works Manager and was gradually elevated to the position of Executive Director, looking after Operations of Vasind & Tarapur Units and Commercial. In 2004, he was sifted to the Company's Vijayanagar Works as Executive Director (Commercial). Before his association with the Group, he was working with VSL Limited, Faziabad in the capacity of Works Manager and prior to that with KM Sugar Mills Ltd., Faridabad as Factory Manager. He has also held commendable positions like : President of Tarapur Industrial Manufacturers Associations, which represents 1200 Industries of Tarapur MIDC, President – Lions Club of Tarapur in 1990-91, Membership of International Association of Lions Club, Zone Chairman in 1998-99, Region V, Patron of Chinmaya Mission School, Tarapur, Vice Chairman of TIMA Hospital, Tarapur.	Mr. Kannan Vijayaraghavan, aged 50 years, is a Fellow Member of the Institute of Chartered Accountants of India, a Certified Management Consultant and a Fellow of the Institute of Management Consultants. He is the Director and founder of Sathguru Management Consultants Pvt. Ltd., Hyderabad, a large consultancy & policy advisory firm, founded in the year 1985. He is also Partner, DFK International, a Worldwide firm of accountants and business advisors, a Visiting Fellow and Faculty, Executive Education, Cornell University, Ithaca, NY and a Regional Coordinator for Cornell University Research Programs in South Asian/ South East Asian Region. Over the last twenty four years, he has handled over 300 assignments in the area of Strategic Planning, Mergers and Acquisitions and Organisational Growth in Emerging Market Related Environment. He also has wide exposure to overseas environment with consulting exposure to large Multinational and Emerging National Companies. Global Companies consulted include 20 Fortune 500 companies, about 100 Mid Cap Enterprises and NASDAQ listed companies.	Mr. Jayant Acharya is a Chemical Engineer with a Masters in Physics from BITS, Pilani in the year 1986. He has done his MBA in Marketing from the Indore University. Mr. Acharya has 22 years of experience in the steel industry spanning the entire range of flat and long steel products. He has worked in various capacities and locations in India. His extensive experience includes start up operations, development and execution of strategies for penetrating new markets and customers, creation of strong brand equity for the Company in the domestic and international markets and introduction of innovative marketing concepts. His strengths lie in his ability to forge strong individual and company-client relationships. Mr. Acharya presently heads the sales and marketing function of JSW Steel Limited and is associated in the functioning of some other subsidiary companies. Prior to joining JSW Steel Limited, during September 94 to June 99, he was Joint General Manager (Marketing), Essar Steel Limited. Between June 92 to September 94, he was Chief Marketing Manager, Surya Roshni Limited, Mr.Acharya started his career in October 1986 as Management Trainee with M/s. Steel Authority of India Limited, underwent technical and management training at Bhilai Steel Plant and subsequently Management Training at Indian Institute of Management, Calcutta.	Mr. Seshagiri Rao M.V.S. is a member of the Institute of Cost and Works Accountants of India and a Licentiate member of the Institute of Company Secretaries of India. He is also a Certified Associate of Indian Institute of Bankers and a Diploma Holder in Business Finance awarded by the Institute of Chartered Financial Analysts of India. Mr. Rao joined the Company as Chief Financial Officer and became Director (Finance) in the year 1999 and has over the years grown with the Company progressively shouldering higher responsibilities. He possesses rich experience spanning over two decades in the areas of Corporate Finance, Banking and has held key positions in large Corporate houses in India.

Name of the Director	Mr. Sajjan Jindal	Dr. S. K. Gupta	Dr. Vinod Nowal	Mr. Kannan Vijayaraghavan	Mr. Jayant Acharya	Mr. Seshagiri Rao M.V.S.
Qualification	B.Engg. (Mech)	B.Sc. (Met.Engg.) Ph.D (Tech) & D.Sc. (Tech)	Masters Degree in Business Administration and Doctorate in Inventory Management	Fellow Member of the Institute of Chartered Accountants of India, Certified Management Consultant and Fellow of the Institute of Management Consultants	B.E. (Chemical) M.Sc. (Physics), MBA (Marketing)	ICWA, LCS, CAIIB & DBF
Directorship in other Indian Public Limited Companies as on 31.03.2009	JSW Energy Limited Jindal South West Holdings Limited JSW Bengal Steel Limited TCPL Packaging Limited JSoft Solutions Limited Vrindavan Fintrade Limited	Jindal Saw Limited IVRCL Infrastructures & Projects Limited Sobha Developers Limited Jindal South West Holdings Limited Surana Industries Limited Vesuvius India Limited BMM Ispat Limited Bhuwalka Steel Industries Limited	Jindal Steel & Alloys Limited Sapphire Technologies Limited Jindal South West Port Limited	—	JSW Cement Limited JSW Steel Processing Centres Limited JSW Building Systems Limited JSW Severfield Structures Limited	—
Chairmanship/ Membership of Committees in other Indian Public Limited Companies as on 31.03.2009.* (C = Chairman) (M = Member)	—	**Audit Committee** Jindal South West Holdings Limited (M) Bhuwalka Steel Industries Limited (M) Sobha Developers Limited (M) Vesuvius India Limited (C) **Shareholders/Investors Grievance Committee** Jindal South West Holdings Limited (M) Sobha Developers Limited (M) Vesuvius India Limited (M)	—	—	**Audit Committee** JSW Cement Limited (M)	—

* only two committees namely, Audit Committee, Shareholders/Investors Grievance Committee have been considered

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report of your Company along with the Audited Statement of Accounts for the year ended 31 March 2009.

1. FINANCIAL RESULTS

(Rs. in crores)

Sl. No.	Particulars	FY 2008-09	FY 2007-08
i)	Gross Turnover	**15,179.29**	12,628.91
ii)	Net Turnover	**14,001.25**	11,420.00
iii)	Other Income	**259.56**	152.25
iv)	**Total Revenue**	**14,260.81**	11,572.25
v)	**Profit before Interest, Depreciation, & Taxation (EBIDTA)**	**3,092.67**	3,506.85
vi)	Interest	**797.25**	440.44
vii)	Depreciation	**827.66**	687.18
viii)	**Profit before Taxation & Exceptional Items**	**1,467.76**	2,379.23
ix)	Exceptional Items	**790.13**	(104.89)
x)	**Profit before Taxation (PBT)**	**677.63**	2,484.12
xi)	Tax including Deferred Tax and Fringe Benefit tax	**219.13**	755.93
xii)	**Profit after Taxation (PAT)**	**458.50**	1,728.19
xiii)	Profit brought forward from previous year	**3,505.86**	2,267.56
xiv)	**Amount available for Appropriation**	**3,964.36**	3,995.75
xv)	**Appropriations**		
	Transferred from debenture redemption reserve	**20.45**	23.30
	Dividend on preference shares	**(28.99)**	(29.06)
	Proposed final dividend on equity shares @10% (@140% for FY 2007-08)	**(18.71)**	(261.87)
	Corporate dividend tax	**(8.11)**	(49.44)
	Transfer to general reserve	**(45.85)**	(172.82)
	Total	**(81.21)**	(489.89)
xvi)	**Balance carried to balance sheet**	**3,883.15**	3,505.86

The current global crisis has no parallel after the great depression of 1930, which shook the world economy. The Financial Systems across the world got disrupted leading to severe contraction in demand, steep fall in prices, heightened risk aversion. The flight of capital from emerging economies had put pressure on the currencies including Indian rupee. In spite of this turbulence and turmoil, your Company posted a Crude steel production of 3.724 Mn tonnes and sold 3.428 Mn tonnes of various steel products during the year under review showing a growth over the previous year. The growth would be much higher if the trial production and its sales of 0.140 Mn tonnes and 0.076 Mn tonnes respectively from the recently commissioned expansion project in February 09 were included with the volumes from existing operations. While the world crude steel production contracted by 25%, due to production cuts caused by severe demand contraction, your Company, in spite of temporary production cuts for a period of 2 months, restored normal production in January 2009 and also commissioned the expansion project in February 2009 to become a leading player in the Indian Steel Industry with the installed capacity of 7.8 MTPA.

Your Company achieved a growth of 20% in gross sales compared to previous year mainly on account of higher realisations in the first half of the year. Even though the net sales went up and the volumes were higher than the last year, the Company's EBITDA margin was lower at 21.8% as increased higher prices under long term contract for iron ore and coal remained for the year under review when the realisations fell by more than 50% in the second half of fiscal 2009. Though the Company registered an EBITDA of Rs.3,092.67 crores including other income, the exceptional volatility in foreign exchange market led to steep depreciation of rupee against the US$ resulting into an foreign exchange loss of Rs.790.13 crores. While the Company reported a cash profit of Rs. 2295.42 crores and even after absorbing this exceptional loss its net profit was Rs. 458.50 crores. The Company adopted two pronged strategy of reducing the cost of production and of leveraging the domestic demand, which was less impacted by global crisis, to increase the Company's market share. In view of the swift changes in strategies and the inherent strength of your Company, it remained profitable despite the unprecedented, deep and longer duration of global crisis.

Pursuant to Accounting Standard (AS) – 21 on "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include financial information of its subsidiaries. On an application made by the Company under Section 212(8) of the Companies Act 1956, to the Central Government seeking exemption from attaching a copy of the balance sheet, profit and loss account and other documents of the subsidiary companies required to be attached under Section 212(1) of the Act to the Balance Sheet of the Company, the Central Government has vide its letter No. 47/226/2009-CL-III dated 17 April 2009 granted exemption from complying with this requirement. However, the aforesaid documents relating to the subsidiary companies and the related detailed information will be made available upon request by any member or investor of the Company/subsidiary companies. Further, the Annual Accounts of the subsidiary companies will be kept open for inspection by any investor at the registered office of the Company and also that of the subsidiary companies.

Consolidated Financial Statements also reflect minority interest in associates as per Accounting Standard (AS) – 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" and proportionate share of interest in Joint Venture as per Accounting Standard (AS) – 27 on "Financial Reporting of Interests in Joint Ventures".

As per the Consolidated Financial Statements, the Gross Sales, EBIDTA and PAT of the Company were Rs. 17,112.88 crores, Rs. 3,253.50 crores and Rs. 274.91 crores respectively. The PAT on consolidated basis was lower than the standalone basis mainly on account of inventory write-down and lower/negative margins in the second half of FY 2008-09 in the overseas operations in UK and USA accounted by continuous fall in product prices.

2. DIVIDEND

The Board, subject to the approval of the Members at the ensuing Annual General Meeting, recommended dividend at the stipulated rate:

- of Re.1 per Share on the 27,90,34,907, 10% Cumulative Redeemable Preference Shares of Rs.10 each of the Company, for the year ended 31.03.2009; and
- of Rs.1.10 per Share on the 99,00,000, 11% Cumulative Redeemable Preference Shares of Rs.10 each of the Company, for the year ended 31.03.2009.

The Board, considering the Company's performance and financial position for the year under review, also recommended dividend at Re. 1 per Equity Share on the 18,70,48,682 Equity Shares of Rs. 10 each of the Company for the year ended 31.03.2009, subject to the approval of the Members at the ensuing Annual General Meeting.

Together with the Corporate Tax on dividend, the total outflow on account of Equity dividend will be Rs. 21.89 crores, vis-à-vis Rs. 306.37 crores paid for fiscal 2007-08.

3. PROSPECTS

While the steel demand and realisations scaled new high in the first half of calendar year 2008, they retraced in just two months due to global melt down contracting the demand by more than 25% and the prices by 50%. Even though the impact of this melt down is expected to be deep and of a longer duration, the optimism stems from the swift policy responses by various Central banks and the Governments in a co-ordinated manner to stimulate the global economy with large stimulus packages and easing the monetary policy by lowering the interest rates and pumping in massive liquidity into the financial system. It is heartening to note that the signs of revival due to these co-ordinated measures are being felt from the improving sentiments about the economic outlook. The emerging economies are expected to lead this recovery with higher infrastructure spend and larger fixed assets investments which is positive for the steel industry.

International Monetary Fund has estimated a negative GDP growth of 2.5% for the world economy for the year 2009 and while at the same time China and India continues to grow albeit at a slower pace. India is projected to be the second largest growing economy in the world. The optimism is further corroborated by sizable investment plans by the Govt. of India in creating robust infrastructure. Some of which are as follows:

- The power generation capacity addition under the Eleventh Plan is expected at 78,577 MW. Out of the planned target, projects totalling 63,312 MW are under implementation, of which 18,177 MW are in the private sector.
- The Indian Railways has drawn up plans towards up gradation of rail infrastructure and procurement of new assets of rolling stock during financial year 2009-10 with an estimated expenditure of Rs. 37,500

crores. Besides, it is also undertaking the construction of a dedicated freight corridor, the biggest infrastructure development activity of Indian Railways since independence – an investment of Rs. 3,000 crores in 2009-10 has been earmarked for this initiative.

- The National Highways Authority of India plans to award 105 new road projects worth Rs. 1,00,000 crores in 2009-10.
- An investment of Rs. 11,000 crores has been earmarked towards the development of new green field airports in the 11th Plan period.
- The total housing requirement during the 11th Plan Period is estimated at 26.53 million. Conservative estimates as per NUHHP -2007 suggest an investment of Rs. 3,61,318 crores over the 11th Plan period to meet this requirement – this has now been revised to approximately Rs. 5,10,000 crores.

Your Company has poised itself to an unassailable position to capture a larger share of the expanded domestic steel market which is likely to offset the impact of the global slowdown in the demand to a great extent.

Your Company has commenced commercial operations of its 2.8 MTPA expansion project on 10 April 2009. The total capacity of 7.80 MTPA comprises of 5.30 MTPA (68%) flat products and 2.50 MTPA (32%) of long products. Besides the value added products in the flat product segment constitutes 34% (1.80 MTPA). The robust demand in the rural and semi urban areas and the wide net work of your Company across India through JSW Shoppe and dealer network throws up an opportunity in these interesting times to increase the market share. When some of the competitors are not able to sustain production level in these difficult times, your Company has worked out a business plan for the fiscal year 2010 to produce and sell 6.4 Mn tonnes and 6.1 Mn tonnes respectively of various steel products showing a growth of 72% and 78% respectively over year under review. The lower long term contract prices for key inputs namely; iron ore and coal will bring down the cost of production further improving the operating margins of the Company.

4. PROJECTS AND EXPANSION PLANS

Vijayanagar Works

(a) Projects commissioned during FY 2008-09

- The Phase II Modernization of existing Hot Strip Mill (HSM) to scale up the capacity from 2.5 MTPA to 3.2 MTPA was completed during the fiscal 2008-09. HSM achieved maximum production of 275,130 tonnes in March 2009, which on annualised basis surpassed the enhanced capacity level of 3.2 MTPA.
- The implementation of the Crude Steel capacity expansion project by 2.8 MTPA to reach 6.8 MTPA at Vijayanagar Works was also completed during fiscal 2008-09. All major facilities such as Blast Furnace #3, SMS #2 comprising of Converters, Slab Caster and Billet Caster, Long Product Mills comprising of Wire Rod Mill and Bar Rod Mill were commissioned and trial run operations commenced during the last Quarter of FY 2008-09. Other support facilities such as Coke Ovens #3, Sinter Plant #2, Raw Material Handling Systems, Utilities and other infrastructural facilities such as internal Logistics, Roads, etc. forming part of the expansion project were completed. Further, in respect of the Iron making and Steel Melt Shop, some of other features which are added subsequently in April 2009, includes, Pulverized Coal Injection Unit in Blast Furnace and RH Degasser Unit and LHF #2 in Steel Melt Shop. With the completion of this expansion project, the Company is a leading player in the Steel Industry in the country. The Company commenced commercial operations of this expansion project from 10 April 2009 on stabilisation.

(b) Projects under Progress

- The state-of-the art new Hot Strip Mill with a capacity of 5 MTPA is being implemented in two phases. The Phase-I with a capacity of 3.5 MTPA is expected to be completed by March 2010. The Phase-II will be completed coinciding with the commissioning of expansion project to 10 MTPA at Vijayanagar works.
- Further expansion of Crude Steel capacity by 3.2 MTPA to reach 10 MTPA at Vijayanagar Works along with associated facilities is also under implementation to be completed by March 2011.
- Beneficiation plant of 20 MTPA is being executed in two phases. First phase of 10 MTPA capacity is expected to be completed by March 2010 and second phase is planned to be completed by March 2011.
- The new captive power plant of 300 MW is also expected to be commissioned by March 2011 to achieve self sufficiency in power at 10 MTPA stage.

Salem Works

(a) Major modifications undertaken during 2008-09

The following modifications/improvements were made during 2008-09.

- Additional 24 Coke ovens
- Ladle Re-heating Furnace - 1 (LRF-1) shifted to achieve better synchronisation of operations
- Lime powder charging system in sinter plant
- ID Fan and Venturi modification in Energy Optimisation Furnace -1 (EOF-1)
- Super sonic lancing system modification in EOF-1 & EOF-2
- Shuttle conveyor and drilling machine feed beam modification in blast furnace

(b) Projects under progress

The phase-II expansion to increase the production capacity from 0.4 MTPA to 1 MTPA was completed except Blooming Mill, 300-TPD lime kiln, second VD boiler and third railway line and wagon tippler. This phase is rescheduled to be commissioned by December 2009/March 2010 to achieve 1 MTPA rolling capacity matching with cast steel capacity.

Vasind & Tarapur Works

(a) Projects commissioned during 2008-09

- New Colour Coating Line No 2 was set up at Tarapur in August 2008 with additional capacity of 0.132 MTPA.
- The second Galvanising line at Tarapur was converted into Galvalume line with dual pot facility during August 2008. Balance two more Galvanising lines are expected to be converted into Galvalume line during FY 2009-10.

(b) Projects under progress

- **30 MW Power Plant**

  The Company is close to the commissioning of 30 MW captive power plant at Tarapur. Erection of all equipment viz, boiler, turbine, coal handling system, cooling tower, HT system, MCC, PCC etc., has been completed. This project is expected to be commissioned in Q1, FY 2009-10.

- **Railway Siding**

  The Company got in principle approval from Railway authorities for setting up a Railway Siding at Vasind. The Railway Siding will help the Company in bringing the Raw material from Vijayanagar Works & dispatch finished goods from Vasind Plant to various parts of the country, in a cost effective way.

5. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

A. Indian Subsidiaries

1. JSW Bengal Steel Limited (JSW Bengal) and its Subsidiary Barbil Beneficiation Company Limited

JSW Bengal Steel Limited was incorporated for setting up a Steel Plant in the State of West Bengal. The Company is in possession of land required for this project. Furthermore, the Project has received Government of India's approval granting SEZ status for the project.

During the year, JSW Bengal Steel Limited formed a wholly owned subsidiary Barbil Beneficiation Company Limited to set up a Beneficiation plant.

It is proposed to implement the project in phases. The first phase will be the beneficiation and pelletisation plant. Considering the current turbulence in the finance market and uncertainties on the timing of recovery in the global economy, the implementation of this project is slowed down and it will be taken up for accelerated implementation on achieving financial closure.

2. JSW Jharkhand Steel Limited

JSW Jharkhand Steel Limited was incorporated for setting up a Steel Plant in the State of Jharkhand. The Company has obtained a Mining Lease for iron ore and also got the mining plan approved. The Company is pursuing for various approvals/clearances for this project.

3. JSW Steel Processing Centres Limited (JSWSPCL)

The Company's wholly owned Subsidiary, JSW Steel Processing

Centres Limited commissioned Steel Service Centre consisting of HR/CR Slitter and cut to length facility with annual capacity of 500,000 tonnes. The company processed 104,010 tonnes during the year 2008-09, in the first year of operations, including 21,644 tonnes from trial run operations.

4. JSW Building Systems Limited (JSWBSL)

JSW Building Systems Limited (JSWBSL) was incorporated on 28 March 2008 with the main object to design, make, prepare, develop, create, alter, replace, repair pre-fabricated building systems & technologies. This Company became the fully owned subsidiary of JSW Steel Limited effective 13 October 2008.

JSWBSL will be participating in the 50% equity capital of JSW Severfield Structures Limited, a Joint Venture Company incorporated on 19 March 2009 with 50:50 equity participation by JSWBSL and Severfield-Rowen Mauritius Limited. The project having a capacity of 35000 tonnes per annum will be set up at an estimated Project Cost of Rs. 220 Crores. The Project is proposed to be funded through a debt equity ratio of 2:1. The Joint Venture Company will be engaged in design, fabrication and erection of structural steelwork and ancillaries, including decking for construction projects in India, Pakistan, Bangladesh, Nepal, Sri Lanka and Bhutan.

B. Overseas Subsidiaries

1. JSW Steel (Netherlands) B.V. (JSW Netherlands)

JSW Netherlands is a holding Company for USA, UK and Chile Operations. During the previous year, it invested Rs.25.94 crores (USD 6.86 million) in 49% equity of Georgia based Geo Steel LLC, incorporated under the laws of Georgia. The Company also invested in the plate and pipe mill in USA and iron ore mining concessions in Chile and service centre in UK through the following step down subsidiaries.

(a) JSW Steel Holding (USA) Inc. and its subsidiary JSW Steel (USA) Inc.

The operating company JSW Steel (USA) Inc. reported excellent performance in fiscal 2007-08 after completion of take over of 90% stake in plate and pipe mill operations on 5 November 2007. In view of the booming oil and gas sector in USA in which the Company's products are used, this Company reported an EBIDTA of US$ 74.63 million from 1 April 2008 to 30 September 2008. The crash in oil prices to less then US$ 40 per barrel made several Companies in the USA to delay their ongoing projects and hold back their future investments. As US economy was deeply impacted by the global crisis, the JSW Steel (USA) Inc. had to cut down its production due to lack of demand from October 2008. Besides, the Company had to take losses on write down of inventories during the year under review. However, the Company reported a positive EBIDTA of US $ 12.23 million for the fiscal year ended 31.03.2009. The large stimulus package announced by new OBAMA administration is expected to have some impact for a gradual recovery in USA. Accordingly a conservative business plan has been prepared for fiscal 2010 factoring the current slow recovery in USA. At the same time this Company is also exploring various opportunities outside USA to build its order book.

(b) JSW Steel (UK) Limited and its Subsidiaries namely Argent Independent Steel (Holdings) Limited and JSW Steel Service Centre (UK) Limited

During the year ended 31.03.2008, the Company acquired 100% stake in UK based Service Centre, JSW Steel Service Centre (UK) Limited (formerly Argent Independent Steel Limited) through JSW Steel (UK) Limited and Argent Independent Steel (Holdings) Limited. JSW Steel Service Centre (UK) Limited has slitting and blanking facilities to cater to specific customer requirements.

This Service Centre has been established as a reliable supplier in UK markets. Due to steep fall in prices this Company had to take write down on the inventories resulting in losses during the last fiscal. It is expected that this Company will continue to act as an outlet to market the steel products of JSW Steel in the UK markets.

During the year under review, JSW Steel Service Centre (UK) Limited achieved a turnover of GBP 16.73 million.

(c) JSW Panama Holdings Corporation and Chilean subsidiaries namely Inversiones Eurosh Limitada, Santa Fe Mining and Santa Fe Puerto S.A

During the year ended 31 March 2008, JSW Steel (Netherlands) B.V. has acquired 70% stake in Santa Fe Mining, Chile through other step down subsidiaries.

The exploration activities were carried out on part of the mines acquired in this Company to determine the quantity and quality of reserves and to set up a beneficiation plant in Chile. Following the crash in commodity prices including iron ore and fall in demand from China for iron ore, the Company slowed down the implementation in operationalising the mines in Chile. This project will be taken up after the visible signs of recovery are established in the international steel markets.

2. JSW Natural Resources Limited (JSWNRL) and its Subsidiary JSW Natural Resources Mozambique LDA (JSWNRML)

JSW Natural Resources Limited was incorporated in Mauritius to pursue acquiring coal assets/other assets relating to steel business.

JSW Natural Resources Limited formed a wholly owned subsidiary in Mozambique to acquire Coal assets and to develop Coal Mines in Mozambique.

The Company has started geological survey, due diligence and other formalities to start the mining activities on some of these concessions in Mozambique. A detailed plan for drilling and exploration work has been submitted to Ministry of Mines, Mozambique as part of the regulations by the Ministry. The Company has completed around 2300 Meters of Diamond Core drilling and water Bore Holes on the second mining concession. Totally about 14 Bore Holes by Diamond Drilling and 3 Water Bore Holes have been completed. Core samples from these drilling are being analysed for the partial geological modeling. The Company already completed the initial drilling and survey in the first concession. After receiving the reports on core samples of the second mine about the quality and quantity of reserves, an appropriate plan will be finalized for further engagement in this activity in Mozambique.

C. Joint Venture Companies

1. Geo Steel LLC

Georgia based Joint Venture Geo Steel LLC in which your Company holds 49% equity through JSW Steel (Netherlands) B.V, is setting up a steel rolling mill in Georgia with 1,75,000 tonnes annual capacity across 13.50 hectares in the industrial area of Rustavi in Georgia. The plant is being designed to produce rebar through hot rolling process by using steel billets produced from the Electric Arc Furnace Route.

The project is expected to be commissioned in FY 2009-10.

2. Rohne Coal Company Private Limited

As per the terms of the Joint Venture Agreement to develop Rohne coking coal block in Jharkhand, your Company participated in the 49% equity of newly formed Rohne Coal Company Private Limited along with three other partners. This JV Company received the final allotment letter from the Government of India for development of Rohne Coal block. The topographical survey has been completed and environmental clearance is awaited. The mining plan has been approved by the Ministry of Coal.

3. MJSJ Coal Limited

In terms of the Joint Venture Agreement to develop Utkal – A and Gopal Prasad (West) thermal coal block in Orissa, your Company agreed to participate in the 11% equity of newly formed MJSJ Coal Limited, Orissa along with four other partners. The Government of India has decided to allot 1,522 acres of Gopal Prasad west area to MJSJ Coal Limited. Mahanadi Coalfields Ltd, a Public sector company holds 60% of the equity. Land requirement for the project is about 2,535 acres, the acquisition of which is under progress.

4. Toshiba JSW Turbine and Generator Private Limited

Toshiba JSW Turbine and Generator Private Limited has been incorporated as a Joint Venture company to carry on the business of design, manufacture, marketing and maintenance services of mid to large sized supercritical steam turbines and generators. The Company will be investing up to Rs. 15 crores, equivalent to 5% of the paid up equity. Out of the balance equity, 75% will be held by Toshiba Corporation Ltd., Japan and 20% by JSW Energy Ltd.

The manufacturing facility is proposed to be located near the Ennore port, Chennai. This Joint Venture initiative is expected to have a strong foothold in the rapidly growing supercritical power plant equipment manufacturing sector in India and abroad. Phased manufacture of steam turbine generator is expected to commence from 2010-11.

5. **Vijayanagar Minerals Private Limited (VMPL)**

During the financial year 2008-09, VMPL supplied 1.5 Mn tonnes of Iron Ore from Thimmappanagudi Iron Ore Mines. VMPL is set to enhance the production capacity to 2 Mn tonnes in the financial year 2009-10.

To reduce the cost of logistics and to bring eco friendly dispatch system, VMPL is making a study to install the conveyer system at mines for transportation of ore from the hill top to hill bottom. The conveyer system of transport will reduce the pollution which is created by road movement and will be cost effective also.

It is a matter of pride that during the State level celebration of Safety Week -08, VMPL has bagged the following awards:

- Over All Performance – Zone level - 2nd Prize
- Over All Performance – State level - 2nd Prize
- Welfare Amenities Mechanized - 1st Prize

D. **Associate Companies**

1. **JSW Energy (Vijayanagar) Limited**

JSW Energy (Vijayanagar) Limited, an Associate of the Company, merged with JSW Energy Limited through a Scheme of Amalgamation sanctioned by the Honourable Bombay High Court vide its order dated 10 October 2008 with the appointed date as 1 April 2008. The Company has been allotted 3,11,92,200 equity shares of Rs. 10 each of JSW Energy Limited at the share exchange ratio of 258 equity shares of Rs. 10 each for every 1,000 equity shares held in JSW Energy (Vijayanagar) Limited. Your Company holds 5.7% of equity share capital in JSW Energy. This Company has commissioned at Vijayanagar the first unit of 300 MW power plant in May 2009 and the second unit of 300 MW power plant is expected to be completed in Q2 FY 2009-10.

2. **Jindal Praxair Oxygen Company Private Limited (JPOCL)**

The oxygen plants of JPOCL have been working satisfactorily, primarily to meet the requirement of the steel plant at Vijayanagar Works. During 2008-09, the combined production of the oxygen plant module #1 and module #2 of JPOCL was: gaseous oxygen – 1,028 million nm3; gaseous nitrogen – 325 million nm3; liquid oxygen – 13 million nm3; liquid nitrogen – 20 million nm3 and Argon – 11 million nm3.

6. CREDIT RATING

The rating for long-term/medium term debt and various Bank facilities sanctioned and/or availed by the Company has been revised by Credit Analysis & Research Ltd. (CARE) as "CARE AA –"(Double A Minus) from earlier assigned rating of "CARE AA" (Double A).

The rating for the various Non-Convertible Debentures (NCDs) of the Company (outstanding Rs. 604.71 crores as at 31.03.2009) has been reduced by one notch to "CARE AA – (Double A Minus)" by CARE. "CARE AA –" rating indicates high safety for timely servicing of debt obligations and very low credit risk.

The rating for the short-term debt/facilities sanctioned and/or availed by the Company has been assigned as "PR1 +". "PR1+" rating is the highest rating in the category and indicates a strong capacity for timely payment of short-term debt obligations and lowest credit risk.

The rational for the reduction of long-term rating by one notch as provided by the Rating Agency is as under:

- Rising debt level, corporate guarantees extended to fund overseas acquisitions and to support overseas subsidiaries and the sharp slowdown in demand co-incident with significant capacity expansion.
- Project execution risk related significant capacity expansion programmes, lack of complete backward integration, risk arising from significant foreign exchange exposure of the company, significant corporate guarantee given to subsidiaries and inherent cyclicality of the steel industry.

However, the ratings derive strength from your Company's significant presence in the steel sector, proven management capability, geographical diversity of sales and healthy mix of value-added and upstream products coupled with its ability to implement capacity expansion programmes within the scheduled time and cost and its ability to sell larger volumes in a downturn.

7. FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under Non-Banking Non-Financial Companies (Reserve Bank) Directions, 1966 and Companies (Acceptance of Deposits) Rules, 1975.

8. SHARE CAPITAL

The Board of Directors of your Company had, in their meeting held on 22 January, 2007 and 28 January, 2008, annulled the forfeiture in respect of 1,400 and 7,100 equity shares as per the terms of the Scheme of Arrangement and Amalgamation between the Company, Jindal Iron and Steel Company Ltd. and Jindal South West Holdings Ltd. upon receipt of particulars relating to unidentified call money received and its appropriations.

As per Clause 26.1 of the Scheme of Arrangement and Amalgamation between the Company, Jindal Iron and Steel Company Ltd. and Jindal South West Holdings Ltd., the shareholders who have been issued equity shares on annulment of forfeiture are also entitled to receive warrants as specified in Clause 17 and 23 of the Scheme.

As the validity of the warrants has lapsed, 47 equity shares against the conversion of warrants were allotted directly by the Board of Directors in its meeting held on 31 July 2008, to the eligible shareholders who have complied with the terms of conversion.

Accordingly, during the year under review, your Company's paid-up equity share capital has increased from Rs. 187,04,86,350 (comprising 18,70,48,635 equity shares of Rs.10 each) to Rs. 187,04,86,820 (comprising 18,70,48,682 equity shares of Rs. 10 each).

9. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

During the F.Y 2007-2008, your Company had issued 3250 Zero Coupon Foreign Currency Convertible Bonds (FCCBs) of US$ 100,000 each due 2012 (ISIN XS0302937031), aggregating to US$ 325 million to international investors to part finance the capital expenditure programme of the Company. Each Bond is convertible into equity share of the face value of Rs.10 each of the Company at a conversion price of Rs.953.40 per share, at any time on or after 7 August 2007 until the close of business on 21 June 2012, unless previously redeemed, converted or purchased and cancelled. The Bonds, which are not redeemed, converted or purchased and cancelled, are redeemable on 28 June 2012 at an amount equal to the principal amount of the Bonds multiplied by 142.801 per cent.

Out of the aforesaid 3,250 Bonds issued, 8 Bonds were converted into 33,799 equity shares which were allotted on 4 January 2008.

Considering the FCCBs being traded at a substantial discount to the issue price in view of the prevalent global economic recession and the substantial gain that could accrue to the Company by opting for the buyback of the FCCBs, your Directors had in their meeting held on 28 January 2009 accorded their consent to buyback opportunistically Company's outstanding FCCBs, depending on the availability of funds and the discount at which the FCCBs are available in the market in accordance with the regulations issued by Reserve Bank of India from time to time.

Your Directors are pleased to inform that the Company repurchased and cancelled 15.36% of its remaining outstanding zero coupon Foreign Currency Convertible Bonds of US$ 1,00,000 each, aggregating to US$ 49.80 million (US$ 2 million in April 2009) in accordance with the A.P. (DIR Series) Circular No. 39 dated 8 December, 2008 issued by the Reserve Bank of India.

The principal amount of Bonds outstanding after this repurchase and cancellation is US$ 274.40 million.

Your Company will continue to explore this opportunity going forward.

10. DIRECTORS

Mr. Sajjan Jindal, Dr. S.K. Gupta and Dr. Vinod Nowal, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Kannan Vijayaraghavan and Mr. Jayant Acharya who were appointed by the Board of Directors of your Company in its meeting held on 16 June 2008 & 7 May 2009 as Additional Directors w.e.f. 16 June 2008 and 7 May 2009 respectively in terms of Article 123 of the Articles of Association of your Company, hold office up to the date of the ensuing Annual General Meeting. Your Company has received notices under Section 257 of the Companies Act, 1956 from two shareholders proposing Mr. Kannan Vijayaraghavan & Mr. Jayant Acharya for the Office of Director to be elected by the members in the ensuing Annual General Meeting.

Mr. Jayant Acharya who was inducted as an Additional Director on the Board of Directors of the Company w.e.f 7 May 2009 has also been appointed as a Whole-time Director of the Company designated as "Director (Sales & Marketing)", subject to your approval in the ensuing Annual General Meeting, for a period of five years w.e.f. 7 May 2009.

Your Directors have in their meeting held on 7 May 2009, re-appointed Mr. Seshagiri Rao M.V.S. as a Whole-time Director of your Company for a period of five years w.e.f 6 April 2009 and have also re-designated him as 'Jt. Managing Director & Group CFO' w.e.f. 6 April 2009, subject to your approval. Your Directors have also in their aforesaid meeting held on 7 May 2009 re-designated Dr. Vinod Nowal as 'Director & CEO (Vijayanagar Works)' w.e.f. 1 April 2009 subject to your approval.

The proposals regarding the appointment/ re-appointment/ change in the terms of appointment of the aforesaid Directors are placed for your approval.

Mr. Y. Siva Sagar Rao will cease to be a Director and Whole-time Director designated as "Jt. Managing Director & CEO" of the Company w.e.f. 15 May 2009 consequent to his resignation from the Board.

Mr. Biswadip Gupta, Director and Dr. Ajay Shah, Additional Director, have ceased to be Directors of the Company with effect from 7 May 2009 consequent to their resignation from the Board.

Other changes in the Board of Directors of your Company during the year under review are as follows:

Karnataka State Industrial Investment and Development Corporation Limited nominated Mr. V. Madhu, IAS as its nominee on the Board of your Company in place of Mrs. Sobha Nambisan, IAS w.e.f. 13 June 2008.

UTI Asset Management Company Limited withdrew the nomination of Mr. S. Jambunathan, IAS (Retd.) w.e.f. 15 May 2008 and appointed Mr. G. R. Sundaravadivel in his place on 14 July 2008.

Mr. Nagesh Pinge has ceased to be a Director of your Company w.e.f. 23 January 2009 consequent to his resignation from the Board.

Your Directors place on record their deep appreciation of the valuable services rendered by Mrs. Sobha Nambisan, IAS, Mr. S Jambunathan, IAS (Retd.) Mr. Nagesh Pinge, Dr. Ajay Shah and Mr. Biswadip Gupta during their tenure as Directors & by Mr. Y Siva Sagar Rao, during his tenure as Jt. Managing Director & CEO of your Company.

11. AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to act as auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Act.

12. PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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.

13. 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.

14. AWARDS AND ACCOLADES

Your Company and its employees received the following awards during the year:

i. **Greentech Safety Award 2007:** Gold award in metal and mining sector for Outstanding Achievement in Safety Management by Greentech Foundation (10 April 2008, at Mumbai).

ii. **G3 Awards for Good Green Governance 2007:** Winner's trophy in the Manufacturing Category by SRISHTI, New Delhi (22 April 2008).

iii. **TERI Corporate Environmental Award 2008:** Certificate of appreciation for efforts towards environmental management and innovative initiatives amongst corporations with a turnover above Rs. 500 crores (31 May 2008).

iv. **CII National Energy Management Award 2008:** Excellent Energy Efficient Unit by CII (August 2008).

v. **Greentech Environment Excellence Award 2008:** Gold award in metal and mining sector for Outstanding Achievement in Environment Management (6 September 2008, at Goa).

vi. **CII-EXIM Award 2008:** Commendation Certificate for Significant Achievement towards business excellence (6 November 2008, at Bangalore).

vii. **National Sustainability Award 2008:** First prize for excellent performance in integrated steel plant operations (14 November 2008, at New Delhi).

viii. **CII-ITC Sustainability Awards 2008:** Commendation Certificate for Significant Achievement on the journey towards sustainable development (12 December 2008 at New Delhi).

ix. **National Award for Excellence in Water Management 2008:** Adjudged as "Water Efficient Unit" by CII during National Competition for Excellence in Water Management (16 and 17 December 2008 at Hyderabad).

x. **Golden Peacock Award 2008:** Winner of Golden Peacock Award for Corporate Social Responsibility (26 February 2009, at Vilamoura, Portugal).

xi. **IMC Ramkrishna Bajaj National Quality Award 2008:** Performance Excellence Trophy in the manufacturing category (24 March 2009, at Mumbai).

Individual & team recognitions:

i. IIM Platinum Medal won by Dr. S.K. Gupta, Director, for his outstanding contribution to the metallurgical profession, education, research at National Metallurgists' Day (NMD) celebrations on 14 November 2008. This award was instituted by the Indian Institute of Metals.

ii. Young Metallurgist of the year Award: Jointly shared by Mr. K. P. Mrunmay and Mr. Pramod Kumar Gupta of R & D and Scientific Services department. This award is given to young metallurgists to encourage research in the field of metallurgy, on 14 November 2008, at NMD celebrations, New Delhi.

iii. ICCQC 2008, Bangladesh: Tungabhadra team of your Company won extra-ordinary category award at recently concluded International Chapter Convention on Quality Circles 2008, at Dhaka in Bangladesh. The ICCQC competition was held from 23 to 26 September and the theme selected was - "Improving the performance of the Double Deck Roller Screen". Team members: Mr. Raghu M, Mr. B. I. Karabhari, Mr. Rajashekar Hiremath, Mr. G. B. Kesapur, Mr. Shivakumar K. and Mr. Nagendra.

iv. NCQC 2008, Baroda: "Swayam" QC Team from Coke Oven unit of your Company won Excellent Category, and "Genius" QC Team from BOF-CCP unit won Distinction Category, during National Convention on Quality Circles at Baroda on 10 November 2008.

15. CORPORATE GOVERNANCE

Your Company has complied with the requirements of Clause 49 of the listing agreement regarding Corporate Governance.

A report on the corporate governance practices, the Auditors' Certificate on compliance of mandatory requirements thereof and Management Discussion and Analysis are given as annexure to this 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 along with proper explanation relating to material departures;

(ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss 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 the 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 take this opportunity to express their appreciation for the co-operation and assistance received from the Central Government, the Government of Karnataka, the Government of Maharashtra, the Government of TamilNadu, the financial institutions, banks as well as the shareholders and debenture holders during the year under review. The Directors also wish to place on record their appreciation of the devoted and dedicated services rendered by all the employees of the Company.

For and on behalf of the Board of Directors

Savitri Devi Jindal
Date : 7 May 2009 Chairperson

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

Conservation of Energy is the major thrust area in the Company since its inception. The same trend continued in the year under review as well:

Development initiatives

Various energy conservation initiatives had been undertaken in different plants over the year. Process optimisations, Six Sigma, de-bottlenecking, automation, modification, etc., were some of the methods used.

Energy conservation initiatives at Vijayanagar Works

- Achieved Specific Energy consumption of 6.70 Gcal/tcs against 6.847 Gcal/tcs in the last year.
- Captive power generation utilising by-product gases i.e. BF gas & Corex gas increased from 86.87 MW to 93.35 MW by stabilisation of BF gas pressure with the help of BF gas holder.
- Waste heat utilization and by product gas utilization improved at Non-recovery type coke oven based captive power plant resulting in increase of power generation from 59.16 MW to 72.38 MW.
- By effective control of off blast and increased plant availability the coke rate in Blast furnace was reduced by 3.5% and also increase in the CDI rate by 18.39% over the last year.
- By effectively controlling power consumption during the period of shut down/idling the specific power consumption at Sinter plant was reduced by 7.90% over last year.
- LD gas recovery increased by 45.47% over the last year. This was achieved due to installation of additional booster to take care of LD gas transport during booster shutdown and replacement of delivery mesh.
- Corex gas utilization improved from 93% to 94.18% with modification in controls in flaring system.
- LPG consumption reduced from 12.61 Tonnes/day to 10.9 Tonnes/day with the replacement of LPG by Corex gas in BF flare stack pilot, sand heating system in BOF and in BF boiler.

Energy conservation initiatives at Salem Works

Several initiatives were taken for the conservation of energy and the following were achieved during the year.

- Significant increase in Coal injection at Blast Furnace, from 80 kg to 140 kg per ton of hot metal.
- Improvement in utilisation of Oxygen by scheduling
- Significant improvement in waste water disposal
- From the Heat – Recovery coke ovens, the sensible heat of the hot flue gases are now being harnessed for power generation through Waste heat Boilers.
- Waste Coke Fines from coke oven quenching water settling tanks are being reused at Power Plant
- Tapping Temperature at EOF improved leading to reduction of power consumption at ladle furnace.

Energy conservation initiatives at Vasind Works

Various energy conservation initiatives such as Process optimisation, Six sigma, De-bottlenecking, automation, were undertaken.

- In Hot Rolling Plate Mill, VVVF drives were provided in furnace combustion blowers and optimised motor ventilation blowers & auxiliary equipments. This resulted in a saving of 8 kwh/tonne.
- Power consumption in CGL2 was reduced by 7 KWH/MT by optimising the process through Six sigma project. Major impact was by optimisation of Ceramic pot inductors, Cooling blowers, water inlet flow of HOT Well pump, cooling tower fan and PHF Combustion Blower, close loop control of CAG blowers etc.
- AC VVVF drives provided for CRM 3 & 4 coolant pumps and CRM4 Coolant lift pump to run the pumps at 20% speed during idle time in mill, has resulted in savings of 8 Kwh/tonne. AC drives provided for CRM4 POR EPC power pack and motor ventilation blower.
- Energy efficient insulated DSL was provided in HRM grinding bay.
- AC VVVF drives were provided for CGL1 EPC Power pack.
- Steam condensate recovery system was provided in Pickling to reduce Furnace oil consumption.

Energy conservation initiatives at Tarapur Works

Various energy conservation initiatives were undertaken in Tarapur in the last year. The major initiatives were in process optimization & automation.

- In the Cold Rolling Division, VVVF drives were provided for TM-6 pump house, TM-4 coolant pump & exhaust blower motors.
- In the Galvanizing division, reduced the idle run time of motors by modifying the programme in CSD-1. In CSD-2, three VVVF drives were installed in cooling blower motors.
- In Galvanizing line (CSD-3), the insulation of GL & pre-melt pot was improved, temperature optimization was carried out at the entry of zinc pot, speed control was carried out for induction blower, temperature optimization for induction furnace heating and APC blowers' speed was taken into closed loop with pyrometer temperature feedback.

Total energy consumption and energy consumption per unit of production are given in Form 'A'.

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

Exports has always been a strategic move at JSW with a clear focus on Value-Addition, Customisation and expanded geographical reach. Inspite of demand contraction in international market during fiscal 2008-09, your Company exported 0.967 Mn tonnes expanding its reach to five continents.

b) Total Foreign Exchange used and earned:

(Rs. in crores)

		2008-09	2007-08
i)	Foreign Exchange earned	**4,194.70**	3,298.66
ii)	Foreign Exchange used	**8,293.63**	4,707.17

Form 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER & FUEL CONSUMPTION

Particulars	2008-09	2007-08
1. Electricity		
a) Purchased		
Unit (kwh) (in Lacs)	**2261.70**	1921.41
Total Amount (Rs. in crores)	**114.78**	85.91
Rate/Unit (Rs.)	**5 .07**	4.47
b) Own Generation		
i) Through Captive power plant		
Unit (kwh) (in Lacs)	**17972.36**	15201.21
Total Amount (Rs. in crores)	**547.30**	303.21
Cost/Unit (Rs.)	**3.05**	1.99
ii) Through diesel generator		
Unit (kwh) (in Lacs)	**532.99**	1013.74
Unit per per ltr of diesel	**2.54**	4.83
Total Amount (Rs. in crores)	**25.75**	43.50
Cost / Unit (Rs.)	**4.83**	4.29
2. Coal + Coke		
Quantity (tonnes)	**48,49,085 t of Coal + 4,88,667 t of Coke**	40,11,080 t of Coal + 7,86,701 t of Coke
Total Amount (Rs. in crores)	**5,862.15**	3,215.06
Coal Rate (Rs. / t)	**9872**	5138
Coke Rate (Rs. / t)	**22006**	14669
3. Furnace Oil		
Quantity (K. Ltrs)	**10810**	11402
Total Amount (Rs. in crores)	**28.45**	23.57
Average Rate (Rs./Ltrs)	**26.32**	20.67
4. LPG		
Quantity (tonnes)	**19603**	22646
Total Amount (Rs. in crores)	**74.72**	76.80
Average Rate (Rs./t)	**38116**	33914

B. CONSUMPTION PER UNIT OF PRODUCTION

Particulars	Standards (if any)	2008-09	2007-08
1. Hot Rolled Coils/ Steel plates/ sheets:			
Electricity (kwh/t)	350	**371**	363
LPG (Kg/t)	1.30	**1.38**	1.60
2. Steel Billets & Blooms:			
Electricity (kwh/t)	149	**185**	177
3. Rolled Products:			
Electricity (kwh/t)	90	**114**	97
4. Galvanised Coils/Sheets:			
Electricity (kwh/t)	218	**186**	194
LPG (Kg/t)	20	**19**	19

Form 'B'

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R & D)

1. **Specific areas in which R & D activities were carried out by the Company**

Research and Development activities were carried out in various technological areas, including beneficiation of iron-ore, pelletisation and sintering of iron-ore, coke making, iron making in corex and blast furnace, steel making and casting, hot rolling, cold rolling and waste utilisation, with emphasis on improvement in quality, productivity, energy conservation, waste utilisation, cost reduction and environment protection.

R & D was also carried out for development of value added products in the form of 32 new grades to meet specific requirements of customers, including:

- Micro alloyed steels like 27MnSiVS6, SMnB3H for forging application
- SAE 9254 for spring wire application
- Electrode, CO2 grade welding wire rod
- Development of improved morphology for free cutting steels
- Wire and rods

2. **Benefits derived as a result of R&D efforts**

- Optimisation of coal blend for recovery coke ovens to produce consistent BF grade coke of CSR less than 65%
- Reduction in fuel rate by 15 kg/thm through optimisation of slag regime in Corex
- Reuse of burnt tuyears in Corex by copper casting of nose, reducing the replacement cost
- The Blast Furnace 1 productivity was increased from 2.3 to 2.5 t/m³/d by optimising burden distribution, material discharge rate, soft blowing philosophy and improvement in tapping practice
- PCI rate was enhanced up to 90 kg/thm in BF#1 by improving permeability in the lower part of the furnace
- Change in tundish internal design and optimisation of operating parameters during grade transition through water modelling for inclusion flotation and increased yield
- Reduction in coke moisture by modifying spray arrangement in quenching chamber
- Using of semi soft coking coal up to 20% in coal blend
- Reduction in coal cake breakages at the end by using watering of coal cakes while stamping
- Introduction of box tests of different coal blends to predict the properties of coke with a coal blend in advance
- Lime slaking was introduced and stabilised at 40kg/t
- Blending technique of all raw material was established for sintering
- Net coke utilisation increased to 65kg/t
- Development of 160 dia. rounds and 100 sq. billets in cast section
- Development of 40 mm TMT rebars
- Development of 6 mm wire rods
- Improvement in yield properties of TMT bars by in house modification of water quenching techniques along with increased productivity
- Reduction in oil consumption at reheating furnaces using increased amount of BF gas.
- Development of Predictive Models:
  * Heat Balance Model for non-recovery coke ovens
  * Mass Balance Model for Sinter Plant
  * Heat Balance Model for BF.

3. **Intellectual Capital**

a) **Patent –**

Following patent applications were filed:

* Dust burner system in COREX for Injecting Recycled-Dust in Melter-Gasifier with increased dust load and longer life
* A dust recycling system for enhanced availability of Corex. International patent applications filed in Korea, China, South Africa and Austria
* A Tundish adapted for reduction in residual metal losses and a method thereof
* A multi-function lance burner flame sensing system for RH Degasser
* A method for improving productivity of Cold Rolling Mills avoiding stickiness between wraps of coil.

b) **Copyrights –**

* Heat and Mass Balance Model for Corex
* Mass Balance Model for Sinter
* Vision Mission and Policies Statement of JSW- Booklet
* Burden Distribution Model for Blast Furnace
* Heat Balance Model for Blast Furnace
* Mass Balance Model for Blast Furnace
* Iron Atlas.

4. **Plan of action**

It is planned to set up off-line simulation facilities, such as beneficiation lab, a pilot coke oven lab, an agglomeration lab, a physical model lab, a product development lab, and characterisation facilities under R & D. Such facilities will enable optimisation of the existing processes and development of new processes and products. Another thrust area would be to further increase the utilisation of solid wastes generated within the plant. A lab scale/pilot scale facility is under consideration for development of technology for converting waste into wealth.

5. **Expenditure on R & D (2008-09)**

Capital	: Rs. 5.31 crores
Recurring	: Rs. 7.07 crores
Total	: Rs. 12.38 crores

R & D Expenditure as % of total turnover: 0.08%

6. **Technology Absorption, Adoption and Innovation**

A) **Vijayanagar works**

- Design and development of moving wall pilot coke oven with stamp charging facility for optimization of blend for coke ovens. The system is yet to be installed.
- Design of end wall and under flue in non-recovery coke ovens to improve the life of non-recovery coke oven battery. Its life after modifications is under review.
- Development of new Dust Burners in COREX which enabled recycling of high dust loads into the Melter-Gasifier and enhanced life from 3 months to 9 months.
- Development of a process for producing cold bonded pellets from solid wastes generated in integrated steel plants through lab scale R & D trials.
- Development of new 90° bend design, for pipes conveying granular material for higher service life from three to six months using fluid dynamics software.
- Introduction of new indices for process control in hot metal de-siliconisation and de-phosphorisation treatment, first of its kind in India. This reduced the flux and oxygen consumption by 20%.

B) **Salem works**

- In Coke oven, an improved box test was developed for prediction of coke properties. Utilised for several blend combinations to precisely predict the coke properties. Such experiments paved way for maximum utilisation of semi soft coking coals in the blend in the coke production. Even to an extent of 20-25% such coking coals were used in the blend without compromising the quality. Good quality coke, rich with carbon was produced using anthracite in the blend besides reduction of volatile matter content in the coal blend.

C) **Vasind/Tarapur works**

- Converted CSD-3 at Tarapur to galvalume with dual pot arrangement for galvanizing & galvalume. The line can be switched from one product to other within 8 hours time. While doing the conversion process speed is also increased from 120 mpm to 150 mpm.
- Z test facility for HR plate testing developed in-house.
- New ABB make AGC commissioned for better thickness control in Hot Rolling Mill.
- Electrostatic oiler (Ravarini, Italy make) was commissioned in Skin Pass Mill for uniform oil control.

Imported Technologies

Major imported technologies commissioned during the year include:

- Recovery type coke oven by Sino Steel MECC (China) and China Shougang International Trading Corporation
- Sinter plant 2 by OUTOTEC
- Blast furnace No. 3 Siemens VAI
- Critical equipment of steel making Shop -2 by SMS Demag and SMS Mevac
- Slab Caster, SMS-2 from SMS Demag
- Billet Caster from Concast (Switzerland)
- Wire Rod Mill – Morgan (USA)
- Bar Mill – Morgan (USA)
- Lime Calcination Plant from Cimprogecci, Italy

All the above technologies have been commissioned in 2008-09 and the technology is fully absorbed.

The following technologies were imported during the year 2008-09:

- Scanning electron microscope for characterisation and failure analysis. The equipment is extensively used.
- Thermo Mechanical Simulator by Gleeble, USA. It is expected to be commissioned in the financial year 2009-10.

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, 2009.

Sr. No.	Name	Designation	Remuneration (Amt. in Rs.)	Qualification	Total Experience (No. of Years)	Age in Years	Date of Commencement of Employment	Previous Employment (Designation)
(A)	**Employed throughout the year and were in receipt of remuneration of not less than Rs. 24,00,000 per annum.**							
1	Acharya Jayant	President - Marketing	7,605,373	BE (Chemical), M. Sc. (Physics) MBA Marketing	26	46	1-Jul-1999	Essar Steel Ltd. (Jt. General Manager)
2	Aggarwal Ashok Kumar	Sr. Vice President - HSM	4,994,714	B.Sc. (Engineering)	23	50	2-Jun-1998	Essar Steel Ltd.-Hazira. (Jt. General Manager)
3	Asher Rajesh Haridas	Sr. Vice Pesident - Finance and Investors Relations	7,868,708	CA, MFM, CPA (USA)	27	52	16-Nov-2007	Bunge India Pvt. Ltd. (CFO & VP Finance)
4	Banerjee Sharmila	Associate Vice President - Corporate Commns.	2,680,466	BA, MA, PGDBM (MBA)	22	44	2-Jul-2007	Hinduja Group India Ltd. (Vice President)
5	Batni Srinivas	Associate Vice President - Marketing (CS)	2,827,376	BE (Mech.), M.Tech. (Materials)	37	60	12-Apr-1996	MN Dastur Co. (Dy. Chief Engineer)
6	Dhillon Dinesh Singh	Pilot-Aviation	4,240,270	BA, CPL	9	37	6-Oct-2005	Pawan Hans (First Officer)
7	Dixit Praveen	Associate Vice President - Marketing (International)	2,767,940	M.Sc., PGD Indl. Mgt., MMM	20	44	30-Dec-1991	Roadmaster Strips Steel Ltd. (Engineer)
8	Ganapathy Nagarani	Associate Vice President - Legal	3,086,447	B.Sc., LLB, LLM, Solicitor	16	43	4-Oct-2005	Rajani Associates Solicitor (Partner)
9	Garg V. P.	Vice President - Commercial	4,351,854	B.Com, CA	25	48	1-Dec-1988	Modern Group (Finance Manager)
10	Gopikrishna M.	Associate Vice President - Marketing	3,000,324	MA (Economics)	25	50	16-Mar-1998	Essar Steel Ltd. (Dy. General Manager)
11	Guron Paramjit	Pilot-Aviation	5,103,357	B.A, CPL	19	46	3-Oct-2005	Orient Flying School (Chief Pilot & CFI)
12	Jain Prashant Surendra	General Manager - Corp. Strategy & Dev.	4,620,921	B.Sc. (Engineering - Mechanical)	17	38	1-Jan-1996	DCM Shriram Industries (Asst. Plant Supritendent)
13	Jayaraman R.	General Manager - MIS & Imports	2,843,680	B.Com, MBA	18	45	1-Oct-1990	Indian Market Research Bureau (Field Surveyor)
14	Jayram Sanjay	Asscoiate Vice President - Marketing	3,392,049	BA (Economics), Dip. (Mech/ Machine), Dip. (Export)	24	48	3-Apr-2006	Essar Steel Ltd. (Head - Sales-North Zone)
15	Jindal Jagminder Das	General Manager - Sales Audit	2,462,224	SSC	29	46	8-Dec-1979	Jindal Steel & Alloys Limited (GM)
16	Jindal Sajjan	Vice Chairman & Managing Director	65,562,387	BE (Mechanical)	27	49	4-Jul-1992	Jindal Strips Ltd. (Jt. Managing Director)
17	Kandoi Umesh Ramlal	General Manager - CPC	2,653,280	B.Com, CA	21	45	1-Jul-2006	Grasim Industries Ltd. (DGM)
18	Kedia P. K.	Group President - Commercial	6,683,563	B.Com, FICWA, DBM, CS (Inter)	33	49	26-Oct-2005	Essar Steel Ltd. (Vice President - Commercial)
19	Kole P. R.	Associate Vice President - Banking & Finance	3,488,881	B.Com, CA, LLB	23	48	1-Oct-1988	BDPL Group (Accounts Executive)
20	Lal H. R.	Vice President -HR and Admin.	2,992,292	PGD. (SW), LLB	32	55	8-Apr-2004	SAIL (Jt. Director)
21	Mahendra Sharad	Associate Vice President - Marketing (Domestic)	3,143,704	BE (Mech.)	19	42	3-Aug-2006	Escorts Ltd. (DGM - Marketing)
22	Maheshwari Arun	General Manager - Marketing	3,161,097	MBA (Mktg. & Finance)	17	39	19-Aug-2003	Maketi Rolling Mills Ltd. (Manager Business Development)
23	Maheshwari Santoshkumar Mohanlal	Vice President - Project Finance	6,003,909	BE (Mech.), Master in Management (Finance)	20	45	5-Apr-2007	Sterlite Industries Ltd. (Associate Vice President - Finance)
24	Mehrotra Alok	Vice President - Finance & Accounts	3,921,850	CA	28	52	1-Sep-1995	UP State Cement Corp. Ltd. (Manager)
25	Modi Shushil Kumar	Associate Vice President - Finance	2,519,270	ICWA, ACS, CFA, ACA	13	36	20-Feb-2006	Mittal Steel Point Lisas Ltd. (Manager)
26	Mohta Manoj Kumar	Associate Vice President - Finance	3,157,371	B.Com, ICWA, CA	15	38	14-Nov-2004	Aditya Birla Mgt. Corp. (DGM)
27	Mukherjee Tuhin K.	Executive Director	6,135,558	PGD. (AERIAL PI Remote Sensing)/ PGD. (Business Mgt.)/MSC	35	57	15-Feb-2006	Central Mine Plan. & Design Inst. Ltd. (General Manager, TB/BD)
28	Naha Tapan Kumar	Vice President - Iron	3,716,036	BE (Met.)	28	53	30-Sep-2002	Bhilai Steel Plant (AGM 'SGP)
29	Nowal Vinod K.	Director - Commercial	6,214,657	MBA, DBM, Ph.D	28	53	14-Feb-1984	K. M. Sugar Mills Ltd. (Factory Manager)
30	Pai Rajeev M.	Vice President - Finance & Accounts	4,856,198	B.Com, CA, CS (Inter)	25	47	1-Dec-2000	Crompton Greaves Ltd. (Manager - Finance)
31	Patidar V. K.	Vice President - SMS-II (BOF)	3,467,718	BE (Electrical)	27	50	7-Jan-1992	Electrotec Engineering (Partner)
32	Patil Sadashiv	Associate Vice President - HR & Admin.	2,630,230	BA, Diploma in Human Resource	26	52	29-Apr-1995	Tata SSL Ltd. (Deputy Manager)
33	Pawar Ulhas G.	Vice President - Logistics	3,912,777	M.Com , LLB, Pgd. (Mktg. & Export)	32	53	19-Jan-1998	Essar Steel Ltd. (Jt. General Manager-Marketing)
34	Poyyamozhi V.	Vice President - SMS-I (BOF)	3,358,969	BE (Mechanical)	28	52	2-Mar-1998	SAIL (Senior Manager)
35	Rajashekar P.	Vice President - Blast Furnace III	3,112,907	BE (Mechanical)	25	52	13-Jul-1998	Vizag Steel Plant (Manager)
36	Rajendran P. M.	Sr. Vice President - RMHS & CMD & BF-III	4,401,329	MSC (Engg.)	32	56	1-Dec-1994	Rourkela Steel Plant (Sr. Manager)
37	Raju V. V. S.	Associate Vice President - Coke Oven	2,767,737	BE (Mett)	35	61	14-Apr-1997	SAIL - (AGM)
38	Ramesh D.	Vice President - Commercial	3,825,536	B.Sc (Mech. Engg.)	37	59	5-Aug-2004	ISPAT Ind Ltd. (Vice President Coal & Coke)
39	Ranka Balwant K.	Associate Vice President - Corporate Affairs	3,473,277	B.Com, FCA.	20	42	1-Jul-2007	Practising Chartered Accountant
40	Rao Y. Siva Sagar	Jt. Managing Director & CEO	10,749,898	BE (Mech.)	38	62	19-Jul-2007	Rashtriya Ispat Nigam Ltd. (Chairman cum MD)
41	Ravichandar D.	President - Projects	5,510,094	BE (Mech.), BE (Elect.), Diploma (Finance)	31	52	18-Nov-1994	Bhushan Steel & Strips Ltd. (General Manager)
42	Roy Kinshuk	GM - Application Engineering (GTS)	2,406,894	BE (Metallurgy), MBA (Mktg.)	21	44	11-Feb-2008	Tata Steel Ltd. (Head Product Appln-Jamshedpur.)
43	Sarda Pankaj	General Manager - Internal Audit	3,056,544	CA, CS, ICWA,CISA	27	52	4-Sep-2006	Reliance Group (Additional Vice President)
44	Sarover K.	Senior Vice President - Steel & Mills	4,715,789	BE (Mechanical)	30	55	2-Jul-2005	Jindal Stainless Ltd. (Vice President)
45	Sasindran P.	COO	6,666,384	BE (Elect)	41	59	9-May-1998	Essar Steel Ltd. (General Manager)

Sr. No.	Name	Designation	Remuneration (Amt. in Rs.)	Qualification	Total Experience (No. of Years)	Age in Years	Date of Commencement of Employment	Previous Employment (Designation)
46	Sathaye Jayant Moreshwar	Executive Director (Salem Works)	6,693,556	B. Tech. (Mett.), MSC (Process Mett.)	30	53	18-Jul-2007	Sunflag Iron and Steel Co Ltd. (Executive Director Operations)
47	Seshagiri Rao M.V.S.	Director - Finance	8,432,049	B.Com, CAIIB, AICWA, LCS, DBF	30	51	1-Sep-1997	Nicholas Piramal (India) Ltd. (Sr. Vice President)
48	Shah Tushar V.	General Manager - Finance & Accounts	2,675,310	B.Com, AICWA, CS (Inter.)	20	41	12-Aug-1991	The Bombay Silk Mills Ltd. (Cost Accountant)
49	Sharma Narinder Kumar	Assistant General Manager-Aviation	2,989,552	BA	17	44	1-Dec-2006	Orient Flight School, AFI
50	Sharma Ramesh Chandra	Sr. Vice President - Operations	4,719,798	B.Sc.	31	56	1-Feb-1995	Bhushan Steel Ltd. (Assistant General Manager)
51	Sharma Vijay	JMD & CEO - Salem Works	10,791,129	B.Tech. (Met. Eng.), M.S.(Mat. Sci.), PGDBA	32	54	18-Aug-2004	Hospet Steel Ltd. (Executive Director)
52	Shete Hemant P.	General Manager - Finance & Accounts	2,491,443	M.Com, FICWA, CS (Inter.)	26	49	24-Jan-1993	MSRTC (Cost Accounts Officer)
53	Singh Anil Kumar	Associate Vice President - Civil & Eng. Services	2,709,344	BE (Civil)	21	44	1-Dec-1994	BSBK (B) Limited (President Engg.)
54	Singh Anirudh	Senior Vice President - Corporate HR	6,041,342	B.Sc., MBA (General Mgt.)	31	55	1-Aug-2006	Reliance Infocomm Ltd. (Head - HR)
55	Singh Shankar Pratap	Associate Vice President - Works	2,739,148	BE (Mechanical)	22	45	20-May-1995	Steelco Gujrat Ltd. (Dy. Manager)
56	Siva Prasad Pavuluri	Vice President - Mills	2,923,601	B. Tech (Mechanical)	28	53	4-Jan-2006	Essar Steels (VP)
57	Sodani Roop Chand	CEO - Cement	11,061,736	CA	29	54	4-May-2007	Maratha Cement Works (President)
58	Sriram K.S.N.	Deputy General Manager - Corporate Affair	2,420,078	B. Com, CA, ICWAI (Inter)	16	40	6-Oct-2000	Bermaco Group (Sr. Manager)
59	Subramaniam M.	Vice President - Marketing	3,819,577	MA, Diploma in Environm. Science	21	54	14-Sep-1996	Steel Authority of India Ltd. (Branch Manager)
60	Tandon Jugal Kishore	Director - Projects	11,790,715	B. Tech (Hons.) (Metallurgy)	47	67	6-Feb-2007	Essar Steel Ltd. (Director - New Business Development & Projects)
61	Venkateshan M. A.	Sr. Vice President - Finance & Accounts	4,210,201	CA, LLB, CS, ICWA	27	53	3-Jan-2000	Praxair India (P) Ltd. (Accounts Controller/ Co. Secretary)
62	Vijay Kumar S.	Associate Vice President - Excise & Insurance	2,409,350	BE (Ele.), PGD. (MM & Mktg.), PGD. (Tax)	36	57	22-Aug-1996	Mecon (I) Ltd. (Contract Manager)
63	Warrier Madhav M. R.	Vice President - Finance & Accounts	3,265,092	BE (Mech.), ICWA	28	51	30-Sep-1998	Ispat Industries, GM (Costings)
(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**							
1	Chavali S. M.	Vice President - CMD & Utilities	3,292,884	BE (Elec. Engg.)	37	61	10-Feb-1998	Essar Steel Ltd. (Jt. General Manager)
2	Dua Haresh Kishinchand	Vice President - Internal Audit & Compliance	3,427,231	CA, CIA, CISA, CISSP	16	40	22-May-2008	Pantaloons Retail India Ltd. (Chief Internal Audit & Risk Mgt.)
3	Garg Rajiv	President & CEO	9,449,533	B.Sc. Master of Management	32	53	27-Sep-2007	Essel Group (CEO Corp. Strategy & Finance & MD Etc. Network)
4	Gowda Krishna	Vice President - PI & A	949,874	BE (Electrical), BE (Civil)	37	61	20-Jul-1995	Vintage Foods, General Manager (Projects)
5	Gupta Gaurav	General Manager-Corporate Office	3,706,295	Bachelor, Masters (Economics)	8	31	7-Apr-2008	Boston Consulting (Project Leader)
6	Jain N. K.	Advisor	11,002,555	B.Com, F.C.A, F.C.S	38	62	1-Sep-1992	Permanent Magnets Ltd. (General Manager - Finance)
7	Kattikaren John Antony	Associate Vice President - Infrastructure	3,440,202	BE (Civil)	21	44	2-Jun-2008	Lupin Group Ltd. (Sr. General Manager)
8	Kelkar Milind	General Manager - Finnance & Accounts	1,409,000	CA	17	44	22-Nov-2006	Kyagalanyi Coffee Ltd. (Finance Controller)
9	Kulkarni Pankaj	CEO - Special Projects	6,255,293	BE (Metallurgy), M.Tech, MFM	27	51	1-Sep-2008	Essar Steel (Hazira) Ltd. (CEO)
10	Kumar Suresh K.	Associate Vice President-Sinter Plant	1,772,422	B. Tech. (Metallurgy), PGD. (OR)	28	52	28-Jun-1995	SAIL, P. Research Engineer
11	Kumar Vinod	Assistant General Manager - Aviation	1,806,845	B. Sc	47	66	13-Oct-2007	Garment Export (Manager HR & Admn)
12	Lal C. K.	Advisor - CRC Project	746,346	B. Sc (Met. Engg.)	41	65	18-Sep-2007	Essar Steel Ltd. (Advisor)
13	Lal J.P.N.	Executive Director - Operations	1,440,217	B. Sc. (Metallurgy), AMIIM	31	61	14-Jun-2002	Ispat International (Director - Technical)
14	Mistry Shankar Kishenlal	Pilot	933,155	B.Com, MBA (HRD)	13	40	2-Feb-2009	Kingfisher Airlines Ltd (Sr. Co-Pilot)
15	Mubayi Arun	President Corporate Relations	5,828,969	BA (Hons.)	36	59	11-Dec-2006	GMR-Delhi International Airport Pvt. Ltd. (Advisor)
16	Rajagopal Madhukar	Group - CIO	2,245,325	BE (Electronics), Mater of Mgt.	23	44	1-Dec-2008	JSoft Solutions Limited - CEO
17	Rathore Gajraj Singh	Vice President	2,326,959	BE (Metallurgy)	22	44	3-Jan-1996	National Steel & Industries Ltd. (Sr. Manager)
18	Sahota H. S.	Executive Pilot	2,131,680	DACDP, GAM, GDM	46	65	30-Aug-1995	Indian Air Force (Air Commander)
19	Shah Shailesh F.	Group President	5,049,128	BE (Mechanical), MS, MBA	24	49	3-Nov-2008	Satyam Computer Services (Chief Strategy Officer, Director & Sr. Vice President)
20	Sharma Rakesh	General Manager - Mining	253,925	BE (Mining), MBA	21	46	11-Feb-2008	Essar Steel Ltd. (DGM - Mining)
21	Singh Rajendra Prasad	CEO - Jharkhand Project	3,001,110	B.Sc. Engg. (Metallurgy)	40	63	21-Jul-2006	Bhillai Steel (MD)
22	Singhal Shribhagwan	Deputy General Manager - Operations	1,183,617	BE (Mechanical), DME	28	50	10-May-1990	Malwa International Ltd. (Chief Mechanical Engineer)
23	Suresh M. S.	Associate Vice President - F & A	1,139,601	CA	25	56	30-Jul-1999	Permanent Magnets Ltd. (General Manager - Finance & Commercial)
24	T. Mohan Babu	Vice President - CMD & Utilities	1,601,974	BE (Mechanical)	23	46	25-Jan-1999	VSP (Manager)
25	Vyasraj Y. D.	Associate Vice President - L & L	1,264,140	MSW, PGD (Per Mgmt.), LLB	34	60	8-May-1994	Vasavadatta Cements, Sr. Manager (Personnel)

Notes:

1. Remuneration shown above includes salary, bonus, house rent allowance or perquisite for accommodation, leave travel allowance, medical reimbursement, commission, perquisite for use of furniture and company's contribution to provident fund but does not include leave encashment, Company's contribution to gratuity fund & ESOP. The monetary value of pequisites is calculated in accordance with the provisions of the Income-tax Act, 1961 and Rules made thereunder.
2. All the employees have adequate experience to discharge the responsibility assigned to them.
3. The nature of employment in all cases is contractual except in case of Mr. Sajjan Jindal.
4. Mr. Sajjan Jindal is relative of Mrs. Savitri Devi Jindal, Chairperson of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

(A) OVERVIEW

(1) Global Economy

The global economy initially estimated to grow over 3% in 2008, declined in the second half of 2008 bringing down the overall growth to 2.1%. Even though Us economy has been slowing down since 2007 due to sub-prime crisis, the depth and duration of these crisis and the domino effect on the world economy could not be predicted accurately by Experts/Analysts.

The financial system was paralysed with mounting sub-prime losses leading to collapse of certain large global Financial Institutions in the second half of 2008. The failure of major financial institution had a devastating impact on the real economy with widening credit spreads, liquidity crunch, steep fall in demand and falling margins. The de-coupling theory of developing economies remained unaffected with the recession/slow down in the advanced economies was proved invalid after having seen the swift slow down in these economies. However, developing economies constitute 25% share in the global economy in terms of nominal GDP and about 44% in terms of PPP. The growth in the developing economies even though at a slower pace is expected to cushion the impact of global melt down in the world economy.

Real GDP growth

(%)

Region	2004	2005	2006	2007	2008	2009 (F)
World	4.0	3.4	3.9	3.8	2.1	(2.5)
Advanced economies	3.2	2.6	3.0	2.7	0.9	(3.8)
Developing economies	7.5	7.1	8.0	8.3	6.1	1.6

(Source: IMF)

IMF estimates that the world economy in 2009 contracts by 2.5% while developing countries continue to grow at a slower pace of 1.6%. The central banks and the governments of various countries acted swiftly to counter the global economic melt down in a coordinated manner by announcing massive stimulus packages and by easing monetary system. These measures are expected to lessen the impact of the crisis and also make the recovery faster.

(2) Global Steel Industry

Steel industry accounts for approximately 2% of the global economy and 3.5% of the global merchandise trade. The Global Steel Industry witnessed two sharply divergent trends in 2008; the first half witnessed a surge in steel demand leading to a record prices followed by a steep slide in demand and prices in the second half.

The slow down in investment activity, the primary driver for steel consumption coupled with lower consumption demand due to declining income caused by job losses led to accelerated fall in demand for steel. Responding to the collapsing demand and prices, the Global Steel Industry announced production cuts, resulting into 25% fall in world steel production in October to December 2008.

World Crude Steel production declined by 1.6% from 1,351 Mn tonnes in 2007 to 1,330 Mn tonnes in 2008, as steel output de-grew for the first time in six years and the top ten steel companies declared production cuts in the later part of 2008.

In 2008, steel production declined nearly in all major steel producing regions including the EU, North America, South America and CIS. Overall, Asia produced 750 Mn tonnes of crude steel in 2008, accounting for 56% of world's total production and reporting a 1.6% degrowth over the previous year.

Of the top 10 largest steel producing nations, only China, India and South Korea registered production increases in 2008.

Top-10 steel producing countries (Crude Steel Production)

Country	Rank	2008 (Mn Tonnes)	2007 (Mn Tonnes)	% growth
China	1	500.5	489.9	2.2
Japan	2	118.7	120.2	(1.2)
US	3	91.5	98.1	(6.7)
Russia	4	68.5	72.4	(5.4)
India	5	55.1	53.1	3.7
South Korea	6	53.8	51.5	4.5
Germany	7	45.8	48.5	(5.5)
Ukraine	8	37.1	42.8	(13.3)
Brazil	9	33.7	33.8	(0.27)
Italy	10	30.5	31.5	(3.2)
Top-10		**1,035.2**	**1,041.8**	**(0.6)**
World		**1,329.7**	**1,351.3**	**(1.6)**

(Source: WSA)

World Finished Steel Consumptions:

The global finished steel consumption showed a negative growth of 1.4% during 2008 as against production degrowth of 1.6% which established the de-stocking of inventory. The fall in production was steeper than the decline in apparent consumption which is a positive sign for the steel industry.

(Mn Tonnes)

Steel Consumption	2007	2008
Advanced economies	402.0	365.9
China	413.7	425.7
Rest of the world	398.7	405.9
World	**1214.4**	**1197.4**

(Source: WSA)

Though the decline in consumption was significant in advanced economies, the China and rest of the world registered a growth in consumption inspite of global melt down.

(3) The China Factor

China had a steel manufacturing capacity of 677 Mn tonnes at the end of 2008 compared with 588 Mn tonnes at the end of 2007. China is the first country to produce more than 500 Mn tonnes in a year. Steel Production in 2008 was 500.5 Mn tonnes against 489 Mn tonnes in 2007 even when world steel production de-grew. China's production volume tripled in eight year from 151 Mn tonnes in 2001.

China is a leading player in the world steel industry with production and consumption constituting about 40% of the world. Any slow down in the Chinese economy is expected to create surplus to be exported to world markets creating further pressure on demand and prices. In view of the massive increase in capacities created in China, the production outpaced the demand and China became the net exporter of steel. It is therefore relevant to track the developments in china to formulate a reasonable steel industry outlook during 2009.

China Steel Equation

The global economic slow down affected Chinese steel industry too, which posted a meager growth of 2.9% in finished steel consumption for 2008 at 426 Mn Tonnes.

(Mn Tonnes)

Particulars	2004	2005	2006	2007	2008
Production (CS)	280.5	355.8	422.9	489.9	500.5
Consumption (FS)	275.8	340.2	369.8	413.7	425.7
Export	20.4	27.7	52.1	69.1	60.5
Import	33.2	27.2	18.9	17.1	15.7
Net export	(12.8)	0.5	33.2	52	44.8

(Source: WSA/mysteel) *(CS: Crude Steel, FS: Finished Steel)*

China Outlook :

Even in the current global melt down, China is one of the fastest growing economies in the world. The large stimulus package announced by the Chinese government is expected to mitigate the impact of falling exports replaced by higher incremental domestic demand. While the steel production is expected to be lower in the year 2009, it is estimated that the exports will also be lower in the current year over 2008. Hence China is not expected to increase steel exports during 2009 which was also demonstrated by lower exports in the first quarter of 2009.

(4) Indian Economic Review

As per estimates of RBI the Indian economy is likely to grow 6.5% in 2008-09 as against 9% in 2007-08. The six core infrastructure segments of finished steel, cement, crude petroleum, petroleum refinery, power and coal grew by 2.7% in 2008-09 compared with 5.9% in 2007-08.

Contributors to GDP

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09 (est.)
GDP at factor cost (%)	7.5	9.0	9.6	9.0	6.5-7.1*
Agriculture (%)	20.2%	19.5%	18.5%	17.8%	17.1%
Manufacturing (%)	15.1%	15.1%	15.3%	15.2%	14.8%
Industry (%)	26.2%	26.4%	26.7%	26.5%	26.9%
Service (%)	53.6%	54.1%	54.8%	55.7%	57.0%

(Source: CSO/RBI)

* CSO estimate 7.1% while RBI estimates 6.5%.

Economy booster shots

The Indian Government announced stimuli packages to revive the economy through monetary, fiscal and export promotion measures. The key features of these packages include:

- Reduced Excise duty by 4% to 10%, this will reduce the cost of goods.
- Reduced Excise duty to 4% on petroleum products.
- Increased infrastructure investment for port and highways.

- Concessional finance for home loans and loans to small and medium enterprises.
- Incentives to certain ailing sectors to boost demand.

(5) The Indian Steel Industry

Overview

- The Indian steel industry has an installed capacity of 60 Mn tonnes.
- Around 35% of the total steel was produced by the public sector, 35% by large private manufacturers and 30% by small players.
- The Indian steel industry witnessed divergent trends in 2008-09; while the first half was buoyant with steel prices and demand touching an all-time high, the second half was muted as the steel demand contracted.
- Starting 2007-08, India emerged as net steel importing country, giving ample opportunity to domestic players to meet the growing demand.

India's crude steel production registered a growth of 1.2% from 53.9 Mn tonnes in 2007-08 to 54.5 Mn tonnes in 2008-09 (Source: JPC). The positive growth in steel production even during the period of severe global meltdown is quite encouraging.

The finished steel production for the FY 2008-09 registered a growth of 0.6% over FY 2007-08. Steered by a robust demand from semi-urban and rural area coupled with an accelerating investment-led economic growth, the Indian steel demand was less impacted by global slow down relative to most other economies. The domestic production grew at CAGR of 8.1% for the last 8 years.

The first half of fiscal 2008-09 witnessed an unprecedented demand spurt on account of expanding oil and gas sector, large infrastructure spend and higher disposable incomes triggering demand in housing/ Consumer durables/Auto sectors. Finished steel consumption growth slackened significantly in the third quarter of 2008-09 due to the domino effect of the global financial crisis on the Indian financial markets.

Although the steel demand fell during the third quarter of fiscal 08-09 mainly due to tight liquidity conditions following the various monitory and fiscal initiatives announced by Reserve Bank of India and the Central government the demand started picking up during fourth quarter of fiscal 2008-09. The following are the main reasons for such smart recovery

- Timely announcement of monetary and fiscal stimulus measures with a focus on infrastructure and consumer spending.
- High density of semi-urban and rural demography, that was relatively unaffected by global turmoil, coupled with rising affordability due to the falling inflation.
- Inventory levels nearly bottomed out at the producer, user and dealer level – creating fresh demand.
- Opportunity to substitute imports with domestic supplies.

Per capita consumption

India's per capita steel consumption continued to be low at 46 kg compared to global average of 198 kg in 2008. The National Steel Policy aspires to double the rural per capita steel consumption to 4 kg per person in the next few years. This will present an attractive opportunity for the industry to expand the existing capacities and create further green field capacities, considering that around 70% of the Indian population is rural. *(Source: WSA)*

(B) STEEL MAKING AT JSW

(1) Indian Operations

The Company has an installed crude steel making capacity of 4.8 MTPA in India with value added products constituting 37.5% (1.8 MTPA capacity) spread across four locations, namely; Toranagallu (Vijayanagar Works), Salem (Salem Works), Vasind and Tarapur (Downstream Units). The Company commissioned the expansion project at Vijayanagar Works increasing the capacity from 3.8 MTPA to 6.8 MTPA in February '09 which was under trial run as on 31 March 2009. The commercial production from this project started on 10 April 2009.

While Vijayanagar Works existing operations produce flat steel products, Salem Works focus is only on long products. The Downstream Units produce CR/Galvanised, Colour coated value added flat steel products.

The Production performance during FY 2008-09 was as under :

(Mn Tonnes)

Location	Product	2007-08	2008-09
Vijayanagar Works:	Slabs	3.171	3.079
	HR Coils	2.717	2.519
	CR	0.060	0.344
Downstream Units:	HR Plates	0.226	0.245
	Galvanised / Galvalume	0.745	0.723
	Colour Coated	0.090	0.090
Salem Works:	Billets & Blooms	0.456	0.645
	Rolled long	0.329	0.330
Total Crude Steel Production		**3.627**	**3.724**
Total Saleable Steel Sales		**3.405**	**3.428**

When the global financial crisis hit the Indian economy in September 2008, the Company was operating its plants at full capacity and was also ready to commission the new expansion projects enhancing the capacity to 7.8 MTPA. The liquidity crunch was so severe that the user industries particularly automobile, construction and infrastructure sectors were not able to sustain their operations. Consequently, the company had to cut production at the existing operations by shutting down two of its Blast Furnaces temporarily and also postpone the commissioning of the expansion project to arrest the piling up of finished good inventories. Thereafter the Company quickly adopted two-pronged strategy of reducing the cost and finding new customers & markets to restore the normal operations. The competitive strengths of your Company in terms of low conversion cost, rich product mix, locational advantages and swift change in marketing strategies enabled the Company to quickly tide over the downturn and secure fresh orders by end of December 2008. The Company immediately restored normal production in January 2009 followed by successful commissioning of expansion project in February 2009.

Inspite of disruption in production for a period of two months when several steel companies continued production cuts for a longer period of time, your company achieved a growth of 3% in Crude steel production and 1% in volume of sales. The growth would be higher in case Crude steel production and sales of 0.140 Mn tonnes and 0.076 Mn tonnes respectively from trial operations of expansion project commissioned in February 2009 was included to the volumes of existing operations.

The Product profile from various locations is as under

Products from Vijayanagar Works
- Slabs
- Billets
- HR coils
- HR plates
- CRCA products
- Rebars
- Wire Rod

Products from Downstream
- HR plates
- CRCA products
- Galvanised products
- Galvanised colour coated products
- Galvalume products
- Galvalume colour coated products

Products from Salem Works
- Billets & Blooms
- Rebars
- Wire Rod
- Structural steel

(a) Vijayanagar Works

Overview

Prior to commissioning of 2.8 MTPA Brownfield expansion project in February 2009, the Vijayanagar Works was operating at 3.8 MTPA Crude steel capacity. All the existing operating facilities have been accredited with various quality certifications such as OHSAS-18001, ISO-9001:2000 and ISO-14001.

Vijayanagar Works has integrated operations starting from Beneficiation plant to 1 MTPA Cold Rolling Mill complex. The new 2.8 MTPA expansion project commissioned in February 2009 includes Coke Oven plant, Sinter plant, Blast Furnace, Steel Melt Shop, Slab Caster, Billet caster, Wire Rod Mill and Bar Mill. Part of these facilities were under trial production and had commenced commercial operation from 10th April, 2009.

Key Highlights - 2008-09

- Reduced dependence on bought out & imported Coke by commissioning all the blocks of new Recovery type Coke ovens with a capacity of 1.5 MTPA.
- Base mix blending station commissioned which enables proper blending of inputs such as Iron Ore, Fluxes, Coke breeze, etc. for improvement in the feed to the Sinter Plants for achieving better quality of sinter.
- Established Rail connectivity at low cost by in-house designing, between existing 3.8 MTPA operations and new 2.8 MTPA facilities for better operational flexibility.
- Modernization of the HSM Mill completed to enhance the Capacity from 2.5 MTPA to 3.2 MTPA.
- Stabilized operations in Cold Rolling Mill leading to significant increase in production of Value added CR products.
- Created Jumbo HR Coils during HR Pickling by welding 2 to 3 HR Coils together and further carried out rolling in CR Mill, minimizing losses from 2.5–3.0% to 1.8–1.9%, improving the productivity of the Mill.
- Commissioned of new wide Slab Caster & Billet Caster which widens the product range with a mix of Long and Flat products.
- Wire Rod Mill & Rebar Mill add to the basket of value added products.

Key Improvements

- Increased coal dust injection from 60 kg/T to 70 Kg/T in Blast Furnace.
- Successfully developed API X-70 Grade Slab used in manufacture of pipes for transportation of petroleum products and gases.
- Using Lime as substitute for Calcium Carbide in BOF to save cost.
- LD Gas Recovery improved from 70 cum/T to 101 cum/T.

- 200 TPH Boiler commissioned leading to increased captive power generation capacity to 130 MW at CPP2.
- Increased utlisation of Corex gas & Blast furnace gas for further reduction of cost.

Key Initiatives

- Replaced the usage of Corex gas in new recovery Coke Ovens by implementing the auxiliary consumption of coke oven gas generated within the unit, thereby saving the corex gas for better utilization in the plant.
- Started higher usage of the coke oven gas by mixing with Blast furnace gas, for various operational requirements in the plant.
- Improved temperature controls at Ladle Refining Furnace (LRF) leading to accurate casting.
- Increased Product range in HSM with rolling of wider HR Coils from 1270 mm to 1320 mm, thereby facilitating 3 slits compared to 2 slits earlier in service centre, resulting in yield improvement by about 0.5%.
- Applied for TS 16949 quality certification in CRM, which is a globally accepted and recognized standard for automobile steel.

Way Ahead…

- Stabilisation of the new facilities of 2.8 MTPA expansion project which was under trial run.
- Installation of Pulverized Coal Injection in new Blast Furnace and RH Degasser & LHF2 in SMS2.
- Commissioning of new HSM2 Mill (3.5 MTPA - Phase 1) by March 2010 to convert surplus slabs into value added HR Coils.
- Further expansion of crude steel capacity by 3.2 MTPA to scale up the overall capacity to 10 MTPA at Vijayanagar works, construction is slowed down and revised target of completion is March 2011.

(b) Downstream Units

Overview

The Slabs and HR Coils produced at Vijayanagar Works are transferred to Downstream Units at Vasind and Tarapur for further processing into value added HR plates, CR, Galvanized, Galvalume and Colour Coated Products. The Downstream Units are currently operating at an overall capacity of 1 MTPA of Cold Rolling, 0.9 MTPA of Galvanizing / Galvalume, 0.232 MTPA of Colour Coated Products and 0.32 MTPA of HR Plates.

Key Highlights

- New Colour coating Line (0.132 MTPA) was commissioned in August 08.
- Increased the production of HR Plates by 8%.
- Operated galvanizing Unit at over 100% of the rated capacity in January 2009 and manufactured more than 80,000 tonnes against the Installed capacity of 75,000 tonnes per month.

Key Improvements

- Optimised processes through Six-Sigma projects in CGL 2, primarily in the ceramic pot inductors and cooling blowers, among others resulting in power savings by 7kwh/t at Vasind.
- Reduced Furnace Oil consumption by 100 KL per annum by installing steam condensate recovery system at Vasind.
- Power savings by 2 lakhs KWH per annum at Tarapur by installing VVVF drive in pump houses.

Key Initiatives

- Converted CSD 3 at Tarapur to galvalume with dual pot arrangement for galvanizing and galvalume. The line can be switched from one product to another in just 8 hours. The process speed is increased from 120 mpm to 150 mpm during conversion.
- Developed the Z-test facility for HR plates.
- Commissioned the new automatic gauge control system for better thickness control in hot rolling mill for consistent plate thickness.
- Commissioned the Dolly car in one of the galvanising lines to minimise strip side tracking.
- Commissioned the electrostatic oiler in the skin-pass mill for uniform oil control and lower oil consumption.
- Introduced additional port facility at Dharamtar (Alibaug) to accelerate material dispatch/stuffing in Containers & import of coal for 30 MW CPP at Tarapur under commissioning.

Way Ahead…

- To commission the 30 MW captive coal based power plant at Tarapur. This will supply uninterrupted power at rates lower than MSEB.
- To commission a railway siding at Vasind to facilitate material movement at lower cost (land acquisition for the project is under progress). Received in-principal approval from Central Railway, Mumbai division for the same.

(c) Salem Works

Overview

The Salem Unit has an integrated manufacturing facility with an overall crude steel making capacity of 1 MTPA, comprising of Sinter Plant, Blast Furnace, EOF, Billet Caster, Bloom Caster and Rolling Mill with associated facilities such as Coke Oven, Power Plant, Oxygen Plant, etc. The Plant mainly produces Long Products and Special grade long Products ranging from 5.5 mm to 60 mm and is also capable of making Rounds & Flats for Automobile and other sophisticated Engineering Industry.

Key improvements

- Initiated the blending of low cost semi-soft coking coals and fine coke breeze for coke manufacture without quality compromise
- The quenching pond coke breeze and coke lumps are being screened to recover the lump cokes and use the breeze in power plant for steam/power generation.
- Replacement of part of Iron ore fines in Sinter Plant with solid waste such as iron bearing sludge & flue dust to the extent of 160 Kg/T.
- Increased use of mill scales from rolling mill in Sinter Plant leading to reduction in Coke breeze and Iron ore fines usage.
- Coal dust injection increased from 57 Kg/T to 120 Kg/T in Blast Furnace.
- Increased the heat size from 42 tonnes per heat in 2007-08 to 47 tonnes in 2008-09 by altering the refractory lining pattern.
- Reused 80 % of safety lining bricks in BOF and 10-15% of working Lining leading to savings in refractory cost.
- Designed in-house the ladles (45 T & 65 T) in steel melting zone.
- Reduced furnace oil consumption by 5 Litres/Tonne by utilizing Blast Furnace gas in reheating furnaces of Bar and Rod Mill.
- Improved yield in Bar and Rod Mill by reducing the length of end cutting from 8 inch to 6 inch.
- Replaced steam turbo Blowers with electric blowers in Blast furnace, resulting in Power Generation increase by 0.6 MW.

Way Ahead…

- Commissioning Blooming Mill in Q4 FY 2009-10 to match the rolling capacity with the casting capacity.

(d) JSW Steel Processing Centres Limited, Subsidiary

Overview

JSW Steel Processing Centres Limited was incorporated in December 2003 to set up a Steel Service Centre at Vijayanagar Works to meet customer's specific requirement.

The facility consist of two lines of CR Slitter, one line of HR Slitter, three lines of CR cut to length and one line of HR cut to length. Annual capacity is 0.50 million tonnes.

Operational and financial performance:

Steel processed: 1,04,010 tonnes, including 21,644 tonnes from trial run production.
The service centre was operating at lower capacity during the year under review. Eventhough the unit earned positive EBIDTA of Rs. 6.38 crores, the profit after tax was negative at Rs. 7.20 crores due to lower capacity utilization.

(e) Other operating units

The Company procures key inputs namely iron ore, power & gases from Joint Venture Companies and Associate Companies. Vijayanagar Minerals Pvt. Ltd., a Joint Venture with Mysore Minerals Ltd. (a Government of Karnataka undertaking) supplied 20% of iron ore requirement of the Company in the fiscal 2008-09. The Company procured part of the gas requirements from Jindal Praxir Oxygen Co. Pvt. Ltd. and part of the power requirement from JSW Energy Ltd.

(f) Projects under implementation

The Company has taken up the following Greenfield projects for setting up steel plants and also to develop iron ore and coal mines for raw material integration.

- To set up a 10 MTPA Steel Plant in the State of West Bengal in phases through a subsidiary, JSW Bengal Steel Ltd.
- To set up 10 MTPA Steel Plant in the State of Jharkhand - in phases through a subsidiary, JSW Jharkhand Steel Ltd.
- To set up 35,000 tonnes design, fabrication & erection, structural steelmaking and ancillary facilities in a Joint Venture with 50% equity stake through a subsidiary, JSW Buildings Systems Ltd.
- To develop a Coking Coal mine in a Joint Venture at Rohne in the state of Jharkhand.
- To develop Thermal Coal mine in a Joint Venture in the State of Orissa.

- To Set up a manufacturing facility in a Joint Venture in the State of Tamilnadu to produce super critical power plant equipment.

While the Company is pursuing to develop the coal mines in the joint venture companies, the implementation of steel projects in West Bengal & Jharkhand are slowed down. The power plant equipment manufacturing facility and structural steel making facility will be commissioned in 2010-11.

(2) Overseas Operations

The Company has the following operating facilities overseas:

- Plate mill (1.2 Mn net tonnes per annum), Pipe mill (0.55 Mn net tonnes per annum) and Double Jointing & Coating facilities (0.35 Mn net tonnes per annum) in Baytown in the state of Texas, USA.
- Service Centre (with capacity of 0.15 MTPA) at New Port, UK.

While 90% stake in the Plate and Pipe mill was acquired in November 2007 through the Wholly Owned Subsidiary in Netherlands, the UK service centre was acquired in June 2007. The Company made these acquisitions as a step towards forward integration for the basic steel produced in India. Even though both the units were turned out to be profitable upto September 2008, they incurred losses due to lower capacity utilisation and write down of inventory. Once UK and USA economies start recovering in the later part of 2009, as forcasted by several experts, it is expected that these units will turn around and reach optimum capacity gradually.

Overseas project in development Stage

- Iron ore Mining concessions in Chile
- Coal Mining concessions in Mozambique
- Steel Rebar plant with a capacity of 0.175 MTPA in Georgia

The Company acquired the iron ore and coal mining concessions in Chile & Mozambique respectively to enhance the raw material integration for the steel making facilities in India. Both the projects are under development stage. Considering the current global economic environment, the implementation of these projects is slowed down. The implementation of these projects will be accelerated once stability in the world economy is established.

The Company through its Wholly Owned Subsidiary in Netherlands, acquired 49% equity stake in Georgia based Geo Steel. The project is under implementation and is expected to be commissioned in the fiscal year 2009-10.

(C) OTHER CRITICAL FUNCTIONS

(1) Material procurement

Accomplishments

Initiatives	Impact
Maintained balance between long-term contracts and spot purchases	Reduced input costs
Increased procurement of Iron Ore from the joint venture mining company	Reduced costs
Stopped external coke procurement with the commissioning of the recovery coke ovens	Reduced operational costs
Increased iron ore procurement at favourable spot rates	Reduced input costs
Renegotiated prices with domestic and international vendors with assured offtake	Reduced input costs
Sourced important ferro-alloys from diverse sources	Reduced ferro alloy costs
Developed alternative raw material procurement sources for key inputs	Mitigated the risk of depending on few suppliers

Strategic blueprint

- To reduce costs through improved procurement.
- To commence mining on Captive Mines.
- To pursue clearance from regulatory agencies to get additional Iron Ore Mines.

(2) Material handling

Accomplishments

The raw material handling system was created through in-house design, installation and optimization of the additional equipment for seamless handling of the additional load.

Initiatives	Impact
Altered wagon tippler design (3&4)	Increased the capacity utilization for the tipplers, reduced tippling time from 6 hours to about 4½ hours Reduction in railway demurrages
Installed mobile hoppers (for stacking and reclaiming)	Facilitated emptying rakes and simultaneously loading the material on conveyors; can handle two different materials simultaneously (one for stacking and the other for reclaiming)
Installed belt rupture system in the conveyor belts for early detection of ruptures in the conveyor belt	Seamless material flow, minimizing material loss due to conveyors snaps
Installed cable less control for stacker re-claimers	Increased availability, reliability and efficiency of re-claimers
Introduced non-contact devices for measuring various angles in wagon tipplers to replace the mechanical mechanism – a patented process	Increased reliability for the wagon tipplers Received a patent for process innovation
Modified the hydraulic system of the wagon tippler	Increased wagon tippler availability
Installed HDPA net across the boundary of coal stacking yard	Reduced loss of coal fines due to high wind speed Reduced air pollution in the neighbouring areas

Strategic blueprint

- To introduce bin vibrators in various transfer chutes at wagon tipplers, stacker, re-claimers and junction houses to prevent equipment jamming due to sticking of raw materials
- To install close circuit televisions at wagon tipplers for efficient monitoring of tunnels and surrounding areas
- To connect a stacker with the beneficiation plant to de-link iron-ore fine unloading (used in beneficiation plant) from plant operations, reducing transportation time and increasing yard storage capacity by 50,000 tonnes.

(3) Logistics management

Achievements

- Enhanced logistics infrastructure following capacity expansion.
- Connected existing hot metal facility with new steel melting shop (catering to the expansion facility) at only 1% of the estimated cost, pending the commissioning of the new blast furnace.

Initiatives	Achievements
Created a separate iron ore corridor from Banihatti to Vijayanagar Works	Achieved seamless iron ore handling
Created the 'Y-connection' from the railway siding to the existing Banihatti-Ranjitpura line	Reduced rake movement time from 2 hours to 19 minutes
Monitored material loading and unloading	Reduced the demurrage and wharfage charges, saving around Rs. 3-4 per tonne of steel
Added a load cell on the second track for initiating hot metal weighment when transferred from iron-making zone to steel melting shop	Reduced material movement time Minimized heat loss in the hot metal, reducing fuel rate in the SMS unit Reduced locomotive need in the hot metal zone
Grouped the points and crossings, which were earlier dispersed across the internal railway network	Reduced manpower by appointing one man for a group of points and crossing as against one person with every locomotive previously
Increased focus on road dispatches by motivating fleet owners to increase fleet size by: 1. Reducing turnaround time to 4 hours, compared with the previous 6 hours 2. Providing product matching capacity and minimum weight guarantee	Achieved a rail-road equation of 61:39 in 2008-09, compared with 63:37 in 2007-08
Optimised the rail/road modes of dispatch for finished goods and reduced the congestion and waiting period for commercial vehicles	Increased dispatches

Strategic blueprint

The logistics team is creating multiple entry-and-exit points from the Vijayanagar site for load management. As a result, the team has undertaken two major initiatives:

- Created a link from certain iron ore mines to the Vijayanagar Works by drawing a direct link from the newly built Nariallah station.
- New connections facilitating speedy dispatch and reducing congestion; to ensure seamless internal logistics.

Intelligent gradient use

Following an intelligent gradient use --- the 3.8 MTPA "Hot metal Production" facility was connected to the 6.8 MTPA production zone through a novel and an innovative track linkage whereby proper integration and synergy between these two facilities could be established. This has led to the immediate commissioning of BOF-2 though BF 3 was not ready. The team set a standard operating practice to transfer the hot metal from the iron-making zone to the steel melting shop by torpedoes (specialized ladles) hauled by 700-tonne horse power locomotives, as against the conventional 1,400-tonne horse power locomotives.

(4) Energy management

Accomplishments

Initiative	Impact	
Managed prudently by-product gas between metallurgical units and power plants; especially by controlling the heating regime and minimizing losses of by-product gases.	Reduced energy consumption per tonne of steel.	***Increased BF and Corex gas utilisation from 82% to 86% and 93% to 94% respectively *improved LD gas recovery from 70 to 101 Nm^3 / tonne of liquid steel**
Improvement in LD gas recovery by synchronizing the parallel tapping, eliminating the human interface and improving gas evacuation.	This resulted in saving in cost.	
Altered the Corex gas circuit and reduced flaring from 6% to 2%.	More Corex gas for plant use with significant cost saving.	**Overall waste gas utilization increased from 94% in 2007-08 to 97% in 2008-09**
Replaced LPG consumption with Corex and coke oven gas for the initial heating of the recovery coke ovens.	Significant cost savings.	
Adopted the 'delay strategy' in the reheating furnace; if waste gas temperature escalated higher than stipulated value, process optimisation retained the additional heat in the furnace.	Significantly reduced the volume of hot gasses used to fuel the reheating furnace.	
Increased coal injection in BF1 and BF2.	Reduced the energy consumption cost in iron making.	

Strategic blueprint

- Implementing the 'delay strategy' across all reheating furnaces.
- Reduce the specific heat requirement for every unit of power generated by ensuring steady gas supply for captive power units, enhancing power generation without additional cost.
- Minimise in-plant consumption of LPG/LDO/LFO with Corex and coke oven gas.

Excellence is challenging conventions

By design, the technology provider stipulated 4% of Corex gas flaring to withstand in-system pressure shocks and avoid gas-circuit breakdown. Additionally, 2% gas is to be flared to balance the consumption generation disparity. JSW's engineering innovations reduced the flare from 6% to 2%.

(5) Research and development

Team	Patents filed
26 members March 31, 2009	**5** March 31, 2009

Innovation is driven by its skilled R & D team. The team has created national and global benchmarks by innovating processes to improve productivity and reduce costs.

Accomplishments : Getting more from the machine

Coke oven

Initiatives	Achievements
Optimised the coal blend (prime and inferior varieties) for recovery type coke ovens	Optimised the coal blend and achieved a CSR rate of over 65% consistently
Blended the high calorific value coke from the recovery coke ovens with blast furnace gas	Generated gas with the same calorific value as that of Corex gas for heating purposes, saving costs
Optimised coke oven operations using different types of coal blend in the non-recovery coke ovens	Usage of semi soft coking coal for making coke in the non-recovery coke ovens, reducing operational costs

Sinter plant

Initiatives	Achievements
Introduced a process to use iron ore micro-fines (an otherwise waste) by using an Irish blender	Converted waste to a usable resource by using waste from the dust catchers for iron ore agglomeration
Introduced the fluxing process in the sinter plant keeping in mind that the input blend in the blast furnace comprises pellet, sinter and calibrated ore	Reduced fuel rate in the blast furnace and improved productivity
Implemented successfully the use of coke fines	Converted waste from coke ovens to resource, reducing operational costs

Blast furnace

Initiatives	Achievements
Introduced the use of pellets along with sinter and coke in the burden and optimised the burden distribution process for even burden distribution	Helped to enhance productivity and to reduce cost Patented the burden distribution technique
Improved permeability in the lower part of the blast furnace through process optimization	Increased PCI rate to 90 kg per ton of hot metal
Developed an offline heat model to predict heat distribution inside the furnace	Enhanced furnace knowledge, improved the furnace efficiency and decreased fuel rate

Corex unit

Initiatives	Achievements
Optimised the slag regime by increasing slag Al_2O_3 from 17.5% to 18%	Fuel rate declined by 10 kg per ton of hot metal
Experimented the hot metal process with lower grade coal	Reduced the coke rate in the unit from 20% to 16%
Developed a process to utilize the sinter fines through Corex melter-gasifier	Utilised waste through Corex

Steel making

Initiatives	Achievements
HMPT	
Developed the process of de-siliconisation and de-phospherisation in hot metal pre-treatment stage with new indices for the first time in India	Saving production time and reducing the use of fluxes in SMS as HMPT works at a slag basicity of 1, while the converter operates at a basicity of 3
Carried out de-sulphurisation using lime fines at the HMPT stage as opposed to the conventional practice	More ladles can be handled by the SMS with reduced operating cost
Replaced calcium carbide with lime fines for de-sulphurisation	Reduced operational costs
SMS	
Devised a discipline of proper cleaning of ladles to reduce slag deposition in the ladle	Material handling loss declined by 0.65%
Tundish	
Raised the dam height of tundish and introduced slots with the help of water modelling studies	Improved steel cleanliness by allowing slag/inclusions to float on the top.
Designed new 900^0 bends for pipes conveying granular material with the help of fluid dynamics software	Improved pipe durability and increased plant availability

Adding to the product basket

- Introduced 32 new value-added products during the year.
- Introduced high grade pipe APIX70 to cater to the oil and gas infrastructure segment.
- Developed value-added IF grade steel for auto sector

Growing the knowledge capital

- Filed 5 patent applications.
- Applied for copyrights of 7 processes.
- Experimenting to replace the present organic binder bentonite that provides pellets of the required strength, but leaves impurities (alumina and silica) which are detrimental to pellet quality.
- Several processes are at laboratory stage, expected to be commercialized in 2009-10.

Strategic blueprint

- Beneficiation laboratory
- Pilot coke oven
- Product development laboratory
- Offline simulations for pelletisation and sintering

(6) Marketing

- Maximising Value added products, Customisation, Import Substitution along with expanding Pan India Reach.
- Consistent product quality and timely deliveries enabled a long-term business relationship with its valued set of customers, both in the Domestic as well as International markets.
- A prominent domestic supplier of Flat and Long steel products and a leading strategic exporter of coated products.
- Leveraging plant's locational advantages to increase market share strategically in Southern and Western regions.
- Growing focus towards rural and semi-urban domestic markets having a large demand potential.

Saleable steel	International presence	Dealer base	JSW Shoppe
3.428 Mn Tonnes	**Over 100 countries**	**Over 300 Nos.**	**50 Outlets**
2008-09	March 31, 2009	March 31, 2009	March 31, 2009

Hot rolled products:

The Hot Rolled Products comprise of Hot Rolled Coils, Sheets and Plates. The Company markets its hot rolled products primarily to domestic clients. During the year, majority of its business was generated by institutional clients (Approx. 85%), while retail clients accounted for around 15% of the offtake.

Key business drivers

- Substituting imports with focus on product quality, Customisation and timely deliveries.
- Thrust on project based orders from sectors such as Oil & Gas conforming upto Grade API 5L X-70, water pipe-line projects and other infrastructure and construction projects.
- By virtue of its longstanding relationship, the Company emerged as a preferred supplier, leading to consistent and sustained orders, despite a downturn in the latter part of 2008-09.
- A prudent mix of long-and-short-term contracts to balance volumes with value.
- Leveraged retail market potential, compensating the volume drop from the automobile segment.
- Strong distribution network with close proximity and strategic focus in Southern India, helped during the period of sagging demand in the later half of 2008-09.

Cold rolled products:

The Cold Rolled Products comprise of mainly CRCA Steel. The Company markets its CRCA products mainly to domestic clients. While majority of the business was transacted through its dealer network, the institutional clients are being developed gradually.

Key business drivers

- Developed strong distribution network assuring consistent sales along with an expanded reach.
- Approval process with Automobile majors helped to graduate the quality ladder along with other process and supply related parameters.
- South India being supply deficit region helped to achieve sales volumes through extended distribution network.

Coated products:

Coated Products comprise of Galvanized Steel, Galvalume, Pre-painted Galvanized and Pre-painted Galvalume steel. Coated products are mainly used in the Construction sector for roofing and Industrial construction including Consumer Durable sector. Dealer-Network, JSW-Shoppe outlets and stockyards helped to reach the less impacted Semi-Urban and Rural sector, when the Company strategically reduced exports due to slump in the International markets.

Key business drivers

- Higher Sales in Semi-Urban and Rural areas.
- Extended presence by adding new dealers and opening new JSW Shoppe outlets (Branded Distribution Network).
- Construction Sector: Trained architects and consultants on product installation and appraised them of the product benefits.
- Entered into long-term contracts with suppliers for telecom and power sector which continue to grow at a rapid pace.
- Strategic foray into Pre-Engineered Building segment catering to growing demand for Industrial Construction.
- Focus on Government funded projects including Defence and other sectors.

The Company emerged as the leader in the manufacture of Coated Products and the market share increased from 13% in 2007-08 to around 20% in 2008-09.

Long products:

The segment comprises TMT Rebars, Wire Rods, Spring Steel Flats and Merchant Bars. These products are marketed through dealer network and a set of reputed institutional clients. The Company recently commissioned a state-of-the-art 1.5 MTPA long products manufacturing facility at its Vijayanagar works, taking the total capacity to 2.5 MTPA includeing 1 MTPA Long product facility at Salem works.

Key business drivers

- Niche value-added long products from Salem works, while Vijayanagar works to service bulk volume requirements.
- A wide variety of Product basket encompassing Alloy-Steel and Carbon Steel Long products.
- The only Alloy-Steel plant in the Southern India - known for its high degree of Auto-Component sector concentration.
- Increased product range for TMT Rebars from 8 mm to 40 mm.
- Only Indian producer to manufacture heavy Coil weight Wire-Rods (2.5 mt per coil), delivering high productivity to the customer.
- Increasing cost of construction unfolds opportunity for High-End quality steel products viz. High-Tensile, Corrosion Resistant Rebars etc..

(7) Intellectual capital

Employees	Locations
7,669	**5**

Recruitment

The Company recruits fresh graduates and diploma engineers; experienced executives are recruited only for critical positions for which skill sets are not adequate in the existing team.

Strategy	**Process**
Hire fresh engineering and management graduates from premiere institutes Hire fresh chartered accountants	The Company visits reputed colleges (RECs, NITs and Xavier Institute of Management, among others) O P Jindal Entrance Test for O P Jindal Group of companies in Haryana and Campus Connect Programme for campus recruitment Sponsoring various events
Target the alumni group of the various premiere institutes	JSW website for direct application
Employee referral for experienced people	Personal interview

The Company outsources certain routine jobs to contractors supplementing the key functional areas.

Training

JSW consistently invested in growing the team learning curve. For an important reason: it believes that this is the most important asset, providing sustained growth over the long-term.

Induction training: The Company provides a compressed induction training programme of 15 days for all new recruits. This programme comprised in-depth technical and operational training at the shop floor level. Every theory class in the training is followed by a physical visit of the plant. Besides, training is also imparted on behavioural, safety and environmental aspects. As part of the induction programme, the new members are taken to all the plant locations and the entire process of steel making is explained, in addition they are also provided knowledge of the entire group. After the induction training, individual interaction is done with the new recruits for suitable placements. The entire training module is uploaded in the HR portal for easy access by all the team members.

Year-round training: The Company create a training calendar, based on senior management's feedback and in line with the developmental needs identified during the performance appraisal. The training modules include stress management and yoga classes.

Overseas training: The Company regularly sends teams to reputed global steel manufacturers to strengthen their insight into steel manufacture.

Training effectiveness is evaluated by comparing pre-training performance with that of post-training.

Leadership development and succession management

Silent revolution continues unabated: creating tomorrow's leaders through identification and nurture of potential talent. The Company has taken numerous initiatives for leadership development:

Initiatives	Details
Leadership competency framework	Define leadership competencies for organizational success Reinforce competencies through focused training, feedback and mentoring-coaching initiatives
Succession management process	Identify key leadership positions Groom leaders from within the organization
180⁰ input process (GMs get the programme exposure)	Identify the leadership potential and areas for development for leaders to fill the identified positions Backed by individual development plan and organisation-wide leadership development plan
Horizontal integration	Responsibility delegated to top executives Aims to make the organization leaner

Employee welfare

The Company initiated various employee welfare activities, enhancing motivational levels.

Facility	Details
Township	Three townships (Vijayanagar, Vidyanagar and Shankarguda) have a total residential population of more than 10,000 families Equipped with amenities like road linkages, 24x7 electricity and water supply Facilities include ATMs of all major banks, shopping facility for daily needs Local car dealers participate in weekly auto exhibitions Weekly car service programme at a subsidized cost to the car owners at the townships
Medical facilities	Jindal Sanjivani Hospital – a 75 bedded multi-speciality hospital at Toranagallu Employees are covered against personal accident under Group Insurance Scheme
Sports facilities	State-of-the-art sports club with facilities like squash court, badminton court, table tennis, billiard, swimming pool, football and cricket ground, volleyball court and gymnasium, among other facilities
Education facilities	Established two schools (Jindal Vidyamandir and JAV School) for employees
Transport facilities	Transportation facilities for employees commuting from Bellary, Hospet and Sandur Bus service available on Sunday from the township to Bellary for shopping for the township residents Subsidised transportation facility Interdepartmental transportation is available inside the plant Bus service to Bangalore everyday
Vehicle loan	Employees are provided soft loans for the purchase of two wheelers or four wheelers, repayable in easy instalments
Recreation facility	State-of-the-art movie theatre Subsidized food at in-house restaurants

The Company also created a township for its associate employees, accommodating over 2,000 families.

New initiatives

- Identified 97 diploma engineers for three years degree in process engineering with BITS, Pilani.
- Initiated management (junior and mid level) development programmes, widening career growth opportunities.
- Sponsored M.Tech course in steel processing in association with IIT, Powai.
- Formed Echo for young professionals; the members organise quizzes, debates, etc.

HR milestones

- Achieved low attrition levels 9.05% against a 14% industry average.
- Awarded the Ramakrishna Bajaj National Quality Award for Performance Excellence-2008-09.
- Covered associate employees under production linked incentive scheme and performance management scheme, a first of its kind in India.
- Achieved high productivity levels through optimal people utilization.
- Reinforced brand visibility through extensive campus visits (IITs and leading management institutes) and summer training projects.

Rewards and recognitions

Rewards strengthen an employee's competitive spirit and motivational levels; this corporate reality is reinforced by the following:

Individual reward system

Type of Reward	Rationale
Retention Bonus	To recognize the potential and criticality of job
Best suggestion award	To reward the innovation and creativity
Late S. Chandrasekhar Memorial best employee award	For exemplary display of safety, performance on the job, communication skills, interpersonal skills, judgement and company's image building exercise.
Best Safety Man Award	For maintaining highest standards in safety
Young thinkers Award	For giving maximum implementable suggestions
Bravery and courage Award	For exhibiting outstanding bravery and courage
Best Quality Circle	To reward the innovation and creativity at the grass root level
Best Employee for JSW & Associate Employees	For consistent good performance, concern for safety, good interpersonal skills, communication skills, mental alertness/judgement, Company's image building activities and high level discipline
Intellectual Property Rights	For copy rights, patents and international publications
Best Contractor	For providing excellent services with high quality of work

Group rewards

Type of Reward	Rationale
Significant performance (Team)	For extraordinary performance in the job
Exemplary Work	For all round exemplary performance
Intellectual Property Rights	For copy rights, patents and international publications
Best Suggestions	For promoting innovative and creative ideas in the work place
Best Safety Department	For exhibiting high level safety standards in the department
Interdepartmental-Best Quality Circle	For encourage small group activities to bring quality consciousness and improvements at grass root level.
Best Quality Circle-State, National & International	For the QCs have won the award at state, national and international level competitions.
Best Green Belt Development Award	For taking manifold steps towards preserving and cultivating natural resources

(8) Corporate communications

The corporate communications team facilitates communication to reinforce brand-building, enhance visibility and a long-term PR policy through the following initiatives:

- Building JSW's brand equity
- Coordinating PR activities to strengthen the image
- Building a central team to create communication synergy
- Streamlining PR and promotional events
- Facilitating senior management's participation in global corporates, spiritual philanthropic forums and foundation-related activities.

Media relations

The Company maintains cordial relations with media professionals. Its media transparency is critical for correct and factual information dissemination, building a positive brand perception. The communication activities conducted during the fiscal under review comprised the following:

Press conferences: The team organized 10 press conferences to announce quarterly results, policy issues and key business decisions in 2008-09.

- Quarterly results
- Commissioning of India's largest blast furnace in Vijayanagar Works
- Visit of Al Gore to India to establish 'The Climate Project - India'
- Establishment of Earth Care Awards
- Inaugural ceremony for Steel plant in West Bengal

Financial communications: The Company's financial PR involved proactive two-way communications with global investors, analysts and securities professionals.

- Analysts meets were organized every quarter.
- Analyst and Investors visits were conducted to plant locations.

CEO's media training workshop: The media team organized a one-day workshop for the top management covering media management, do's and don'ts of media relations and inter-personal management with the media. The workshop was attended by more than 20 top management team members.

Media visits: Print and electronic media visits were organized to Vijayanagar Works.

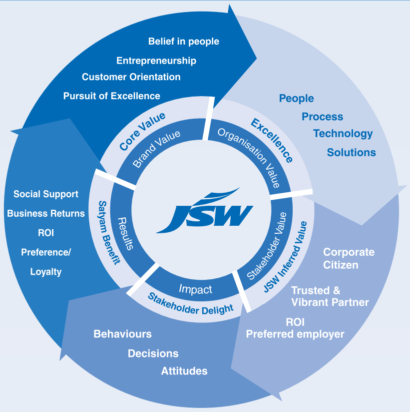
Positioning platforms

The Company's communication modes comprised the following: physical (print, poster, banner, gift, giveaway, face-to-face), digital (advertising, audio/visual), web (internet/ intranet) and experiential (events, exhibitions, associate gatherings, project execution, recruitment). It instituted communication guidelines as well as focused communications and commitment to deliver the brand promise.

Understanding the JSW Brand

The Company's branding strategy is to nurture the JSW brand as an asset and manage stakeholder perceptions to maximize business value.

The crisscross patterns in the corporate logo represent a networked organization – networking across people, technology and skills. The base represents a strong foundation and the apex points towards continuous growth.



Internal communications

The Company emphasizes internal communication to help employees interact with the senior management. The Company's quarterly news journal called 'Connect' covers relevant organizational (including overseas Subsidiaries) information.

Website management

In a world where information is critical, the Company's website is regularly updated to disseminate time-critical stakeholder information. The corporate communication team posts news briefings, minimizing paper use.

Daily news brief: The Company introduced an easy-to-access and paper saving communication mode for employees. The Daily News Brief covers all important news items published in newspapers.

(9) Information technology

Accomplishments

Initiatives	Impact
Set up a state-of-the-art Tier III data centre at Bangalore having facilities such as computer systems, communications, storage and security devices. It also provides guarantee of 99.82% availability	Consolidated all data in one location; facilitated data maintenance, management and easy data access. Consolidation of ERP enabled its availability at all locations
Upgraded ERP from 9i to 10g.	Higher Flexibility in terms of capacity utilization and management. Better usage of systems to enhance data backup, security and processing Disaster Recovery Environment Improved interfacing, as related technologies will operate on the same platform
Implemented the Oracle Order Management (OM) in downstream branches and consignment agents	Improvement of operational efficiencies at branches and agents by the automation of order booking, invoicing and cash flow monitoring
Improved connectivity across locations; provided dual linking between key facilities	Enhanced redundancy and provided seamless connectivity
Installed the video conferencing facility at major locations	Reduced travelling expenses significantly and provided better co-ordination of resources/functions across locations to enhance productivity
Enhanced the level 3 system at shop floor at the Vijayanagar Works	Improved the bunching of orders leading to faster order turnaround, minimized human error in operations and improved plant utilization

Strategic blueprint

- Integration and standardization of systems and processes across all units.
- Formalizing and implementing the Company's IT vision.

(10) Internal control and audit

Internal control

Internal control systems are integral to the company's corporate governance. It is:

- Ensuring complete compliance with laws, regulations, standards and internal procedures and systems.
- De-risking the Company's assets/ resources and protecting them from any loss.
- Ensuring the integrity of the accounting system; the proper and authorized recording and reporting of all transactions.
- Ensuring a reliability of all financial and operational information.

The internal control systems and procedures were designed to assist in the identification and management of risks, the procedure-led verification of all compliance as well as an enhanced control consciousness.

The Company's internal control system provides for the adequate documentation of policies, guidelines, authorities and approval procedures covering all the important functions at the Company. It has a proper and adequate system of internal control commensurate with the size and nature of its business. The deployment of an ERP covers most of its operations supported by a defined on-line authorization protocol.

Internal audit

The Company has an internal audit function that inculcates global best standards and practices of international majors into the Indian operations. The Company has a strong internal audit department comprising around 25 executives reporting to the Audit Committee comprising Independent Directors who are experts in their field.

The Company successfully integrated the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework with its audit process to enhance the quality of its financial reporting, compatible with business ethics, effective controls and governance.

The Company extensively practices delegation of authority across its team, which creates effective checks and balances within the system to arrest all possible gaps within the system. The internal audit team has access to all information in the organization – this is largely facilitated by ERP implementation across the organization.

Audit plan and execution

Internal Audit department prepares Risk Based Audit Plan, which is approved by the Audit Committee. The frequency of audit is decided by risk ratings of areas/functions. The audit plan is carried out by the internal team.

Addition to the audit plan: The audit plan is reviewed periodically to include areas which have assumed significant importance in line with the emerging industry trend and the aggressive growth of the Company. In addition, the reliance is placed on customer and other external agency feedback for inclusion of areas into the audit plan.

(11) De-risking at JSW

An institutionalised de-risking framework is embedded in our business model.

'To win without risk, is to triumph without glory' *- Pierre Corneille*

Risk management

The Company has integrated, prudent & proactive approach to Risk Management to ensure that organisational objectives are achieved with reasonable predictability & resilience in the fast changing globally connected business world more so in the light of growth initiatives taken up by the company.

Risk management framework

Company follows Committee of Sponsoring Organisations' (COSO) Framework of Risk Management.

Risk identification & review

Process specific risks for 85 processes are identified & reviewed regularly by process owners.

Risk Assessment

Risks are assessed for probability of occurrence & impact on occurrence. Impact on Strategy, Operations, Reporting, Compliance, Employees, Environment/Health & Safety & is analysed. Inherent Controls & Mitigation measures are considered. Considering company's preparedness residual risks are classified as High Medium & Low.

Information, communication and monitoring

Process owners maintain process specific risk register & update regularly.

Risk registers are uploaded on company's intranet. Internal audit team reviews risks identified, controls & actions being taken.

New high risks, movement in high risks & action status are discussed in quarterly locational committee meetings.

A Risk sub committee of Directors consisting of 3 Independent & 2 Executive Directors is held quarterly. Chairmen of locational meetings are invited to the meeting. The committee reviews minutes of locational meetings, location & process specific high risks to get comfort over risk management at locations. The committee then discusses in detail top risks arising due to external trends, reviews internal preparedness & gives guidelines. Board of Directors is informed quarterly of discussions at the committee

All above activities are co-ordinated by a Chief Risk officer.

(12) Safety, health and environment

'A patch of excellence cannot be built on the matrix of misery' – JSW Steel slogan

Quality, environment, occupational health and safety policy

Our pledge

- Endeavouring to protect employee health and safety and of the society at large on a proactive basis.
- Implementing effective environmental management practices in all its activities.
- Complying with all legal statutory rules and regulations of the state and central government and other requirements to which the company subscribes.
- Pursuing this policy through organisational objectives and targets with employee participation.
- Creating a niche in the domestic and international markets in our structured approach towards risk identification and management.

Our path

- Pollution prevention by zero waste generation through recovery, recycle and resource techniques.
- Knowledge and skill development of all employees, including contract employees through continuous education and training.
- Periodical review of objectives and targets and their implementation to ensure that they remain relevant and are communicated to all concerned.

Our position

This dedicated drive towards achieving world-class safety standards resulted in OHSAS 18001 certification for all units.

(a) Safety

Importance

The Company's moto is to manufacture steel in a safe working environment. For an important reason: steel-making involves handling of materials at high temperature; exposure to hazardous gases, high-speed moving parts and machinery as well as dealing with hot solid and gaseous waste. The focus is clearly on prevention rather than remedial action.

Safety measures

The Company undertook proactive measures to ensure proper employee safety at the shop floor. Capacity expansion from 3.8 MTPA to 6.8 MTPA meant arrangement of adequate safety instruments for additional safety requirements.

Safety management team: The Company has a 31-member team that takes care of the safety needs of the plant Its responsibilities include formulating the safety training calendar, arrangement and maintenance of safety equipment at respective shop floors and maintenance of safety records. The team designated one safety manager at every shop floor to ensure adherence to safety norms during operations.

Safety equipment: All employees at the plant are provided with denim trousers, denim jackets with neon strips (for better visibility in the dark) to be worn compulsorily everyday. In addition, members of the shop floor are provided safety helmets, special boots, goggles, hand gloves, ear puffs and breathing apparatus. Employees managing the operations at the hot metal zone are given specially designed aluminium suits for prevention from any burn injury.

Safety at the shop floor: All the walkways in the plant are demarcated to avoid accidents. The fire extinguishers inside the plant are properly identified to avoid confusion during emergency. Speed limits are clearly specified for all in-plant vehicles, viewing mirrors are provided at sharp turns to avoid collision with vehicles from the other direction. Alarm switches are provided at in-plant railway crossings.

Safety training: The safety management team conducts various training programmes:

Induction training, Regular training, Permit to work, Mock drills, Tool box talk, Diploma in industrial safety & Safety audit

Key initiatives

- Introduced a safety mobile van in the safety vehicle fleet. The Company has dedicated the van to the state of Karnataka. The van is well equipped with safety apparatus and an LCD television displaying safety film all the time.
- Procured and commissioned one fire tender.
- Invitations to safety experts to conduct facility audits strengthened global compliance and internal vigil. The Company's facilities were audited 12 times in 2008-09.

Strategic blueprint

Planned the following measures to strengthen employee safety in the plant:

- Reducing the noise level specially in the bar mill area by introducing caustic boots.
- Redesigning the emergency plan by including disaster management with technical help from associates from the US and the UK.
- Renovating the safety centre to strengthen its facilities.

(b) Health

The Company places a high importance on employee health as it enables the Company to attain higher man-hour productivity. This led the Company to undertake numerous health-benefiting measures.

Initiatives taken

The Company has taken the following initiatives to maintain proper health standards –

Health infrastructure: The Company has in-plant occupational health centers with proper medicines, equipment and two qualified doctors along with supporting staffs. The health center also has separate rooms for eye test and audiometry test. Besides, the Company has its own hospital – Sanjivani - which takes care of major health-related issues. The Company has two ambulances covering the plant area.

Pre-medical check-ups: The Company conducts pre-medical checkup for all employees joining the organization to assess their health condition. The employees are issued medical certificates based on this test.

Height test: All the employees who are working at a place higher than the ground level are made to pass through a special height test to ensure their adaptability.

Health check-up camps: Regular health check-up camps are organized in the plant every six months for assessing the health condition of employees. Besides, special tests such as audiometry tests are conducted and eye check-up arranged for car drivers and crane operators.

Executive health check-up camps: Over 40-year old employees ware provided special check-ups at the Company's Hospital or reputed private Hospital. This includes eye test, diagnosis of diabetes and blood pressure check, among others.

(c) Environment

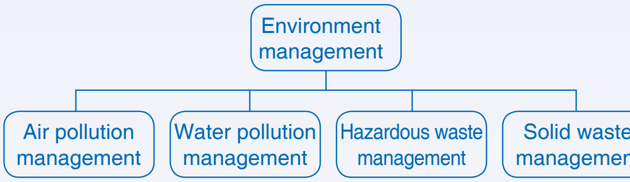
JSW Steel – the 'green' steel manufacturer

Philosophy

Steel manufacturing involves considerable natural resource usage and toxic waste emission that could affect the ecology of the location.

The philosophy to *'give back more than what is withdrawn'* guides every strategic organizational decision and operation.

The Company's environment commitment extends beyond the ordinary to create a benchmark for the Indian steel industry. Its focus is not just commerce but the community, not merely products in the narrow sense but holistic progress. It strives to meet the needs of the present generation, without compromising the ability of future generations to meet theirs.



Air pollution management

Air is polluted by the waste gases from chimneys, toxic chemical gases and dust from the plant. The Company follows a structured procedure for combating air pollution; it has divided air pollutants into two distinct sections, primary (associated directly with the manufacturing process) and secondary (associated indirectly with steel making).

Minimizing primary pollutants

- For clearing the waste gases from chimneys, the Company fitted state-of-the-art ESPs, bag filters, scrubbers, cyclones and dust suppression systems across its 118 chimneys. Chimney heights are at 15-125 meters, minimizing the release of hazardous elements.
- For minimizing emission during coal cake charging, the Company incorporated a jumper technique.
- For minimizing the load on the air pollution system, waste gases from the coke oven, corex units and blast furnaces are recycled for power generation and various production processes.

Secondary pollution management

The Company invested in state-of-the-art equipment to minimize secondary air pollution not covered by the statutory norms, through the following initiatives:

- Invested in 4 vacuum cleaners for road sweeping 3 times in a day.
- Installed CCTV cameras at the top of its corex units, a proactive monitoring system for fugitive emission.
- Used closed containers for transporting the dust collected in bag filters and other devices.
- Installed a unique vacuum spillage system to collect material spillage between conveyors and junction boxes.

Initiatives for improving ambient air

- Increased the number of bag filters across the plant in line with enhanced operational scale. Redesigned the bag filter emission limits at 50 mg per m3 of air – much lower than the national standard of 150 mg per m3 of air - which will significantly reduce the emission level.
- Commissioned de-sulphurisation station at the new coke oven to reduce sulphur dioxide emission.
- Introduced the dust suppression system that sprays water in the material stacking yard and conveyor belts to reduce spreading of dust.
- Installed the dry fog dust suppression system that controls the dust in the air.

Water management

Effective water management is indicated by zero effluent discharge from its plant.

The Company sources its daily water requirement from the dam on the rain-fed Tungabhadra river situated 30 km far from the site. It built water pipe to draw water from the dam to meet its daily requirements.

It created a cascading system of water reuse, where the blow-down water from one process is effectively utilized for another; whatever remains is stored in a guard pond (10,000 m3 capacity) and is used to meet the requirement of the beneficiation plant and horticultural purposes. The Company invested in water treatment plants at all operating units, with primary and secondary cleaning stages for water recycling.

This resulted in the Indian steel industry's lowest freshwater consumption per tonne of steel.

Water conservation initiatives

- Collected water from the seepages in the pond which would have been otherwise wasted, amounting to 12,000 m3 of water daily; the seepages are connected with necessary pipes.
- Initiated the re-use of blow-down water from Captive power plant II, Corex I and II for slag and coke quenching and ore beneficiation, among others. The ore beneficiation plant uses recycled water everyday.
- Upgraded the sewerage system at the Vijayanagar and Vidyanagar townships which will recycle drainage water, rendering it usable for gardening.
- Initiated the use of special chemicals which enables the Company to recycle water.

Hazardous waste management

The hazardous waste mainly comprises oil derived from hydraulic lube and waste water treatment plant. This oil is sold to government approved re-processor in Gujarat. The other hazardous wastes like sludge from BOF plant, CRM oil sludge, cyanide and phenol from the water treatment plant are incinerated through incinerator installed at the plant.

Solid waste management

The steel manufacturing processes at works generates three kinds of solid wastes – slag, sludge and mill scales. The Company opted for efficient technology to reuse solid waste. It also created a centralized waste collection system, where solid waste is segregated into various heads to be sold, enhancing revenues.

Slag: Slag is generated largely from blast furnaces and the steel melting shop. To manage the slag quantity, the Company installed a slag granulation facility (for granulating the slag) and magnetic suppression mechanism (for extracting the iron content in the slag).

Of the total slag generated, around 60% is sold to cement manufacturers; a smaller quantum is used in the sinter plant and Corex units to utilize the lime content; some are used to extract the iron content to be utilized as scrap in the steel melting zone. Fines are used for building slime pond.

Sludge: Sludge is generated in water treatment plants, iron-making zone (Corex unit and BF) and the steel melting shop. The pellet plant is the largest sludge consumer – accounting for 90% of the BOF sludge and 65% of Corex and BF sludge. The unutilised quantity is securely stored in the slime pond.

Mill scales: Mill scales are mainly generated from the HSM plant, CRM plant and continuous casting units.

Waste management: Being iron-rich waste, the entire mill scales is recycled through the sinter plant.

Other solid wastes

Lime plant waste: Lime plant generates lime fines. About 70% of the lime fines are sent to the sinter plant and around 30% is consumed in the hot metal pre-treatment facility.

Refractory waste: Out of the refractory waste generated, 60% is used for rebuilding the converters used in the steel melting shop.

Non-process solid waste: Non-process waste includes tyres, bag filter, rubber goods, copper cable, etc. The non-usable wastes are incinerated by an incinerator with a capacity of 250 kg per hour, while the rest are sold off.

Usage of ozone depleting substances

The Company does not use any ozone depleting substances such as CFC gas and R11 gas, among others.

Green cover

The Company landscaped its unit with a singular vision – 'operating a steel plant within a garden' – through a number of initiatives:

- Planted more than 1.2 million trees in only 12 years; about 55,000 trees were planted in 2008-09.
- Created a separate department for managing the in-plant landscape.

(13) CSR - Corporate caregivers

"Life is a gift and if we accept it we must contribute in return" –

Albert Einstein

Philosophy

The Company's overarching philosophy is to emerge as corporate caregivers, investing around 1.5% of our net profit to accelerate inclusive and participatory societal growth. The JSW Group has formed a trust – JSW Foundation – to drive its CSR activities.

CSR snapshot

Programmes/Activities	Beneficiaries
Supported small businesses (dairies) through SHG formation and federated them as Mahila Dairy Development Group	350 rural women
Set up rural BPO centres	300 women
Trained and employed rural women with JSW's associate companies.	81 rural girls
Imparted training on tailoring to rural women	200 rural women
Enhanced technical training through Computer Assisted Learning Centres in government schools	6,614 primary school students
Established *Balwadi* schools	322 children and 25 local girls
Introduced accelerated learning methodology	925 slow learners (children)
Set up mobile libraries for children	1,062 children
Set up village learning centres	400 dropouts
Introduced Akshaya Patra mid-day meal for schools	1,14,000 children from 402 schools
*Provided plates and glasses for mid-day meal schemes *Provided slates, notebooks and sports kit	2,700 children
Developed rural infrastructure (school compound walls, class rooms, toilets, roads, drainages, garbage management and drinking water facilities)	Nearly 10,000 families
Conducted vocational training courses (welding and gas cutting, masonry, tailoring, self-employment and educational training)	92 youths and 75 girls
Set up general health camps	4252 patients
Conducted eye camps	1,165 patients
Conducted HIV/AIDS awareness programme	1,008 employees 85 BPO employees 35 school teachers 87 truckers on national highway 15,000 families of surrounding villagers

Programmes/Activities	Beneficiaries
Organized sports camps; sponsored individuals and teams	Around 100 children
Conducted Agro Eco Systems Improvement programme	60 farmers from four villages
Organised garbage management in surrounding villages	Covered five villages; 7,350 families and a population of 32,500
Popularised model village development	Vaddu village (1,700 families covering 7500 people)

Education

Objectives

- To sensitise the need for education among regular and contract employees' children by establishing schools at the Company's vicinity.
- To make the learning process in surrounding village schools more exciting for children.
- To build confidence among school dropouts to join back.
- To provide a 'parental role' through monitoring first generation learners.
- To demonstrate innovative methods at government schools, improving learning standards.
- To explore and nurture rural talents.

Programmes

Jindal Education Trust: Jindal Education Trust runs three English medium schools – Jindal Vidya Mandir and Jindal Adarsh Vidya Mandir at Vidyanagar, along with Jindal Vidya Mandir at Vasind. The IMC-Ramkrishna Bajaj national quality cell has recognized the quality of education imparted at the Vasind School. Over 17 children from a labour colony (Vidyanagar) were admitted to school in 2008-09, totalling 28 children (11 children in 2007-08).

Rajeev Gandhi Institute for Steel Technology: Collaborating with the Karnataka government, the Company has formed the Rajeev Gandhi Institute for Steel Technology, offering courses in line with steel industry requirements. The institute aims at conducting formal diploma, degree and PG courses in engineering (especially steel manufacture, mining, management and safety, among others).

Fulfilling education needs for employees: The Company collaborates with premiere engineering colleges (BITS, Pilani) to enhance employee skills and knowledge priorities.

Scholarship for employee community achievement: The Company provides an annual scholarship (Rs. 25,000) to help talented children of employees.

Educational initiatives for surrounding villages: School Development and Monitoring Committee was formed to drive rural educational initiatives, helping villagers to avail of the Company's educational initiatives.

Activities

Akshayapatra, the mid-day meal programme for school children: The JSW Foundation has collaborated with Akshayapatra to provide mid-day meal to more than 1,13,861 students from 402 government schools in and around Karnataka's Bellary district to prevent dropout levels; the Foundation provides Rs. 1 crore annually for this initiative with enthusiastic contributions from the Company's employees.

Computer-assisted learning centres: Collaborating with Azim Premji Foundation and the Government of Karnataka, the Company has set up Computer Assisted Learning Centres in 25 government schools with 107 computers. Local youth are appointed to teach in these centres for one year, benefiting 10,000 students in 25 schools. Nearly 104 girls were trained in typing skills at various CALC centres with 43 joining Datahalli (rural BPOs).

Accelerated learning programme: Covering 19 government primary schools – in co-ordination with Akshara Foundation – the programme aims to improve reading, writing and numerical abilities of slow learners. Around 954 students from 19 schools were targeted and around 775 students completed this programme.

In 2008-09, the programme helped around 312 slow learners and 185 dropouts across 20 Village Learning Centres.

Balwadis: JSW Foundation has set up 19 balwadis to provide quality education to rural children, creating employment opportunities to local women. These women run balwadis in their houses charging nominal fees. JSW Foundation's Vishala balwadis are run free of cost; about 14 balawadis (334 children) and 18 mobile library centres (1010 children) are being run in surrounding villages.

Children mobile libraries: The Company has taken an initiative to set up mobile libraries at 20 villages to grow reading habits among rural children (6-14 years). The balwadi teachers charge nominal fees for library membership, helping 500 children and creating livelihoods for 181 rural women.

Village learning centres: Spread across 20 villages these centres help rural school dropouts (6-14 years); rural educated women conduct 'bridge courses' for these dropouts, enhancing motivational levels through special evening programmes and bringing these young people back into the mainstream; around 1,000 children were benefited through these interventions.

Summer camps: Organized during summer holidays across 20 villages these camps to enhance creative skills of rural children; around 785 children participated so far, of which 297 children from 11 villages benefited in 2008-09.

Plant visit for local school children: JSW Foundation organised plant visits for local school children in Vijayanagar; around 1,147 school children from seven government primary schools participated in this exercise.

School infrastructure up-gradation: JSW Foundation upgraded school infrastructure (construction and extension of school compounds and class rooms).

Education and women empowerment

Shivagangamma, a widow with two children, sought job assistance from JSW Foundation. She was motivated to set up a balwadi (crèche) centre in her village (Chikka Antapura). She was provided teaching and playing materials worth around Rs. 5,000 and a 10-day entrepreneurship and skill training. She earned Rs. 1000 as an honorarium and later she charged nominal fees from the balwadi children. She started her balwadi centre with around six children and later her students increased. She also conducts evening tuition classes and runs a children library for which books are provided by JSW Foundation. She earns around Rs. 3,000 monthly by looking after 45 local children.

Women empowerment

Objectives

- To create livelihoods for rural women by providing revolving fund, skill training and other linkage services.
- To empower rural women to reduce gender-based discrimination.

Programmes

Mahila Dairy Development Group (MDDG)/Self Help Groups (SHGs): JSW Foundation formed the Mahila Dairy Development Group (MDDG), providing loans (Rs. 80,000 to Rs. 1 lakh) to encourage rural entrepreneurship. The programme now covers around 350 members – started with four women – divided into 25 SHGs. The groups are also encouraged to save (Rs. 100 each member) to extend loans in the form of micro finance. Around 136 SHG members – 74 people took loans for dairy activity and the rest for small businesses.

Tailoring training: JSW Foundation has set up a tailoring centre to provide tailoring training to the women in the neighbouring villages. So far around three hundred women have been trained on tailoring and about fifty have been facilitated to pass the tailoring examination conducted by Dept. of Technical Education, Govt. of Karnataka, Bangalore. The women are also facilitated to undergo an advanced training in tailoring in coordination with Dept. of Small Scale Industries, Bellary. Around 200 women have been trained in tailoring trade. The center is upgraded with modern tailoring machines.

Unorthodox job trainings: JSW Foundation has initiated training for operating heavy earth moving vehicles for the women having higher secondary level of education. So far Around 80 women from the surrounding villages have been facilitated for placement with the Associate Companies of the Company.

Dairy – a way to enhance livelihood

Parvati Shankrappa's income (Rs.800 per month) was inadequate to run her family; her husband's sickness made the entire family dependent on her meagre income. She joined a SHG (Atnal Maremma) – formed and supported by JSW Foundation under the Mahila Dairy Development Group – who encouraged her to buy a buffalo and start dairy activity. Today, she is a proud owner of five buffaloes earning around Rs. 3,000 to Rs. 4,000 monthly. She can now take care of her family and even send her children to school. Parvati is grateful to JSW Foundation for the difference it has made in her life, and even encourages other rural women to follow her example.

Community health

Objectives

- To provide doorstep medical care by conducting general health check-ups.
- To provide a special healthcare for the old persons by conducting cataract screening and free surgeries.
- To identify potential HIV cases through STI/RTI check-up camps.
- To prevent the spread of HIV/AIDS cases, enhancing rural awareness.

Programmes

Health check up camps: JSW Foundation conducts two general health check-up camps every month across 19 villages providing screening and free medication facilities to around 150 patients on an average. Around 35 general health camps were organised, of which 23 were conducted in 2008-09, totalling 5,289 patients, of which 3,857 were treated in 2008-09.

Conducted household surveys in selected villages around the plant locations to ascertain prevalence and intensity of physical and mental disability in collaborations with vocational training providers for this segment.

Free cataract camps: Free cataract camps are conducted every month to treat cataract patients; on an average 100-130 patients are screened and 40-50 patients are operated in each camp. Around 10 eye camps were organised and a total of 1,165 were screened, 442 were identified with cataract and 383 were operated.

Sexually transmitted infections and reproductive tract infection camps: One camp is conducted each month in the surrounding villages of Plant. with the coordination of MYRADA (NGO). Around 70-100 patients are screened every month – through door-to-door visits – and free medication is arranged by the JSW Foundation. Around seven STI/RTI camps were held and 564 patients availed of the opportunity to get treated for gynaecological problems.

HIV/AIDS intervention: To prevent and create awareness against HIV/AIDS, JSW Foundation undertakes various initiatives like organising street plays – 18 street plays were organised so far – and celebrating World AIDS Day, among others.

Model village

Objectives

- Developing rural infrastructure (roads, drainage system, library and art centre, among others).
- Creating sanitary facilities for effective disposal of solid waste and improving living conditions.
- Sensitising rural eco-friendliness through enhanced tree planting.
- Accelerating rural socio-cultural development.

Village development programme

JSW Foundation selected Vaddu to develop as a model village; the village had around 1,700 households in June 2008.

Divided into two phases, the first phase would focus on the following: development of roads and pathways; drainage system up-gradation; construction of public toilets; garbage management; street lights and tree plantation. Around 450 metres of drainage work, 1,930 metres of road work and community toilet centre for women were developed. Phase II of the programme would comprise construction of schools, drinking water facilities, public-health centre and ranga mandira; roof water harvesting would also be initiated.

Garbage management

Objectives

- To create garbage-free villages by using garbage handling mechanism.
- To create rural awareness about the importance of hygiene and the critical role people can play to make that a reality.
- To minimize wastes produced by introducing recycling and reusing technologies.

Programme

The Company initiated 'Shuchi Grama' – a garbage management project ---- in the villages of Toranagallu, along with Vaddu, Basapura and Talur villages, covering 7,350 families. The Company developed this programme in consultation with local panchayat members, local leaders and gram panchayat secretaries, women self-help groups, youth organizations and school authorities.

The solid waste management focuses on: primary collection of wastes; sweeping of streets and cleaning of drainages; secondary collection, transportation, disposal and recycle of wastes in the dumping yard. The bio- degradable and non bio-degradable wastes are collected separately and transported to dumping yards. The bio- degradable waste is spread to these units --- layer by layer (about 1 ft. height) every day in the dumping yard ---and suitable compost cultures are added so that the material gets decomposed faster.

Besides, various programmes were implemented to enhance awareness about health and hygiene and the surrounding environment through door-to-door campaigns, mass campaigning by school children and SHGs, street plays and workshop for *suchi mitras*, among others.

Art and culture

Objectives

- Conservation of select monuments at Hampi (world heritage site)
- Promotion of local arts, including performing arts.

Programmes

Monument restoration: The Company approached the Asiatic Society of India and the Government of Karnataka to restore the heritage temples at Hampi through the formation of Hampi Foundation. The Company also restored 'Manmatha Kunda' – a pond of mythological importance near Sri Virupaksheshwara temple. The Hampi festival is annually co-sponsored by the Company and also re-published a book on Hampi – 'New Light on Hampi'.

Other programmes: To promote and restore art and culture, the Company has taken the following initiatives:

- Promoted the local performing arts such as 'bylata', 'dollu kunitha' and mythological dramas in the surroundings areas of its plant in Toranagallu.
- JSW Foundation constructed Rangamandira, an art theatre in Vaddu (model village).
- JSW Foundation has formed 'Kala Sangha' – art association among the employees for promoting local arts and culture; this group performs programmes to highlight the local art and culture periodically. They also identify the renowned local artists and felicitate them. Local troupes ware invited to perform on specific themes to enhance awareness among rural folk and township residents.
- A workshop was commissioned to conduct residential art camps for artists across the country.
- Kaladham (art centre) was developed in Vidyanagar township, promoting various art forms.

Agriculture

Objectives

- Enhance crop yields by improving farming techniques.
- Adopt ecological farming practices to reduce soil-and-water pollution.
- Achieve self sufficiency in quality seed availability.
- Integrate horticulture and dairy activities in the farming system.
- Make pesticide-free farm outputs available to consumers.

Programmes

The project area comprises four villages (Antapura, Kodal, Nagarapura and Kurekuppa) based on the crops grown and the farmer interests; around 60 locales were selected and divided into six groups. The Foundation has formed linkages with the University of Agricultural Sciences (Dharwad) for providing critical bio-inputs and the Department of Agriculture (Karnataka) for supplying seed material and gypsum.

During 2008-09, the Company organised study tours for farmers to the University of Agricultural Sciences (Dharwad), introducing farmers to innovative farming practices. They were given regular training on compositing, vermin-compositing, preparation of bio-fertilizers and bio-pesticides. The result was encouraging: farming input cost declined by Rs. 900 per acre, keeping the yield at the same level.

Two groups were formed in Kurekuppa with 17 members and Antapura with 14 farmers during June 08 and bank accounts were opened for the implementation of farm-based livelihood programmes.

Other initiatives comprised: crop plans for 52 farmers (kharif season during April-June 2008); trainings conducted on pest management in cotton and jowar, bio-mass generation and composting during June 2008. During July 2008, four trainings on crop management and two group meetings were conducted in Kurekuppa and Nagalapura villages. Farmer meetings were organized in Kurekuppa for sharing the experiences of natural farming with that of Bellary Organic association members. One orientation meeting was conducted in Gangalapura village of Taranagar Panchayat on soil fertility management and crop protection through botanicals.

Natural farming can enhance soil fertility

Mr. Nagabhushana of Kodal village used to apply chemical fertilisers for his seven acres for producing onion, sunflower and jowar. But after attending the training programme on composting, mulching and *Jeevamrutha* (bio-fertiliser) preparation he switched to natural farming. He stopped burning crop residues and used them for the preparation of compost. He prepared *Jeevamrutha* for onion crop, producing quality onions. Mr. Nagabhushana is now convinced that the application of *Jeevamrutha* can enhance soil fertility. He is determined never to use any chemical fertiliser and is even encouraging other farmers to emulate his technique.

Vocational training

Objectives

- Realizing participatory and inclusive growth
- Nourishing local talent to enhance employability
- Maintaining social harmony by improving quality of life
- Catering to industry requirements in Bellary and other places
- Arresting distress migration through livelihood creation

Programmes

JSW Foundation engaged the Nettur Technical Training Foundation (NTTF), – an ISO 9001 certified and world renowned vocational training provider, – to impart vocational training in the field of mechanical maintenance, electrical maintenance and computer application. Each year around 200 students benefit through these training courses, which enhance their employable skills. The training is imparted at subsidized tuition fees and students from the entire state of Karnataka can enrol. The courses are conducted at the newly built O.P. Jindal Vocational Training Centre at Toranagallu; programme duration is one year and after successful completion, the trainees are issued certificates. The successful candidates are also provided 100% job placement.

'Shramsadhana' Vocational Training Centre (SVTC) at Vasind: Started in March 2003 with 30 students in 2003 the facility has expanded to cover 266 students. A need assessment study to determine the trades to be offered.

Rural BPO

The JSW Foundation, along with a leading BPO consultant, has formed a 100-seater non-voice BPO to enhance rural employment for women; over 400 girls across 30 villages and three towns across a 40 km radius of the Company's Vijayanagar Works were benefited. The project provides a monthly earning potential of up to Rs. 5,500 for girls who had completed secondary and senior secondary standards. Four girls from the BPO got employment opportunities in the government-run 'Nemmadi Kendras' (e-governance cells). The women received intensive training on personality development and career planning.

Sports

To encourage rural sports the JSW Foundation has formed the Jindal Squash Academy, Jindal Badminton Academy, Jindal Swimming Academy and Jindal table Tennis Academy. These academies provide necessary trainings and students have attained national-level success in many events.

Recognitions

JSW Foundation's CSR initiatives won the following accolades:

- Golden Peacock Award in February 2009 from The World Council of Corporate Governance in recognition of the Company's initiatives in establishing sustainable development projects for Corporate Social Responsibility.
- The Certificate of Appreciation from the prestigious TERI Corporate Social Responsibility Award in 2007.
- The second prize in DMA-Erehon HR innovative Award 2006 for integration of CSR activities with Annual Performance Appraisal.

(D) LOOKING INTO THE FINANCIAL STATEMENTS (STANDALONE)

Highlights 2008-09

The net sales for the FY 2008-09 stood at Rs. 14,001 crores, showing a growth of 23% over the previous year. The increase in net sales was accounted by a growth of 1% in the volume of saleable steel and higher blended sales realization of 20%. The Company could not maintain its margins in spite of growth in volume and higher realization as the cost of production went up by 49%. This led to a drop of 8.5% in the EBIDTA margin which stood at 21.8% for the year ended 31 March 2009. The flight of capital from equity markets of emerging countries following the turmoil in financial markets put pressure on currencies including Indian rupee. The steep depreciation of rupee by 27.5% during the year resulted into a net foreign exchange loss of Rs.790 crores.

The standalone Company's Turnover, EBIDTA and Net Profit for FY 2008-09 were Rs.15,179 crores, Rs.3,093 crores and Rs.459 crores, respectively, with reported net profit after considering exceptional item of foreign exchange losses of Rs. 790 crores.

The Standalone Company's adjusted long term debt gearing was at 1.24 (as against 0.93 as on 31.03.2008). The weighted average cost of debt was at 8.22%.

1. Revenue Aanalysis

Rs. in crores

	2008-09	2007-08	Change	Change %
Domestic Turnover	10,681	9,022	1,659	18%
Export Turnover	4,450	3,496	954	27%
Sale of Carbon Credits	48	111	(63)	-57%
Gross Turnover	15,179	12,629	2,550	20%
Less: Excise duty	1,178	1,209	(31)	-3%
Net Turnover	14,001	11,420	2,581	23%

The Company registered a growth of 20% in the gross sales despite temporary production cut for two months due to demand contraction and lower realisation in the second half of FY 2008-09 mainly on account of following:

- **Value added products:** Leveraging the robust rural and semi urban demand for value added steel products, the Company utilised the value added production facilities fully and sold these products in these market segments. The growth in the volume of sales of value added products was 15% in the current fiscal year over the previous year contributing to higher revenues.
- **Focus on Domestic market:** The Company shifted its focus on the Domestic market in the second half of the current year as the impact of global crisis was relatively less in India compared to overseas market. Accordingly, the Company sold 2.461 Mn tonnes steel in the Domestic market. Out of which 60% was sold in the second half of 2009. This change in the marketing strategy helped the Company to add to the revenues with higher volume in the Domestic market over previous year.

Geography wise revenue break-up

Domestic: Domestic revenue increased 18% from Rs. 9,022 crores in 2007-08 to Rs. 10,681 crores in 2008-09. This significant increase was due to the increased focus on the domestic market pursuant to the slump in global economies in the second half of 2008-09. The Company strengthened its dealership network across India which enabled it to market its products on a Pan-India basis.

Export: The Company has export footprint over 100 countries. Majority of the exports comprised value added products. Interestingly, in the first half of 2008-09, export realisations ware higher than that of domestic market as the steel industry voluntarily agreed with Government of India to hold back the hike in steel product prices in the local market.

Product wise quantity break-up (Mn Tonnes)

	2008-09		2007-08	
Products	Domestic	Export	Domestic	Export
Semis	0.262	0.280	0.084	0.207
Rolled products - Flat	1.389	0.210	1.662	0.300
Rolled products - Long	0.293	Nil	0.291	Nil
Value added products	0.517	0.477	0.377	0.484

2. Other income Rs. in crores

	2008-09	2007-08	Change	Change %
Other Income	260	152	108	71%

Other income of the Company increased by 71% from Rs. 152 crores in 2007-08 to Rs. 260 crores in 2008-09. Other income included income of Rs. 97 crores from Extinguishment of liability on buyback of FCCB's during 2008-09.

3. Materials

Rs. in crores

	2008-09	2007-08	Change	Change %
Materials	8,450	5,694	2,756	48%

The Company's expenditure on raw materials increased 48% from Rs. 5,694 crores in 2007-08 to Rs. 8,450 crores in 2008-09. The increase was largely due to the surge in long-term contract and spot raw material prices. Raw material procurement was reduced during the month of November and December as the Company throttled operations by 20%.

Raw material price trend for the company

Rs. per tonne

Raw materials	2006-07	2007-08	2008-09
Iron ore	1155	2111	2275
Coke	9641	14669	22006
Coal	5334	5138	9872

Iron ore: The Company sourced iron ore from its own joint venture upto 20% of the total iron ore requirement and the rest from NMDC & other private mine owners. The Company enhanced the proportion of iron ore procurement at spot prices in the second half of 2008-09 to capitalize on declining spot iron ore prices. The Company spent around Rs. 1,682 crores for procuring iron ore in 2008-09 against Rs.1,458 crores in 2007-08.

Coke: The Company commissioned its third set of coke oven batteries which meet 100% of the Company's coke requirement from September 2008 – import of coke was completely stopped. The coke cost stood Rs. 1,075 crores in 2008-09 against Rs. 1,154 crores in 2007-08 – the decline was due to higher usage of captive coke.

Coal: The Company imported coal primarily from Australia and South Africa. The Company renegotiated the procurement prices under the long-term coal contracts with certain supplier which reduced input cost. Besides, it blended soft-coking and semi soft-coking coal with coking coal for coke manufacture that reduced the cost of production. The Company's coal cost increased 132% from Rs. 2,061 crores in 2007-08 to Rs. 4,787 crores in 2008-09 mainly due to increase of 211% in the long term contracted prices.

4. Employee Remuneration and Benefits

Rs. in crores

	2008-09	2007-08	Change	Change %
Employees Remuneration and Benefits	289	274	15	5%

Employee Remuneration and Benefits increased by 5% from Rs. 274 crores in 2007-08 to Rs. 289 crores in 2008-09 mainly due to annual increments. The Company employed about 7669 employees as on 31 March 2009.

5. Manufacturing and Other expenses

Rs. in crores

	2008-09	2007-08	Change	Change %
Manufacturing and Other Expenses	2,429	2,098	331	16%

Manufacturing and Other expenses increased by 16% from Rs. 2,098 crores in 2007-08 to Rs. 2,429 crores in 2008-09. The major reasons for such increases were

a) Increase in power and fuel cost by 25% (Rs. 134 crores) due to increase in rate of Coal and other fuel used in generation of power.

b) Increase in Rate and taxes by Rs. 46 crores on account of imposition of export duty by government during first half of FY 2008-09.

c) Increase in Carriage and Freight by Rs. 51 crores mainly due to high rate of crude oil price during the year.

6. Interest

Rs. in crores

	2008-09	2007-08	Change	Change %
Interest and Finance Charges (net)	797	440	357	81%

The interest cost went up from Rs. 440 crores in 2007-08 to Rs. 797 crores showing an increase of Rs. 357 crores. This increase was accounted by higher interest of Rs. 96 crores on Long-term loans and balance Rs. 261 crores on working capital borrowings. The interest on Long term Loans went up mainly due to commencement of certain facilities under 2.8 MTPA expansion project during 2008-09 and new Cold Rolled Complex at Vijayanagar & expansion project at Salem during 2007-08. The higher input prices and volume increased the working capital requirements which resulted into higher interest on working capital borrowings.

7. Depreciation

Rs. in crores

	2008-09	2007-08	Change	Change %
Depreciation	828	687	141	21%

Depreciation increased by 21% from Rs. 687 crores in 2007-08 to Rs. 828 crores in 2008-09 due to

Commencement of the following project:

- Some facilities under 2.8 MTPA expansion project.
- Hot Strip Mill capacity expansion from 2.5 MTPA to 3.2 MTPA.
- Commissioning of New coated products line at Tarapur Works.

8. Exceptional Items

The flight of capital from equity markets following the turmoil in financial markets put pressure on currencies including Indian rupee. Exceptional Items represented net exchange loss of Rs.790 crores due to the 27.5% depreciation in the value of the rupee against US $.

9. Fixed Assets

Rs. in crores

	2008-09	2007-08	Change	Change %
Gross Block	16,897	13,952	2,945	21%
Less: Depreciation	3,811	2,997	814	27%
Net Block	13,086	10,955	2,131	19%
Capital Work-in Progress	9,243	5,613	3,630	65%
Total	22,329	16,568	5,761	35%

Gross Block increased during the year due to capitalization of the following projects:

- Some facilities under 2.8 MTPA expansion project.
- Hot Strip Mill expansion capacity from 2.5 MTPA to 3.2 MTPA.
- Commissioning of New coated products line at Tarapur Works.
- Addition of some support facilities at Salem Works.

Capital work-in-progress increased from Rs. 5,613 crores in 2007-08 to Rs. 9,243 crores in 2008-09. The growth in capital work-in-progress was due a number of projects which are under implementation at the different locations:

- 2.8 MTPA expansion project at Vijayanagar
- New Hot Strip Mill at Vijayanagar
- 3.2 MTPA expansion project at Vijayanagar
- Beneficiation plant of 20 MTPA at Vijayanagar
- 300 MW Power Plant at Vijayanagar
- Railway siding at Vasind
- 30 MW Power Plant at Tarapur
- Blooming Mill at Salem

10. Investment

Rs. in crores

	2008-09	2007-08	Change	Change %
Investments	1,250	924	326	35%

Total investment increased from Rs. 924 crores in 2007-08 to Rs. 1,250 crores in 2008-09 mainly due to infusion of equity capital in subsidiaries of Rs. 403 crores.

11. Inventories

Rs. in crores

	2008-09	2007-08	Change	Change %
Raw Materials	801	819	(18)	-2%
Production Consumables and Stores & Spares	317	186	131	70%
Work-in-Progress	132	44	88	199%
Semi Finished/ Finished Goods	789	436	353	81%
Traded Goods	12	64	(52)	-81%
Total	2,051	1,549	502	32%

Inventories increased by 32% from Rs. 1,549 crores in 2007-08 to Rs. 2,051 crores in 2008-09. The average inventory holding in terms of number of days as on 31 March 2009 was 53 days compared to 50 as on 31 March 2008. Increase in stores & spares was mainly due to commencement of new facilities. Increase of Finished Goods was mainly due to inventory (Rs. 101 crores) arising out of trial run production of 2.8 MTPA expansion project.

12. Sundry Debtors

Rs. in crores

	2008-09	2007-08	Change	Change %
Debtors	415	357	58	16%
Less: Provision for Doubtful Debts	(17)	(20)	3	-15%
	398	337	61	18%

Sundry debtors increased by 18% from Rs. 337 crores in 2007-08 to Rs. 398 crores in 2008-09. The average debtors in terms of number of days as on 31 March 2009 was 10 days compared to 10 days as on 31 March 2008.

13. Loans and Advances

Rs. in crores

	2008-09	2007-08	Change	Change %
Loans and Advances	1,745	840	905	108%

Loans and Advances increased by from Rs. 840 crores in 2007-08 to Rs. 1,745 crores in 2008-09. The increase was mainly due to a) Loans and advance given to JSW Steel (Netherlands) B.V. amounting to Rs. 664 crores. b) Minimum Alternative Tax credit entitlement of Rs. 95 crores.

14. Current Liabilities

Rs. in crores

	2008-09	2007-08	Change	Change %
Liabilities	7,476	3,738	3,738	100%
Provisions	81	364	(283)	-78%
Total	7,557	4,102	3,455	84%

The current liabilities increased from Rs. 4,102 crores in 2007-08 to Rs. 7,557 crores in 2008-09. The increase was mainly due to increase in the value of purchases/services on account of expansion projects.

15. Secured and Unsecured Loans

Rs. in crores

	2008-09	2007-08	Change	Change %
Secured Loans	8,215	5,497	2,718	49%
Unsecured Loans	3,058	2,050	1,008	49%
Total	11,273	7,547	3,726	49%

The Company's total debt comprised secured loan including debentures, long-term loans from banks and financial institutions and working capital loans from banks and unsecured loans including long term advances from buyers, foreign currency loans, zero coupon convertible bonds among the others.

The increase in total debt from Rs. 7,547 crores as on 31 March 2008 to Rs. 11,273 crores as on 31 March 2009 were mainly due to :

- Increased scale of production and the global financial crisis necessitating an increase in working capital funds for day-to-day operations.
- Drawal of additional fund for completion of mission critical projects.
- Increase in borrowings accounted by translation losses due to steep depreciation of Rupee against US$.

The Company met its entire repayment schedule in 2008-09. The adjusted long term debt equity ratio for the Company increased from 0.93 as on 31 March 2008 to 1.24 as on 31 March 2009.

Rs. in crores

	2007-08	2008-09
Loan repayment	983	1,040

16. Capital Employed

Total capital employed increased 27 % from Rs. 15,224 crores as on 31 March 2008 to Rs. 19,288 crores as on 31 March 2009 due to increased scale of operation and due to the funds invested for completion of ongoing projects which are expected to be commissioned over the next 24 months.

Return on capital employed declined from 20.84% in 2007-08 to 12.20% on account of the following reasons:

- Decline in the profitability due to lower realization, higher input cost and production cuts caused by sharp demand contraction.
- Projects commissioned during the year which are expected to generate the commensurate returns only in the following 12 months.
- Funds invested in projects which are yet to be commissioned – hence generating no returns at present.

This is expected to correct over the next 12-18 months, with the demand for steel picking up (improving profitability) and with the stabilization/commissioning of projects (adding to the revenue and profitability stream) -- growing returns from the money invested.

17. Own Funds

Networth increased from Rs. 7,677 crores as on 31 March 2008 to Rs. 7,959 crores as on 31 March 2009. This was due to plough back of operational surplus into the business to fund the future growth initiatives of the Company.

Return on networth was lower from 27.09% in 2007-08 to 5.64% in 2008-09 due to the decline in the profitability of the Company. Shareholders can expect a sizeable correction in this performance matrix due to the cost cutting measures adopted during the second half of 2008-09 and the commissioning of the new blast furnace which is expected to further reduce the overall cost of production and improve profitability. The book value of equity share improved from Rs. 395 as on 31 March 2008 to Rs. 410 as on 31 March 2009.

Reserves: Reserves and surplus increased from Rs. 7,140 crores as on 31 March 2008 to Rs. 7,422 crores as on 31 March 2009. This is a zero cost fund which strengthen the ability of the company to undertake growth initiatives.

(E) LOOKING INTO THE FINANCIAL STATEMENTS (CONSOLIDATED)

The Company's consolidated financial statements include the financial performance of the following Subsidiaries, Joint Ventures and Associate.

Subsidiaries:

i. JSW Steel (Netherlands) B.V.
ii. JSW Steel (UK) Limited
iii. Argent Independent Steel (Holdings) Limited
iv. JSW Steel Service Centre (UK) Limited
v. JSW Steel Holding (USA) Inc.
vi. JSW Steel (USA) Inc.
vii. JSW Panama Holdings Corporation
viii. Inversiones Eroush Limitada
ix. Santa Fe Mining
x. Santa Fe Puerto S.A.
xi. JSW Natural Resources Limited
xii. JSW Natural Resources Mozambique Limitada
xiii. JSW Steel Processing Centres Limited
xiv. JSW Bengal Steel Limited
xv. Barbil Beneficiation Company Limited
xvi. JSW Jharkhand Steel Limited
xvii. JSW Building Systems Limited

Joint Ventures:

i. Vijayanagar Minerals Private Limited
ii. Rhone Coal Company Private Limited
iii. Geo Steel LLC
iv. JSW Severfield Structures Limited

Associate:

i. Jindal Praxair Oxygen Company Private Limited

The Company reported a consolidated Turnover, EBIDTA and Net Profit of Rs. 17,113 crores, Rs. 3,254 crores & Rs. 275 crores respectively after incorporating the financials of subsidiaries, joint ventures and associates. The net profit for the consolidated Company was lower at Rs. 275 crores compared to Rs. 459 crores in the stand-alone Company mainly due to writing down of inventory and fall in realization & capacity utilisation caused by demand contraction in USA and UK. The consolidated adjusted long term debt gearing was at 1.79.

(F) OUTLOOK:

Silver lines at the horizon

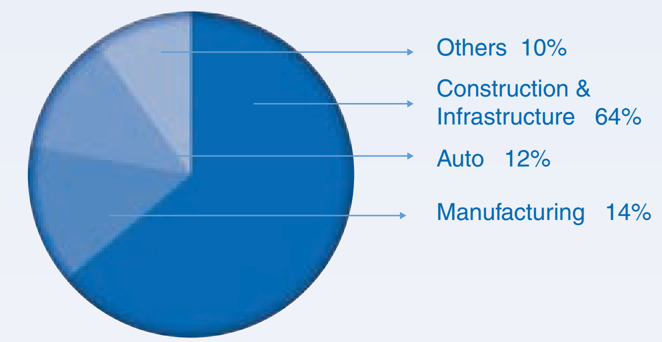
Domestic steel industry outlook

The outlook for the steel sector remains promising in the coming years tempered by lower estimated GDP growth of 6.5% for 2009-10. This is based on revival in demand in certain user industries due to Government's initiatives to mitigate the impact of global melt down.

To counter the economic slowdown, the Government announced monetary and fiscal stimulus measures. Some of the measures which are expected to be favourable to the steel sector are as under:

- Reduced the excise duty from 14% to 10% and to 8%; an initiative to encourage affordability and consumption.
- Reintroduced the DEPB scheme (withdrawn in March 2008) to encourage exports to neutralize the impact of local taxes.
- Reinstated basic customs duty for steel imports to protect India from dumping of cheap and distressed exports.
- Encouraged the auto sector, an important steel consumer, through various measures namely:
  - Allowed Government departments to replace government vehicles within the permissible budget.
  - Provided financial assistance to the State Governments to purchase buses for urban transport under the JNNURM scheme.
  - Allowed a one-time accelerated depreciation benefit @ 50% (as against approx. 15% normal) on the purchase of commercial vehicles up to 30 September 2009.
- Provided a series of benefits to the housing and real estate sector, a major consumer of long steel products.
  - Provided NHB with the refinancing facility from RBI for financing low-cost housing.
  - Housing loans for new homes at concessional rate of interest at 8% along with limiting the margin money to a maximum 15%.
  - State Governments to release lands for low and middle income housing schemes.
  - Real-Estate developers allowed to access ECB for Integrated Townships.
- Introduced other schemes for improving the liquidity for the infrastructure sector.

Steel Consumption pattern – Sectorwise



Source: IDS *Data for 2007-08*

The apparent consumtion of steel from construction and infrastructure sectors constitutes 64%. The Government of India accorded special focus in the eleventh five year plan to Infrastructure sector, a big positive for the steel industry.

Infrastructure

The Government of India is targeting Rs. 1,000 bn infrastructure investments over the next two years.

Power

Rapid growth of the economy will lead to a huge demand for consistent power supply on a pan India basis. As a result, significant steel demand is expected to come from the power segment.

Oil and gas

India is creating the National Gas Grid at an investment of US$ 9 bn – linking any source to any market

In the Indian gas segment, opportunities for steel demand abound.

- The expected growth in the power generation capacity in the Eleventh Plan will necessitate creation of the feedstock (gas) transportation infrastructure, driving the demand for steel.
- Bids are being invited for urban natural gas distribution; city gas distribution (CGD). This could witness an estimated Rs 140 bn investment – Rs 2 bn investment per city – over the next five years, creating a sizeable demand for steel pipes of all sizes.

In addition, the irrigation sector offers a sizeable opportunity for increased steel off take. The Eleventh Plan expects to create around 9 Million hectares of irrigation through large and medium irrigation projects. The government has allocated Rs. 4 bn for micro irrigation in Budget 2009-10.

Railways

More than Rs 2,000 bn investments are expected to boost railway infrastructure during the Eleventh Plan.

- Indian Railways has drawn up plans for up gradation of rail infrastructure and procurement of new assets of rolling stock during the current financial year with an estimated expenditure of Rs. 375 bn.
- It has undertaken the construction of dedicated freight corridor, the biggest infrastructural development activity of Indian Railways since independence. An investment of Rs. 4 bn is envisaged in 2008-09 and Rs. 30 bn has been earmarked for 2009-10.
- The railway up-gradation plan comprises the renewal of 2,941 km railway track, requiring about 339,228 tonnes of steel.
- It has undertaken the renewal of sleepers of 2,382 km which will require about 38.59 lakh pre-stressed concrete (PSC) sleepers. Since the sleeper renewal would be required for other purposes as well, the railways are looking at renewing 44.5 lakh PSC sleepers. This will require 88,200 MT steel.

Roads & highways

India is developing an average 100 km of rural roads every day under the Pradhan Mantri's Gram Sadak Yojana.

A good road network constitutes the basic infrastructure that propels the development process through connectivity and opening up the backward regions to trade and investment. The Indian Government is significantly upgrading and expanding its road and highway infrastructure over the coming years which are expected to fuel the demand for steel over the coming years.

- The National Highways Authority of India plans to award 105 new road projects worth Rs. 1,000 bn in 2009-10. Of the 105 projects, 40 projects worth Rs. 400 bn are slotted for bidding in April 2009.
- The Ministry of Road Transport and Highways (MOSRT & H) has initiated four-laning of 10,000 kms of road.
- Around Rs. 600 bn has been allocated under the Pradhan Mantri Gram Sadak Yojana.
- The World Bank has funded (Rs 13.65 bn) the development of road infrastructure in Himachal Pradesh.
- Future road projects comprise the creation of 15,000 kms of expressways by 2020 at Rs. 1,500 bn investment.
- The fund requirement for Eleventh Plan for improving the National Highways infrastructure is estimated at Rs. 25 bn.
- The target for new addition including widening, strengthening and multi-laning of the national highway network in Eleventh Plan is about 7,000 kms

Automobile industry

As per UNIDO, India ranks 12th among the world's top 15 automakers. Despite the recent sluggish demand, India still holds exciting growth potential for the automobile industry. The low vehicular penetration in India compared to the global average and compared to that of other developed/developing nations is expected to correct – providing buoyancy to the automobile sector and stimulating steel demand.

Inspite of global economic slowdown, the domestic automobile industry is seeing signs of revival in Q1 CY 09 primarily from the robust domestic demand. Besides, the World Trade Organization has ruled against China, imposing a 25% import duty on auto-components. This is expected to benefit the Indian auto-component manufacturers, fuelling steel demand. *[Source: IBEF].*

Housing

India's real estate sector is projected to grow 30% annually over the next decade, attracting around $30 billion foreign investments. *[Source: ASSOCHAM]*

Housing is significant engine for growth and development of the economy. The buoyancy in the housing sector has a cascading impact on more than 250 related sectors. India has consistently faced a shortage of dwelling units.

Source: NBO

- The total housing requirement during the 11th Plan Period will be 26.53 mn. The conservative estimates as per NUHHP -2007, highlight an investment of Rs. 3613.18 bn during the Eleventh Plan to meet this requirement. This has since been revised to about to Rs. 5100 bn.
- The Government amended FDI rule in the real estate sector which will attract incremental FDI.

As per a DB Research report, by 2030 India will require about 10 mn new units annually.

Overall Outlook

The opinion of optimists "The worst is over" is gaining momentum based on the latest release of data points on leading indicators of various countries. While the pace of contraction is slowing in advanced countries, the emerging economies showing signs of recovery. Even though the recovery may be slow or gradual, the sentiment is turning positive. Current global crisis, inspite of creating devastating impact on global economy, have been combated through swift coordinated actions by Governments/Central banks with the announcement of massive stimulus packages and easing of monetary policies by using unconventional tools. These measures are expected to increase the infrastructure spend which is positive for Steel Industry.

India and China continues to be torch bearers in this depressed environment still showing a positive GDP growth. India, less impacted by global crisis, in view of healthy financial system, started its march towards high growth trajectory with early signs of recovery in core sectors. Large outlays are proposed to be earmarked for building physical and social infrastructure in India.

The apparent consumption exceeding the crude steel production world wide establishes the fact that the de-stocking cycle is coming to an end. The International Steel Prices are stable and the signs of revival in demand are strong.

In these circumstances, the Company with rich product mix,estimated volume growth of 72% and low conversion cost will be in a position to enhance its market share by accessing robust rural domestic demand. The reset of long term coking coal and iron ore contract prices at significantly lower levels in the fiscal year 2009-10 will be an added advantage to the Company to improve its margins even in the scenario of stable steel prices. The company switched its focus to domestic market and exports are intended to be reduced to 14% of total volume of sales in fiscal 09-10.

Forward looking and Cautionary Statements:

Certain statements in the Management Discussion and Analysis concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition within Steel Industry including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our internal operations, reduced demand for steel, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which – has made strategic investments, withdrawal of fiscal governmental incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the Company.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2008-09

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

1. COMPANY'S PHILOSOPHY:

Corporate Governance at JSW Steel Limited has been a continuous journey and the business goals of the Company are aimed at the overall well being and welfare of all the constituents of the system. The Company has laid a strong foundation for making Corporate Governance a way of life by constituting a Board with balanced mix of experts of eminence and integrity, forming a core group of top level executives, inducting competent professionals across the organization and putting in place best systems, process and technology. The Company combines leading edge technology and innovation with superior application and customer service skills.

At the heart of Company's corporate governance policy is the ideology of transparency and openness in the effective working of the management and Board. It is believed that the imperative for good corporate governance lies not merely in drafting a code of corporate governance but in practising it.

Your Company 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, Meetings and attendance record of each Director:

As on 31.03.2009, the Board of Directors comprises of 15 Directors, of which 11 are non-executive. The Chairperson is non-executive and a Promoter of the Company. The number of Independent Directors is 8 which is more than the stipulated one half of the total number of Directors.

Except Mrs. Savitri Devi Jindal & Mr. Sajjan Jindal, no other Directors are related to each other.

None of the Directors on the Board is a Member on more than 10 committees and Chairman of more than 5 committees (as specified in clause 49) across all the Companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The information as required under Annexure 1A to Clause 49 is being made available to the Board.

The details of composition of the Board as at 31.03.2009, the attendance record of the Directors at the Board Meetings held during the financial year ended on 31.03.2009 and the last Annual General Meeting (AGM), and the details of their other Directorships and Committee Chairmanships and Memberships are given here below:

Category	Name of Director	Status	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM (Yes/No)	No. of Directorships in other Indian Public Limited Cos.	No. of Chairmanship/ Memberships of Committees in other Public Ltd. Cos. **	
							Chairmanship	Membership
Executive Directors	Mr. Sajjan Jindal	Vice Chairman & Managing Director	6	5	No	6	Nil	Nil
	Mr. Y.Siva Sagar Rao	Jt. Managing Director & CEO	6	6	Yes	1	Nil	1
	Mr. Seshagiri Rao M.V.S.	Director (Finance)	6	6	Yes	Nil	Nil	Nil
	Dr. Vinod Nowal	Director (Commercial)	6	3	No	3	Nil	Nil
Non-Executive Non-Independent Directors	Mrs. Savitri Devi Jindal	Chairperson	6	None	No	8	Nil	Nil
	Mr. Biswadip Gupta	Director	6	6	Yes	6	Nil	3
Non-Executive Independent Directors	Mr. Uday M. Chitale	Director	6	6	Yes	5	3	2
	Mr. Anthony Paul Pedder	Director	6	6	Yes	Nil	Nil	Nil
	Mr. Sudipto Sarkar	Director	6	4	Yes	4	Nil	1
	Dr. S. K. Gupta	Director	6	6	Yes	8	1	6
Nominee Director	Mrs. Zarin Daruwala	Nominee of ICICI Bank Limited (Lender)	6	5	No	Nil	Nil	Nil
	Part of the Year							
Non-Executive Non-Independent Directors	Mrs. Sobha Nambisan IAS (Ceased to be a Nominee Director w.e.f. 13.06.2008)	Nominee of KSIIDC (Equity Investor)	1 *	1	No	NA	NA	NA
	Mr. V. Madhu IAS (Nominated w.e.f. 13.06.2008)	-do-	5 *	3	No	8	Nil	Nil
	Mr. Nagesh Pinge (Ceased to be a Director w.e.f. 23.01.2009)	Director	5 *	5	Yes	NA	NA	NA
Non- Executive Independent Directors	Mr. Kannan Vijayaraghavan (Appointed w.e.f. 16.06.2008)	Director	4 *	4	No	Nil	Nil	Nil
	Dr. Ajay Shah (Appointed w.e.f. 16.06.2008)	Director	4 *	1	No	3	Nil	1
Nominee Directors	Mr.S. Jambunathan (Ceased to be a Nominee Director w.e.f. 15.05.2008)	Nominee of UTI Asset Management Company Limited (Lender)	1 *	None	No	NA	NA	NA
	Mr. G. R. Sundaravadivel (Nominated w.e.f. 14.07.2008)	-do-	3 *	3	No	2	Nil	1

Notes:-

1. During the Financial Year 2008-09, six Board Meetings were held and the gap between two meetings did not exceed four months. The Board Meetings were held on 05.05.2008, 15.06.2008, 16.06.2008, 31.07.2008, 24.10.2008 and 28.01.2009.
2. * No. of Board Meetings indicated is with reference to date of appointment/resignation of the Directors.
3. ** Only two Committees, namely, Audit Committee and Shareholders'/Investors' Grievance Committee have been considered.

2.2 Board Meetings, Board Committee Meetings and Procedures:

A. Decision making process

The Board of Directors oversee the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the stake holders are being served. The Vice Chairman & Managing Director is assisted by the Executive Directors/Senior Managerial Personnel in overseeing the functional matters of the Company.

The Board has constituted ten Standing Committees, namely Audit Committee, Project Review Committee, Shareholders/Investors Grievance Committee, Remuneration Committee, Finance Committee, Nomination Committee, Risk Management Committee, Share Allotment Committee, Share/Debenture Transfer Committee & JSWSL Code of Conduct Implementation Committee. The Board constitutes additional functional committees, from time to time, depending on the business needs.

B. Scheduling and selection of Agenda Items for Board meetings

(i) Minimum four Board Meetings are held every year. Dates for the Board Meetings in the ensuing quarter are decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes are sent in advance to the Directors. Additional meetings of the Board are held when deemed necessary to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

(ii) The meetings are usually held at the Company's Registered Office at Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai - 400 026.

(iii) All divisions/departments of the Company are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion/ approval/ decision at the Board/Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board/Committee Meetings.

(iv) The Board is given presentations covering Global Outlook/Economy, Company's Financials, Sales, Production, Business Strategy, Subsidiary performance and the Risk Management practices before taking on record the quarterly/half yearly/annual financial results of the Company.

C. Distribution of Board Agenda Material

Agenda and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are considered.

D. Recording Minutes of proceedings at Board and Committee meetings

The Company Secretary records the minutes of the Proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board/Committee for their comments. The final minutes are entered in the Minutes Book within 30 days from conclusion of the meeting and are signed by the Chairman of the meeting/Chairman of the next meeting.

E. Post Meeting Follow-up Mechanism

The Company has an effective post meeting follow up, review and reporting process mechanism for the decisions taken by the Board/ Committees. Action Taken Report on decisions of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee members.

F. Compliance

While preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting (s), adequate care is taken to ensure adherence to all applicable laws and regulations including the Companies Act, 1956 read with the Rules made there under.

2.3 Meetings of Independent Directors:

The Independent Directors of the Company meet at such intervals as they deem appropriate without the presence of Executive Directors or management personnel. These meetings are conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to the affairs of the Company and put forth their views to the Vice Chairman and Managing Director.

2.4 Strategy Meet:

A strategy meet of the Board of Directors is held once in every financial year to formulate, evaluate & approve the business strategy of the Company. The Functional Heads give a brief presentation to the Board covering their respective areas of responsibility. The meeting focuses on strategic goals, financial management policies, management assurances & control aspects and the growth plan of the Company.

3. AUDIT COMMITTEE:

The Audit Committee comprises of 5 Non-Executive Directors, of which, all are Independent Directors. Mr. Uday M. Chitale is the Chairman of the Audit Committee. The Members possess adequate knowledge of Accounts, Audit, Finance, etc.

The Broad terms and reference of Audit Committee are to review the financial statements before submission to Board, to review reports of the Management Auditors and Internal Audit department and to review the weaknesses in internal controls reported by Internal and Statutory Auditors and to review the remuneration of Chief Internal Auditor. In addition, the powers and role of the Audit Committee are as laid down under Clause 49 II C and D of the Listing Agreement and Section 292A of the Companies Act, 1956.

Four meetings of the Committee were held during the financial year 2008-09, on 03.05.2008, 30.07.2008, 23.10.2008 and 27.01.2009. The necessary quorum was present at the meetings. The Constitution of the Committee as at 31.03.2009 and the attendance of each Member are as given below:

Sl. No.	Name of the Director	Category	No. of Meetings Attended
1	Mr. Uday M. Chitale Chairman	Non-Executive Independent Director	4
2	Dr. S. K. Gupta	Non-Executive, Independent Director	4
3	Mrs. Zarin Daruwala	Non-Executive, Independent Director (Nominee-ICICI Bank Ltd.)	1
4.	Mr. Kannan Vijayaraghavan	Non-Executive, Independent Director	2
5.	Mr. G. R. Sundaravadivel	Non-Executive, Independent Director (Nominee-UTI Asset. Management Co. Ltd.)	2

Audit Committee meetings are also attended by the Jt. Managing Director & CEO, Director (Finance), Director (Commercial), Operational Heads of each Location, Vice President (Internal Audit), General Manager (Risk Management), the Company Secretary and the representative of the Statutory and Management Auditors. The Company Secretary is the Secretary of the Audit Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

4. REMUNERATION COMMITTEE:

The Remuneration Committee, which is a non-mandatory requirement of Clause 49, was constituted on 23.03.2002.

The terms of reference of the 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.

No meeting of the Remuneration Committee was held during the financial year 2008-09.

The composition of the Remuneration Committee as at 31.03.2009 is given below:

Sl. No.	Name of the Members	Category
1	Dr. S. K. Gupta Chairman	Non-Executive, Independent Director
2	Mr. Uday M. Chitale	Non-Executive Independent Director
3.	Mr. Anthony Paul Pedder	Non-Executive Independent Director
4.	Mrs. Zarin Daruwala	Non-Executive, Independent Director (Nominee ICICI Bank Limited)
5.	Mr. Kannan Vijayaraghavan	Non-Executive, Independent Director

The Chairman of the Remuneration Committee is Dr. S. K. Gupta. The Company has complied with the non-mandatory requirement of Clause 49 regarding the Remuneration Committee.

4.1 Remuneration Policy and Details of Remuneration paid to Directors:

The Remuneration Committee recommends the remuneration package for the Executive Directors of the Board. In framing the remuneration policy, the Committee takes into consideration the remuneration practices of Companies of similar size and stature and the Industry Standards.

The Directors' compensation is based on the appraisal system wherein their individual goals are linked to the organisational goals. Executive Directors (ED) are paid compensation as per the agreements entered into between them and the Company, subject to the approval of the Board and of the Company in General Meeting and such other approvals, as may be necessary.

The present remuneration structure of ED comprises of salary, perquisites, allowances, performance linked incentive and contributions to PF and Gratuity.

The Non-Executive Directors, except for Mr. Biswadip Gupta and Mr. Nagesh Pinge, are paid remuneration by way of Commission and Sitting fees. The Commission payable to the Non-Executive Directors is based on the number of meetings of the Board/ Committee attended by them and their contribution to the Company during the year. The Company pays sitting fees at the rate of Rs.20,000/- for each meeting of the Board and sub-committees attended by them.

The details of commission payable to the Non-Executive Directors for the financial year 2008-09, is as follows:

Sr. No.	Name	From	To	Commission Payable (Rs. in crores)
1.	Mrs. Savitri Devi Jindal	1-Apr-08	31-Mar-09	0.08
2.	Dr. S. K. Gupta	1-Apr-08	31-Mar-09	0.13
3.	Mr. Uday M. Chitale	1-Apr-08	31-Mar-09	0.14
4.	Mrs. Zarin Daruwala (Nominee ICICI Bank Limited)*	1-Apr-08	31-Mar-09	0.12
5.	Mr. Anthony Paul Pedder	1-Apr-08	31-Mar-09	0.12
6.	Mr. Sudipto Sarkar	1-Apr-08	31-Mar-09	0.11
7.	Mrs. Sobha Nambisan, IAS (Nominee KSIIDC)*	1-Apr-08	12-Jun-08	0.02
8.	Mr. V. Madhu, IAS (Nominee KSIIDC)*	13-Jun-08	31-Mar-09	0.09
9.	Mr. Kannan Vijayaraghavan	16-Jun-08	31-Mar-09	0.10
10.	Mr. S. Jambunathan (Nominee UTI Asset Management Company Limited) *	1-Apr-08	14-May-08	0.01
11.	Mr. G. R. Sundaravadivel (Nominee UTI Asset Management Company Limited) *	14-Jul-08	31-Mar-09	0.08
12.	Dr. Ajay Shah	16-Jun-08	31-Mar-09	0.07
	Total			**1.07**

* Payable to the respective Financial Institutions they represent.

The details of remuneration paid/payable to the Whole-time Directors for the financial year 2008-09 is as given below:

Name of Director	Salary & Perks (Rs. in crores)	Commission (Rs. in crores)	Period of Contract	Notice Period
Mr. Sajjan Jindal, Vice Chairman & Managing Director	3.23	3.33	From 07.07.2007 to 06.07.2012	NA
Mr. Y. Siva Sagar Rao, Jt. Managing Director & CEO	1.08	—	From 24.07.2007 to 23.07.2010	3 months from either side.
Mr. Seshagiri Rao M.V.S., Director (Finance)	0.96	—	From 06.04.2004 to 05.04.2009	3 months from either side.
Dr. Vinod Nowal, Director (Commercial)	0.70	—	From 30.04.2007 to 29.04.2012	3 months from either side.
Total	**5.97**	**3.33**		

Note: Salary includes Basic Salary, House Rent Allowance, Bonus, LTA, use of Company's Car, Furniture & Equipment and Perquisites (including ESOP), the monetary value of which has been calculated in accordance with the provisions of the Income Tax Act, 1961 and Rules made thereunder but does not include Company's Contribution to Gratuity Fund and Leave encashment.

Shareholding of the Non-Executive Directors in the Company as on 31.03.2009:

None of the Non-Executive Directors other than those named below hold any shares in the Company.

Sl. No.	Director	No. of equity shares of Rs. 10/- each held
1	Mrs. Savitri Devi Jindal	7530
2	Dr. S. K. Gupta	3000
3	Mr. Biswadip Gupta	503

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Shareholders /Investors Grievance Committee comprises of 4 Non-Executive Directors of which all are Independent Directors.

Dr. S. K. Gupta is the Chairman of the Committee.

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

a) Review the reports submitted by the Registrars and Share Transfer Agents of the Company at half yearly intervals.

b) Periodically interact with the Registrars and Share Transfer Agents to ascertain and look into the quality of the Company's Shareholders/ Investors grievance redressal system and to review the report on the functioning of the said Investor grievances redressal system.

c) Follow-up on the implementation of suggestions for improvement.

d) Periodically report to the Board about serious concerns if any.

The Shareholders/Investors Grievance Committee met twice during the financial year 2008-09 on 23.10.2008 and 26.03.2009. The constitution of the committee and the details of the meeting attended by the Members are as given below:

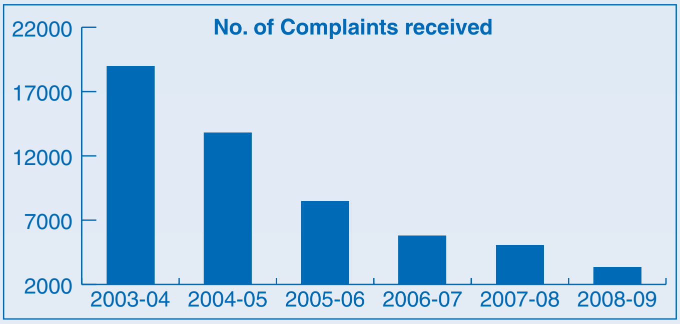
Sl. No.	Name of the Director	Category	No. of Meetings attended
1.	Dr. S. K. Gupta Chairman	Non-Executive, Independent Director	2
2.	Mr. Uday M. Chitale	Non-Executive, Independent Director	2
3.	Ms. Zarin Daruwala	Non-Executive, Independent Director (Nominee-ICICI Bank Limited)	None
4.	Dr. Ajay Shah	Non-Executive, Independent Director	None

Mr. Lancy Varghese, Company Secretary is the Compliance Officer. His address and contact details are as given below:

Address : Victoria House, Pandurang Budhkar Marg,
Lower Parel (W), Mumbai - 400 013
Phone : 022-24927000
Fax : 022-24917933
E-mail : jswsl.investor@jsw.in

No. of Shareholders' Complaints received during the year ended 31.03.09	2701
Number not solved to the satisfaction of Shareholders	Nil
No. of pending Complaints as on 31.03.2009	Nil
No. of pending Share Transfers as on 31.03.2009	46*

* There were no share transfers pending for registration for more than 15 days as on the said date.



Note: Complaints pertaining to the years subsequent to 2004-05 include investor complaints received from shareholders of Jindal Iron & Steel Co. Limited & Southern Iron & Steel Co. Limited upon its merger with the Company in the financial year 2004-05 & 2007-08 respectively.

6. OTHER MAJOR COMMITTEES OF DIRECTORS:

In addition to the above referred Committees which are mandatory under the Corporate Governance Code, the Board has constituted the following major Committees of Directors and delegated thereto powers and responsibilities with respect to specific purposes:-

Sl. No.	Name of the Committee	Composition	Terms of reference	Frequency of Meetings
1.	Project Review Committee	1. Mr. Anthony Paul Pedder (Chairman), Non-Executive Independent Director 2. Mr. Y.Siva Sagar Rao, Executive Director 3. Dr. S. K. Gupta, Non-Executive Independent Director 4. Mr. Kannan Vijayaraghavan, Non-Executive Independent Director 5. Mr. Biswadip Gupta, Non-Executive Non-Independent Director	Closely monitor the progress of Large Projects, in addition to ensuring a proper and effective coordination amongst the various project modules essentially with the objectives of timely project completion within the budgeted project outlay. Review New Strategic initiatives.	Quarterly Meetings were held on 17.06.2008, 31.07.2008, 25.10.2008 & 27.01.2009
2.	Risk Management Committee *	1. Mr. Y. Siva Sagar Rao, (Chairman) Executive Director 2. Mr. Seshagiri Rao M.V.S., Executive Director 3. Dr. Ajay Shah, Non-Executive Independent Director 4. Mrs. Zarin Daruwala, Non-Executive Independent Director (Nominee ICICI Bank Limited)	To periodically review risk assessment and minimisation procedures to ensure that, executive management controls risk through means of a properly defined framework. To review major risks and proposed action plan.	Quarterly Meetings were held on 03.05.2008, 30.07.2008, 23.10.2008 & 15.01.2009
3.	Nomination Committee	1. Mr. Sajjan Jindal (Chairman), Executive Director 2. Mr. Uday M. Chitale, Non-Executive Independent Director 3. Mr. Anthony Paul Pedder, Non-Executive Independent Director	To consider Nomination of persons to be inducted on the Board	Need based - A Meeting was held on 16.06.2008
4.	Finance Committee	1. Mr. Sajjan Jindal (Chairman), Executive Director 2. Mr. Y.Siva Sagar Rao, Executive Director 3. Mr. Seshagiri Rao M.V.S., Executive Director 4. Dr. Vinod Nowal, Executive Director	1. Availing of credit/financial facilities of any description from Banks/ Financial Institutions/ Bodies Corporate within the limits approved by the Board. 2. To invest and deal with any monies of the Company upon such security or without security in such manner as the Committee may deem fit, and from time to time to vary or realise such investments within the frame work of the guidelines laid down by the Board. 3. To open new Branch Offices of the Company, to declare the same as such under Section 2(9) of the Companies Act, 1956 and to authorise personnel by way of Power of Attorney or otherwise, to register the aforesaid branches and to deal with various authorities such as the Central Excise, Profession Tax, Commercial Tax, Income Tax, State & Central Sales Tax, VAT Authorities and other Local Authorities. 4. To make loans to Individuals/Bodies Corporate and/or to place deposits with other Companies/Firms upon such security or without security in such manner as the Committee may deem fit within the limits approved by the Board. 5. To open Current Account(s), Collection Account(s), Operation Account(s), or any other Account(s) with Banks and also to close such accounts, which the Committee may consider necessary and expedient.	Need based. Meetings were held on 06.05.2008, 30.05.2008, 16.06.2008, 30.06.2008, 14.07.2008, 24.07.2008, 25.07.2008, 04.08.2008, 18.08.2008, 16.09.2008, 24.09.2008, 30.10.2008, 10.11.2008, 29.12.2008, 20.01.2009, 29.01.2009, 06.02.2009, 16.02.2009, 17.03.2009, 18.03.2009 and 25.03.2009.

*The Risk Management Committee, a sub-committee of the Board has further constituted Locational Committees namely (a) Corporate Locational Committee (b) Upstream Locational Committee (c) Downstream Locational Committee and (d) Salem Locational Committee to further review risk assessment at Locational Level.

7. GENERAL BODY MEETINGS:

A) Annual General Meetings:

The details of date, time and location of Annual General Meetings (AGM) of the Company held during the last 3 years and the Special Resolutions passed thereat as under:

AGM	Date	Time	Venue	Special Resolutions Passed
12th AGM	25.07.2006	02.30 p.m.	Birla Matushri Sabhagar, 19 New Marine Lines, Mumbai 400 020	1. For payment of commission to the Directors of the Company other than the Managing Director and Whole-time Directors. 2. To permit/allow Foreign Institutional Investors (FIIs) to acquire equity shares of the Company, upto 49% of the paid-up Equity Share Capital of the Company. 3. To de-list the Securities of the Company from Bangalore Stock Exchange. 4. Keeping the Register of Members, Index of Members etc. at the Company's office at Victoria House, Lower Parel, Mumbai instead of at its Regd. Office.
13th AGM	13.06.2007	03.30 p.m.	-do-	1. To issue, offer and allot Equity Shares and/or Securities other than Warrants, which are convertible into Equity Shares to Qualified Institutional Buyers (QIB) for an aggregate amount not exceeding Rs. 1,000 crores. 2. To issue, offer and allot Foreign Currency Convertible Bonds (FCCBs)/ Global Depository Receipts (GDRs)/American Depository Receipts (ADRs)/ Warrants and/or other Instruments convertible into Equity Shares of the Company for an aggregate sum upto US$ 500 Million.
14th AGM	16.06.2008	11.00 a.m.	-do-	Nil

B) Special Resolutions passed through Postal Ballot:

Consent of the shareholders was sought through Postal Ballot for the following:

1. Alteration of Clause III C (Other Objects Clause) of the Memorandum of Association of the Company by incorporating a new sub-clause 100.
2. Commencement of business specified in sub-clause 100 of Clause III C of the Memorandum of Association of the Company as altered.

The resolutions were sent to the shareholders for their approval through postal ballot which was returnable by 27.06.2008. The results were declared and approved at the meeting on 01.07.2008 at the Registered Office of the Company at Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai - 400 026.

The details of Postal Ballot voting pattern are as given below:

Resolution No.	Particulars	No. of Ballot papers received carrying valid votes	Vote cast in favour of the resolution	Vote cast against the resolution
1.	Alteration of Clause III C of the Objects Clause of the Memorandum of Association of the Company.	90417523 (48.33%)	88955813 (47.55%)	1461710 (0.78%)
2.	Commencement of business specified in sub-clause 100 of Clause III C of the Memorandum of Association of the Company as altered.	90412092 (48.33%)	90402679 (48.33%)	9413 (0.00%)

Mr. Prem Rajani of Rajani Associates, Advocates & Solicitors, Mumbai, was appointed as Scrutiniser to receive and scrutinise the completed postal ballot papers received from the Members and for conducting the Postal Ballot process in a fair and transparent manner.

At present, the Company does not have any proposal for Postal Ballot this year.

8. DISCLOSURES:

i. There were no materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, Directors or the Management, their relatives or Subsidiaries etc. which could conflict with the interests of the Company.

ii. 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 last three years.

iii. The Company has laid down procedures to inform Board members about the risk assessment and minimisation procedures, which are periodically reviewed.

9. WHISTLE BLOWER POLICY:

The Whistle Blower Policy (WBP) adopted by the Company in line with Clause 7 of Annexure 1D to Clause 49 of the Listing Agreement, which is a non mandatory requirement, encourages all employees, officers and directors to report any suspected violations promptly and intends to investigate any good faith reports of violations. The Whistle Blower Policy specifies the procedure and reporting authority for reporting unethical behaviour, actual or suspected fraud or violation of the Code or any other unethical or improper activity including misuse or improper use of accounting policies and procedures resulting in misrepresentation of accounts and financial statements.

WBP also provides safeguards against victimisation or unfair treatment of the employees who avail of the mechanism and no personnel has been denied access to the Audit Committee.

Minor modifications were made to the WBP during the period under review and the amended WBP was adopted by the Board in its meeting held on 24.10.2008.

10. SUBSIDIARY MONITORING FRAMEWORK:

All the subsidiary companies of the Company are Board managed with their Boards having the right and obligations to manage such companies in the best interest of their stake holders. As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary companies and monitors the performance of such companies, inter alia, by the following means:

a) A copy of the Minutes of the Meetings of the Board of Directors of the Company's subsidiaries along with Exception Reports and quarterly Compliance Certificates issued by CEO/ CFO/CS are tabled before the Company's Board quarterly.

b) A summary of the Minutes of the Meetings of the Board of Directors of the Company's subsidiaries are circulated to the Company's Board quarterly.

c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board.

11. MEANS OF COMMUNICATION:

a) **Quarterly/ Half Yearly/ Annual Results:** The Quarterly, Half Yearly and Annual Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.

b) **News Releases:** The Quarterly, Half Yearly and Annual Results of the Company are published in the prescribed proforma within 48 hours of the conclusion of the meeting of the Board in which they are considered, atleast in one English newspaper circulating in the whole or substantially the whole of India and in one Vernacular newspaper of the State where the Registered Office of the Company is situated.

The quarterly financial results during the financial year 2008-09 were published as detailed below:

Quarter (FY 2008-09)	Date of Board Meeting	Date of Publication	Name of the Newspaper
1	31.07.2008	01.08.2008 01.08.2008	Financial Express Maharashtra Times
2	24.10.2008	25.10.2008 26.10.2008	Financial Express Maharashtra Times
3	28.01.2009	29.01.2009 29.01.2009	Financial Express Maharashtra Times

c) **Website:** The Company's website www.jsw.in contains a separate dedicated section "Investor Relations" where latest shareholders information is available. The Quarterly/ Half Yearly/ Annual Results are simultaneously posted on the website. The latest official press releases are also available on the website.

d) **Presentations to Analysts:** Four presentations were made to analysts during the financial year 2008-09 on 05.05.2008, 31.07.2008, 24.10.2008 and 28.01.2009 and the same are available on the Company's web site. The presentations broadly covered operations, financials and industry outlook.

e) **Corporate Filing and Dissemination System (CFDS) Filing:** As per the requirements of Clause 52 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern etc. have been electronically filed on the Corporate Filing and Dissemination System (CFDS) portal, www.corpfiling.co.in, within the time frame prescribed in this regard.

f) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Director's Report, Auditors' Report and other important information is circulated to members and other entitled thereto. The Management Discussion and Analysis (MD & A) Report forms part of the Annual Report. The Annual Report is also available on the Company's website.

g) **Chairman's Communique:** Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meetings. The same is also placed on the website of the Company.

h) **Reminder to Investors:** Reminders for unpaid dividend/unpaid interest on debentures are sent to the Shareholders/ Debenture holders as per records at appropriate intervals.

12. GENERAL SHAREHOLDERS INFORMATION:

12.1 Annual General Meeting

Date and Time	: 24.07.2009, 11.00 a.m. or such other date and time as may be subsequently fixed by the Board or its Sub-committee.
Venue	: Birla Matushree Sabhagar, New Marine Lines, Mumbai - 400 020
Dates of Book Closure	: 01.07.2009 to 03.07.2009 (both days inclusive)
Dividend Payment Date	: Within 30 days from the date of declaration.

12.2 Financial Calendar 2009-10:

First quarterly results	: July, 2009
Second quarterly results	: October, 2009
Third quarterly results	: January, 2010
Annual results for the year ending on 31.03.2010	: April/May, 2010
Annual General Meeting for the year 2010	: June/July, 2010

12.3 Listing on Stock Exchanges:

The Company's Equity Shares & 10% Cumulative Redeemable Preference Shares are listed on the following Stock Exchanges in India:

Bombay Stock Exchange Limited (BSE)	National Stock Exchange of India Limited (NSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	Exchange Plaza, Bandra-Kurla Complex, Bandra East, Mumbai - 400 051

The Company's 10.25% & 10.75% Redeemable Secured Non-Convertible Debentures of Rs. 10 lakhs each are listed on the BSE.

The Company has paid Annual Listing Fees as applicable, to the BSE and the NSE for the financial years 2008-09 and 2009-10.

The Foreign Currency Convertible Bonds (FCCBs) issued by the Company in the International Market have been listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"), 2 Shenton Way, #19-00 SGX Centre 1, Singapore 068804.

The Annual Listing fee as applicable for the Calendar Year 2009 has also been paid by the Company to the SGX.

Stock Code:

Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)			Singapore Exchange Securities Trading Limited (SGX-ST)
Equity	Prefer-ence	Deben-tures	Equity	Preference	Deben-tures	FCCB
500228	700085	934657 945781 945893	JSWSTEEL	JSWSTEEL	N.A	3IJB

ISIN No. for Dematerialisation of listed Shares/Debentures/FCCBs:

Equity	: INE019A01020
Preference	: INE019A04016
Debentures	: INE019A07126 – 10.25% NCDs of Rs.10 Lakhs each INE548G07014 – 10.75% NCDs of Rs. 9 Lakhs each INE710B07011 – 10.75% NCDs of Rs. 8,12,500 each
FCCBs	: XSO302937031

Debenture Trustees:

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17th R. Kamani Marg, Ballard Estate,
Mumbai- 400 001

AXIS Bank Limited
Regd Office :- Sakar 1" Ground Floor,
Off Ashram Road, Ahmedabad 380 009
Central Office :- 13th floor, Maker Tower 'F',
Cuffe Parade, Colaba, Mumbai – 400 005

FCCB Trustees:

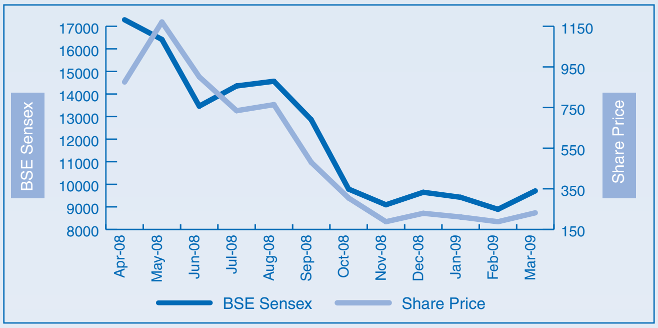
CITI BANK. N.A
London Branch,
14th floor, Citigroup Centre,
Canada Square, Canary Wharf,
London - E14 5LB

12.4 Market Price Data

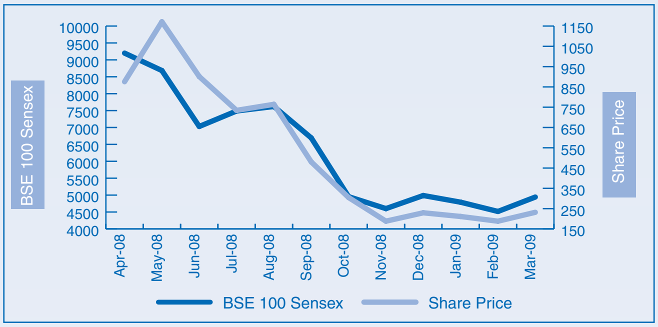
The monthly high/low market price of the shares during the year 2008-09 at the Bombay and National Stock Exchanges are as under:

Month	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High (in Rs. per share)	Low (in Rs. per share)	High (in Rs. per share)	Low (in Rs. per share)
April 2008	939.95	690.00	937.00	695.00
May 2008	1,203.45	855.25	1,205.00	855.00
June 2008	1,187.90	891.00	1,187.90	892.00
July 2008	915.00	694.00	917.00	694.00
August 2008	882.30	711.00	881.80	711.50
September 2008	772.00	463.05	775.00	456.10
October 2008	498.00	188.00	494.40	171.00
November 2008	387.70	183.80	388.00	183.50
December 2008	252.00	170.40	252.45	168.10
January 2009	263.50	178.00	263.85	178.50
February 2009	239.00	180.05	239.85	180.00
March 2009	241.00	161.15	241.00	160.10

12.5 Performance of Share Price in comparison to BSE Sensex:



12.6 Performance of Share Price in comparison to BSE 100 Sensex:



12.7 Percentage change in comparison to Broad Based indices –BSE Sensex and NSE Nifty as on 31.03.2009:

Financial Year	JSW Share Price- %	Sensex - %	JSW Share Price -%	Nifty -%
2008-09	-71.17	-38.44	-71.57	-36.13
2007-08	65.99	18.21	66.18	23.88
2006-07	63.01	13.22	62.78	12.31
2005-06	-16.04	42.33	-16.45	67.14

12.8 Registrar & Share Transfer Agents:

Karvy Computershare Private Limited
Plot No.17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081
Ph: 040 - 23420815-824 (10 lines)
Fax: 040 - 23420814
E-mail: einward.ris@karvy.com
Website: www.karvy.com

12.9 Share Transfer System:

Share Transfers in physical form can be lodged with Karvy Computershare Private Limited at the above mentioned address. The transfer requests are normally processed within 15 days of receipt of the documents, if documents are found in order. Shares under objection are returned within two weeks.

The Board has delegated the authority for approving transfers, transmissions etc. of the Company's securities to the Share/Debenture Transfer Committee, The decisions of Share/Debenture Transfer Committee are placed at every Board Meeting. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchange and files a copy of the certificate with the Stock Exchanges.

12.10 Distribution of Shareholding:

The distribution of shareholding as on 31.03.2009 is given below:

Sl. No.	No. of Equity shares	No. of Share-holders	% of Shareholders	No. of Shares held	% of Shareholding
1	1-500	583920	99.31	13618096	7.28
2	501-1000	2245	0.38	1598724	0.85
3	1001-2000	916	0.16	1296455	0.69
4	2001-3000	253	0.04	622841	0.33
5	3001-4000	118	0.02	407146	0.21
6	4001-5000	73	0.01	339390	0.18
7	5001-10000	166	0.03	1152205	0.62
8	10001-20000	90	0.02	1274106	0.68
9	Above 20000	223	0.04	166739719	89.14
	Total	**588004**	**100.00**	**187048682**	**100.00**

12.11 Shareholding Pattern:

Category	As on 31.03.2009			As on 31.03.2008		
	No. of Holders	No. of Shares	% of holding	No. of Holders	No. of Shares	% of holding
Promoters	114	84201127	45.02	116	87898205	46.99
NRI	12189	3411873	1.82	12486	3535644	1.89
FII	167	54301834	29.03	164	49308824	26.36
OCB	7	40712	0.02	8	41674	0.02
FBC	2	8218685	4.39	2	8218685	4.39
IFI	7	5983996	3.20	7	5860767	3.13
IMF	61	2674784	1.43	73	3780213	2.02
Banks	32	2815575	1.51	37	2893000	1.55
Employees	2451	83923	0.04	2407	42984	0.02
Bodies Corporate	3072	7147535	3.82	3236	7203029	3.85
Public	567161	16973109	9.07	568612	17072832	9.13
Trust	11	832501	0.45	11	864785	0.46
HUF	2729	361827	0.19	2464	327311	0.18
Transit A/C	1	1201	0.00	1	682	0.00
Total	**588004**	**187048682**	**100**	**589624**	**187048635**	**100**

12.12 Top 10 Shareholders as on 31.03.2009:

Sl. No.	Name of the Shareholder(s)	No. of Shares	% of Total Shareholding
1	Jindal South West Holdings Limited	17284923	9.24
2	JSW Energy Investments Private Limited	13764364	7.36
3	JSW Investments Private Limited	8811100	4.71
4	JSW Power Trading Company Limited	6050900	3.23
5	Deutsche Securities Mauritius Limited	5237115	2.80
6	Duferco Coke Investments Limited	5035241	2.69
7	HSBC Global Investment Funds A/C HSBC Globalinvest	4775000	2.55
8	Nalwa Sons Investments Limited	4548337	2.43
9	The Indiaman Fund (Mauritius) Limited	4432000	2.37
10	Highfields Capital Management LP A/C HC Mauritius	4199356	2.25

12.13 Geographical Distribution of Shareholders as on 31.03.2009:

Sl. No.	Name of the City	Electronic			Physical			Total		
		No. of shareholders	No. of Shares	% of total shareholding	No. of Shareholders	No. of Shares	% of total shareholding	No. of Shareholders	No. of Shares	% of total shareholding
1.	Mumbai	39292	134791531	72.06%	33806	1165500	0.62%	73098	135957031	72.68%
2.	Delhi	19873	14950286	7.99%	31429	435041	0.23%	51302	15385327	8.23%
3.	Ahmedabad	11793	525308	0.29%	12219	153806	0.08%	24012	679114	0.36%
4.	Kolkata	10539	997932	0.53%	10179	161858	0.09%	20718	1159790	0.62%
5.	Bengaluru	8793	1518948	0.81%	9391	581360	0.31%	18184	2100308	1.12%
6.	Chennai	7741	2377472	1.27%	7828	128828	0.07%	15569	2506300	1.34%
7.	Pune	4697	229547	0.12%	3762	59544	0.03%	8459	289091	0.15%
8.	Hyderabad	4855	422557	0.23%	5497	82893	0.05%	10352	505450	0.27%
9.	Vadodara	5466	195776	0.11%	6337	57189	0.03%	11802	252965	0.13%
10.	Others	135348	25008352	13.37%	219160	3204954	1.71%	354508	28213306	15.10%
	Total	**248397**	**181017709**	**96.78%**	**339608**	**6030973**	**3.22%**	**588004**	**187048682**	**100.00%**

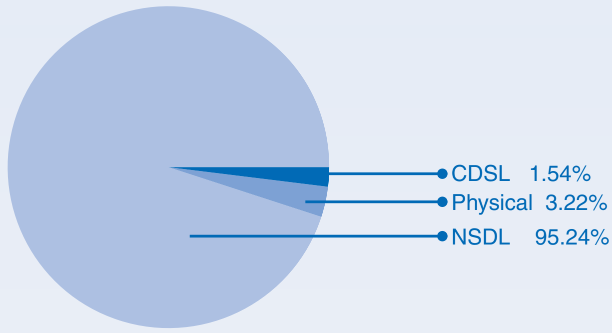
12.14 Corporate Benefits to Shareholders:

a) Dividend declared for the last four years:

Financial Year	Dividend Declaration Date	Dividend Rate (%)
2007-08	16.06.2008	140
2006-07	13.03.2007	125 (Interim cum Final Dividend)
2005-06	25.07.2006	80
2004-05	10.02.2005	30 (Interim Dividend)
	13.06.2005	80 (Final Dividend, including Interim Dividend)

12.15 Dematerialisation of Shares and Liquidity:

The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat facility. 18,10,17,709 Equity Shares aggregating to 96.78 % of the total Equity Capital is held in dematerialised form as on 31.03 2009 of which 95.24% (17,81,46,808 Equity Shares) of total equity capital is held in NSDL & 1.54 %(28,70,901 Equity Shares) of total equity capital is held in CDSL as on 31.03. 2009.



12.16 Physical Share Purchase Scheme:

Having regard to the difficulties experienced by the shareholders in disposing off their shares held in physical form and to mitigate the hardship caused to them, the Company has, alongwith Karvy Computershare Private Limited (Karvy), formulated a Physical Share Purchase Scheme in 2005-06.

The equity shares in physical mode tendered by the shareholders under the scheme are sold by Karvy at the prevailing market price and the net sale proceeds thereof are distributed to the concerned shareholders. The shareholders who wish to avail benefit of the scheme may kindly contact Karvy.

12.17 Electronic Clearing Service (ECS) Facility:

The Company, with respect to payment of dividend to shareholders, provides the facility of ECS at the following cities:

Agra, Ahmedabad, Allahabad, Amritsar, Aurangabad, Bangalore, Bhopal, Bhubaneswar, Belgum, Bhilwara, Calicut, Chandigarh, Chennai, Cochin, Coimbatore, Dehradun, Dhanbad, Durgapur, Erode, Gorakhpur, Gwalior, Guwahati, Hyderabad, Haldia, Hubli, Indore, Jabalpur, Jalandhar, Jammu, Jamnagar, Jamshedpur, Jodhpur, Jaipur, Kanpur, Kolkata, Kakinada, Kolhapur, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, New Delhi, Nasik, Nellore, Patna, Pune, Panjim, Puducherry, Raipur, Rajkot, Ranchi, Salem, Shimoga, Sholapur, Silguri, Simla, Surat, Trichy, Trivandrum, Tirupati, Trichur, Udaipur, Udupi, Vadodara, Varanasi, Vijayawada and Visakhapatnam.

The Company shall also endeavour to remit the dividend payment through National Electronic Clearing Service (NECS) to the shareholders having accounts with Branches of Banks covered under CBS (Core Banking Solution).

Equity Shareholders holding shares in physical form, who wish to avail the ECS facility, may send their ECS mandate in the format attached to the Company's R & T Agents, in the event they have not done so earlier. Equity Shareholders holding shares in electronic mode may send the ECS mandate form to the concerned Depository Participant (DP) directly. The ECS mandate form can also be availed from the Company's R & T Agents or downloaded from the Company's website.

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

The Company had issued 3,250 Foreign Currency Convertible Bonds (FCCBs), of US $100,000 each during the financial year 2007-08. As per the option attached to the FCCBs, each Bond is convertible into Equity Shares of face value of Rs. 10/- each of the Company at a conversion price of Rs. 953.40 per share, at any time on or after 07.08.2007 until the close of business on 21.03.2012, unless previously redeemed, converted or purchased and cancelled and except during a closed period.

In the previous year, one of the Bond Holders i.e. Deutsche Bank AG London, had opted for the conversion of 8 Bonds into Equity Shares on 31.12.2007 and accordingly the Company had issued 33,799 Equity Shares of face value of Rs. 10/- each of the Company to Deutsche Bank AG London.

The Board of Directors at its meeting held on 28.01.2009, resolved to explore opportunities to buy back a portion of the Company's outstanding Foreign Currency Convertible Bonds (FCCBs). During the year, 14.74% of the Company's outstanding Zero Coupon Foreign Currency Convertible Bonds of US $ 1,00,000 each due on 2012 (ISIN XS0302937031), aggregating to US $ 47.80 million were repurchased in accordance with the A.P. (DIR Series) Circular No. 39 dated 08.12.2008 issued by the Reserve Bank of India and subsequently cancelled.

The principal amount of FCCBs outstanding as at 31.03.2009 after this repurchase and cancellation is US $ 276.40 Million.

12.19 Registered Office:

Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai – 400 026.

12.20 Plant Locations:

Vijayanagar	:	P.O. Vidyanagar, Toranagallu Village, Sandur Taluk, Bellary District, Karnataka – 583 275
Vasind	:	Shahapur Taluk, Thane District, Maharashtra – 421 604.
Tarapur	:	MIDC Boisar, Thane District, Maharashtra – 401 506
Salem	:	Pottaneri, M Kalipatti Village, Mecheri Post, Mettur Taluk, Salem District, Tamil Nadu - 636 453

12.21 Address for Investor Correspondence:

I. Retail Investors

a) For Securities held in Physical form
Registrar & Share Transfer Agents
Karvy Computershare Private Limited
Plot No.17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081
Ph: 040 - 23420815-824 (10 lines)
Fax: 040 - 23420814
E-mail: einward.ris@karvy.com
Website: www.karvy.com

b) For Securities held in Demat form

The Investors' Depository Participant(s) and/or Karvy Computershare Private Limited

c) JSW Steel Limited - Investor Relation Centre
Victoria House, Pandurang Budhkar Marg,
Lower Parel (W), Mumbai – 400 013
Ph.: 022-24917930/31/94 Fax: 022-24917933
E-mail: jswsl.investor@jsw.in

II. **Institutional Investors**
Mr. Rajesh Asher
Sr. Vice President (Finance & Investor Relations)
Jindal Mansion
5A, Dr. G. Deshmukh Marg,
Mumbai 400 026
Tel. No. 022-23513000
Fax. No. 022-23526400

III. **Designated exclusive e-mail id for Investor servicing:**
jswsl.investor@jsw.in

IV. **Toll Free Number of R & T Agent's exclusive call centre:**
1-800-3454001

13. CORPORATE ETHICS:

The Company adheres to the highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings. A Code of Conduct for Board Members and Senior Management and a Code of Conduct for Prevention of Insider Trading as detailed below has been adopted pursuant to clause 49 (D) of the Listing Agreement & the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (as amended), respectively:

a) Code of Conduct for Board Members and Senior Management

The Board of Directors of the Company adopted the Code of Conduct for its members and Senior Management at their meeting held on 20.10.2005. The Code highlights Corporate Governance as the cornerstone for sustained management performance, for serving all the stake holders and for instilling pride of association.

Minor modifications were made to the Code of Conduct during the period under review. The amended Code of Conduct was adopted by the Board in its meeting held on 24.10.2008.

The Code is applicable to all Directors and specified Senior Management Executives The Code impresses upon Directors and Senior Management Executives to uphold the interest of the Company and its stake holders and to endeavour to fulfil all the fiduciary obligations towards them. Another important principle on which the code is based is that the Directors and Senior Management Executives shall act in accordance with the highest standard of honesty, integrity, fairness and ethical conduct and shall exercise utmost good faith, due care and integrity in performing their duties. The Code has been posted on the website of the Company www.jsw.in.

Declaration affirming compliance of Code of Conduct

The Company has received confirmations from the Directors as well as Senior Management Executives regarding compliance of the Code of Conduct during the year under review.

A declaration by the Jt. Managing Director & Group CFO affirming compliance of Board Members and Senior Management Personnel to the Code is also annexed herewith.

b) Code of Conduct for Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading for its Management, Staff and Directors. The Code lays down guidelines and procedures to be followed and disclosures to be made by directors, top level executives and staff whilst dealing in shares. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to the Code.

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.

DECLARATION AFFIRMING COMPLIANCE OF CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for year ended 31.03. 2009.

For **JSW Steel Limited**

Place: Mumbai
Date: 7 May 2009

Seshagiri Rao M.V.S.
Jt. Managing Director & Group CFO

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE:

We have examined the compliance of the conditions of Corporate Governance by JSW Steel Limited for the year ended 31.03. 2009, as stipulated in Clause 49 of the Listing Agreement 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 according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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 **Deloitte Haskins & Sells**

P. B. PARDIWALLA
Partner
Membership No. 40005

Place: Mumbai
Date: 7 May 2009

AUDITORS' REPORT

To the Members of
JSW Steel Limited

1. We have audited the attached Balance Sheet of JSW Steel Limited, as at 31 March 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with 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 sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

   (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 sub-section (3C) of Section 211 of the Companies Act, 1956.

   (e) On the basis of written representations received from the Directors as on 31 March 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2009 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   (f) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2009;

      (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 **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Membership No. 40005

Place : Mumbai
Date : 7 May 2009

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

1. The nature of the Company's business/activities for the year are such that the requirements of Items (i-c), (iii), (vi), (x), (xii), (xiii), (xiv), (xviii) and (xx) of paragraph 4 of the Order are not applicable to the Company.

2. In respect of its fixed assets:

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

   b) Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

3. In respect of its inventories:

   a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals, except for inventories lying with third parties where confirmations have been received.

   b) As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, pellets etc. requiring technical expertise for quantification, the Company has hired an independent agency for physical verification of such stocks. Considering the above, in our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

4. In our opinion and according to the information and explanations given to us, and having regard to the explanations that for some of the items purchased/sold suitable alternate sources for obtaining comparative quotations are not readily available, there are reasonable internal control systems commensurate with the size of the Company and the nature of its business for sales, purchase of inventory and fixed assets however that controls over sales in certain areas need to be enhanced. We have not observed any continuing failure to correct major weaknesses in such internal controls.

5. In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 and according to the information and explanations given to us:

   a) The particulars of the contracts or arrangements referred to in Section 301 that needed to be entered into the register, maintained under the said section have been so entered.

b) In our opinion and having regard to our comments in paragraph (5) above, the transactions made in pursuance of such contracts and arrangements aggregating during the year to Rs. 5 lacs or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices.

6. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

7. We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of steel, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

8. In respect of its statutory dues:

a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Wealth-tax, Sales-tax, Service tax, Customs duty, Excise duty, Investor Education and Protection Fund and any other material statutory dues with the appropriate authorities during the year.

b) According to the information and explanations given to us, the following demands as at 31 March 2009 have not been deposited since appeals are pending before the relevant Authorities:

Rupees in crores

Name of Statute	Nature of the dues	Amount	Period to which the amount relates	Forum where dispute is pending
The Custom Act, 1962	Customs Duty	43.81	2001-2002	High Court of Karnataka
The Custom Act, 1962	Customs Duty	7.40	2000-2001	Customs, Excise and Service Tax Appellate Tribunal
The Custom Act, 1962	Customs Duty	120.82	1996-1998	Customs, Excise and Service Tax Appellate Tribunal
The Custom Act, 1962	Customs Duty	38.72	2004-2005	The Deputy Commissioner of Customs, Goa
The Custom Act, 1962	Customs Duty	0.46	2008-2009	The Commissioner of Customs (Appeals)
The Central Excise Act, 1944	Excise Demand	3.83	2000-2001	Supreme Court of India
The Central Excise Act, 1944	Excise Demand	67.39	2000-2008	Customs, Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Demand	0.10	2004-2005	High Court of Mumbai
The Central Excise Act, 1944	Excise Demand	0.01	2001-2002	The Commissioner of Central Excise
The Service Tax Act, 1994	Service Tax Demand	21.53	2005-2008	Customs, Excise and Service Tax Appellate Tribunal
The Service Tax Act, 1994	Service Tax Demand	0.34	2005-2006	The Commissioner of Central Excise, Salem
Income Tax Act, 1961	Income Tax Demand	34.25	2003-2007	Commissioner of Income Tax (Appeals)
The Bombay Sales Tax Act, 1959	Sales Tax Demand	0.32	1996-1997	The Joint Commissioner of Sales Tax (Appeals), Thane
Bellary Urban Development Authority	Cess	11.22	2000-2001	High Court of Karnataka
MIDC's Water Supply Regulation, 1973	Water Charges	4.32	2003-2005	Maharashtra Industrial Development Corporation, Mumbai
Tamilnadu Water Board	Water Charges	2.05	1997-2008	Executive Engineer PWD, Mettur Dam, Tamilnadu
Tarapur Environment Protection Society	Disposal of hazardous waste	0.64	2003-2004	Maharashtra Industrial Development Corporation, Mumbai

9. According to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

10. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by subsidiaries (including step down subsidiaries) and others from banks are prima facie not prejudicial to the interests of the Company.

11. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

12. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.

13. According to the information and explanations given to us and the records examined by us, securities/charges have been created in respect of the debentures issued, except where additional time for creation of security has been granted by the lender.

14. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Membership No. 40005

Place : Mumbai
Date : 7 May 2009

BALANCE SHEET AS AT 31ST MARCH 2009

Rupees in crores

	Schedule No.	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	**537.01**	537.01
Reserves and Surplus	2	**7,422.24**	7,140.24
		7,959.25	7,677.25
Loan Funds:			
Secured Loans	3	**8,214.61**	5,497.08
Unsecured Loans	4	**3,058.02**	2,049.45
		11,272.63	7,546.53
Deferred Tax Liability		**1,421.16**	1,251.84
Total:		**20,653.04**	16,475.62
APPLICATION OF FUNDS			
Fixed Assets:	5		
Gross Block		**16,896.75**	13,952.32
Less: Depreciation		**3,810.31**	2,996.83
Net Block		**13,086.44**	10,955.49
Capital Work-in-Progress		**9,242.06**	5,612.43
		22,328.50	16,567.92
Investments	6	**1,250.11**	923.53
Current Assets, Loans and Advances:			
Inventories	7	**2,051.42**	1,549.16
Sundry Debtors	8	**398.14**	337.39
Cash and Bank Balances	9	**419.96**	339.22
Loans and Advances	10	**1,744.88**	840.42
Other Current Assets		**17.24**	19.81
		4,631.64	3,086.00
Less: Current Liabilities and Provisions:			
Liabilities	11	**7,476.28**	3,738.12
Provisions	12	**80.93**	363.71
		7,557.21	4,101.83
Net Current Assets/(Liabilities)		**(2,925.57)**	(1,015.83)
Total:		**20,653.04**	16,475.62
Significant Accounting Policies and Notes forming part of the Financial Statements	18		
Schedules referred to above form an integral part of the Financial Statements			

As per our attached report of even date
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

SAJJAN JINDAL
Vice Chairman & Managing Director

P. B. PARDIWALLA
Partner

LANCY VARGHESE
Company Secretary

SESHAGIRI RAO M.V.S.
Jt. Managing Director & Group CFO

Place : Mumbai
Dated : 7 May 2009

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

Rupees in crores

	Schedule No	Year ended 31.03.2009	Year ended 31.03.2008
INCOME :			
Domestic Turnover		**10,680.50**	9,021.75
Export Turnover		**4,450.21**	3,496.05
Sale of Carbon Credits		**48.58**	111.11
		15,179.29	12,628.91
Less: Excise duty		**1,178.04**	1,208.91
Net Turnover		**14,001.25**	11,420.00
Other Income	13	**259.56**	152.25
Total income		**14,260.81**	11,572.25
EXPENDITURE :			
Materials	14	**8,450.10**	5,693.85
Employees Remuneration and Benefits	15	**288.75**	273.98
Manufacturing and Other Expenses	16	**2,429.29**	2,097.57
Interest and Finance Charges (net)	17	**797.25**	440.44
Depreciation		**827.66**	687.18
		12,793.05	9,193.02
Profit before Taxation & Exceptional Items		**1,467.76**	2,379.23
Exceptional Items			
Exchange Loss/(Gain) (Refer Note B(4) of Schedule 18)		**790.13**	(104.89)
Profit before Taxation		**677.63**	2,484.12
Provision for Taxation (including Wealth Tax)		**219.13**	755.93
Profit after Taxation		**458.50**	1,728.19
Profit brought forward from earlier years		**3,505.86**	2,267.56
Amount available for Appropriation		**3,964.36**	3,995.75
Appropriations:			
Transferred from Debenture Redemption Reserve		**20.45**	23.30
Dividend on Preference Shares		**(28.99)**	(29.06)
Proposed Final Dividend on Equity Shares		**(18.71)**	(261.87)
Corporate Dividend Tax		**(8.11)**	(49.44)
Transfer to General Reserve		**(45.85)**	(172.82)
Balance carried to Balance Sheet		**3,883.15**	3,505.86
Earnings per share (Equity shares, par value of Rs.10 each) (in Rs.)			
Basic		**22.70**	95.26
Diluted		**22.70**	94.18
Significant Accounting Policies and Notes forming part of the Financial Statements	18		
Schedules referred to above form an integral part of the Financial Statements			

As per our attached report of even date

For DELOITTE HASKINS & SELLS

Chartered Accountants

For and on behalf of the Board of Directors

SAJJAN JINDAL

Vice Chairman & Managing Director

P. B. PARDIWALLA

Partner

LANCY VARGHESE

Company Secretary

SESHAGIRI RAO M.V.S.

Jt. Managing Director & Group CFO

Place : Mumbai

Dated : 7 May 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

Rupees in crores

			Year ended 31.03.2009		Year ended 31.03.2008
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	NET PROFIT BEFORE TAX		**677.63**		2,484.12
	Adjustments for:				
	Depreciation	**827.66**		687.18	
	Loss on sale of Fixed Assets/Investments	**8.92**		1.63	
	Interest Income	**(39.57)**		(54.40)	
	Dividend Income	**(5.09)**		(5.64)	
	Interest Paid	**448.42**		351.87	
	Unrealised exchange loss/(gain) (net)	**297.80**		(113.70)	
	Amortisation of Employees Share Payments	**4.65**		3.09	
			1,542.79		870.03
	Operating profit before working capital changes		**2,220.42**		3,354.15
	Adjustments for:				
	Increase in Inventories	**(502.26)**		(463.08)	
	Increase in Sundry Debtors and Loans and Advances	**(655.11)**		(207.80)	
	Increase in Current Liabilities and Provisions	**3,227.94**		1,235.31	
			2,070.57		564.43
	Cash flow before taxation		**4,290.99**		3,918.58
	Direct Taxes Paid		**(234.87)**		(366.71)
	NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES		**4,056.12**		3,551.87
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets and capital advances		**(5,583.45)**		(5,265.68)
	Investment in subsidiaries, associates and joint Ventures		**(125.14)**		(43.30)
	Purchase of other Long Term Investments		**(414.44)**		(493.79)
	Proceeds from sale of Short Term Investments		**213.00**		(198.69)
	Proceeds from sale of Fixed Assets		**29.75**		1.57
	Disinvestment in subsidiary		**–**		5.19
	Realisation of Other Current Assets		**2.57**		294.19
	Interest received		**37.76**		58.50
	Dividend received		**5.09**		5.64
	NET CASH USED IN INVESTING ACTIVITIES		**(5,834.86)**		(5,636.37)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Issue of Equity Share Capital		**–**		199.06
	Proceeds from Long Term Borrowings		**3,114.75**		3,440.10
	Repayment of Long Term Borrowings		**(1,039.95)**		(1,142.30)
	Bank Borrowings/short term Loan taken		**813.42**		83.28
	Interest Paid		**(699.32)**		(421.73)
	Dividend Paid		**(340.37)**		(32.64)
	NET CASH FLOW GENERATED FROM FINANCING ACTIVITIES		**1,848.53**		2,125.77
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**69.79**		41.27
	CASH AND CASH EQUIVALENTS - OPENING BALANCE		**306.82**		265.55
	CASH AND CASH EQUIVALENTS - CLOSING BALANCE		**376.61**		306.82
	Add: Margin Money balance		**25.03**		19.08
	Add: Balance in debenture interest/ instalments/ dividend payment accounts		**18.32**		13.32
	CASH AND BANK BALANCE (As per Schedule 9)		**419.96**		339.22

NOTE:

Cash and cash equivalents include effect of exchange rate changes Rs. 0.35 crores (Previous year Rs. 0.04 crores) in respect of Bank balance held in foreign currency.

As per our attached report of even date

For DELOITTE HASKINS & SELLS

Chartered Accountants

For and on behalf of the Board of Directors

SAJJAN JINDAL

Vice Chairman & Managing Director

P. B. PARDIWALLA

Partner

LANCY VARGHESE

Company Secretary

SESHAGIRI RAO M.V.S.

Jt. Managing Director & Group CFO

Place : Mumbai

Dated : 7 May 2009

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

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 1		
SHARE CAPITAL		
Authorised:		
2,00,00,00,000 Equity Shares of Rs.10 each	**2,000.00**	2,000.00
1,00,00,00,000 Preference Shares of Rs.10 each	**1,000.00**	1,000.00
	3,000.00	3,000.00
Issued and Subscribed:		
18,70,48,682 (18,70,48,635) Equity Shares of Rs.10 each fully paid up	**187.05**	187.05
Add: Equity Shares Forfeited (Amount originally paid-up)	**61.03**	61.03
27,90,34,907 (27,90,34,907) 10% Cumulative Redeemable Preference Shares of Rs.10 each fully paid up	**279.03**	279.03
99,00,000 (99,00,000) 11% Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up	**9.90**	9.90
	537.01	537.01

Notes:

1. Of the above, 7,70,27,049 equity shares are allotted as fully paid-up pursuant to Schemes of Arrangement and/or Amalgamation without payment being received in cash as follows:
   a) 4,39,98,500 equity shares to the shareholders of erstwhile Jindal Iron and Steel Company Limited.
   b) 65,57,070 equity shares to the shareholders of erstwhile Euro Ikon Iron and Steel Private Limited.
   c) 50,35,767 equity shares to the shareholders of erstwhile Euro Coke and Energy Private Limited.
   d) 64,00,000 equity shares to the shareholders of erstwhile JSW Power Limited.
   e) 1,50,35,712 equity shares to the shareholders of erstwhile Southern Iron and Steel Company Limited.
2. Of the above, 99,00,000 11% Cumulative Redeemable Preference Shares are allotted as fully paid-up pursuant to Schemes of Amalgamation without payment being received in cash to the shareholders of erstwhile Southern Iron and Steel Company Limited. The Shares are redeemable at a premium of 10% any time after 10 March 2010 but not later then 10 March 2012 at the option of the Company.
3. The 10% Cumulative Redeemable Preference Shares are redeemable at par in four equal quarterly instalments commencing from 15 December 2017.

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 2		
RESERVES AND SURPLUS:		
Securities Premium Account:		
As per last Balance Sheet	**500.85**	346.50
Add: Received on issue of equity Shares	**–**	212.79
Reversal of premium on FCCB Buyback	**7.07**	–
	507.92	559.29
Add/(Less): FCCB issue expenses	**0.15**	(11.37)
Provision for premium on redemption of FCCB	**(83.56)**	(47.07)
	424.51	500.85
Debenture Redemption Reserve:		
As per last Balance Sheet	**24.49**	42.71
Add: Pursuant to Scheme of Amalgamation	**–**	5.08
Less: Transferred to Profit and Loss Account	**(20.45)**	(23.30)
	4.04	24.49
Amalgamation Reserve Account:		
Pursuant to Scheme of Amalgamation	**–**	657.74
Less: Miscellaneous Expenditure written off (net of taxes)	**–**	(129.05)
Transferred to General Reserve	**–**	(528.69)
	–	–
General Reserve:		
As per last Balance Sheet	**3,105.95**	2,411.48
Add: Pursuant to Schemes of Arrangement & Amalgamation	**–**	528.69
Less: Adjustment as per transitional provisions of AS 11 (Refer Note B (3)) of Schedule 18	**(27.74)**	–
Less: Adjustment as per transitional provisions of AS 15	**–**	(7.04)
Add: Transferred from Profit and Loss Account	**45.85**	172.82
	3,124.06	3,105.95
Hedging Reserve Account		
Mark to market losses (net) on Cash flow hedges	**(21.26)**	–
	(21.26)	–
Share Options Outstanding		
Share Options Outstanding	**14.48**	15.43
Less: Deferred Compensation	**(6.74)**	(12.34)
	7.74	3.09
Surplus in Profit and Loss Account	**3,883.15**	3,505.86
Total:	**7,422.24**	7,140.24

	As at 31.03.2009	As at 31.03.2008
		Rupees in crores
SCHEDULE 3		
SECURED LOANS		
Debentures		
8% Non Convertible Debentures of Rs. 100 each	–	71.60
10.75% Non Convertible Debentures of Rs. 10 lacs each	**56.55**	64.35
10.25% Non Convertible Debentures of Rs. 10 lacs each	**500.00**	350.00
15% Optionally Convertible Debentures of Rs. 6 each	–	5.09
10.75% Non Convertible Debentures of Rs. 10 lacs each	**48.16**	56.53
	604.71	547.57
From Banks		
Buyer's Credit (Foreign Currency Loans)	**14.54**	61.97
Rupee Term Loans	**4,712.71**	3,300.48
Foreign Currency Term Loans	**2,334.08**	1,158.28
	7,061.33	4,520.73
From Financial Institutions		
Rupee Term Loans	**117.12**	131.25
	117.12	131.25
Working Capital Loans from Banks	**431.45**	297.53
Total:	**8,214.61**	5,497.08

Notes:

1. Terms of Redemption:

(i) The 10.75% Redeemable Secured NCDs of Rs. 10,00,000 each are redeemable in 29 quarterly instalments of Rs.1.95 crores each from 15.04.2009 to 15.04.2016.

(ii) The 10.25% Redeemable Secured NCDs of Rs.10,00,000 each are redeemable in 3 equal annual instalments of Rs.166.67 crores each from 17.02.2016 to 17.02.2018.

(iii) The 10.75% Redeemable Secured NCDs of Rs.10,00,000 each are redeemable in 23 quarterly instalments of Rs.2.09 crores each from 01.07.2009 to 01.01.2015.

2. Details of Security:

(a) The 10.75% NCDs aggregating to Rs. 56.55 crores alongwith Rupee Term Loans from Banks aggregating to Rs. 108.75 crores are secured by:

- *pari passu* first charge by way of legal mortgage on a flat situated at Mumbai, in the State of Maharashtra.
- *pari passu* first charge by way of equitable mortgage of the Company's immovable properties relating to the 100MW and 130MW Power Plants at Toranagallu village, in the State of Karnataka.

(b) The 10.25% NCDs aggregating to Rs. 500 crores are secured by way of mortgage in respect of all immovable and movable properties of Downstream Division both present and future located at Tarapur and Vasind, in the State of Maharashtra.

(c) The 10.75% NCDs aggregating to Rs.48.16 crores are secured by:

- First charge on Land situated in the State of Gujarat
- Second charge in favour of the Debenture Trustee on Fixed Assets situated at Salem Works in the state of Tamilnadu.

(d) Buyer's credit (Foreign Currency Loans) are secured by way of Guarantee Assistance by a consortium of Banks/ Financial Institutions.

(e) The said Guarantee Assistance and Buyer's credit from Banks aggregating to Rs.14.54 crores, Rupee Term Loans from Banks aggregating to Rs. 1,485.26 crores, Rupee Term Loan from financial Institution aggregating to Rs. 9.19 crores and Foreign Currency Term Loans from Banks aggregating to Rs. 390.97 crores are secured by:

- *pari passu* first charge by way of equitable mortgage in respect of immovable properties of Upstream Division situated at Vaddu, Kurekuppe and Toranagallu villages, in the State of Karnataka and
- *pari passu* first charge by way of hypothecation of movable properties of Upstream Division both present and future excluding inventories and book debts.

(f) The Rupee Term Loans from banks aggregating to Rs. 640.56 crores, Foreign Currency Term Loans from banks aggregating to Rs. 271.31 crores and Rupee Term Loan from Financial Institution aggregating to Rs. 37.58 crores are secured by a first charge supported by an equitable/ registered Mortgage of movable and immovable properties and assets situated at Salem Works in the state of Tamilnadu and a second pari passu charge on the current assets at Salem Works and Pledge of 438,955 equity shares of the Company held by promoters.

(g) Rupee Term Loan aggregating to Rs. 250 crores from Bank is to be secured as under:

- *pari passu* first charge by way of equitable mortgage on the entire fixed assets consisting of Land and Buildings as well as Plant and Machineries relating to 230 MW Power Plant, Blast Furnace I and Coke Oven I at Toranagallu village, in the State of Karnataka.
- *pari passu* first charge on the immovable property of a third party situated at Mumbai, in the State of Maharashtra.

(h) Rupee Term Loans from Banks/Foreign Currency Term Loan from Bank are secured / to be secured as under:

- Rupee Term Loans aggregating to Rs. 5.88 crores by first charge by way of equitable mortgage in respect of all movable and immovable of Blast furnace Plant II at Toranagallu village, in the State of Karnataka.
- Rupee Term Loans aggregating to Rs. 31.65 crores by first charge by way of equitable mortgage in respect of all movable and immovable properties of Coke Oven Plant II at Toranagallu village, in the State of Karnataka.
- Rupee Term Loans aggregating to Rs. 296.50 crores and Foreign Currency Term Loans aggregating to Rs. 331.17 crores by exclusive first charge by way

of equitable mortgage in respect of all movable and immovable properties of Cold Rolling Mill Complex at Toranagallu village, in the State of Karnataka.

- Rupee Term Loans aggregating to Rs. 779.11 crores and Foreign Currency Term Loans aggregating to Rs. 407.60 crores by exclusive first charge by way of equitable mortgage in respect of all movable and immovable properties both present and future of 2.8 mtpa expansion project at Toranagallu village, in the State of Karnataka.

- Foreign Currency Term Loans aggregating to Rs. 891.63 crores by exclusive first charge by way of equitable mortgage in respect of all movable and immovable properties of Hot Strips Mill at Toranagallu village, in the State of Karnataka.

- Rupee Term Loans aggregating to Rs. 140 crores by first charge by mortgage of the Office Complex constructed or being constructed at village Kole Kalyan, Mumbai, in the State of Maharashtra.

- Rupee Term Loans aggregating to Rs. 975 crores by exclusive first charge by way of equitable mortgage in respect of all movable and immovable properties both present and future of 3.2 mtpa expansion project at Toranagallu village, in the State of Karnataka.

(i) Foreign Currency Term Loans from Bank aggregating to Rs. 41.40 crores are secured by way of equitable mortgage in respect of all immovable and movable properties of Downstream Division both present and future located at Tarapur and Vasind, in the State of Maharashtra.

(j) Rupee Term Loan from Financial Institution aggregating to Rs. 70.35 crores are secured by exclusive first charge by way of hypothecation of Bombardier Challenger 300 aircraft.

(k) The Working capital loans aggregating to Rs. 265.18 crores are secured by :

- *pari passu* first charge by way of hypothecation of Stocks of Raw Materials, Finished Goods, Work-in-Process, Consumable Stores and Spares and Book Debts/Receivables of the Company (excluding its Salem Works) both present and future.

- *pari passu* second charge on the immovable properties being Land, together with all Buildings and structures theron, fixtures, fittings and all plant and machinery attached (other than assets specifically excluded) pertaining to Upstream Division situated at Torangallu village, in the State of Karnataka and Downstream Division, situated at Tarapur and Vasind, in the state of Maharashtra both present and future.

- *pari passu* second charge on movable properties of Upstream and Downstream Division, both present and future.

- pledge of 1,10,00,000 equity shares of Jindal Coated Steel Ltd. and 1,20,75,000 equity shares of the Company held by promoters.

- *pari passu* second charge on the immovable property of a third party situated at Mumbai, in the State of Maharashtra.

(l) The working capital loans aggregating to Rs.166.27 crores are secured by:

- *pari passu* first charge by way of hypothecation of Raw Materials, Work-in-Progress, Finished Goods and all other movable's of Salem Works.

- *pari passu* second charge by way of equitable mortgage of immovable properties of Salem Works situated in the State of Tamilnadu.

3. Out of the above, Rupee/Foreign Currency Term Loans from Banks aggregating to Rs. 78.94 crores along with interest thereon are personally guaranteed by the Vice Chairman & Managing Director of the Company.

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 4		
UNSECURED LOANS		
2,764 (Previous year 3,242) Zero Coupon Foreign Currency Convertible Bonds (FCCB) of USD 1,00,000 each (see note below)	**1,408.26**	1,295.83
Long Term Advances		
From a Subsidiary	**76.90**	–
From a Customer	**646.73**	656.64
(Repayable within a year Rs. 94.74 crores (Previous year Rs. 9.60 crores))		
Short Term Loan from Banks	**430.00**	–
(Repayable within a year Rs. 430 crores (Previous year Nil))		
Short term Export Packing Credit and Packing Credit in Foreign Currency	**286.92**	–
(Repayable within a year Rs. 286.92 crores, (Previous year Nil))		
Foreign Currency Loans		
From Banks	**101.90**	–
Others	**–**	8.26
(Repayable within a year Nil, (Previous year Rs. 8.26 crores))		
Sales Tax Deferral	**107.31**	88.72
Total:	**3,058.02**	2,049.45

Note : The FCCB's are convertible into Equity Shares at the option of the bondholders at any time on or after 7 August 2007 and prior to the close of business on 21 June 2012 at an initial conversion of Rs. 953.40 per share with fixed exchange ratio of conversion of Rs. 40.28 = 1 US $.

SCHEDULE 5
FIXED ASSETS

Rupees in crores

Particulars	Gross Block (at cost)					Depreciation					Net Block	
	As at 01.04.2008	Acquired under Scheme of Amalgamation	Additions	Deductions	As at 31.03.2009	As at 01.04.2008	Additions consequent to acquisition of subsidiaries	For the year	Deductions	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Tangibles												
Freehold Land	151.11	–	2.23	–	**153.34**	18.48	–	–	–	**18.48**	**134.86**	132.63
Leasehold Land	76.02	–	4.87	–	**80.89**	0.23	–	0.07	–	**0.30**	**80.59**	75.79
Buildings	1,933.38	–	101.16	0.13	**2,034.41**	301.38	–	61.36	0.01	**362.73**	**1,671.68**	1,632.00
Plant & Machinery@	11,621.27	–	2,803.38	44.02	**14,380.63**	2,633.37	–	745.20	4.33	**3,374.24**	**11,006.39**	8,987.90
Furniture & Fixtures	57.44	–	9.85	–	**67.29**	16.56	–	8.21	–	**24.77**	**42.52**	40.88
Vehicles & Aircraft	99.59	–	111.46	50.73	**160.32**	15.88	–	11.67	9.84	**17.71**	**142.61**	83.71
Intangibles												
Software	13.51	–	6.36	–	**19.87**	10.93	–	1.15	–	**12.08**	**7.79**	2.58
Total	**13,952.32**	**–**	**3,039.31**	**94.88**	**16,896.75**	**2,996.83**	**–**	**827.66**	**14.18**	**3,810.31**	**13,086.44**	**10,955.49**
Previous year	10,512.76	781.79	2,674.98	17.21	13,952.32	2,323.66	22.58	687.18	14.01	2,996.83	10,955.49	
@ Includes proportionate share of assets jointly owned Plant & Machinery	32.71		–	–	**32.71**	12.70	–	2.97	–	**15.67**	**17.04**	20.01
Capital Work in Progress											**9,242.06**	5,612.43

Notes:

1. Buildings include:
   (a) Roads not owned by the Company amortised over a period of five years. Gross Block Rs. 3.13 crores (Previous year Rs. 3.13 crores) Net block Rs. 0.28 crores (Previous year Rs. 0.57 crores).
   (b) Assets given on operating lease for which documents are yet to be executed pending approvals from secured Lenders: Gross Block Rs. 3.08 crores (Previous year Rs. 3.08 crores); net block Rs. 2.61 crores (Previous year Rs. 2.67 crores).
   (c) Execution of Conveyance deed in favour of the Company is pending in respect of a Building acquired in an earlier year of Gross block Rs.24.07 crores, Net block Rs.22.81 crores (Previous year Gross block Rs. 24.07 crores, Net block Rs. 23.34 crores).

(2) Fixed assets include Borrowing costs of Rs. 58.57 crores (Previous year Rs. 94.16 crores) capitalised during the year.

(3) Freehold Land and Buildings of Rs. 114.46 crores (Previous year Nil) has been/agreed to be hypothecated/mortgaged to lenders of affiliates.

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 6		
INVESTMENTS		
(Unquoted)		
1. LONG TERM		
a) Government Securities		
National Savings Certificates		
(Pledged with Commercial Tax Department)	**0.01**	0.01
b) Trade		
JSW Energy Limited (a Company under the same management)		
3,11,92,200 (Previous year Nil) Equity Shares of Rs. 10 each fully paid-up (Maximum amount outstanding Rs. 120.90 crores)	**120.90**	–
JSW Energy (Vijayanagar) Limited		
Nil (Previous year 8,00,13,000) Equity Shares of Rs. 10 each fully paid-up	**–**	80.01
Jindal Praxair Oxygen Company Private Limited (JPOCPL)		
39,520,000 Equity Shares of Rs. 10 each fully paid-up (Pledged as security in favour of Financial Institutions for loans granted to JPOCL)	**39.52**	39.52
4,160,000, 10% Preference Shares of Rs. 10 each fully paid-up (Tranche 1)	**4.16**	4.16
4,200,000, 10% Preference Shares of Rs. 10 each fully paid up (Tranche 2)	**4.20**	4.20
32,310,000, 0.1% Preference Shares of Rs. 10 each fully paid up	**32.31**	32.31
Vijayanagar Minerals Private Limited		
4,000 Equity Shares of Rs. 10 each fully paid-up (Rs. 40,000; Previous year Rs. 40,000)	**–**	–
Rohne Coal Company Private Limited		
4,90,000 (Previous year Nil), Equity shares of Rs.10 each, fully paid-up	**0.49**	–
10,558,530 (Previous year Nil), 1% Preference Shares of Rs. 10 each fully paid-up	**10.56**	–
MJSJ Coal Limited		
11,000 (Previous year Nil), Equity shares of Rs.10 each, fully paid up	**0.01**	–

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
JSW Realty & Infrastructure Private Limited (Formerly South West Infrastructure Private Limited) (Tranche 1)		
5,750,000 (Previous year 4,325,000), 10% Preference Shares of Rs.100 each, fully paid up	**57.50**	43.25
JSW Realty & Infrastructure Private Limited (Formerly South West Infrastructure Private Limited) (Tranche 2)		
7,000,000 (Previous year Nil), 10% Preference Shares of Rs.100 each, fully paid up	**70.00**	–
c) Other than Trade:		
Subsidiaries		
JSW Natural Resources Limited		
1,334,000 (Previous year 10,000) Equity Shares of USD 10 each fully paid-up	**61.04**	0.45
JSW Steel Processing Centres Limited		
50,000,000 (Previous year 25,680,200) Equity Shares of Rs. 10 each fully paid-up	**50.00**	25.68
JSW Bengal Steel Limited		
95,116,000 (Previous year 60,000,000) Equity Shares of Rs. 10 each fully paid-up	**95.12**	60.00
JSW Jharkhand Steel Limited		
13,590,080 (Previous year 50,000) Equity Shares of Rs. 10 each fully paid-up	**13.59**	0.05
JSW Steel (Netherlands) B.V.		
114,354,760 (Previous year 71,800,000) Equity Shares of Euro 1 each fully paid-up	**680.21**	413.21
JSW Building Systems Limited		
2,810,000 (Previous year Nil) Equity Shares of Rs. 10 each fully paid-up	**2.81**	–
Others		
SICOM Limited		
600,000 Equity Shares of Rs. 10 each fully paid-up	**4.88**	4.88
Steelscape Consultancy Private Limited		
50,000 Equity Shares of Rs. 10 each fully paid-up	**0.05**	0.05
2. CURRENT		
Mutual Funds		
Birla Cash Plus Institutional Premium		
Nil (Previous year 15,012,447.316) units of Rs. 10 each	**–**	15.04
Birla Sunlife Cash Manger IP		
Nil (Previous year 15,019,333.399) units of Rs. 10 each	**–**	15.02
Fidelity Cash Fund - Super IP		
Nil (Previous year 15,002,804.612) units of Rs. 10 each	**–**	15.00

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
HSBC Cash Fund Institutional Plus		
Nil (Previous year 10,835,906.582) units of Rs. 10 each	**–**	10.84
ICICI Prudential Institutional Liquid Plan-Super Institutional		
Nil (Previous year 15,040,485.607) units of Rs. 10 each	**–**	15.04
ING Vysya Liquid Fund		
Nil (Previous year 14,995,606.033) units of Rs. 10 each	**–**	15.00
Kotak Flexi Debt Fund		
Nil (Previous year 9,994,806.609) units of Rs. 10 each	**–**	10.03
LIC Mutual Fund Liquid plus Fund		
Nil (Previous year 15,051,894.103) units of Rs. 10 each	**–**	15.05
LIC Liquid Mutual Fund		
Nil (Previous year 13,663,695.532) units of Rs. 10 each	**–**	15.01
Lotus India Liquid Fund Super Institutional Plus		
Nil (Previous year 15,036,428.883) units of Rs. 10 each	**–**	15.04
Principal Floating Rate Fund		
Nil (Previous year 15,024,242.934) units of Rs. 10 each	**–**	15.05
Reliance Floating Rate Fund		
Nil (Previous year 9,932,703.750) units of Rs. 10 each	**–**	10.00
Reliance Liquidity Fund		
Nil (Previous year 15,034,412.391) units of Rs. 10 each	**–**	15.04
Reliance Liquidity Fund TP-IP		
Nil (Previous year 2,981,834.161) units of Rs. 10 each	**–**	4.56
SBI Premier Liquid Fund Institutional Plan		
Nil (Previous year 7,994,981.490) units of Rs. 10 each	**–**	8.02
SBI Premier Liquid Fund Super Institutional Plan		
Nil (Previous year 6,989,099.708) units of Rs. 10 each	**–**	7.01
UTI Liquid Fund Institutional Cash Plan		
Nil (Previous year 147,167.543) units of Rs. 10 each	**–**	15.00
Sundaram BNP Paribas Money fund		
17,33,716.898 (Previous year Nil) units of Rs. 10 each	**1.75**	–
Tata Liquid Fund - SHIP		
8974.039 (Previous year Nil) units of Rs. 1,000 each	**1.00**	–
Total	**1,250.11**	923.53
Aggregate Repurchase Value - Mutual Funds	**2.75**	215.75

Notes :

1. Units of Mutual Fund purchased and sold during the year:

Name of the Scheme	No. of Units
AIG India Liquid Fund Super Institutional Plan	299,911
Birla Cash Plus - Institutional Premium	149,897,029
Birla Sunlife Liquid Plus Institutional Premium	15,040,048
Birla Sunlife Liquid Plus	30,139,722
DBS Chola Liquid Fund Institutional Premium Plus	32,910,559
DSP ML cash plus Fund - Institutional Plan	300,189
DSP ML Liquidity Fund Super Institutional Plan	149,998
DWS Insta Cash Super Institutional Plan	87,908,909
Fidelity Cash Fund - Super Institutional Plan	21,074,166
Fidelity Liquid plus Fund - Institutional Plan	6,025,104
HDFC Cash Management - Saving Plan	42,510,291
HDFC Liquid Fund - Premium Plan	94,051,423
HSBC - Cash Fund Institutional Plus	41,027,223
ING Vysya Liquid Fund	75,291,471
ICICI Prudential Institutional Liquid Super Plan	72,362,711
JP Morgan India Liquid Plus Fund	5,008,187
Kotak Flexi Debt Institutional Fund	25,225,995
Kotak Liquid Institutional Premium	88,426,332
LIC Liquid Mutual Fund	85,736,506
LIC MF Liquid Plus Fund	15,139,873
Lotus India Liquid Fund Super Institutional Plus	111,133,968
Lotus India Liquid Plus Fund super Institutional Plus	15,210,258
Mirae Asset Liquid Fund - Super Institutional Plan	602,065
Principal Cash Management Fund - Institutional Premium Plan	60,355,395
Principal Floating Rate Fund	15,089,325
Reliance - Floating Rate Fund	35,041,250
Reliance Liquid Fund -Treasury Plan-Institutional Premium	67,261,708
Reliance Liquid Plus Fund	150,225
Reliance Liquidity Fund	146,312,194
Reliance Medium Term Fund	8,955,537
SBI Premier Liquid Fund Institutional Premium	15,039,114
SBI Premier Liquid Fund Super Institutional Premium	60,081,937
Sundaram BNP Paribas Money fund	4,956,210
Sundaram BNP Paribas Ultra Short Term Fund	5,004,169
Tata Liquid Fund - Super High Investment Fund	631,424
Templeton India Treasury Manager- Super IP	252,299
UTI Liquid Fund - Cash Plan Institutional Plan	786,430
UTI Liquid Plus Fund - Super IP	303,471

2. Mode of Valuation - see Note A(4) of Schedule 18.

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 7		
INVENTORIES		
Raw Materials	**801.43**	818.56
Production Consumables and Stores & Spares	**316.50**	185.69
Work-in-Progress *	**132.03**	44.13
Semi Finished/Finished Goods**	**788.53**	435.85
Traded Goods	**12.93**	64.93
Total:	**2,051.42**	1,549.16

Note: Mode of Valuation - see Note A(6) of Schedule 18.

* includes Rs. 1.95 crores (Previous year nil) arising out of trial run production.

** includes Rs. 101.41 crores (Previous year nil) arising out of trial run production.

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 8		
SUNDRY DEBTORS		
Unsecured		
Outstanding for a period exceeding six months		
Considered Good	**49.85**	5.86
Considered Doubtful	**16.91**	17.27
Less: Provision for Doubtful debts	**(16.91)**	(17.27)
	49.85	5.86
Other Debts		
Considered Good	**348.29**	331.53
Considered Doubtful	**–**	2.80
Less: Provision for Doubtful debts	**–**	(2.80)
	348.29	331.53
Total:	**398.14**	337.39
Note: Amount due from JSW Energy Limited (w.e.f. 01 January 2009) (a company under the same management)	**4.04**	–
As at the end of the year Maximum Amount Outstanding at any point during the year	**94.02**	–
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on hand	**0.30**	0.38
Remittance in Transit & Cheque on hand	**5.15**	–
Balances with Scheduled Banks :		
In Current Accounts	**202.46**	205.40
In Margin Money/Term Deposit Accounts	**212.05**	133.44
Total:	**419.96**	339.22
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advance and Loans to Subsidiaries	**678.97**	14.49
Advances recoverable in cash or in kind or for value to be received		
Advance to Suppliers	**187.54**	129.21
Export benefits and entitlements	**84.01**	82.15
Amount recoverable from ESOP Trusts	**45.16**	46.35
Premises and Other deposits	**107.94**	94.75
Advance towards Equity/ Preference capital	**4.97**	27.20
Prepayments and Others	**196.40**	272.86
Less: Provision for Doubtful Advances	**(1.45)**	(17.51)
	1,303.54	649.50
Excise Balances	**187.85**	176.29
Advance Tax and Tax deducted at source (net)	**158.19**	14.63

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
Minimum Alternative Tax credit entitlement	**95.30**	–
Loans to Bodies Corporate	**9.10**	9.10
Less: Provision for Doubtful Loans	**(9.10)**	(9.10)
Total:	**1,744.88**	840.42
Note: Amount due from JSW Energy Limited (w.e.f. 01 January 2009) (a company under the same management)	**–**	–
As at the end of the year Maximum Amount Outstanding at any point during the year	**30.00**	–
SCHEDULE 11		
CURRENT LIABILITIES		
Acceptances	**5,293.09**	2,060.26
Dues to Subsidiaries	**7.74**	65.28
Sundry Creditors (see Note B (18) of Schedule 18)		
Total outstanding dues of micro enterprises and small enterprises	**30.79**	4.65
Total outstanding dues of creditors other than micro enterprises and small enterprises	**1,613.64**	1,204.07
Rent and other Deposits	**43.43**	41.64
Advances from Customers	**164.29**	74.83
Interest Accrued but not due on loans	**65.14**	142.45
Other Liabilities	**51.67**	56.70
Premium payable on redemption of FCCBs and Preference Shares	**188.16**	72.30
Investor Education and Protection Fund shall be credited by		
Unclaimed Debenture Redemption Instalments	**2.50**	2.46
Unclaimed Debenture Interest	**2.35**	2.70
Unclaimed Dividend	**9.65**	6.93
Unclaimed amount of sale proceeds of fractional shares	**3.83**	3.85
Total:	**7,476.28**	3,738.12
SCHEDULE 12		
PROVISIONS		
Provision for:		
Wealth Tax (net)	**0.40**	0.55
Fringe Benefit Tax (net)	**0.95**	0.80
Employee Benefits	**23.77**	21.99
Proposed Dividend on Preference Shares	**28.99**	29.06
Proposed Dividend on Equity Shares	**18.71**	261.87
Corporate Dividend Tax	**8.11**	49.44
Total:	**80.93**	363.71

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

Rupees in crores

	Year ended 31.03.2009	Year ended 31.03.2008
SCHEDULE 13		
OTHER INCOME		
Dividend		
from Long Term Investments	**0.63**	0.52
from Current Investments	**4.46**	5.12
Insurance Claim	**5.05**	19.04
Extinguishment of liability on buyback of FCCB's	**97.30**	–
Value Added Tax Refund	**89.41**	58.28
Claims Settled	**–**	50.90
Provision for Doubtful Debts/ Advances written back	**19.14**	–
Miscellaneous Income	**43.57**	18.39
Total:	**259.56**	152.25
SCHEDULE 14		
MATERIALS		
Raw Materials Consumed	**8,735.70**	5,883.53
Purchase of Traded Goods	**4.96**	64.93
Increase in Stocks		
Opening Stock:		
Semi Finished/Finished Goods	**435.85**	220.91
Work-in-progress	**44.13**	40.44
Traded Goods	**64.93**	–
	544.91	261.35
Closing Stock:		
Semi Finished/Finished Goods	**687.12**	435.85
Work-in-progress	**130.08**	44.13
Traded Goods	**12.93**	64.93
	830.13	544.91
	(285.22)	(283.56)
Excise duty on stock of finished goods (net)	**(5.34)**	28.95
Total:	**8,450.10**	5,693.85

Rupees in crores

	Year ended 31.03.2009	Year ended 31.03.2008
SCHEDULE 15		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages and Bonus	**256.00**	243.19
Contribution to Provident and Other Funds	**16.90**	14.11
Staff Welfare Expenses	**15.85**	16.68
Total:	**288.75**	273.98
SCHEDULE 16		
MANUFACTURING AND OTHER EXPENSES		
Rent	**5.14**	4.29
Rates and Taxes	**55.31**	2.07
Insurance	**21.72**	20.76
Power and Fuel	**673.07**	539.21
Stores and Spares consumed	**645.81**	611.68
Carriage and Freight	**562.69**	511.79
Repairs & Maintenance		
Plant & Machinery	**194.03**	165.58
Buildings	**32.24**	34.75
Others	**7.17**	6.71
Commission on Sales	**40.24**	27.90
Donations & Contributions (refer Note B (17) of Schedule 18)	**9.38**	16.57
Miscellaneous Expenses	**173.57**	149.07
Provision for Doubtful Debts/ Loans/ Advances	**–**	5.56
Loss on sale of fixed assets/ investments (net)	**8.92**	1.63
Total:	**2,429.29**	2,097.57
SCHEDULE 17		
INTEREST AND FINANCE CHARGES (net)		
Interest on :		
Debentures and Fixed Loans	**448.42**	351.87
Others	**292.22**	114.23
Other Finance Charges	**96.18**	28.74
	836.82	494.84
Less: Interest Income		
from Banks	**(2.51)**	(27.84)
from Others	**(37.06)**	(26.56)
(Tax deducted at source Rs.2.06 crores, (Previous year Rs.1.76 crores))		
Total:	**797.25**	440.44

SCHEDULE 18:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

The accompanying financial statements have been prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAAP) and the provisions of the Companies Act, 1956 (The Act).

2. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the periods in which the results are known/ materialize.

3. Fixed Assets and depreciation

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses.

Costs of acquisition comprise all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use. Costs of construction are composed of those costs that relate directly to specific assets and those that are attributable to the construction activity in general and can be allocated to the specific assets up to the date the asset are put to use.

Depreciation on assets is provided, *pro rata* for the period of use, by the Straight Line Method (SLM) at the SLM rates prescribed in Schedule XIV to the Act. For the purpose of determining the appropriate depreciation rates to be applied to plant and machinery, continuous process plant and machinery has been identified on the basis of technical assessment made by the Company.

Leasehold land is amortized over the period of the lease, except where the lease is convertible to freehold land under lease agreements at future dates at no additional cost.

The Company capitalizes software where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over an estimated useful life of 3 to 5 years.

An asset is considered as impaired in accordance with Accounting Standard 28 on “Impairment of Assets,” when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds it recoverable amount (i.e. the higher of the asset’s net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the profit and loss account.

4. Investments

Investments are classified as current or long-term in accordance with Accounting Standard 13 on “Accounting for Investments”.

Current investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the profit and loss account.

Long-term investments are stated at cost. Provision for dimunition is made to recognize a decline, other than temporary, in the value of such investments.

5. Revenue Recognition

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

Revenue from sale of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales are net of sales tax/ Value Added Tax. Export turnover includes related export benefits. Excise duty recovered is presented as a reduction from gross turnover.

Income from Certified Emission Reductions (CER) is recognized as income on sale of CER's.

6. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined by the weighted average cost method.

Excise duty related to finished goods stock is included under Materials (Schedule 14).

7. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on "Borrowing Costs" are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

Interest income earned is reduced from Interest and Finance charges (net) (Schedule 17).

8. Employee Benefits

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the profit and loss account in the period in which the service is rendered.

Employee Benefits under defined benefit plans, such as compensated absences and gratuity which fall due for payment after a period of twelve months from rendering service or after completion of employment, are measured by the projected unit cost method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The Company's obligations recognized in the balance sheet represents the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial Gains and losses are recognised immediately in the Profit and Loss Account.

9. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

Monetary foreign currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the balance sheet date. Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules 2006 on 31 March 2009, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items are dealt with in the following manner:

i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset.

ii. In Other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized to the profit and loss account over the balance life of the long-term monetary item, however that the period of amortization does not extend beyond 31 March 2011.

Exchange differences relating to long-term monetary items that have been recognized in the profit and loss account in the previous year have been reversed from the General Reserve and accounted for in accordance with (i) and (ii) above.

All other exchange differences are dealt with in the profit and loss account.

Non-monetary items such as investments are carried at historical cost using the exchange rates on the date of the transaction.

10. Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and currency options.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date.

The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges). The Company does not enter into derivative contracts for trading or speculative purposes.

A derivative is presented under Current Assets, Loans and Advances (Schedule10) or Current Liabilities and Provisions (Schedule 11).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the same line of the profit and loss account relating to the hedged item.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in a "Hedging Reserve Account". The gain or loss relating to the ineffective portion is recognised immediately in profit and loss account. Amounts deferred in the Hedging Reserve Account are recycled in the profit and loss account in the periods when the hedged item is recognized in the profit and loss account, in the same line as the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In case of fair value hedges the adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to the profit and loss account from that date. In case of cash flow hedges any cumulative gain or loss deferred in the Hedging Reserve Account at that time is retained and is recognized when the forecast transaction is ultimately recognized in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred is recognized immediately in the profit and loss account.

11. Income Tax

Income taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid/ recovered from the revenue authorities, using the applicable tax rates and tax laws.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences. They are measured using the substantively enacted tax rates and tax laws. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Where certain expenses or credits which are otherwise required to be charged to the Profit and Loss account are adjusted directly to reserves in accordance with a court order or as permitted by Accounting Standards, in such cases the tax benefits or charge, arising from the admissibility or taxability of such expenses or income for tax purpose is also recognised in the reserves.

Fringe Benefit Tax (FBT) payable under the provisions of Section 115WC of the Income Tax Act, 1961 is in accordance with the Guidance Note on Accounting for Fringe Benefits Tax issued by the ICAI regarded as an additional income tax and considered in determination of profits for the year. Tax on distributed profits payable in accordance with the provisions of Section 115O of the Income Tax Act, 1961 is in accordance with the Guidance Note on Accounting for Corporate Dividend Tax regarded as a tax on distribution of profits and is not considered in determination of profits for the year.

12. Earnings Per Share

The Company reports basic and diluted Earnings per share (EPS) in accordance with Accounting Standard 20 on "Earnings per Share". Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

13. Operating leases

Operating lease receipts and payments are recognized as income or expense in the profit and loss account on a straight-line basis over the lease term.

14. Cash Flow Statement

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

15. Bond Expenses

Premium payable on redemption of bonds is provided for over the life of the bonds. The Securities Premium Account is applied in providing for premium on redemption in accordance with Section 78 of the Act. On conversion of the bonds to equity the provision for the redemption premium is reversed.

Expenses on issue of bonds are written off to the Securities Premium Account in accordance with Section 78 of the Act.

16. Stock Based Compensation

The compensation cost of stock options granted to employees is calculated using the intrinsic value of the stock options. The compensation expense is amortised uniformly over the vesting period of the option.

17. Contingent liabilities

Contingent liabilities as defined in Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Provision is made if it is probable that an outflow of future economic benefits will be required to settle the obligation.

B. NOTES TO ACCOUNTS:

1. Contingent Liabilities not provided for in respect of :

   a) Bills Discounted Rs. 977.32 crores (Previous year Rs. 1,131.21 crores).

   b) Guarantees provided on behalf of subsidiaries (including step down subsidiaries) and others Rs. 2,135.74 crores (Previous year Rs. 2,993.16 crores).

   c) Disputed statutory claims/levies including those pending in courts (excluding interest leviable, if any), in respect of:

      (i) Excise Duty Rs. 90.01 crores (Previous year Rs. 82.17 crores);

      (ii) Custom Duty Rs. 223.85 cores (Previous year Rs. 219.87 crores);

      (iii) Income Tax Rs. 36.28 crores (Previous year Rs. 36.28 crores);

      (iv) Sales Tax/Special Entry tax Rs. 0.35 crores (Previous year Rs. 0.29 crores);

      (v) Service Tax Rs. 31.27 crores (Previous year Rs. 20.32 crores);

      (vi) Miscellaneous Rs. 0.24 crores (Previous year Rs. 0.24 crores); and

      (vii) Levies by local authorities Rs.15.28 crores (Previous year Rs. 15.92 crores).

   d) Claims by Suppliers and other third parties not acknowledged as debts Rs. 131.73 crores (Previous year Rs. 90.81 crores).

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 4,660.30 crores (Previous year Rs. 6,555.68 crores).

3. Pursuant to the amendment of the transitional provisions of Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items have been accounted for as described in A (9) of Schedule 18 foregoing.

   Accordingly, Rs. 268.58 crores has been added to the cost of the fixed assets, Rs. 7.83 crores transferred to Foreign Currency Monetary Item Translation Difference Account (unamortised balance at year end Rs. 3.55 crores) and consequently, the profit for the year is higher by Rs. 268.06 crores and the General Reserve is lower by Rs. 27.74 crores.

4. Exceptional Items represent net exchange loss of Rs.790.13 crores due to the unprecedented depreciation in the value of the rupee against various foreign currencies over the last year.

5. **Details of utilization of funds received on preferential allotment of equity shares:**

Rupees in crores

	Current Year	Previous Year
Net issue proceeds pending utilization	**195.84**	Nil
Net issue proceeds	**Nil**	195.84
Less: Utilized for debt reduction and to meet the capital expenditure/general corporate purposes	**195.84**	Nil
Balance held in Mutual Funds pending ultimate utilization	**Nil**	195.84

6. **Details of Loans & Advances in the nature of loans (including interest receivable):**

Rupees in crores

Name of Company	**Current year**		Previous Year	
	Maximum amount outstanding during the year	**Amount outstanding**	Maximum amount outstanding during the year	Amount outstanding
JSW Steel (Netherlands) B.V.	**664.34**	**664.34**	–	–
JSW Natural Resources Limited	**1.49**	**1.49**	–	–

7. **Employee Share based Payment Plans:**

   a) As on 31 March 2009 the Company has three share-based payments arrangements, which are described below:

Particulars	**Scheme 1 (General Manager & Above)**	**Scheme 2 (Junior Manager to General Manager)**	**Scheme 3 (Associate Vice President & Above)**
Date of grant	April 1, 2007	October 1, 2007	October 1, 2007
Outstanding as on 01.04.2008	68,382	2,30,693	181,625
Granted in the year	–	–	–
Forfeited in the year	3,869	15,458	12,005
Exercised during the year	–	–	–
Outstanding as on 31.03.2009	64,513	2,15,235	1,69,620
Vesting Period	3 years service	3 years service	3 years service
Method of settlement	Cash	Cash	Cash
Exercise Price	600	800	900

   b) Expenses arising from employee's share based payment plans- Rs. 4.65 crores (Previous year Rs.3.09 crores).

8. **Derivatives:**

   a) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy.

   The Forward Exchange Contracts entered into by the Company are as under:

As at	**No. of Contracts**	**Type**	**US$ equivalent (Million)**	**INR Equivalent (crores)**
31.03.2009	**6**	**Buy**	**59.62**	**303.77**
	27	**Sell**	**61.85**	**315.11**
31.03.2008	13	Buy	97.57	389.99
	94	Sell	275.09	1,099.53

   b) The Company also uses derivative contracts other than forward contracts to hedge the interest rate and currency risk on its capital account. Such transactions are governed by the strategy approved by the Board of Directors, which provide principles on the use of these instruments, consistent with the Company's Risk Management Policy. The Company does not use these contracts for speculative purposes.

      i) Notional value of Interest Rate Swaps (IRS) to hedge against fluctuations in interest rate changes are as under :

As at	**No. of Contracts**	**US$ Equivalent of notional value (Million)**	**MTM of IRS (crores)**
31.03.2009	**2**	**10.00**	**(0.34)**
31.03.2008	2	10.00	(0.15)

      ii) Currency options to hedge against fluctuations in changes in exchange rate are as under :

As at	**No. of Contracts**	**US$ Equivalent (Million)**	**INR Equivalent (crores)**
31.03.2009	**4**	**48.00**	**244.56**
31.03.2008	–	–	–

c) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amounts receivable in foreign currency on account of the following:

	Current Year		Previous Year	
	US$ equivalent (Million)	**INR Equivalent (crores)**	US$ Equivalent (Million)	INR Equivalent (crores)
Debtors	**24.73**	**126.02**	17.30	69.16
Balances with banks in Fixed Deposit	**3.34**	**17.02**	28.62	114.38
Interest receivable	**0.01**	**0.03**	0.61	2.46
Advances/Loans to Subsidiaries	**133.16**	**678.46**	–	–

Amounts payable in foreign currency on account of the following:

	Current Year		Previous Year	
	US$ equivalent (Million)	**INR Equivalent (crores)**	US$ Equivalent (Million)	INR Equivalent (crores)
Acceptances	**975.53**	**4,970.35**	403.82	1,614.09
Creditors	**76.56**	**390.05**	41.84	167.09
Interest payable	**7.11**	**36.25**	6.58	26.30
Loans payable	**803.86**	**4,095.69**	643.25	2,571.08
Redemption premium payable on FCCB's	**36.74**	**187.17**	17.84	71.31

Provision for loss through Profit and Loss account – Rs. Nil (previous year Rs. 0.14 crores).

9. Employee Benefits:

a) Defined Contribution Plan:

Company's contribution to Provident Fund Rs. 12.04 crores. (Previous year Rs. 10.38 crores)

b) Defined Benefit Plans:

Rupees in crores

	Current Year	Previous Year
a) Liability recognized in the Balance Sheet		
i) Present value of obligation		
Opening Balance	**25.42**	18.15
Service Cost	**2.34**	2.34
Interest Cost	**2.14**	1.79
Actuarial loss on obligation	**3.21**	1.78
Benefits paid	**(1.89)**	(1.12)
Liability assumed in amalgamation in nature of purchase	**–**	2.48
Closing Balance	**31.22**	25.42
Less:		
ii) Fair Value of Plan Assets		
Opening Balance	**21.42**	7.37
Expected Return on Plan assets less loss on investments	**2.10**	1.65
Actuarial gain / (loss) on Plan Assets	**(1.22)**	(0.27)
Employers' Contribution	**5.73**	11.19
Benefits paid	**(1.89)**	(1.12)
Assets acquired in amalgamation in nature of purchase	**–**	2.60
Closing Balance	**26.14**	21.42
Amount recognized in Balance Sheet	**5.08**	4.00
b) Expenses during the year (included in Schedule 15 under Contribution to Provident and Other Funds)		
Service cost	**2.34**	2.34
Interest cost	**2.14**	1.79
Expected Return on Plan assets	**(2.10)**	(1.65)
Actuarial (Gain)/Loss	**4.43**	2.05
Total	**6.81**	4.53
c) Actual Return on plan assets	**0.88**	1.38
d) Break up of Plan Assets as a percentage of total plan assets (Percentage or Value)		
Insurer Managed Funds	**100.00%**	100.00%
e) Principal actuarial assumptions		
Rate of Discounting	**7.75% p.a.**	8% p.a.
Expected Return on Plan Assets	**8% p.a.**	8% p.a.
Rate of increase in salaries	**6% p.a.**	6% p.a.
Attrition Rate	**2% p.a.**	2% p.a.

The Company expects to contribute Rs. 4.02 crores to its Gratuity plan for the next year.

In assessing the Company's Post Retirement Liabilities the Company monitors mortality assumptions and uses up-to-date mortality tables. The base being the LIC 1994-96 ultimate tables.

Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

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

Gratuity Benefits Scheme of the Company is managed by Life Insurance Corporation of India, ICICI Prudential Life Insurance Company Limited, HDFC Standard Life Insurance Company Limited, SBI Life Insurance Company Limited (Insurers). The Company is currently awaiting the details of the composition of the plan assets, by category, from the insurers for the current and previous year and hence the disclosures as required by Accounting Standard (AS) – 15 in "Employee Benefits" have not been given.

10. Segment Reporting:

The Company is primarily engaged in the business of manufacture and sale of Iron and Steel Products. The Company has identified two primary business segments, namely Steel and Power (used mainly for captive consumption), which in the context of Accounting Standard 17 on "Segment Reporting" constitute reportable segments.

Information about Primary Business Segments

Rupees in crores

Particulars	Year ended 31.03.2009				Year ended 31.03.2008			
	Steel	Power	Eliminations	Total	Steel	Power	Eliminations	Total
Revenue								
External Sales	13,930.26	70.99	–	14,001.25	11,291.04	128.96	–	11,420.00
Inter Segment Revenue	520.82	695.33	(1,216.15)	–	240.83	614.82	(855.65)	–
Total Revenue	14,451.08	766.32	(1,216.15)	14,001.25	11,531.87	743.78	(855.65)	11,420.00
Segment Results								
Segment/ Operating Results	1,333.20	162.70		1,495.90	2,471.58	440.57		2,912.15
Un-allocated Items:								
Income				(21.02)				12.41
Interest Expenses				(797.25)				(440.44)
Provision for Taxation				(219.13)				(755.93)
Net Profit				458.50				1,728.19
Other Information								
Segment Assets	25,991.30	618.66		26,609.96	18,969.92	539.24		19,509.16
Un-allocated Assets				1,600.29				1,068.83
Total Assets				28,210.25				20,577.99
Segment Liabilities	7,382.61	28.53		7,411.14	3,516.38	7.53		3,523.91
Un-allocated Liabilities & Provisions				12,839.86				9,376.83
Total Liabilities				20,251.00				12,900.74
Depreciation	795.26	32.40		827.66	661.45	25.73		687.18
Total Cost incurred during the year to acquire Segment Assets	6,619.38	49.56		6 ,668.94	7,055.46	1 0.81		7,066.27

Notes:

1. Inter Segment transfer from the power segment is measured at the rate at which power is purchased/ sold from/ to the respective Electricity Board.
2. Inter Segment transfer from the steel segment is measured on the basis of fuel cost.

11. Related parties disclosure as per Accounting Standard (AS) – 18:

A. List of Related Parties

Parties with whom the Company has entered into transactions during the year / where control exists :

1. **Subsidiaries**

JSW Steel (UK) Limited
JSW Steel Service Centre (UK) Limited
Argent Independent Steel (Holdings) Limited
JSW Natural Resources Limited
JSW Natural Resources Mazambique Lda
JSW Steel (Netherlands) B.V.
JSW Steel Holding (USA) Inc
JSW Steel (USA) Inc
JSW Panama Holdings Corporation
Inversiones Eurosh Limitada
Santa Fe Mining
Santa Fe Puerto S.A.
JSW Steel Processing Centres Limited
JSW Jharkhand Steel Limited
JSW Bengal Steel Limited
Barbil Benefication Company Limited
JSW Building Systems Limited

2. **Associate**

Jindal Praxair Oxygen Company Private Limited

3. **Enterprises over which Key Management Personnel (KMP) and Relatives of such personnel exercise significant influence.**

JSW Energy Limited
JSL Limited
JSW Realty & Infrastructure Private Limited
Jindal Saw Limited
Jindal Steel & Power Limited
Jindal South West Holdings Limited
JSOFT Solutions Limited
Jindal Industries Limited
JSW Energy (Ratnagiri) Limited
JSW Cement Limited
JSW Jaigarh Port Limited
Nalwa Sons & Investments Limited
JSW Investments Private Limited
Jindal Systems Private Limited
Nalwa Engineering Private Limited
Reynold Traders Private Limited
Raj West Power Limited
Jindal Power Trading Company Limited
JSW Aluminim Limited
Art India Publishing Company Private limited
O P Jindal Foundation
JSW Infrastructure & Logistic Limited
South West Port Limited

4. **Joint Ventures**

Vijayanagar Minerals Private Limited
Rohne Coal Company Private Limited

5. **Key Managerial Personnel**

Mrs. Savitri Devi Jindal
Mr. Sajjan Jindal
Mr. Seshagiri Rao M. V. S.
Dr. Vinod Nowal
Mr. Y. Siva Sagar Rao
Dr. B. N. Singh

6. **Relatives of Key Managerial Person**

Mrs. Urmila Bhuwalka

Rupees in crores

Particulars	Subsidiaries	Associate	Joint Ventures	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises over which KMP and relatives of such personnel exercise Significant influences.	Total
B. Transactions with related parties							
Party's Name							
Purchase of Goods / Power & Fuel / Services							
South West Port Limited	**–**	**–**	**–**	**–**	**–**	**78.54**	**78.54**
	–	–	–	–	–	74.89	74.89
JSW Energy Limited	**–**	**–**	**–**	**–**	**–**	**136.00**	**136.00**
	–	–	–	–	–	36.84	36.84
Jindal Praxair Oxygen Company Private Limited	**–**	**389.03**	**–**	**–**	**–**	**–**	**389.03**
	–	309.46	–	–	–	–	309.46
Vijayanagar Minerals Private Limited	**–**	**–**	**90.03**	**–**	**–**	**–**	**90.03**
	–	–	58.18	–	–	–	58.18
JSW Steel (USA) Inc.	**38.37**	**–**	**–**	**–**	**–**	**–**	**38.37**
	64.92	–	–	–	–	–	64.92
Others	**16.27**	**–**	**–**	**–**	**–**	**26.19**	**42.46**
	0.15	–	–	–	–	47.39	47.54
Total	**54.64**	**389.03**	**90.03**	**–**	**–**	**240.73**	**774.43**
	65.07	309.46	58.18	–	–	159.12	591.83
Reimbursement of Expenses incurred on our behalf by							
Jindal South West Holdings Limited	**–**	**–**	**–**	**–**	**–**	**0.10**	**0.10**
	–	–	–	–	–	0.22	0.22
JSW Energy Limited	**–**	**–**	**–**	**–**	**–**	**1.34**	**1.34**
	–	–	–	–	–	–	–
JSW Steel (USA) Inc.	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	0.20	–	–	–	–	–	0.20
Others	**–**	**–**	**–**	**–**	**–**	**0.14**	**0.14**
	–	–	–	–	–	0.04	0.04
Total	**–**	**–**	**–**	**–**	**–**	**1.58**	**1.58**
	0.20	–	–	–	–	0.26	0.46
Sales of Goods/Power & Fuel/ Other Income							
JSW Energy Limited	**–**	**–**	**–**	**–**	**–**	**610.84**	**610.84**
	–	–	–	–	–	301.90	301.90
Jindal Industriers Limited	**–**	**–**	**–**	**–**	**–**	**147.23**	**147.23**
	–	–	–	–	–	130.23	130.23
JSW Steel (USA) Inc.	**519.72**	**–**	**–**	**–**	**–**	**–**	**519.72**
	276.82	–	–	–	–	–	276.82
JSW Steel (Netherlands) BV	**195.37**	**–**	**–**	**–**	**–**	**–**	**195.37**
	–	–	–	–	–	–	–
Others	**122.29**	**3.60**	**–**	**–**	**–**	**345.19**	**471.08**
	45.24	2.31	–	–	–	152.06	199.61
Total	**837.38**	**3.60**	**–**	**–**	**–**	**1,103.26**	**1,944.24**
	322.06	2.31	–	–	–	584.19	908.56
Other Income							
JSW Investments Private Limited	**–**	**–**	**–**	**–**	**–**	**1.92**	**1.92**
	–	–	–	–	–	19.81	19.81
JSW Steel (USA) Inc.	**6.85**	**–**	**–**	**–**	**–**	**–**	**6.85**
	3.65	–	–	–	–	–	3.65
JSW Steel (Netherlands) B.V.	**21.97**	**–**	**–**	**–**	**–**	**–**	**21.97**
	0.02	–	–	–	–	–	0.02

Rupees in crores

Particulars	Subsidiaries	Associate	Joint Ventures	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises over which KMP and relatives of such personnel exercise Significant influences.	Total
Others	**3.29**	**–**	**0.60**	**–**	**–**	**1.26**	**5.15**
	0.19	–	0.52	–	–	0.37	1.08
Total	**32.11**	**–**	**0.60**	**–**	**–**	**3.18**	**35.89**
	3.86	–	0.52	–	–	20.18	24.56
Purchase of Assets							
Jindal Steel & Power Limited	**–**	**–**	**–**	**–**	**–**	**138.13**	**138.13**
	–	–	–	–	–	159.46	159.46
Jindal Saw Limited	**–**	**–**	**–**	**–**	**–**	**69.79**	**69.79**
	–	–	–	–	–	11.48	11.48
Others	**–**	**–**	**–**	**–**	**–**	**4.36**	**4.36**
	–	–	–	–	–	0.02	0.02
Total	**–**	**–**	**–**	**–**	**–**	**212.28**	**212.28**
	–	–	–	–	–	170.96	170.96
Slump Sale Transaction (Net of liabilities Taken Over)							
Jindal Steel & Alloys Limited	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	–	1.36	1.36
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	–	1.36	1.36
Sale of Assets							
Jindal Steel & Power Limited	**–**	**–**	**–**	**–**	**–**	**29.42**	**29.42**
	–	–	–	–	–	–	–
Urmila Bhuwalka	**–**	**–**	**–**	**–**	**3.50**	**–**	**3.50**
	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**3.50**	**29.42**	**32.92**
	–	–	–	–	–	–	–
Advance from Customers							
JSW Steel (Netherlands) B.V.	**211.45**	**–**	**–**	**–**	**–**	**–**	**211.45**
	–	–	–	–	–	–	–
Total	**211.45**	**–**	**–**	**–**	**–**	**–**	**211.45**
	–	–	–	–	–	–	–
Debentures Redeemed							
JSL Limited	–	–	–	–	–	**0.61**	**0.61**
	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**0.61**	**0.61**
	–	–	–	–	–	–	–
Advance given							
JSW Energy Limited	**–**	**–**	**–**	**–**	**–**	**30.00**	**30.00**
	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**30.00**	**30.00**
	–	–	–	–	–	–	–
Advance given Received back							
JSW Energy Limited	**–**	**–**	**–**	**–**	**–**	**30.00**	**30.00**
	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**30.00**	**30.00**
	–	–	–	–	–	–	–
Loan given Received back							
JSW Steel (Netherlands) B.V.	**99.36**	**–**	**–**	**–**	**–**	**–**	**99.36**
	–	–	–	–	–	–	–
Total	**99.36**	**–**	**–**	**–**	**–**	**–**	**99.36**
	–	–	–	–	–	–	–

Rupees in crores

Particulars	Subsidiaries	Associate	Joint Ventures	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises over which KMP and relatives of such personnel exercise Significant influences.	Total
Loan given							
JSW Steel (Netherlands) B.V.	**663.60**	**–**	**–**	**–**	**–**	**–**	**663.60**
	–	–	–	–	–	–	–
Others	**1.27**	**–**	**–**	**–**	**–**	**–**	**1.27**
	–	–	–	–	–	–	–
Total	**664.87**	**–**	**–**	**–**	**–**	**–**	**664.87**
	–	–	–	–	–	–	–
Donation Given							
O.P. Jindal Foundation	**–**	**–**	**–**	**–**	**–**	**1.85**	**1.85**
	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**1.85**	**1.85**
	–	–	–	–	–	–	–
Recovery of Expenses incurred by us on their behalf							
JSW Natural Resources Limited	**22.32**	**–**	**–**	**–**	**–**	**–**	**22.32**
	–	–	–	–	–	–	–
JSW Jharkhand Steel Limited	**0.51**	**–**	**–**	**–**	**–**	**–**	**0.51**
	11.82	–	–	–	–	–	11.82
Others	**2.77**	**–**	**0.07**	**–**	**–**	**0.79**	**3.63**
	–	–	–	–	–	1.09	1.09
Total	**25.60**	**–**	**0.07**	**–**	**–**	**0.79**	**26.46**
	11.82	–	–	–	–	1.09	12.91
Sale of Investments							
JSW Steel (Netherlands) B.V.	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	16.54	–	–	–	–	–	16.54
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	16.54	–	–	–	–	–	16.54
Investments/ Share Application Money given during the year							
JSW Realty & Infrastructure Pvt. Ltd.	**–**	**–**	**–**	**–**	**–**	**84.25**	**84.25**
	–	–	–	–	–	–	–
JSW Steel (Netherlands) B.V.	**275.31**	**–**	**–**	**–**	**–**	**–**	**275.31**
	413.41	–	–	–	–	–	413.41
JSW Bengal Steel Limited	**33.36**	**–**	**–**	**–**	**–**	**–**	**33.36**
	61.76	–	–	–	–	–	61.76
Others	**89.08**	**–**	**11.09**	**–**	**–**	**31.89**	**132.06**
	32.76	–	–	–	–	9.00	41.76
Total	**397.75**	**–**	**11.09**	**–**	**–**	**116.14**	**524.98**
	507.93	–	–	–	–	9.00	516.93
Issue of Equity Shares including Securities Premium							
JSW Investments Private Limited	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	–	176.80	176.80
Sajjan Jindal	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	40.80	–	–	40.80
Total	–	–	–	–	–	–	–
	–	–	–	40.80	–	176.80	217.60
Share Application & Allotment Money Received							
JSW Investments Private Limited	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	–	159.12	159.12

Rupees in crores

Particulars	Subsidiaries	Associate	Joint Ventures	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises over which KMP and relatives of such personnel exercise Significant influences.	Total
Sajjan Jindal	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	36.12	–	–	36.12
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	36.12	–	159.12	195.24
Remuneration to key managerial personnel							
Mr. Sajjan Jindal	**–**	**–**	**–**	**6.56**	**–**	**–**	**6.56**
	–	–	–	16.73	–	–	16.73
Mr. Seshagiri Rao M. V. S.	**–**	**–**	**–**	**0.96**	**–**	**–**	**0.96**
	–	–	–	1.00	–	–	1.00
Mr. Y. Siva Sagar Rao	**–**	**–**	**–**	**1.08**	**–**	**–**	**1.08**
	–	–	–	0.74	–	–	0.74
Dr. Vinod Nowal	**–**	**–**	**–**	**0.70**	**–**	**–**	**0.70**
	–	–	–	0.66	–	–	0.66
Dr. B. N. Singh	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	0.23	–	–	0.23
Mrs. Savitri Devi Jindal	**–**	**–**	**–**	**0.08**	**–**	**–**	**0.08**
	–	–	–	0.08	–	–	0.08
Total	**–**	**–**	**–**	**9.38**	**–**	**–**	**9.38**
	–	–	–	19.44	–	–	19.44
Guarantees and collaterals provided by the Company on behalf:							
Rohne Coal Company Private Limited	**–**	**–**	**89.85**	**–**	**–**	**–**	**89.85**
	–	–	–	–	–	–	–
Total	–	–	**89.85**	**–**	**–**	**–**	**89.85**
	–	–	–	–	–	–	–
C. Closing balance of related parties							
Trade payables							
Jindal Praxair Oxygen Company Private Limited	**–**	**10.89**	**–**	**–**	**–**	**–**	**10.89**
	–	9.25	–	–	–	–	9.25
South West Port Limited	**–**	**–**	**–**	**–**	**–**	**20.14**	**20.14**
	–	–	–	–	–	10.56	10.56
Jindal Saw Limited	**–**	**–**	**–**	**–**	**–**	**12.77**	**12.77**
	–	–	–	–	–	1.41	1.41
JSW Steel (USA) Inc.	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	65.28	–	–	–	–	–	65.28
Vijayanagar Minerals Private Limited	**–**	**–**	**9.08**	**–**	**–**	**–**	**9.08**
	–	–	–	–	–	–	–
JSW Steel Processing Centres Limited	**7.69**	**–**	**–**	**–**	**–**	**–**	**7.69**
	–	–	–	–	–	–	–

Rupees in crores

Particulars	Subsidiaries	Associate	Joint Ventures	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises over which KMP and relatives of such personnel exercise Significant influences.	Total
Others	**0.05** –	**–** –	**–** –	**0.07** –	**–** –	**5.17** 5.32	**5.29** 5.32
Total	**7.74** 65.28	**10.89** 9.25	**9.08** –	**0.07** –	**–** –	**38.08** 17.29	**65.86** 91.82
Advance received from Customers							
Jindal Steel & Power Limited	**–** –	**–** –	**–** –	**–** –	**–** –	**0.27** 0.26	**0.27** 0.26
Jindal Saw Limited	**–** –	**–** –	**–** –	**–** –	**–** –	**–** 0.55	**–** 0.55
Jindal Industries Limited	**–** –	**–** –	**–** –	**–** –	**–** –	**–** 0.61	**–** 0.61
JSW Energy Limited	**–** –	**–** –	**–** –	**–** –	**–** –	**–** 0.77	**–** 0.77
JSW Steel (Netherlands) BV	**76.90** –	**–** –	**–** –	**–** –	**–** –	**–** –	**76.90** –
Total	**76.90** –	**–** –	**–** –	**–** –	**–** –	**0.27** 2.19	**77.17** 2.19
Lease & Other deposit received							
Jindal Praxair Oxygen Company Private Limited	**–** –	**3.83** 3.83	**–** –	**–** –	**–** –	**–** –	**3.83** 3.83
JSW Energy Limited	**–** –	**–** –	**–** –	**–** –	**–** –	**6.49** 6.49	**6.49** 6.49
JSW Energy (Ratnagiri) Limited	**–** –	**–** –	**–** –	**–** –	**–** –	**3.64** 3.64	**3.64** 3.64
JSW Power Trading Company Limited	**–** –	**–** –	**–** –	**–** –	**–** –	**20.00** 20.00	**20.00** 20.00
Total	**–** –	**3.83** 3.83	**–** –	**–** –	**–** –	**30.13** 30.13	**33.96** 33.96
Trade receivables							
JSW Energy Limited	**–** –	**–** –	**–** –	**–** –	**–** –	**4.04** 13.90	**4.04** 13.90
JSW Cements Limited	**–** –	**–** –	**–** –	**–** –	**–** –	**17.32** –	**17.32** –
Jindal Saw Limited	**–** –	**–** –	**–** –	**–** –	**–** –	**16.01** –	**16.01** –
JSW Steel Service Centre (UK) Limited	**13.31** 20.10	**–** –	**–** –	**–** –	**–** –	**–** –	**13.31** 20.10
JSW Steel (USA) Inc.	**40.73** 2.34	**–** –	**–** –	**–** –	**–** –	**–** –	**40.73** 2.34
JSW Steel (Netherlands) BV	**45.07** –	**–** –	**–** –	**–** –	**–** –	**–** –	**45.07** –
Others	**–** 1.24	**–** –	**–** 0.01	**–** –	**–** –	**22.66** 4.88	**22.66** 6.13
Total	**99.11** 23.68	**–** –	**–** 0.01	**–** –	**–** –	**60.03** 18.78	**159.14** 42.47
Capital Advances given							
Jindal Steel & Power Limited	**–** –	**–** –	**–** –	**–** –	**–** –	**–** 32.89	**–** 32.89
Total	**–** –	**–** –	**–** –	**–** –	**–** –	**–** 32.89	**–** 32.89

Rupees in crores

Particulars	Subsidiaries	Associate	Joint Ventures	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises over which KMP and relatives of such personnel exercise Significant influences.	Total
Share Application Money							
JSW Energy (Vijayanagar) Limited	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	–	9.00	9.00
Vijayanagar Minerals Private Limited	**–**	**–**	**4.05**	**–**	**–**	**–**	**4.05**
	–	–	4.05	–	–	–	4.05
JSW Natural Resources Limited	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	12.18	–	–	–	–	–	12.18
Others	**0.33**	**–**	**0.04**	**–**	**–**	**–**	**0.37**
	1.97	–	–	–	–	–	1.97
Total	**0.33**	**–**	**4.09**	**–**	**–**	**–**	**4.42**
	14.15	–	4.05	–	–	9.00	27.20
Other advances given							
JSW Steel (Netherlands) BV	**664.34**	**–**	**–**	**–**	**–**	**–**	**664.34**
	–	–	–	–	–	–	–
JSW Jharkhand Steel Limited	**0.51**	**–**	**–**	**–**	**–**	**–**	**0.51**
	12.15	–	–	–	–	–	12.15
Others	**14.13**	**–**	**0.07**	**–**	**–**	**0.53**	**14.73**
	–	–	–	–	–	2.76	2.76
Total	**678.98**	**–**	**0.07**	**–**	**–**	**0.53**	**679.58**
	12.15	–	–	–	–	2.76	14.91
Other Current Assets							
JSW Investments Private Limited	**–**	**–**	**–**	**–**	**–**	**17.24**	**17.24**
	–	–	–	–	–	19.81	19.81
Total	**–**	**–**	**–**	**–**	**–**	**17.24**	**17.24**
	–	–	–	–	–	19.81	19.81
Investments held by the Company							
Jindal Praxair Oxygen Company Private Limited	**–**	**80.19**	**–**	**–**	**–**	**–**	**80.19**
	–	80.19	–	–	–	–	80.19
JSW Energy Limited	**–**	**–**	**–**	**–**	**–**	**120.90**	**120.90**
	–	–	–	–	–	80.01	80.01
JSW Realty & Infrastructure Pvt. Limited	**–**	**–**	**–**	**–**	**–**	**127.50**	**127.50**
	–	–	–	–	–	43.25	43.25
Vijayanagar Minerals Private Limited	**–**	**–**	**@**	**–**	**–**	**–**	**@**
	–	–	–	–	–	–	–
JSW Steel (Netherlands) B.V.	**680.21**	**–**	**–**	**–**	**–**	**–**	**680.21**
	413.22	–	–	–	–	–	413.22
Others	**222.56**	**–**	**11.05**	**–**	**–**	**–**	**233.61**
	86.18	–	–	–	–	–	86.18
Total	**902.77**	**80.19**	**11.05**	**–**	**–**	**248.40**	**1,242.41**
	499.40	80.19	–	–	–	123.26	702.85
Guarantees and collaterals provided by the Company on behalf:							
JSW Steel (Netherlands) B.V. and its subsidiaries for USA and Chile acquisition	**1,808.73**	**–**	**–**	**–**	**–**	**–**	**1,808.73**
	2,570.07	–	–	–	–	–	2,570.07

Rupees in crores

Particulars	Subsidiaries	Associate	Joint Ventures	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises over which KMP and relatives of such personnel exercise Significant influences.	Total
JSW Steel (USA) Inc.	**162.16**	**–**	**–**	**–**	**–**	**–**	**162.16**
	395.47	–	–	–	–	–	395.47
Others	**–**	**39.52**	**89.85**	**–**	**–**	**75.00**	**204.37**
	140.30	39.52	–	–	–	75.00	254.82
Total	**1,970.89**	**39.52**	**89.85**	**–**	**–**	**75.00**	**2,175.26**
	3,105.84	39.52	–	–	–	75.00	3,220.36

Notes:
@ Less than Rs.1,00,000/-.
Figures in unbold represent previous year figures.

12. Operating Lease:

a) As Lessor:

i. The Company has entered into lease arrangements, for renting:

– 2,279 houses (admeasuring approximately 1,410,997 square feet) at the rate of Rs. 100/- per house per annum, for a period of 180 months.

– 672 houses (admeasuring approximately 551,051 square feet) at the rate of Rs. 24/- per square feet per annum, for a period of 36 to 60 months.

– 1 house at the rate of Rs. 0.60 lacs per annum, for a period of 11 months.

and are renewable the options of the lessee after the end of the term.

ii. Disclosure in respect of assets given on operating lease:

Rupees in crores

	Current Year	Previous Year
Gross Carrying amount of Assets	**123.95**	118.77
Accumulated Depreciation	**10.91**	8.77
Depreciation for the year	**2.16**	1.93

b) As Lessee:

Lease Rentals charged to revenue for right to use following assets are:

Rupees in crores

	Current Year	Previous Year
Cold Rolling Steel Undertaking	**Nil**	1.00
Office Premises, Residential Flats etc.	**5.14**	4.29
Total	**5.14**	**5.29**

The agreements are executed for a period of 11 to 60 months with a renewable clause and also provide for termination at will by either party giving a prior notice period of 1 to 3 months.

13. Earnings Per Share (EPS):

		Current Year	Previous Year
Profit after Tax	Rs. in crs	**458.50**	1,728.19
Less: Dividend on preference shares (Including corporate dividend tax)	Rs. in crs	**(33.92)**	(34.00)
Profit after tax for Equity share holders (Numerator)- Basic	Rs. in crs	**424.58**	1,694.19
Add/(Less): Exchange loss/(gain) on FCCB's	Rs. in crs	**22.26**	(6.63)
Profit after tax for Equity share holders (Numerator) - Diluted	Rs. in crs	**446.84**	1,687.56
Earning per share – Basic	Rs.	**22.70**	95.26
Earning per share – Diluted	Rs.	**22.70**	94.18
Nominal value per share	Rs.	**10**	10
Weighted average number of equity shares for Basic EPS (denominator)	Nos.	**187,048,666**	177,855,318
Weighted average number of equity shares for Diluted EPS (denominator)	Nos.	**187,048,666**	179,194,270

Note: There is no dilution to Basic EPS as the results are anti-dilutive.

14. a) Provision for Taxation includes:

Rupees in crores

	Current Year	Previous Year
Current Tax	**76.00**	288.84
Deferred Tax	**223.12**	428.08
Fringe Benefit Tax	**7.00**	5.50
Wealth Tax	**0.40**	0.35
Minimum Alternate Tax (MAT) Credit entitlement (including Rs. 19.30 crores (Previous year Nil) pertaining to earlier years)	**(95.30)**	–
Tax adjustment of earlier years	**7.91**	33.16
Total	**219.13**	**755.93**

b) Deferred Tax Liability comprises of timing differences on account of :

Rupees in crores

	Current Year	Previous Year
Depreciation	**1,639.06**	1,388.33
Expenses allowable on payment basis	**(24.02)**	(46.11)
Provision for doubtful debts/ capital advances	**(34.79)**	(41.33)
Unabsorbed Depreciation	**(110.12)**	–
Others	**(48.97)**	(49.05)
Deferred Tax Liability	**1,421.16**	1,251.84

15. The Company has the following Joint venture interest in India as at 31 March 2009:

Interest as Venturer

Vijayanagar Minerals Private Limited: Percentage of holding – 40% (Previous year 40%)

Rohne Coal Company Private Limited: Percentage of holding – 49% (Previous year Nil)

Interest as Investor

MJSJ Coal Limited: Percentage of holding – 11% (Previous year Nil)

The proportionate share of assets, liabilities, income and expenditure of the jointly controlled entities are as under:

Rupees in crores

	Current Year (Audited)	Previous Year (based on the financial information /estimates made by the management)
I. Assets		
Fixed Assets (Including CWIP)	**8.79**	0.63
Deferred Tax Assets	**–**	0.13
Current Assets, Loans and Advances		
- Inventories	**1.44**	0.91
- Sundry Debtors	**3.75**	-
- Cash and Bank Balances	**0.60**	0.60
- Loans and Advances	**1.74**	1.50
Miscellaneous Expenditure (to the extent not written off or adjusted)	**0.79**	1.50
II. Liabilities		
Current Liabilities and Provisions		
- Liabilities	**1.28**	0.22
- Provisions	**1.55**	1.62
Deferred Tax Liability	**0.15**	–
III. Income		
Sales	**31.65**	20.38
Other Income	**1.86**	0.78
IV. Expenses		
Direct and Operating Expenses	**18.52**	11.99
Administrative, Selling and Distribution Expenses	**10.28**	0.89
Depreciation	**0.05**	0.05
Miscellaneous Expenditure written off	**0.42**	0.57
Tax Expenses		
- Current, Deferred Tax and Fringe Benefit Tax	**1.47**	1.06
V. Other Matters		
Contingent Liabilities	**23.18**	11.59
Capital Commitments	**0.11**	–

16. Additional information pursuant to paragraphs 4, 4A, 4B, 4C and 4D of Part II of Schedule VI to The Companies Act, 1956:

A) Remuneration to Directors:

Rupees in crores

	Current Year	Previous Year
Salary	**3.05**	3.65
Perquisites	**2.56**	2.71
Contribution to Provident Fund	**0.37**	0.44
Commission to Vice Chairman & Managing Director	**3.33**	12.56
Managerial Remuneration	**9.31**	19.36
Director's sitting fees	**0.13**	0.15
Commission to Non-executive Directors	**1.07**	1.04
Total:	**10.51**	20.55

Note: The above figures exclude provision for leave encashment and contribution to the approved Group Gratuity Fund, which are actuarially determined for the Company as a whole.

B) Computation of Net Profit in accordance with Section 349 read with Section 309(5) of the Companies Act, 1956:

Rupees in crores

	Current Year	Previous Year
Profit Before Taxation	**677.63**	2,484.12
Add: Managerial Remuneration (including commission)	**10.51**	20.55
Provision for Doubtful debts / advances	**–**	5.56
Loss on Sales of Fixed Assets / Investments (net)	**–**	1.63
	688.14	2,511.86
Less: Provision for Doubtful debts / advances written back	**19.14**	–
Capital Profit on Sale of Fixed Assets	**3.37**	–
Net Profit as per Section 349 read with Section 309(5)	**665.63**	2,511.86
Commission Payable to:		
- Vice Chairman & Managing Director @ 0.5% of Net Profit as computed above	**3.33**	12.56
- Non-Executive Directors	**1.07**	1.04

C) Remuneration to Auditors (excluding service tax):

Rupees in crores

	Current Year	Previous Year
As Audit Fees (including limited review)	1.48	1.00
For Tax Audit Fees	0.23	0.08
For Certification & other services	1.26	0.98
Out of pocket Expenses	0.02	0.02
Total	**2.99**	**2.08**

D) Licensed and installed capacities and production:

	Class of Products	Installed capacity Tonnes	Production Tonnes
1	MS Slabs	**3,800,000** (3,800,000)	**3,078,613** (3,171,228)
2	Hot Rolled Coils/ Steel Plates/ Sheets	**3,200,000** (2,500,000)	**2,519,460** (2,717,134)
3	Hot Rolled Steel Plates	**320,000** (320,000)	**244,533** (226,355)
4	Cold Rolled Coils/Sheets	**1,825,000** (1,825,000)	**1,030,973** (861,818)
5	Galvanised/ Galvalum Coils/ Sheets	**900,000** (900,000)	**744,549** (764,401)
6	Colour Coating Coils/Sheets	**232,000** (100,000)	**89,586** (90,016)
7	Steel Billets & Bloom	**1,000,000** (1,000,000)	**644,957** (455,522)
8	Long Rolled Products	**450,000** (450,000)	**330,371** (329,128)

Notes:

1. Licensed capacity is not applicable in view of the Company's products having been delicensed as per the licensing policy of the Government of India.
2. Installed capacity is as certified by the management and accepted by auditors, being a technical matter.
3. Production of Galvanized/ Galvalume Coils/ Sheets includes 21,813 tonnes (Previous year 19,192 tonnes) from a third party on a job work basis.

E) Opening Stock, Sales and Closing Stock:

i) Manufactured goods

	Class of Products	Opening Stock		Sales		Closing Stock	
		Tonnes	Rupees Crores	Tonnes	Rupees crores	Tonnes	Rupees Crores
1	MS Slabs	**29,656** (3,425)	**72.67** (7.15)	**279,323** (187,341)	**1,264.49** (510.60)	**37,550** (29,656)	**76.29** (72.67)
2	Hot Rolled Coils/Steel Plates/Sheets	**51,584** (32,398)	**133.17** (57.96)	**1,389,853** (1,747,603)	**5,351.72** (5,655.70)	**70,073** (51,584)	**154.27** (133.17)
3	Galvanized Coils/Sheets	**28,226** (20,956)	**98.93** (63.11)	**613,630** (663,875)	**2,882.79** (2,816.30)	**61,307** (28,226)	**183.05** (98.93)
4	Cold Rolled Coils/Sheets	**19,532** (3,917)	**58.32** (8.24)	**296,288** (112,122)	**1,193.28** (412.13)	**37,443** (19,532)	**90.00** (58.32)
5	Hot Rolled Steel Plates	**1,024** (11,916)	**2.96** (29.03)	**201,631** (214,883)	**837.70** (760.36)	**17,563** (1,024)	**45.31** (2.96)
6	Colour Coating Coils/Sheets	**6,372** (3,463)	**26.03** (13.24)	**83,895** (84,650)	**491.68** (437.87)	**10,171** (6,372)	**38.59** (26.03)
7	Steel Billets & Blooms	**7,503** (3,327)	**17.63** (6.61)	**263,007** (103,876)	**903.30** (284.27)	**15,951** (7,503)	**38.56** (17.63)
8	Long Rolled Products	**3,875** (7,133)	**10.76** (18.23)	**292,966** (291,137)	**1,134.61** (945.41)	**7,049** (3,875)	**21.23** (10.76)
9	Others		**15.38** (17.34)		**1,092.84** (806.27)		**39.82** (15.38)
	Total		**435.85** (220.91)		**15,152.41** (12,628.91)		**687.12** (435.85)

ii) Traded goods

Description	Current Year		Previous Year	
	Quantity Tonnes	Rupees in crores	Quantity Tonnes	Rupees in crores
Hot Rolled Plates				
Opening Stock	**16,292**	**64.93**	–	–
Purchases	**538**	**4.96**	16,292	64.93
Sales	**7,129**	**26.88**	–	–
Closing Stock	**5,555**	**12.93**	16,292	64.93

Note: Excludes captive consumption of 4146 tonnes.

F) Consumption of Materials:

Description	Current Year		Previous Year	
	Quantity Tonnes	Rupees in crores	Quantity Tonnes	Rupees in crores
Iron ore lumps/fines	7,393,351	1,682.25	6,909,245	1,458.27
Coal/Coke	5,337,752	5,862.15	4,797,781	3,215.06
Hot Rolled Coils	52,400	220.45	17,450	47.13
M S Slabs	42,992	75.68	54,408	111.50
Zinc & Alloys	31,160	248.90	30,739	427.64
Others		1,066.75		862.28
Total		9,156.18		6,121.88
Less: Captive consumption		420.48		238.35
Total		8,735.70		5,883.53

G) Value of Consumption of directly Imported and indigenous obtained raw materials and stores and spares and the percentage of each to total consumption:

	Current Year		Previous Year	
Description	Value Rupees in crores	% of Total Value	Value Rupees in crores	% of Total Value
Raw Materials				
Imported	5,689.26	65.13	3,818.25	64.90
Indigenous	3,046.45	34.87	2,065.28	35.10
Total:	8,735.70	100.00	5,883.53	100.00
Stores and Spares				
Imported	66.21	10.25	64.83	10.60
Indigenous	579.60	89.75	546.85	89.40
Total:	645.81	100.00	611.68	100.00

H) C.I.F. Value of Imports:

Rupees in crores

Description	Current Year	Previous Year
Capital Goods	1,604.00	1,011.44
Raw Materials	6,032.19	3,148.21
Stores & Spare Parts & Production Consumables	182.56	125.02

I) Expenditure in Foreign Currency:

Rupees in crores

Description	Current Year	Previous Year
Interest and Finance charges	208.94	258.63
Ocean Freight	210.91	108.70
Commission on sales	31.17	19.27
Legal & Professional Fees	8.38	28.91
Others	15.48	6.99

J) Earnings in Foreign Currency:

Rupees in crores

Description	Current Year	Previous Year
F.O.B. Value of Exports	4,113.15	3,158.45
Sale of Carbon Credits	48.58	111.11
Interest Income	32.97	29.10

K) Remittance in Foreign Currency on account of Dividend:

a) Dividend to Equity Share Holders:

Description	Current Year	Previous Year
Year to which the Dividend relates	2007-08	Nil
Number of Non-Resident Shareholders	4,724	Nil
Number of Equity Shares held by them	14,258,258	Nil
Amount remitted (Rs. in crores)	19.96	Nil

b) Dividend to Preference Share Holder:

Description	Current Year	Previous Year
Year to which the Dividend relates	2007-08	Nil
Number of Non-resident Shareholders	1	Nil
Number of Preference Shares held by them	9,900,000	Nil
Amount remitted (Rs. in crores)	1.15	Nil

17. Donations & Contributions include contributions to:

Rupees in Crores

		Current Year	Previous Year
1	Bharatiya Janata Party, Karnataka	3.00	–
2	Janata Dal (Secular), Karnataka	2.00	–

18. Disclosure pertaining to Micro, Small and Medium Enterprises (as per information available with the Company):

Rupees in Crores

Description	Current Year	Previous Year
Principal amount due outstanding as at 31 March	30.79	4.65
Interest due on (1) above and unpaid as at 31 March	0.30	–
Interest paid to the supplier	–	–
Payments made to the supplier beyond the appointed day during the year	–	–
Interest due and payable for the period of delay	–	–
Interest accrued and remaining unpaid as at 31 March	0.03	–
Amount of further interest remaining due and payable in succeeding year	0.33	–

19. Previous year's figures have been regrouped, wherever necessary, to conform with current year's presentation.

For and on behalf of the Board of Directors

SAJJAN JINDAL
Vice Chairman & Managing Director

LANCY VARGHESE
Company Secretary

SESHAGIRI RAO M.V.S.
Jt. Managing Director & Group CFO

Place : Mumbai
Date : 7 May 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	**Registration Details**	
	Registration No. 152925	
	Balance Sheet Date 31-3-2009	State Code 11
II.	**Capital raised during the year (Amount Rs. in thousands):**	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III.	**Position of Mobilisation and Deployment of Funds (Amount Rs. in thousands):**	
	Total Liabilities	282,102,697
	Total Assets	282,102,697
	Sources of Funds	
	Paid-up Capital	5,370,154
	Reserves and Surplus	74,222,449
	Secured Loans	82,146,015
	Unsecured Loans	30,580,217
	Net Deferred Tax Liability	14,211,589
	Application of Funds	
	Net Fixed Assets	223,285,036
	Investments	12,501,096
	Net Current Assets	(29,255,708)
IV.	**Performance of Company (Amount Rs. in thousands):**	
	Turnover	154,388,561
	Total Expenditure	147,612,286
	Profit/(Loss) before Tax	6,776,275
	Profit/(Loss) after Tax	4,584,975
	Earning per share in Rs. (Basic)	22.70
	Earning per share in Rs. (Diluted)	22.70
	Dividend Rate (%)	10%
V.	**Generic Names of Three Principal Products/Services of Company** (as per monetary terms)	
	Item Code No. (ITC Code)	72.08
	Product Description	Hot Rolled Steel Strips/ Sheets/ Plates
	Item Code No. (ITC Code)	72.09
	Product Description	MS Cold Rolled Coils/Sheets
	Item Code No. (ITC Code)	72.10
	Product Description	MS Galvanised Plain/ Corrugated/ Colour coated Coils/Sheet
	Item Code No. (ITC Code)	720690
	Product Description	Steel Billet
	Item Code No. (ITC Code)	721490
	Product Description	Bar & Rods
	Item Code No. (ITC Code)	N.A.
	Product Description	Power

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATED TO SUBSIDIARY COMPANIES AS AT 31ST MARCH 2009

Sr. No.	Name of the Subsidiary	JSW Steel (Netherlands) B.V.	JSW Steel (UK) Limited	Argent Independent Steel (Holdings) Limited	JSW Steel Service Centre (UK) Limited	JSW Steel Holdings (USA) Inc.	JSW Steel (USA) Inc.	JSW Panama Holding Corporation	Inversiones Eurosh Limitada	Santa Fe Mining	Santa Fe Puerto S.A.	JSW Natural Resources Limited	JSW Natural Resources Mozambique Lda	JSW Steel Processing Centres Limited	JSW Bengal Steel Limited	Barbil Beneficiation Company Limited	JSW Jharkhand Steel Limited	JSW Building Systems Limited
1.	Financial Year of the Subsidiary ended on	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009
2.	Shares of the subsidiary held by the Company on the above date																	
	(a) Number	114,354,760	7,030,000	100	110,000	1,000	192,807,000	100	20	700	999	1,334,000	–	50,000,000	9,510,224	50,000	13,590,080	2,810,000
	Face Value	Equity shares of Euro 1 each	Ordinary shares of GBP 1 each	Ordinary shares of GBP 1 each	Ordinary shares of GBP 1 each	Common stock of USD 0.01 each	Common stock of USD 0.001 each	Common shares of USD 1000 each	Common shares of Chilien Pesos 10,00,000 each	Common shares of Chilien Pesos 10,00,000 each	Common shares of Chilien Pesos 25000 each	Equity shares of USD 10 each	MT 1 mio Mozambique Metical	Equity shares of Rs. 10 each	Equity shares of Rs. 10 each	Equity shares of Rs. 10 each	Equity shares of Rs. 10 each	Equity shares of Rs. 10 each
	(b) Extent of holding	100%	100% through JSW Steel (Netherlands) B.V.	100% through JSW Steel (UK) Limited	100% through Argent Independent Steel (Holdings) Limited	100% through JSW Steel (Netherlands) B.V.	90% through JSW Steel Holidngs (USA) Inc.	100% through JSW Steel (Netherlands) B.V.	100% through JSW Panama Holdings Corporation and JSW Steel (Netherlands) B.V.	70% through Inversiones Eurosh Limitada	99.9% through Santa Fe mining	100%	100% through JSW Natural Resources Limited	100%	98.9%	100% through JSW Bengal Steel Limited	100%	100%
3.	Net aggregate amount of profits / (losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the Company:																	
	(a) dealt with in the accounts of the Company for the year ended 31st March 2009 (Rs. Crs.)	(78.36)	(0.43)	(0.01)	(35.89)	(39.61)	(204.89)	10.78	(3.19)	(2.60)	(0.07)	(0.10)	(5.91)	(7.21)	(1.77)	(0.00)	(0.31)	(0.12)
	(b) not dealt with in the accounts of the Company for the year ended 31st March, 2009 (Rs. Crs.)	Nil	Nil	Nil	Nil	Nil	(22.77)	Nil	Nil	(1.11)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4.	Net aggregate amount of profits/ (losses) of the subsidiary since it bacame a subsidiary so far as they concern members of the Company:																	
	(a) dealt with in the accounts of the Company for the year ended 31st March, 2009 (Rs. Crs.)	(102.57)	(0.53)	0.26	(44.49)	(78.31)	(154.36)	19.17	(1.04)	(2.74)	(0.03)	(0.13)	(6.03)	(7.26)	(2.50)	(0.00)	(0.62)	(0.12)
	(b) not dealt with in the accounts of the Company for the year ended 31st March, 2009 (Rs. Crs.)	Nil	Nil	Nil	Nil	Nil	(17.15)	Nil	Nil	(1.17)	Nil	Nil	Nil	Nil	(0.02)	Nil	Nil	Nil

Note: Converted at the closing rate of exchange of GBP = Rs.72.86 and US$ = Rs.50.95 as on 31st March, 2009.

SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

Rupees in crores

Name of the Subsidiary	JSW Steel (Netherlands) B.V.	JSW Steel (UK) Limited	Argent Independent Steel (Holdings) Limited	JSW Steel Service Centre (UK) Limited	JSW Steel Holdings (USA) Inc.	JSW Steel (USA) Inc.	JSW Panama Holding Corporation	Inversiones Eurosh Limitada	Santa Fe Mining	Santa Fe Puerto S.A.	JSW Natural Resources Limited	JSW Natural Resources Mozambique Lda	JSW Steel Processing Centres Limited	JSW Bengal Steel Limited	Barbil Beneficiation Company Limited	JSW Jharkhand Steel Limited	JSW Building Systems Limited
Reporting Currency	USD	GBP	GBP	GBP	USD	USD	USD	USD	USD	USD	USD	USD	INR	INR	INR	INR	INR
Exchange Rate	50.95	72.86	72.86	72.86	50.95	50.95	50.95	50.95	50.95	50.95	50.95	50.95	–	–	–	–	–
A. Share Capital	842.94	51.22	0.00	35.03	907.39	2,394.65	0.51	0.21	10.02	0.25	67.97	6.16	50.00	96.45	0.05	13.59	2.81
B. Reserves	(102.57)	(0.53)	0.26	(6.26)	(97.85)	133.06	19.17	(1.04)	(3.91)	(0.03)	(0.31)	(5.99)	(7.26)	(2.52)	(0.00)	(0.62)	(0.12)
C. Total Liabilities	1,384.48	–	–	8.77	1,150.14	2,748.82	–	283.24	127.72	–	1.48	62.72	81.27	–	–	–	0.01
D. Total Funds Employed	2,124.85	50.69	0.26	37.53	1,959.69	5,276.53	19.68	282.42	133.83	0.22	69.13	62.90	124.01	93.93	0.05	12.97	2.70
E. Total Assets	2,124.85	50.69	0.26	37.53	1,959.69	5,276.53	19.68	282.42	133.83	0.22	69.13	62.90	124.01	93.93	0.05	12.97	2.70
F. Turnover	229.41	–	–	121.92	–	2,622.47	100.84	–	–	–	–	–	9.36	–	–	–	–
G. Profit before Taxes	(78.36)	(0.43)	(0.01)	(35.89)	(78.62)	(330.15)	10.78	(3.19)	(3.71)	(0.07)	(0.10)	(5.91)	(10.94)	(1.68)	(0.00)	(0.28)	(0.09)
H. Provision for Taxation	–	–	–	–	(39.01)	(102.50)	–	–	–	–	–	–	(3.73)	0.09	–	0.04	0.03
I. Profit after Taxes	(78.36)	(0.43)	(0.01)	(35.89)	(39.61)	(227.65)	10.78	(3.19)	(3.71)	(0.07)	(0.10)	(5.91)	(7.21)	(1.77)	(0.00)	(0.31)	(0.12)
J. Proposed Dividend	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Auditors' Report on the Consolidated Financial Statements

The Board of Directors

JSW Steel Limited

1. We have audited the attached Consolidated Balance Sheet of JSW Steel Limited (the Company) and its components (subsidiary, associate and joint venture companies), collectively the Group as at 31 March 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance 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. We did not audit the financial statements of certain components, namely:

   (a) The Subsidiary companies whose financial statements reflect the Group's share of total assets of Rs. 6,645.47 crores as at 31 March 2009 and total revenues of Rs. 2,792.14 crores, and total cash flows of Rs. (75.51) crores for the year ended 31 March 2009 and Joint Venture Companies whose financial statements reflect the Group's share of total assets of Rs. 16.31 crores as at 31 March 2009 and total revenues of Rs. 31.65 crores, and total cash flows of Rs. Nil for the year ended 31 March 2009. These financial Statements have been audited by other auditors whose reports have been furnished to us by the Company's management and our opinion is based solely on the reports of the other auditors.

   (b) The joint venture companies and the associate companies whose financial statements are based on unaudited financial information/estimates and as certified by the management on which we have relied for the purposes of our examination of the consolidated financial statements, (reference is invited to Note no. A of Schedule 18). The joint venture company's financial statements reflect the Group's share of total assets of Rs. 125.57 crores as at 31 March 2009 and total revenues of Rs. Nil, and total cash flows of Rs. 39.55 crores for the year ended 31 March 2009. The associate companies' financial statements reflect the Group's share of profits for the year ended 31 March 2009 of Rs. 11.65 crores.

4. Subject to the matter referred to in paragraph 3 (b) above:

   (a) We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, on 'Consolidated Financial Statements', Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard 27 on 'Financial Reporting of interests in Joint Ventures'.

   (b) Based on our audit and on consideration of reports of other auditors on the separate financial statements of the subsidiary and joint venture companies and to the best of our information and according to the explanations given to us we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2009;

      ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

      iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Membership No. 40005

Place: Mumbai
Date: 7 May 2009

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009

Rupees in crores

	Schedule No.	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	**537.01**	537.01
Reserves and Surplus	2	**7,266.94**	7,351.83
		7,803.95	7,888.84
Minority Interest		**273.20**	191.88
Loan Funds :			
Secured Loans	3	**13,470.78**	10,083.03
Unsecured Loans	4	**3,079.44**	2,053.19
		16,550.22	12,136.22
Deferred Tax Liability		**1,421.32**	1,251.84
Total:		**26,048.69**	21,468.78
APPLICATION OF FUNDS			
Fixed Assets :	5		
Gross Block		**22,388.91**	18,105.12
Less: Depreciation		**4,079.75**	3,074.25
Net Block		**18,309.16**	15,030.87
Capital Work-in-Progress		**9,585.18**	5,770.80
		27,894.34	20,801.67
Investments	6	**396.60**	469.58
Deferred Tax Asset		**144.50**	0.13
Goodwill on Consolidation		**783.13**	783.13
Current Assets, Loans and Advances :			
Inventories	7	**2,924.56**	2,181.74
Sundry Debtors	8	**399.05**	539.06
Cash and Bank Balances	9	**509.30**	471.48
Loans and Advances	10	**1,242.79**	908.60
Other Current Assets		**17.24**	19.81
		5,092.94	4,120.69
Less: Current Liabilities and Provisions:			
Liabilities	11	**8,179.88**	4,340.22
Provisions	12	**82.94**	366.20
		8,262.82	4,706.42
Net Current Assets/(Liabilities)		**(3,169.88)**	(585.73)
Total:		**26,048.69**	21,468.78
Significant Accounting Policies and Notes forming part of the Financial Statements	18		
Schedules referred to above form an integral part of the Financial Statements			

As per our attached report of even date

For DELOITTE HASKINS & SELLS

Chartered Accountants

For and on behalf of the Board of Directors

SAJJAN JINDAL
Vice Chairman & Managing Director

P. B. PARDIWALLA
Partner

LANCY VARGHESE
Company Secretary

SESHAGIRI RAO M.V.S.
Jt. Managing Director & Group CFO

Place : Mumbai
Dated : 7 May 2009

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

Rupees in crores

	Schedule No.	Year ended 31.03.2009	Year ended 31.03.2008
INCOME:			
Domestic Turnover		**13,383.76**	10,377.99
Export Turnover		**3,680.54**	3,176.46
Sale of Carbon Credits		**48.58**	111.11
		17,112.88	13,665.56
Less: Excise duty		**1,178.04**	1,208.91
Net Turnover		**15,934.84**	12,456.65
Other Income	13	**271.66**	153.70
Total income		**16,206.50**	12,610.35
EXPENDITURE:			
Materials	14	**9,619.31**	6,244.03
Employees Remuneration and Benefits	15	**518.58**	392.15
Manufacturing and Other Expenses	16	**2,815.11**	2,342.43
Interest and Finance Charges (net)	17	**1,155.62**	573.00
Depreciation		**987.77**	741.94
		15,096.39	10,293.55
Profit before Taxation & Exceptional Items		**1,110.11**	2,316.80
Exceptional Items			
Exchange Loss/(Gain) (Ref. note C(5) of Schedule 18)		**794.78**	(107.45)
Profit before Taxation		**315.33**	2,424.25
Provision for Taxation (including Wealth Tax)		**72.60**	765.78
Profit after Taxation but before minority interests and share of profits/(losses) of Associates		**242.73**	1,658.47
Share of (Losses)/Profit of Minority		**(20.53)**	4.14
Share of Profits/(Losses) of Associates (Net)		**11.65**	(14.29)
Profit after Taxation		**274.91**	1,640.04
Profit brought forward from earlier years		**3,482.32**	2,332.26
Amount available for Appropriation		**3,757.23**	3,972.30
Appropriations:			
Transferred from Debenture Redemption Reserve		**20.45**	23.30
Dividend on Preference Shares		**(28.99)**	(29.06)
Proposed Final Dividend on Equity Shares		**(18.71)**	(261.87)
Corporate Dividend Tax		**(8.11)**	(49.53)
Transfer to General Reserve		**(45.85)**	(172.82)
Balance carried to Balance Sheet		**3,676.02**	3,482.32
Earnings per share (Equity shares, par value of Rs.10 each) (in Rupees)			
Basic		**12.88**	90.30
Diluted		**12.88**	89.26
Significant Accounting Policies and Notes forming part of the Financial Statements	18		
Schedules referred to above form an integral part of the Financial Statements			

As per our attached report of even date

For DELOITTE HASKINS & SELLS

Chartered Accountants

For and on behalf of the Board of Directors

SAJJAN JINDAL
Vice Chairman & Managing Director

P. B. PARDIWALLA
Partner

LANCY VARGHESE
Company Secretary

SESHAGIRI RAO M.V.S.
Jt. Managing Director & Group CFO

Place : Mumbai
Dated : 7 May 2009

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

Rupees in crores

			Year ended 31.03.2009		Year ended 31.03.2008
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	NET PROFIT BEFORE TAX		**315.33**		2,424.25
	Adjustments for :				
	Depreciation	**987.77**		741.94	
	Loss on sale of Fixed Assets / Investments	**8.92**		1.68	
	Interest Income	**(12.51)**		(52.57)	
	Dividend Income	**(4.49)**		(5.12)	
	Interest Expense	**735.58**		473.54	
	Unrealised exchange loss/(gain) (net)	**297.80**		(113.70)	
	Foreign exchange loss on consolidation	**(156.32)**		-	
	Amortisation of Employees Share Payments	**4.65**		3.09	
			1,861.40		1,048.86
	Operating profit before working capital changes		**2,176.73**		3,473.11
	Adjustments for :				
	Increase in Inventories	**(742.82)**		(1,094.90)	
	Increase in Sundry Debtors and Loans and Advances	**108.27**		(483.83)	
	Increase in Current Liabilities and Provisions	**3,312.64**		1,735.77	
			2,678.09		157.04
			4,854.82		3,630.15
	Direct Taxes Paid		**(262.44)**		(364.39)
	NET CASH FLOW FROM OPERATING ACTIVITIES		**4,592.38**		3,265.76
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets and capital advances		**(5,973.54)**		(5,243.89)
	Acquisition of subsidiaries		**–**		(4,660.59)
	Purchase of Investments		**(128.21)**		(241.99)
	Proceeds from sale of Fixed Assets		**30.07**		2.33
	Proceeds from sale of Short Term Investments		**213.00**		–
	Realisation of Other Receivable		**2.57**		292.90
	Interest received		**10.70**		56.67
	Dividend received		**4.49**		5.12
	NET CASH USED IN INVESTING ACTIVITIES		**(5,840.92)**		(9,789.45)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Issue of Equity Share Capital		**–**		199.06
	Proceeds from Long Term Borrowings		**4,467.75**		8,115.97
	Repayment of Long Term Borrowings		**(2,859.54)**		(1,796.05)
	Bank Borrowings/Short Term Loan taken		**940.19**		650.85
	Interest Paid		**(971.70)**		(441.63)
	Dividend Paid		**(340.37)**		(32.64)
	NET CASH GENERATED FROM FINANCING ACTIVITIES		**1,236.33**		6,695.56
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**(12.21)**		171.87
	CASH AND CASH EQUIVALENTS - OPENING BALANCE		**439.08**		267.21
	CASH AND CASH EQUIVALENTS - CLOSING BALANCE		**426.87**		439.08
	Add : Margin Money balance		**64.11**		19.08
	Add : Balance in debenture interest / instalments/dividend payment accounts		**18.32**		13.32
	CASH AND BANK BALANCE (As per Schedule 9)		**509.30**		471.48

NOTE:
Cash and cash equivalents include effect of exchange rate changes Rs. 0.35 crores (Previous year Rs. 0.04 crores) in respect of Bank balance held in foreign currency.

As per our attached report of even date

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS

Chartered Accountants

SAJJAN JINDAL
Vice Chairman & Managing Director

P. B. PARDIWALLA
Partner

LANCY VARGHESE
Company Secretary

SESHAGIRI RAO M.V.S.
Jt. Managing Director & Group CFO

Place : Mumbai

Dated : 7 May 2009

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

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
2,00,00,00,000 Equity Shares of Rs.10 each	**2,000.00**	2,000.00
1,00,00,00,000 Preference Shares of Rs.10 each	**1,000.00**	1,000.00
	3,000.00	3,000.00
Issued and Subscribed:		
18,70,48,682 (18,70,48,635) Equity Shares of Rs.10 each fully paid up	**187.05**	187.05
Add: Equity Shares Forfeited (Amount originally paid-up)	**61.03**	61.03
27,90,34,907 (27,90,34,907) 10% Cumulative Redeemable Preference Shares of Rs.10 each fully paid up	**279.03**	279.03
99,00,000 (99,00,000) 11% Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up	**9.90**	9.90
Total:	**537.01**	537.01
SCHEDULE 2		
RESERVES AND SURPLUS		
Securities Premium Account :		
As per last Balance Sheet	**500.85**	346.50
Add: Received on issue of equity Shares	**–**	212.79
Reversal of premium on FCCB Buy-back	**7.07**	-
	507.92	559.29
Add /(Less): FCCB issue expenses	**0.15**	(11.37)
Provision for premium on redemption of FCCB	**(83.56)**	(47.07)
	424.51	500.85
Debenture Redemption Reserve:		
As per last Balance Sheet	**24.49**	42.71
Add: Pursuant to Scheme of Amalgamation	**–**	5.08
Less: Transferred to Profit and Loss Account	**(20.45)**	(23.30)
	4.04	24.49
Amalgamation Reserve Account:		
Pursuant to Scheme of Amalgamation	**–**	657.74
Less: Miscellaneous Expenditure written off (net of taxes)	**–**	(129.05)
Transferred to General Reserve	**–**	(528.69)
	–	–
General Reserve:		
As per last Balance Sheet	**3,105.95**	2,411.48
Add: Pursuant to Schemes of Arrangement & Amalgamation	**–**	528.69
Less: Adjustment as per Transitional provisions of AS 11 (Refer note C (4)) of Schedule 18	**(27.74)**	–
Less: Adjustment as per transitional provisions of AS 15	**–**	(7.04)
Add: Transferred from Profit and Loss Account	**45.85**	172.82
	3,124.06	3,105.95
Hedging Reserve Account		
Mark to mark losses (net) on Cash flow hedges	**(21.26)**	–
	(21.26)	–

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
Foreign Currency Translation Reserve Account	**(171.21)**	(10.27)
	(171.21)	(10.27)
Share Options Outstanding		
Share Options Outstanding	**14.48**	15.43
Less: Deferred Compensation	**(6.74)**	(12.34)
	7.74	3.09
Capital Reserve on Consolidation	**223.04**	245.40
Surplus in Profit and Loss Account	**3,676.02**	3,482.32
Total:	**7,266.94**	7,351.83
SCHEDULE 3		
SECURED LOANS		
Debentures		
8% Non Convertible Debentures of Rs. 100 each	**–**	71.60
10.75% Non Convertible Debentures of Rs. 10 lakhs each	**56.55**	64.35
10.25% Non Convertible Debentures of Rs. 10 lakhs each	**500.00**	350.00
15% Optionally Convertible Debentures of Rs. 6 each	**–**	5.09
10.75% Non Convertible Debentures of Rs. 10 lakhs each	**48.16**	56.53
	604.71	547.57
From Banks		
Buyer's Credit (Foreign Currency Loans)	**14.54**	61.97
Rupee Term Loans	**4,797.71**	3,328.48
Foreign Currency Term Loans**	**6,731.48**	5,135.30
	11,543.73	8,525.75
From Financial Institutions		
Rupee Term Loans	**117.12**	131.25
Foreign Currency Term Loans	**79.43**	13.36
	196.55	144.61
Working Capital Loans from Banks	**1,125.79**	865.10
Total:	**13,470.78**	10,083.03
**Including amount of Rs. 4.50 crores (Previous year Nil) towards Finance Lease liability		
SCHEDULE 4		
UNSECURED LOANS		
2,764 (Previous year 3,242) Zero Coupon Foreign Currency Convertible Bonds (FCCB) of USD 1,00,000 each (see note below)	**1,408.26**	1,295.83
Long Term Advances From a Customer	**646.73**	656.64
Short Term Loan from Banks	**430.00**	–
Short Term Export Packing Credit and Packing Credit in Foreign Currency	**286.92**	–
Foreign Currency Loans		
From Banks	**200.22**	–
Others	**–**	12.00
Sales Tax Deferral	**107.31**	88.72
Total:	**3,079.44**	2,053.19

Note: The FCCB's are convertible into Equity Shares at the option of bondholders at any time on or after 7 August 2007 and prior to the close of business on 21 June 2012 at an initial conversion of Rs. 953.40 per share with fixed exchange ratio of conversion of Rs. 40.28 = 1 US $.

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

SCHEDULE 5

FIXED ASSETS

Rupees in crores

Particulars	Gross Block (at cost)							Depreciation						Net Block	
	As at 01.04.2008	Acquired under Scheme of Amalgamation	Additions consequent to acquisition of subsidiaries	Additions	Deductions	Exchange Fluctuation	As at 31.03.2009	As at 01.04.2008	Additions consequent to acquisition of subsidiaries	For the year	Deductions	Exchange Fluctuation	As at 31.03.2009	As at 31.03.2009	As at 01.04.2008
Tangibles															
Freehold Land	180.53	–	0.43	2.31	–	4.88	**188.15**	18.48	–	–	–	–	**18.48**	**169.67**	162.05
Leasehold Land	149.51	–	–	4.87	–	–	**154.38**	0.25	–	0.81	–	0.01	**1.07**	**153.31**	149.25
Buildings	2,629.42	–	0.67	191.02	0.13	182.58	**3,003.56**	311.26	0.07	89.20	0.01	5.45	**405.97**	**2,597.59**	2,318.16
Plant & Machinery@	14,756.84	–	0.01	2,938.96	44.35	854.90	**18,506.36**	2,698.14	–	876.53	4.34	24.05	**3,594.38**	**14,911.98**	12,058.70
Furniture & Fixtures	60.78	–	0.29	20.06	0.09	0.51	**81.55**	18.52	0.12	9.89	0.09	(0.07)	**28.37**	**53.19**	42.27
Vehicles & Aircraft	103.21	–	0.10	112.57	50.90	0.69	**165.67**	16.67	0.03	12.66	10.01	0.05	**19.40**	**146.26**	86.54
Intangibles															
Software	13.52	–	–	6.37	–	(0.01)	**19.88**	10.93	–	1.15	–	–	**12.08**	**7.80**	2.59
Mining concessions	210.45	–	–	0.01	–	57.80	**268.26**	–	–	–	–	–	**–**	**268.26**	210.45
Port Concessions	0.86	–	–	-	–	0.24	**1.10**	–	–	–	–	–	**–**	**1.10**	0.86
Total	**18,105.12**	**–**	**1.50**	**3,276.17**	**95.47**	**1,101.59**	**22,388.91**	**3,074.25**	**0.22**	**990.24**	**14.45**	**29.49**	**4,079.75**	**18,309.16**	**15,030.87**
Previous Year	10,513.39	781.79	4,149.35	2,678.93	18.34	–	18,105.12	2,323.90	22.58	742.10	14.33	–	3,074.25	15,030.87	–
@ Includes proportionate share of assets jointly owned Plant & Machinery	32.71	–	–	–	–	–	**32.71**	12.70	–	2.97	–	–	**15.67**	**17.04**	20.01
Capital Work in Progress														**9,585.18**	5,770.80

Notes:

1. Buildings include:

    (a) Roads not owned by the Company amortised over a period of five years. Gross Block Rs. 3.13 crores (Previous year Rs. 3.13 crores) Net Block Rs. 0.28 crores (Previous year Rs. 0.57 crores).

    (b) Assets given on operating lease for which documents are yet to be executed pending approvals from secured Lenders:

    Gross Block Rs. 3.08 crores (Previous year Rs. 3.08 crores); Net Block Rs. 2.61 crores (Previous year Rs. 2.67 crores)

    (c) Execution of Conveyance deed in favour of the Company is pending in respect of a Building acquired in an earlier year of Gross Block Rs. 24.07 crores (Previous year Rs. 24.07 crores) Net Block Rs. 22.81 crores (Net block Rs. 23.34 crores)

2. Fixed assets include Borrowing costs of Rs. 58.57 crores (Previous year Rs. 94.16 crores) capitalised during the year.

3 Freehold Land and Buildings of Rs. 114.46 crores (Previous year Nil) has been/agreed to be hypothecated/mortgaged to lenders of affiliates.

Rupees in crores

	As at 31.03.2009		As at 31.03.2008	
SCHEDULE 6				
INVESTMENTS (Unquoted)				
1. LONG TERM				
a) In Associates				
Cost of Investments in equity shares	**39.52**		119.53	
Add: Share of accumulated post acquisition profit till 31 March, 2009 (net)	**57.12**	**96.64**	45.44	164.97
b) Others				
Equity Shares		**125.97**		4.93
Preference Shares		**171.23**		83.92
Government securities		**0.01**		0.01
2. CURRENT				
Mutual Funds		**2.75**		215.75
Total:		**396.60**		469.58

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 7		
INVENTORIES		
Raw Materials	**1,361.11**	1,241.12
Production Consumables and Stores & Spares	**373.62**	215.01
Work-in-Progress*	**153.22**	87.31
Semi Finished / Finished Goods**	**1,023.68**	593.19
Traded Goods	**12.93**	45.11
Total:	**2,924.56**	2,181.74
Note: Mode of Valuation - see Note B(7) of Schedule 18.		
* includes Rs. 1.95 crores (Previous year nil) arising out of trial run production		
** includes Rs. 101.41 crores (Previous year nil) arising out of trial run production		
SCHEDULE 8		
SUNDRY DEBTORS		
Unsecured		
Outstanding for a period exceeding six months:		
Considered Good	**49.85**	5.86
Considered Doubtful	**23.24**	17.27
Less: Provision for Doubtful debts	**(23.24)**	(17.27)
Other Debts		
Considered Good	**349.20**	534.24
Considered Doubtful	**–**	2.80
Less: Provision for Doubtful debts	**-**	(3.84)
Total:	**399.05**	539.06

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

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on hand	**0.33**	0.40
Remittance in Transit & Cheque on hand	**5.15**	–
Balances with Scheduled Banks:		
In Current Accounts	**252.69**	296.86
In Margin Money/Term Deposit Accounts	**251.13**	174.22
Total:	**509.30**	471.48
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Advance to Suppliers	**233.66**	130.01
Export benefits and entitlements	**84.01**	82.15
Amount recoverable from ESOP Trusts	**45.16**	46.35
Premises and Other deposits	**108.67**	102.83
Advance towards Equity/ Preference capital	**2.12**	10.74
Prepayments and Others	**298.48**	363.65
Less: Provision for Doubtful Advances	**(1.45)**	(16.92)
	770.65	718.81
Excise Balances	**191.99**	179.93
Advance Tax and Tax deducted at source (net)	**184.85**	9.86
Minimum Alternative Tax credit entitlement	**95.30**	–
Loans to Bodies Corporate	**9.10**	9.10
Less: Provision for Doubtful Loans	**(9.10)**	(9.10)
Total:	**1,242.79**	908.60

Rupees in crores

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 11		
CURRENT LIABILITIES		
Acceptances	**5,455.25**	2,103.48
Sundry Creditors	**1,786.75**	1,497.11
Rent and other deposits	**43.43**	20.46
Advances from Customers	**164.96**	74.83
Interest Accrued but not due on loans	**182.60**	245.13
Other Liabilities	**340.40**	310.97
Premium payable on redemption of FCCBs & Preference Shares	**188.16**	72.30
Investor Education and Protection Fund shall be credited by:		
Unclaimed Debenture Redemption Instalments	**2.50**	2.46
Unclaimed Debenture Interest	**2.35**	2.70
Unclaimed Dividend	**9.65**	6.93
Unclaimed amount of sale proceeds of fractional shares	**3.83**	3.85
Total:	**8,179.88**	4,340.22
SCHEDULE 12		
PROVISIONS		
Provision for :		
Income Tax (net)	**1.54**	–
Wealth Tax (net)	**0.40**	0.55
Fringe Benefit Tax (net)	**0.97**	0.82
Employee Benefits	**24.22**	24.46
Proposed Dividend on Preference Shares	**28.99**	29.06
Proposed Dividend on Equity Shares	**18.71**	261.87
Corporate Dividend Tax	**8.11**	49.44
Total:	**82.94**	366.20

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

Rupees in crores

	Year ended 31.03.2009	Year ended 31.03.2008
SCHEDULE 13		
OTHER INCOME		
Dividend		
from Long Term Investments	**0.03**	–
from Current Investments	**4.46**	5.12
Insurance Claim	**5.05**	19.04
Extinguishment of liability on buyback of FCCB's	**97.30**	–
Value Added Tax Refund	**89.41**	58.28
Claims Settled	**–**	50.90
Provision for Doubtful Debts/Advances written back	**19.14**	–
Miscellaneous income	**56.27**	20.36
Total:	**271.66**	153.70
SCHEDULE 14		
MATERIALS		
Raw Materials Consumed	**9,980.55**	6,660.01
Purchases of Traded Goods	**4.96**	18.53
(Increase)/Decrease in Stocks		
Opening Stock:		
Semi Finished /Finished Goods	**593.19**	221.71
Work-in-progress	**87.31**	40.44
Traded Goods	**45.11**	–
	725.61	262.15
Closing Stock:		
Semi Finished/Finished Goods	**922.27**	593.19
Work-in-progress	**151.27**	87.31
Traded Goods	**12.93**	45.11
	1,086.47	725.61
	(360.86)	(463.46)
Excise duty on Stock of finished goods (net)	**(5.34)**	28.95
Total:	**9,619.31**	6,244.03
SCHEDULE 15		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages and Bonus	**447.13**	351.16
Contribution to Provident and Other Funds	**18.71**	15.53
Staff Welfare Expenses	**52.74**	25.46
Total:	**518.58**	392.15
SCHEDULE 16		
MANUFACTURING AND OTHER EXPENSES		
Rent	**19.85**	4.72
Rates and Taxes	**55.93**	17.97
Insurance	**42.24**	28.72
Power and Fuel	**803.78**	582.65
Stores and Spares consumed	**708.09**	636.68
Carriage and Freight	**572.16**	585.77
Repairs & Maintenance		
Plant & Machinery	**260.83**	197.55
Buildings	**32.24**	34.79
Others	**10.55**	9.68

Rupees in crores

	Year ended 31.03.2009	Year ended 31.03.2008
Commission on Sales	**40.24**	27.90
Donations & Contributions	**9.40**	16.64
Foreign Exchange Fluctuation (net)	**7.94**	-
Miscellaneous Expenses	**238.42**	191.10
Provision for Doubtful Debts/Loans/ Advances	**4.52**	6.58
Loss on sale of fixed assets / investments (net)	**8.92**	1.68
Total:	**2,815.11**	2,342.43
SCHEDULE 17		
INTEREST AND FINANCE CHARGES (net)		
Interest on:		
Debentures and Fixed Loans	**735.58**	473.54
Others	**311.82**	121.08
Other Finance Charges	**120.73**	30.95
	1,168.13	625.57
Less: Interest Income		
from Banks	**(7.86)**	(30.24)
from Others	**(4.65)**	(22.33)
Total:	**1,155.62**	573.00

SCHEDULE 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

A. BACKGROUND

The Consolidated Financial Statements present financial information about the parent Company JSW Steel Limited ('JSW' or 'the Company') and its components (subsidiary, joint venture and associate companies), collectively 'the Group'. The Company was incorporated on 15 March 1994.

The Company is predominantly engaged in the business of production and distribution of iron and steel products.

The following components are included in the Consolidation:

Subsidiary Companies:

Name of the Company	Country of incorporation	Share holding either directly or through subsidiaries	Nature of business
JSW Steel (Netherlands) B.V.	Netherlands	100% (100%)	Acquisition and investment in steel related and steel allied businesses and trading in steel products
JSW Steel (UK) Limited	United Kingdom	100% (100%)	Investment in steel related and steel allied businesses
Argent Independent Steel (Holdings) Limited	United Kingdom	100% (100%)	Holding Company of JSW Steel Service Centre (UK) Limited

Name of the Company	Country of incorporation	Share holding either directly or through subsidiaries	Nature of business
JSW Steel Service Centre (UK) Limited	United Kingdom	100% (100%)	Steel Service Centre
JSW Steel Holding (USA) Inc.	United States of America	100% (100%)	Holding Company of JSW Steel (USA) Inc.
JSW Steel (USA) Inc.	United States of America	90% (90%)	Manufacturing Plates, Pipes and Double Jointing
JSW Panama Holdings Corporation	Republic of Panama	100% (100%)	Holding Company for Chile based Companies and trading in Iron Ore
Inversiones Eroush Limitada	Chile	100% (100%)	Holding Company (LLP) of Santa Fe mining
Santa Fe Mining	Chile	70% (70%)	Mining Company
Santa Fe Puerto S.A.	Chile	70% (70%)	Port Company
JSW Natural Resources Limited	Republic of Mauritius	100% (100%)	Holding Company of JSW Natural Resources Mozambique Lda
JSW Natural Resources Mozambique Limitada	Mozambique	100% (100%)	Mining Company
JSW Steel Processing Centres Limited	India	100% (100%)	Steel Service Center
JSW Bengal Steel Limited	India	98.96% (100%)	Steel plant
Barbil Beneficiation Company Limited	India #	100% (-)	Beneficiation plant
JSW Jharkhand Steel Limited	India	100% (100%)	Steel plant
JSW Building Systems Limited	India @	100% (-)	Pre-fabricated building systems and technologies

Joint Venture Companies:

Name of the Company	Country of Incorporation	Proportion of ownership Interest	Nature of Business
Vijayanagar Minerals Private Ltd.	India	40% (40%)	Supply of Iron ore.
Rhone Coal Company Private Ltd.	India #	49% (-)	Coal Mining Company
Geo Steel LLC*	Georgia @	49% (-)	Manufacturing of TMT Rebar
JSW Severfield Structures Ltd.*	India #	50% (-)	Structural Steel Works

Associate Companies:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest	Nature of Business
JSW Energy (Vijayanagar) Limited $	India	- (30%)	Thermal based power generation
Jindal Praxair Oxygen Company Private Limited*	India	26% (26%)	Production of gaseous and liquid form of oxygen, nitrogen, argon and other products recoverable from separation of air

\# Incorporated during the year.

@ Acquired during the year.

$ Ceases to be Associate due to merger of JSW Energy (Vijayanagar) Limited with JSW Energy Limited with effect from 1 April 2008.

* Consolidated based on unaudited financial information / estimates as certified by the management.

The Company has a 26% stake in Jindal Praxair Oxygen Company Private Limited (JPOCL). Though the Company is entitled to exercise joint control in respect of certain operating and financial matters in terms of the shareholders agreement, on account of certain constraints, it is unable to exercise such joint control. The Company has representation on JPOCL's Board. JPOCL has therefore been consolidated as an associate in accordance with the requirements of Accounting Standard (AS) - 23 on "Accounting for Investments in Associates in Consolidated Financial Statements".

B. SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation

The subsidiaries are consolidated on a line-by-line basis in accordance with Accounting Standard 21 on "Consolidated Financial Statements". Interest of the minority shareholders in the subsidiaries' profits or losses and net worth is displayed separately in the consolidated financial statements. Inter-company transactions and balances are eliminated on consolidation.

Investments in joint ventures are accounted for using the proportionate consolidation method in accordance with Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures". Unrealised profits and losses resulting from transactions between the Company and the Joint Venture Companies are eliminated to the extent of the Company's Share in the Joint Ventures.

Investments in Associates are accounted for using the Equity Method in accordance with Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements". Unrealised profits and losses resulting from transactions between the Company and the Associates are eliminated to the extent of the Company's interest in the Associate.

For the purpose of consolidation, the financial statements of the Subsidiaries, Joint Venture Companies and Associates are drawn upto 31 March 2009 which is the same reporting period of the Company.

The excess of the cost of investment in Subsidiary Companies, Joint venture and Associate Companies over the parents' portion of equity is recognized in the financial statements as goodwill. When the cost to the parent of its investment in Subsidiary Companies, Joint Venture and Associate Companies is less than the parents' portion of equity, the difference is recognized in the financial statements as Capital Reserve.

2. Uniform Accounting Policies

The Consolidated Financial Statements of JSW and its subsidiary, joint venture and associate companies have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

3. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the periods in which the results are known / materialize.

4. Fixed Assets and Depreciation

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses.

Costs of acquisition comprise of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use. Costs of construction are composed of those costs that relate directly to specific assets and those that are attributable to the construction activity in general and can be allocated to the specific assets up to the date the asset are put to use.

Assets acquired under Finance lease are accounted for at the inception of the lease at the lower of the fair value of assets and present value of minimum lease payments and are depreciated over a period of lease.

Depreciation on assets (other than those relating to foreign subsidiaries) is provided, pro rata for the period of use, by the Straight Line Method (SLM) at the SLM rates prescribed in Schedule XIV to the Act. For the purpose of determining the appropriate depreciation rates to be applied to plant and machinery, continuous process plant and machinery has been identified on the basis of technical assessment by the Company. In case of foreign subsidiaries, tangible assets are depreciated on a straight line basis over the estimated useful life of the assets.

Leasehold land is amortized over the period of the lease, except where the lease is convertible to freehold land under lease agreements at future dates at no additional cost.

The Company capitalizes software where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over an estimated useful life of 3 to 5 years.

Cost of acquisition of mining consessions and all costs incurred till mining reserves are proved (such as license fees, direct exploration costs and indirect incidental costs) are initially capitalized. Once this determination is made, the following conditions must be met in order for these costs to remain capitalized;

A. The economic and operating viability of the project is assessed determining whether sufficient reserves exists to justify further capitalized expenditure for commercial exploration of the reserves, and

B. Further exploration and development activity is under way or firmly planned for the near future.

All expenditure related to unsuccessful efforts are charged to the Profit and Loss Account when so established.

An asset is considered as impaired in accordance with Accounting Standard 28 on “Impairment of Assets”, when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds it recoverable amount (i.e. the higher of the asset’s net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Profit and Loss Account.

5. Investments

Investments are classified as current or long-term in accordance with Accounting Standard 13 on “Accounting for Investments”.

Current investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments.

6. Revenue Recognition

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

Revenue from sale of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales are net of sales tax/Value Added Tax. Export turnover includes related export benefits. Excise duty recovered is presented as a reduction from gross turnover.

Income from Certified Emission Reductions (CER) is recognized as income on sale of CER’s.

7. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined by the weighted average cost method.

Excise duty related to finished goods is included under Materials (Schedule 14).

8. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on “Borrowing Costs” are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

Interest income earned is reduced from Interest and Finance charges (Schedule 17).

9. Employee Benefits

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the Profit and Loss Account in the period in which the service is rendered.

Employee Benefits under defined benefit plans, such as compensated absences and gratuity which fall due for payment after a period of twelve months from rendering service or after completion of employment, are measured by the projected unit cost method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The Company’s obligations recognized in the Balance Sheet represents the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial Gains and losses are recognised immediately in the Profit and Loss Account.

10. **Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities (monetary items) are translated into the respective reporting currency of the parent and the components at the exchange rates prevailing on the balance sheet date. All exchange differences are dealt with in the Profit and Loss Account except that in respect of the parent pursuant to the notification of the Companies (Accounting Standards) Amendment Rules 2006 on 31 March 2009, exchange differences relating to monetary items are dealt with in the following manner:

i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset.

ii. In Other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized to the Profit and Loss Account over the balance life of the long-term monetary item, however that the period of amortization does not extend beyond 31 March 2011.

Exchange differences relating to long-term monetary items that have been recognized in the Profit and Loss Account in the previous year have been reversed from the General Reserve and accounted for in accordance with (i) and (ii) above.

Non-monetary items such as investments are carried at historical cost using the exchange rates on the date of the transaction.

In translating the financial statements of subsidiary companies' non-integral foreign operations, for incorporation in the consolidated financial statements the assets and liabilities, both monetary and non-monetary, are translated at the closing rate, the income and expense items of the subsidiary company are translated at the average rate and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

11. **Derivative Instruments and Hedge Accounting**

The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and currency options.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date.

The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges). The Company does not enter into derivative contracts for trading or speculative purposes.

A derivative is presented under Current Assets, Loans and Advances (Schedule 10) or Current Liabilities and Provisions (Schedule 11).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Profit and Loss Account immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the same line of the Profit and Loss Account relating to the hedged item.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in a "Hedging Reserve Account". The gain or loss relating to the ineffective portion is recognised immediately in Profit and Loss Account. Amounts deferred in the Hedging Reserve Account are recycled in the Profit and Loss Account in the periods when the hedged item is recognized in the Profit and Loss Account, in the same line as the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In case of fair value hedges the adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to the Profit and Loss Account from that date. In case of cash flow hedges any cumulative gain or loss deferred in the Hedging Reserve Account at that time is retained and is recognized when the forecast transaction is ultimately recognized in the Profit and Loss Account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred is recognized immediately in the Profit and Loss Account.

12. **Income Tax**

Income taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid/recovered from the revenue authorities, using the applicable tax rates and tax laws.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences. They are measured using the substantively enacted tax rates and tax laws. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Tax expense (comprising current tax and deferred tax) are aggregated from the amounts of tax expense appearing in the separate financial statements of the parent and its subsidiaries.

Fringe benefit Tax (FBT) payable under the provisions of Section 115WC of the Income Tax Act, 1961 is in accordance with the Guidance Note on Accounting for Fringe Benefits Tax issued by the ICAI regarded as an additional income tax and considered in determination of profits for the year. Tax on distributed profits payable in accordance with the provisions of Section 115O of the Income Tax Act, 1961 is in accordance with the Guidance Note on Accounting for Corporate Dividend Tax regarded as a tax on distribution of profits and is not considered in determination of profits for the year.

13. **Earnings Per Share**

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on "Earnings per Share". Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

14. Leases

Operating lease receipts and payments are recognized as income or expense in the Profit and Loss Account on a straight-line basis over the lease term.

15. Cash Flow Statement

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

16. Bond Expenses

Premium payable on redemption of bonds is provided for over the life of the bonds. The Securities Premium Account is applied in providing for premium on redemption in accordance with Section 78 of the Act. On conversion of the bonds to equity the provision for the redemption premium is reversed.

Expenses on issue of bonds are written off to the Securities Premium Account in accordance with Section 78 of the Act.

17. Stock Based Compensation

The compensation cost of stock options granted to employees is calculated using the intrinsic value of the stock options. The compensation expense is amortised uniformly over the vesting period of the option.

18. Contingent Liabilities

Contingent liabilities as defined in Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Provision is made if it is probable that an outflow of future economic benefits will be required to settle the obligation.

C. NOTES TO ACCOUNTS:

1. Contingent Liabilities not provided for in respect of :

a) Bills Discounted Rs. 998.40 crores (Previous year Rs. 1,164.53 crores).

b) Guarantees provided Rs. 164.85 crores (Previous year Rs. 40.88 crores).

c) Disputed statutory claims/levies including those pending in courts (excluding interest leviable, if any), in respect of:

(i) Excise Duty Rs. 90.01 crores (Previous year Rs. 82.17 crores);

(ii) Custom Duty Rs. 223.85 crores (Previous year Rs. 219.87 crores);

(iii) Income Tax Rs. 36.60 crores (Previous year Rs. 36.72 crores);

(iv) Sales Tax / VAT / Special Entry tax Rs. 0.57 crores (Previous year Rs. 0.29 crores);

(v) Service Tax Rs. 31.27 crores (Previous year Rs. 20.32 crores);

(vi) Miscellaneous Rs. 0.24 crores (Previous year Rs. 0.24 crores); and

(vii) Levies by local authorities Rs.15.28 crores (Previous year Rs. 15.92 crores).

d) Claims by Suppliers and other third parties not acknowledged as debts Rs. 131.73 crores (Previous year Rs. 119.79 crores).

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 4,781.96 crores (Previous year Rs. 6,730.67 crores).

3. The Group's operations in Chile and Mozambique mainly relate to mining of iron ore and coal which presently are at different stages of prospecting and exploration ranging from precursor activities to establishment of mining reserves. Mining proper (development and exploitation) and other related activities to develop the property after assessment of economic viability based on quantum of proved reserves have not yet commenced.

Goodwill on consolidation includes Rs. 779.51 crores and intangible assets (mining concessions) include Rs. 268.26 crores relating to the Group's acquisitions in Chile and Mozambique in the previous year. Pending the completion of the above stated activities goodwill and intangibles have been carried at their original values or cost since impairment, if any, in these values cannot be ascertained at this stage. (Refer Note B (4))

4. Pursuant to the amendment of the transitional provisions of Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items have been accounted for as described in B (10) of Schedule 18 foregoing.

Accordingly, Rs. 268.58 crores has been added to the cost of the fixed assets, Rs. 7.83 crores transferred to Foreign Currency Monetary Item Translation Difference Account (unamortized balance at year end Rs 3.55 crores) and consequently, the profit for the year is higher by Rs. 268.06 crores and the General Reserve is lower by Rs. 27.74 crores.

5. Exceptional Items represent net exchange loss of Rs. 794.78 crores due to the unprecedented depreciation in the value of the rupee against various foreign currencies over the last year.

6. The proportionate share of assets and liabilities as at 31 March 2009 and income and expenditure for the year ended 31 March 2009 of the joint venture Companies are given below:

Rupees in crores

	Current Year	Previous Year
ASSETS		
Net Block (including Capital WIP)	**86.44**	–
Current Asset	**54.27**	3.01
LIABILITIES		
Secured Loans	**69.03**	–
Unsecured Loans	**21.41**	–
Current Liabilities	**9.98**	0.22
Provisions	**1.55**	–
INCOME		
Net Sales	**31.65**	20.46
Other Operating Income	**2.27**	0.78
EXPENSES		
Manufacturing and other Expenses	**30.94**	17.43
Depreciation	**0.30**	0.06
Interest and Finance charges (net)	**(0.07)**	0.02
Tax Expenses	**1.47**	1.19

7. **Derivatives:**

a) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy.

The Forward Exchange Contracts entered into by the Company are as under:

As at	No. of Contracts	Type	US$ equivalent (Million)	INR equivalent (Crores)
31.03.2009	**6**	**Buy**	**59.62**	**303.77**
	27	**Sell**	**61.85**	**315.11**
31.03.2008	13	Buy	97.57	389.99
	94	Sell	275.09	1,099.53

b) The Company also uses derivative contracts other than forward contracts to hedge the interest rate and currency risk on its capital account. Such transactions are governed by the strategy approved by the Board of Directors, which provide principles on the use of these instruments, consistent with the Company's Risk Management Policy. The Company does not use these contracts for speculative purposes.

i) Notional value of Interest Rate Swaps (IRS) to hedge against fluctuations in interest rate changes are as under:

As at	No. of Contracts	US$ Equivalent of notional value (Million)	MTM of IRS (Crores)
31.03.2009	**2**	**10.00**	**(0.34)**
31.03.2008	2	10.00	(0.15)

ii) Currency options to hedge against fluctuations in changes in exchange rate are as under:

As at	No. of Contracts	US$ equivalent (Million)	INR equivalent (Crores)
31.03.2009	**4**	**48.00**	**244.56**
31.03.2008	–	–	–

c) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amounts receivable in foreign currency on account of the following:

	Current Year		Previous Year	
	US$ equivalent (Million)	**INR equivalent (Crores)**	US$ equivalent (Million)	INR equivalent (Crores)
Debtors	**5.64**	**28.73**	7.98	34.80
Balances with banks in Fixed Deposit	**10.66**	**54.30**	20.32	88.59
Interest receivable	**0.01**	**0.03**	0.18	0.80

Amounts payable in foreign currency on account of the following:

	Current Year		Previous Year	
	US$ equivalent (Million)	**INR equivalent (Crores)**	US$ equivalent (Million)	INR equivalent (Crores)
Acceptances	**975.53**	**4,970.35**	312.33	1,361.46
Creditors	**77.55**	**395.11**	–	–
Interest payable	**7.32**	**37.29**	6.04	26.33
Loans payable	**817.09**	**4,163.10**	133.83	583.36
Redemption premium payable on FCCB's	**36.74**	**187.17**	–	–

Provision for loss through Profit and Loss account – Rs. Nil (Previous year Rs. 0.14 crores)

8. **Employee Benefits:**

a) **Defined Contribution Plan:**

Company's contribution to Provident Fund Rs. 12.24 crores (Previous year Rs. 10.66 crores).

b) **Defined Benefit Plans:**

Rupees in crores

	Current Year	Previous Year
a) **Liability recognized in the Balance Sheet**		
i) Present value of obligation		
Opening Balance	**25.45**	18.15
Service Cost	**2.46**	2.37
Interest Cost	**2.14**	1.79
Actuarial loss on obligation	**3.22**	1.78
Benefits paid	**(1.89)**	(1.12)
Liability assumed in amalgamation in nature of purchase	**–**	2.48
Closing Balance	**31.39**	25.45
Less:		
ii) Fair Value of Plan Assets		
Opening Balance	**21.42**	7.37
Expected Return on Plan assets less loss on investments	**2.10**	1.65
Actuarial gain/(loss) on Plan Assets	**(1.22)**	(0.27)
Employers' Contribution	**5.73**	11.19
Benefits paid	**(1.89)**	(1.12)
Assets acquired in amalgamation in nature of purchase	**–**	2.60
Closing Balance	**26.14**	21.42
Amount recognized in Balance Sheet	**5.25**	4.03
b) **Expenses during the year**		
Service cost	**2.41**	2.37
Interest cost	**2.14**	1.79
Expected Return on Plan Assets	**(2.09)**	(1.65)
Actuarial (Gain)/Loss	**4.43**	2.05
Total	**6.89**	4.55
c) **Actual Return on plan assets**	**0.88**	1.38
d) **Break up of Plan Assets as a percentage of total plan assets (Percentage or Value)**		
Insurer Managed Funds	**100.00%**	100.00%
e) **Principal actuarial assumptions**		
Rate of Discounting	**7.75% p.a.**	8% p.a.
Expected Return on Plan Assets	**8% p.a.**	8% p.a.
Rate of increase in salaries	**6% p.a.**	6% p.a.
Attrition Rate	**2% p.a.**	2% p.a.

The Company expects to contribute Rs. 4.07 crores to its Gratuity plan for the next year.

In assessing the Company's Post Retirement Liabilities the company monitors mortality assumptions and uses up-to-date mortality tables. The base being the LIC 1994-96 ultimate tables.

Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

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

9. Segment Reporting:

The group is primarily engaged in the business of manufacture and sale of Iron and Steel Products. The Company has identified primary business segments, namely Steel, Power (used mainly for captive consumption) and others, which in the context of Accounting Standard 17 on "Segment Reporting" constitute reportable segments.

I) Information about Primary Business Segments

Rupees in crores

Particulars	Year ended 31.03.2009					Year ended 31.03.2008				
	Steel	Power	Other	Eliminations	Total	Steel	Power	Other	Eliminations	Total
REVENUE:										
External Sales	**15,772.98**	**70.99**	**90.87**	**–**	**15,934.84**	12,304.23	128.96	23.46	–	12,456.65
Inter Segment Sales	**520.82**	**695.33**	**31.65**	**(1,247.80)**	**–**	240.83	614.82	20.46	(876.11)	–
Total Revenue	**16,293.80**	**766.32**	**122.52**	**(1,247.80)**	**15,934.84**	12,545.06	743.78	43.92	(876.11)	12,456.65
Segment Result before Interest and tax	**1,348.90**	**162.70**	**13.15**		**1 ,524.75**	2,519.78	440.57	6.06		2,966.41
Un-allocated Items					**(21.62)**					12.41
Interest Expenses					**(1,155.62)**					(573.00)
Provision for Taxation					**(72.60)**					(765.78)
Profit after Taxation					**2 74.91**					1,640.04
Other Information										
Segment Assets	**31,409.54**	**618.66**	**585.09**		**32,613.29**	23,936.59	539.24	322.57		24,798.40
Un-allocated Assets					**1,698.22**					1,376.67
Total Assets					**34,311.51**					26,175.07
Segment Liabilities	**7,941.17**	**28.53**	**27.58**		**7,997.28**	3,800.85	7.53	214.41		4,022.79
Un-allocated Liabilities & Provisions					**18,237.08**					14,071.56
Total Liabilities					**26,234.36**					18,094.35
Depreciation	**955.32**	**32.40**	**0.05**		**987.77**	716.13	25.73	0.08		741.94
Total Cost incurred during the year to acquire Segment Assets	**6,779.81**	**49.56**	**261.18**		**7 ,090.55**	11,119.16	10.81	238.43		11,368.40

Notes:

1. Inter Segment transfer from the power segment is measured at the rate at which power is purchased/sold from/to the respective Electricity Board.
2. Inter Segment transfer from the steel segment is measured on the basis of fuel cost.
3. Other business segment is mining segment.

II) Information about Secondary Segment - Geographical Segment

Rupees in crores

	Year ended 31.03.09			Year ended 31.03.08		
Particulars	Indian entities	Foreign entities	Total	Indian entities	Foreign entities	Total
Segment Revenue	**13,163.87**	**2,770.97**	**15,934.84**	9,169.08	3,287.57	12,456.65
Segment assets	**26,802.01**	**7,509.50**	**34,311.51**	20,934.05	5,241.02	26,175.07
Capital expenditure incurred	**6,725.87**	**364.68**	**7,090.54**	11,357.66	10.74	11,368.40

10. Related parties disclosure as per Accounting Standard (AS) – 18:

A. List of Related Parties

Parties with whom the Company has entered into transactions during the year / where control exists:

1. Associates

Jindal Praxair Oxygen Company Private Limited
JSW Energy (Vijayanagar) Limited (upto 31.03.2008)

2. Enterprises over which Key Management Personnel and Relatives of such personnel exercise significant influence

JSW Energy Limited
JSL Limited
Jindal Saw Limited
Jindal Saw USA
Jindal Steel & Power Limited
Jindal South West Holdings Limited
JSOFT Solutions Limited
Jindal Industries Limited
JSW Energy (Ratnagiri) Limited
JSW Cement Limited
JSW Jaigarh Port Limited
Nalwa Sons & Investments Limited
JSW Investments Private Limited
Jindal Systems Private Limited
Nalwa Engineering Private Limited

Reynold Traders Private Limited
Raj West Power Limited
Jindal Power Trading Company Limited
JSW Aluminim Limited
Art India Publishing Company Private Limited
O P Jindal Foundation
JSW Infrastructure & Logistic Limited
South West Port Limited
JSW Realty & Infrastructure Private Limited
St. James Investments Limited

3. **Joint Ventures**
Vijayanagar Minerals Private Limited
Rohne Coal Company Private Limited
JSW Severfield Structures Limited
Geo Steel LLC

4. **Key Managerial Personnel**
Mrs. Savitri Devi Jindal
Mr. Sajjan Jindal
Mr. Seshagiri Rao M. V. S.
Dr. Vinod Nowal
Mr. Y. Siva Sagar Rao
Dr. B. N. Singh
Mr. Biswadip Gupta
Mr. Krishna Deshika
Mr. R. P. Singh
Mr. G. S. Rathore
Mr. Anshul Singh
Mr. Naresh Mantri
Mr. Rajiv Garg

5. **Relatives of Key Managerial Personnel**
Mrs. Urmila Bhuwalka

Rupees in crores

Particulars	Associates	Joint Ventures	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises over which KMP and relatives of such personnel exercise Significant influences	Total
B. Transactions with related parties						
Party's Name						
Purchase of Goods/ Power & Fuel/ Services						
South West Port Limited	**–**	**–**	**–**	**–**	**78.54**	**78.54**
	–	–	–	–	74.89	74.89
JSW Energy Limited	**–**	**–**	**–**	**–**	**136.00**	**136.00**
	–	–	–	–	36.84	36.84
Jindal Praxair Oxygen Company Private Limited	**389.03**	**–**	**–**	**–**	–	**389.03**
	309.46	–	–	–	–	309.46
Others	**–**	**54.02**	**–**	**–**	**26.19**	**80.21**
	–	58.18	–	–	71.04	129.22
Total	**389.03**	**54.02**	**–**	**–**	**240.73**	**683.78**
	309.46	58.18	–	–	182.77	550.41
Reimbursement of Expenses incurred on our behalf by						
Jindal South West Holdings Limited	**–**	**–**	**–**	**–**	**0.10**	**0.10**
	–	–	–	–	0.22	0.22
JSW Energy Limited	**–**	**–**	**–**	**–**	**1.34**	**1.34**
	–	–	–	–	–	–
Others	**–**	**–**	**–**	**–**	**0.13**	**0.13**
	–	–	–	–	0.04	0.04
Total	**–**	**–**	**–**	**–**	**1.58**	**1.58**
	–	–	–	–	0.26	0.26
Interest Expenses						
St. James Investments Limited	**–**	**–**	**–**	**–**	**11.65**	**11.65**
	–	–	–	–	4.97	4.97
Jindal Saw Limited	–	–	–	–	–	–
	–	–	–	–	1.06	1.06
Total	**–**	**–**	**–**	**–**	**11.65**	**11.65**
	–	–	–	–	6.03	6.03
Notes Payable						
St. James Investments Limited	–	–	–	–	**–**	**–**
	–	–	–	–	171.87	171.87
Total	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	171.87	171.87
Sales of Goods/Power & Fuel						
JSW Energy Limited	**–**	**–**	**–**	**–**	**610.84**	**610.84**
	–	–	–	–	301.90	301.90
Jindal Industries Limited	**–**	**–**	**–**	**–**	**147.23**	**147.23**
	–	–	–	–	130.23	130.23
Jindal Saw Limited	**–**	**–**	**–**	**–**	**184.55**	**184.55**
	–	–	–	–	29.72	29.72
Others	**3.60**	**–**	**–**	**–**	**182.57**	**186.17**
	2.31	–	–	–	194.86	197.17
Total	**3.60**	**–**	**–**	**–**	**1,125.19**	**1,128.79**
	2.31	–	–	–	656.71	659.02

Rupees in crores

Particulars	Associates	Joint Ventures	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises over which KMP and relatives of such personnel exercise Significant influences	Total
Other Income						
JSW Investments Private Limited	**–**	**–**	**–**	**–**	**1.91**	**1.91**
	–	–	–	–	19.81	19.81
Others	**–**	**0.60**	**–**	**–**	**1.27**	**1.87**
	–	0.52			0.37	0.89
Total	**–**	**0.60**	**–**	**–**	**3.18**	**3.78**
	–	0.52	–	–	20.18	20.70
Purchase of Assets						
Jindal Steel & Power Limited	**–**	**–**	**–**	**–**	**138.13**	**138.13**
	–	–	–	–	159.46	159.46
Jindal Saw Limited	**–**	**–**	**–**	**–**	**69.79**	**69.79**
	–	–	–	–	11.48	11.48
Others	**–**	**–**	**–**	**–**	**4.36**	**4.36**
	–	–	–	–	0.02	0.02
Total	**–**	**–**	**–**	**–**	**212.28**	**212.28**
	–	–	–	–	170.96	170.96
Slump Sale Transaction (Net of Liabilities Taken Over)						
Jindal Steel & Alloys Limited	–	–	–	–	**–**	**–**
	–	–	–	–	1.36	1.36
Total	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	1.36	1.36
Sale of Assets						
Jindal Steel & Power Limited	**–**	**–**	**–**	**–**	**29.42**	**29.42**
	–	**–**	**–**	**–**	–	–
Urmila Bhuwalka	**–**	**–**	**–**	**3.50**	**–**	**3.50**
	–	–	–	–	–	–
Total	**–**	**–**	**–**	**3.50**	**29.42**	**32.92**
	–	–	–	–	–	–
Debentures Redeemed						
JSL Limited	**–**	**–**	**–**	**–**	**0.61**	**0.61**
					–	–
Total	**–**	**–**	**–**	**–**	**0.61**	**0.61**
	–	–	–	–	–	–
Advance given						
JSW Energy Limited	**–**	**–**	**–**	**–**	**30.00**	**30.00**
	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**30.00**	**30.00**
	–	–	–	–	–	–
Advance given Received back						
JSW Energy Limited	**–**	**–**	**–**	**–**	**30.00**	**30.00**
	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**30.00**	**30.00**
	–	–	–	–	–	–
Donation Given						
O.P. Jindal Foundation	**–**	**–**	**–**	**–**	**1.85**	**1.85**
	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**1.85**	**1.85**
	–	–	–	–	–	–
Recovery of Expenses incurred by us on their behalf						
JSW Energy Limited	**–**	**–**	**–**	**–**	**0.43**	**0.43**
	–	–	–	–	–	–
JSW Severfield Structures Limited	–	**2.52**	**–**	**–**	**–**	**2.52**
	–	–	–	–	–	–
Others	–	**0.07**	**–**	**–**	**0.36**	**0.43**
	–	–	–	–	1.09	1.09
Total	**–**	**2.59**	**–**	**–**	**0.79**	**3.38**
	–	–	–	–	1.09	1.09
Investments/ Share Application Money given during the Period						
JSW Realty & Infrastructure Private Limited	**–**	**–**	**–**	**–**	**84.25**	**84.25**
	–	–	–	–	–	–
JSW Energy (Vijayanagar) Limited (Since merged with JSW Energy Limited)	**–**	**–**	**–**	**–**	**31.89**	**31.89**
	–	–	–	–	9.00	9.00
Others	–	**11.09**	**–**	**–**	**–**	**11.09**
	–	–	–	–	–	–
Total	**–**	**11.09**	**–**	**–**	**116.14**	**127.23**
	–	–	–	–	9.00	9.00

Rupees in crores

Particulars	Associates	Joint Ventures	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises over which KMP and relatives of such personnel exercise Significant influences	Total
Issue of Equity Shares including Securities Premium						
JSW Investments Private Limited	–	–	–	–	–	–
	–	–	–	–	176.80	176.80
Sajjan Jindal	–	–	–	–	–	–
	–	–	40.80	–	–	40.80
Total	–	–	–	–	–	–
	–	–	40.80	–	176.80	217.60
Share Application & Allotment Money Received						
JSW Investments Private Limited	–	–	–	–	–	–
	–	–	–	–	159.12	159.12
Sajjan Jindal	–	–	–	–	–	–
	–	–	36.12	–	–	36.12
Total	–	–	–	–	–	–
	–	–	36.12	–	159.12	195.24
Remuneration to key managerial personnel						
Mr. Sajjan Jindal	–	–	**6.56**	–	–	**6.56**
	–	–	16.73	–	–	16.73
Mr. Seshagiri Rao M. V. S.	–	–	**0.96**	–	–	**0.96**
	–	–	1.00	–	–	1.00
Mr. Y. Siva Sagar Rao	–	–	**1.08**	–	–	**1.08**
	–	–	0.74	–	–	0.74
Dr. Vinod Nowal	–	–	**0.70**	–	–	**0.70**
	–	–	0.66	–	–	0.66
Dr. B. N. Singh	–	–	–	–	–	–
	–	–	0.23	–	–	0.23
Mrs. Savitri Devi Jindal	–	–	**0.08**	–	–	**0.08**
	–	–	0.08	–	–	0.08
Mr. Biswadip Gupta	–	–	**1.09**	–	–	**1.09**
	–	–	0.89	–	–	0.89
Mr. Krishna Deshika	–	–	**0.92**	–	–	**0.92**
	–	–	0.56	–	–	0.56
Mr. R. P. Singh	–	–	**0.55**	–	–	**0.55**
	–	–	0.49	–	–	0.49
Mr. G. S. Rathore	–	–	**0.25**	–	–	**0.25**
	–	–	–	–	–	–
Mr. Naresh Mantri	–	–	**0.87**	–	–	**0.87**
	–	–	0.75	–	–	0.75
Mr. Anshul Singh	–	–	**0.69**	–	–	**0.69**
	–	–	–	–	–	–
Mr. Rajiv Garg	–	–	**0.54**	–	–	**0.54**
	–	–	0.76	–	–	0.76
Total	–	–	**14.29**	–	–	**14.29**
	–	–	22.89	–	–	22.89
Guarantees and collaterals provided by the Company on behalf:						
Rohne Coal Company Private Limited	–	**45.82**	–	–	–	**45.82**
		–				–
Total	–	**45.82**	–	–	–	**45.82**
	–	–	–	–	–	–
C. Closing balance of related parties						
Trade payables						
Jindal Praxair Oxygen Company Private Limited	**10.89**	–	–	–	–	**10.89**
	9.25	–	–	–	–	9.25
South West Port Limited	–	–	–	–	**20.14**	**20.14**
	–	–	–	–	10.56	10.56
Jindal Saw Limited	–	–	–	–	**13.96**	**13.96**
	–	–	–	–	–	–
Jindal Saw USA	–	–	–	–	–	–
	–	–	–	–	15.75	15.75
St. James Investments Limited	–	–	–	–	**224.21**	**224.21**
	–	–	–	–	176.88	176.88
Nalwa Sons & Investments Private Limited	–	–	–	–	**5.17**	**5.17**
	–	–	–	–	5.17	5.17
Others	–	**5.45**	**0.07**	–	**1.61**	**7.13**
			–	–	0.15	0.15
Total	**10.89**	**5.45**	**0.07**	–	**265.08**	**281.49**
	9.25	–	–	–	208.51	217.76

Rupees in crores

Particulars	Associates	Joint Ventures	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises over which KMP and relatives of such personnel exercise Significant influences	Total
Advance received from Customers						
Jindal Steel & Power Limited	–	–	–	–	**0.27**	**0.27**
	–	–	–	–	0.26	0.26
Jindal Saw Limited	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	0.55	0.55
Jindal Industries Limited	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	0.61	0.61
JSW Energy Limited	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	0.77	0.77
JSW Steel (Netherlands) B.V.	**–**	**–**	**–**	**–**	–	–
	–	–	–	–	–	–
Total	–	–	–	–	**0.27**	**0.27**
	–	–	–	–	2.19	2.19
Lease & Other deposit received						
Jindal Praxair Oxygen Company Private Limited	**3.83**	**–**	**–**	**–**	**–**	**3.83**
	3.83	–	–	–	–	3.83
JSW Energy Limited	**–**	**–**	**–**	**–**	**6.49**	**6.49**
	–	–	–	–	6.49	6.49
JSW Energy (Ratnagiri) Limited	**–**	**–**	**–**	**–**	**3.64**	**3.64**
	–	–	–	–	3.64	3.64
JSW Power Trading Company Limited	**–**	**–**	**–**	**–**	**20.00**	**20.00**
	–	–	–	–	20.00	20.00
Total	**3.83**	**–**	**–**	**–**	**30.13**	**33.96**
	3.83	–	–	–	30.13	33.96
Trade receivables						
JSW Energy Limited	**–**	**–**	**–**	**–**	**4.04**	**4.04**
	–	–	–	–	13.90	13.90
JSW Cements Limited	**–**	**–**	**–**	**–**	**17.32**	**17.32**
	–	–	–	–	–	–
Jindal Saw Limited	**–**	**–**	**–**	**–**	**16.01**	**16.01**
	–	–	–	–	24.18	24.18
Jindal Water & Infrastructure	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	49.62	49.62
JSW Realty & Infrastructure Private Limited	**–**	**–**	**–**	**–**	**7.94**	**7.94**
	–	–	–	–	–	–
Others	**–**	**2.52**	**–**	**–**	**15.54**	**18.06**
	–	0.01	–	–	5.59	5.60
Total	**–**	**2.52**	**–**	**–**	**60.85**	**63.37**
	–	0.01	–	–	93.29	93.30
Capital Advances given						
Jindal Steel & Power Limited	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	32.89	32.89
Total	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	32.89	32.89
Share Application Money Associates						
JSW Energy (Vijayanagar) Limited	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	9.00	9.00
Vijayanagar Minerals Private Limited	**–**	**4.05**	**–**	**–**	**–**	**4.05**
	–	4.05	–	–	–	4.05
Others	**–**	**0.04**	**–**	**–**	**–**	**0.04**
	–	–	–	–	–	–
Total	**–**	**4.09**	**–**	**–**	**–**	**4.09**
	–	4.05	–	–	9.00	13.05
Other advances given						
Others	–	**0.06**	**–**	**–**	**0.53**	**0.59**
	–	–	–	–	2.76	2.76
Total	**–**	**0.06**	**–**	**–**	**0.53**	**0.59**
	–	–	–	–	2.76	2.76
Other Current Assets						
JSW Investments Private Limited	–	–	–	–	**17.24**	**17.24**
	–	–	–	–	19.81	19.81
Total	**–**	**–**	**–**	**–**	**17.24**	**17.24**
	–	–	–	–	19.81	19.81

Rupees in crores

Particulars	Associates	Joint Ventures	Key Managerial Personnel	Relatives of Key Managerial Personnel	Enterprises over which KMP and relatives of such personnel exercise Significant influences	Total
Investments held by the Company						
Jindal Praxair Oxygen Company Private Limited	**80.19**	**–**	**–**	**–**	**–**	**80.19**
	80.19	–	–	–	–	80.19
JSW Energy Limited	**–**	**–**	**–**	**–**	**120.90**	**120.90**
	–	–	–	–	80.01	80.01
JSW Realty & Infrastructure Private Limited	**–**	**–**	**–**	**–**	**127.50**	**127.50**
	–	–	–	–	43.25	43.25
Vijayanagar Minerals Private Limited	**–**	**@**	**–**	**–**	**–**	**@**
	–	–	–	–	–	–
Others	**–**	**11.05**	**–**	**–**	**–**	**11.05**
	–	–	–	–	–	–
Total	**80.19**	**11.05**	**–**	**–**	**248.40**	**339.64**
	80.19	–	–	–	123.26	203.45
Guarantees and collaterals provided by the Company on behalf:						
Jindal Praxair Oxygen Company Private Limited	**39.52**	**–**	**–**	**–**	**–**	**39.52**
	39.52	–	–	–	–	39.52
JSW Cement Limited	**–**	**–**	**–**	**–**	**75.00**	**75.00**
	–	–	–	–	75.00	75.00
Rohne Coal Company Private Limited	**–**	**45.82**	**–**	**–**	**–**	**45.82**
	–	–	–	–	–	–
Total	**39.52**	**45.82**	**–**	**–**	**75.00**	**160.34**
	39.52	–	–	–	75.00	114.52

Notes:

@ Less than Rs.1,00,000/-

Figures in unbold represent previous year figures.

11. Finance Lease

a) As Lessee:

i. During the year ended 31 March 2009, one of the subsidiary acquired a transportation equipment for Rs. 4.97 crores through finance leases. The finance lease is for 4 years and mature in 2013. The amount of depreciation charged to Profit and Loss Account was Rs. 0.48 crores and the book value is Rs. 4.49 crores.

ii. The Minimum Lease Payments as at 31 March 2009 and the present value as at 31 March 2009 of minimum lease payments in respect of assets acquired under the finance leases are as follows:

Rupees in crores

Particulars	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	As at 31.03.09	As at 31.03.08	**As at 31.03.09**	As at 31.03.08
Payable not later than 1 year	**1.41**	–	**1.15**	–
Payable later than 1 year and not later than 5 years	**3.66**	–	**3.35**	–
Payable later than 5 years	**–**	–	**–**	–
Total	**5.07**	–	**4.50**	–
Less: Future Finance Charges	**0.57**	–	**–**	–
Present Value of Minimum Lease Payments	**4.50**	–	**–**	–

12. Operating Lease

a) As Lessor:

i. The Company has entered into lease arrangements, for renting:

– 2,279 houses (admeasuring approximately 1,410,997 square feet) at the rate of Rs. 100/- per house per annum, for a period of 180 months.

– 672 houses (admeasuring approximately 551,051 square feet) at the rate of Rs. 24/- per square feet per annum, for a period of 36 to 60 months.

– 1 house at the rate of Rs. 0.60 lakhs per annum, for a period of 11 months.

and are renewable at the option of lessee after the end of the term.

ii. Disclosure in respect of assets given on operating lease:

Rupees in crores

	Current Year	Previous Year
Gross Carrying amount of Assets	**123.95**	118.77
Accumulated Depreciation	**10.91**	8.77
Depreciation for the year	**2.16**	1.93

b) As Lessee:

Lease Rentals charged to revenue for right to use following assets are:

Rupees in crores

	Current Year	Previous Year
Cold Rolling Steel Undertaking	**Nil**	1.00
Plant & Machinery	**13.40**	3.71
Office Premises, Residential Flats etc.	**6.45**	4.29
Total	**19.85**	9.00

The agreements are executed for a period of 11 to 60 months with a renewable clause and also provide for termination at will by either party giving a prior notice period of 1 to 3 months.

13. Earnings Per Share (EPS):

		Current Year	Previous Year
Profit after Tax	Rs. in crs.	**274.91**	1,640.04
Less: Dividend on preference shares (Including corporate dividend tax)	Rs. in crs.	**33.92**	34.00
Profit after tax for Equity share holders (Numerator) - Basic	Rs. in crs.	**240.99**	1,606.04
Add/(Less): Exchange loss/(gain) on FCCB's	Rs. in crs.	**22.26**	(6.63)
Profit after tax for Equity share holders (Numerator) - Diluted	Rs. in crs.	**263.25**	1,599.41
Earning per share – Basic	Rs.	**12.88**	90.30
Earning per share - Diluted	Rs.	**12.88**	89.26
Nominal value per share	Rs.	**10**	10
Weighted average number of equity shares for Basic EPS (denominator)	Nos.	**187,048,666**	177,855,318
Weighted average number of equity shares for Diluted EPS (denominator)	Nos.	**187,048,666**	179,194,270

Note: There is no dilution to Basic EPS as the results are anti-dilutive.

14. a) Provision for Taxation includes:

Rupees in crores

	Current Year	Previous Year
Current Tax	**77.54**	291.60
Deferred Tax	**78.91**	435.17
Fringe Benefit Tax	**7.16**	5.50
Wealth Tax	**0.40**	0.35
Minimum Alternate Tax (MAT) Credit entitlement (including Rs. 19.30 crores (Previous year Nil) pertaining to earlier years)	**(95.30)**	–
Tax adjustment of earlier years	**3.89**	33.16
Total	**72.60**	765.78

b) i) Deferred Tax Liability comprises timing difference on account of:

Rupees in crores

	Current Year	Previous Year
Depreciation	**1,576.12**	1,438.67
Expenses allowable on payment basis	**(52.35)**	(48.75)
Provision for doubtful debts/ capital advances	**(46.92)**	(41.68)
Unabsorbed Depreciation/Loss	**0.15**	(47.35)
Others	**(55.68)**	(49.05)
Deferred Tax Liability	**1,421.32**	1,251.84

ii) Deferred Tax Asset comprises timing difference on account of:

Rupees in crores

	Current Year	Previous Year
Depreciation	**(18.58)**	(0.13)
Expenses allowable on payment basis	**(8.77)**	–
Provision for doubtful debts/capital advances	**(1.75)**	–
Unabsorbed Depreciation / Loss	**(99.55)**	–
Others	**(15.86)**	–
Deferred Tax (Asset)	**(144.50)**	(0.13)

15. Previous year's figures have been regrouped, wherever necessary, to conform with current year's presentation.

For and on behalf of the Board of Directors

SAJJAN JINDAL
Vice Chairman & Managing Director

LANCY VARGHESE
Company Secretary

SESHAGIRI RAO M.V.S.
Jt. Managing Director & Group CFO

Place : Mumbai
Date : 7 May 2009

JSW Steel Limited

Regd. Office : Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai 400 026.

ATTENDANCE SLIP

Regd. Folio No.....................................

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

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

FIFTEENTH ANNUAL GENERAL MEETING - 6TH JULY, 2009

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

I hereby record my presence at the **Fifteenth Annual General Meeting** of the Company held on Monday, 6th July, 2009 at 11.00 a.m. at Birla Matushri Sabhagar, 19, New Marine Lines, 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 ....

JSW Steel Limited

Regd. Office : Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai 400 026.

PROXY FORM

Regd. Folio No.....................................

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

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

FIFTEENTH ANNUAL GENERAL MEETING - 6TH JULY, 2009

I/We ....

of ....

being a member/members of JSW Steel 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 **Fifteenth Annual General Meeting** of the Company to be held on Monday, 6th July, 2009 at 11.00 a.m. at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020, and at any adjournment thereof.

Signed this .... day of 2009

Signature

Affix Revenue Stamp

Note :-

1. Proxy need not be a member.
2. Proxy form, complete in all respects, should reach the Company's Registered Office at Jindal Mansion, 5A, Dr. 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.


JSW Steel Limited
THE JSW
SPIRIT
SPEED
PASSION
INNOVATION
RETURNS
INVESTMENT
TECHNOLOGY
To get to the top in the shortest time
Focused multiple-nation and multi-product presence
Commitment to raise the global benchmark
Consistent focus to derive more from less
Continuous Investment in the future
Persistent pursuit of world-beating standards

A CHALLENGE IS ALWAYS A PRECURSOR TO CHANGE

JSW Steel Limited

Financial Highlights

Rupees in crores

	2004-05	2005-06	2006-07	2007-08	2008-09
REVENUE ACCOUNTS					
Gross Turnover	7,035.90	6,801.52	9,297.26	12,628.91	15,179.29
Net Turnover	6,679.36	6,215.53	8,554.36	11,420.00	14,001.25
EBIDTA	2,365.83	2,133.46	2,921.97	3,506.85	3,092.67
Depreciation	359.54	405.82	498.23	687.18	827.66
Interest	469.87	363.96	399.54	440.44	797.25
PBT	1,472.61	1,301.89	1,915.18	2,484.12	677.63
Provision for Taxation	602.50	445.36	623.18	755.93	219.13
PAT	870.11	856.53	1,292.00	1,728.19	458.50
CAPITAL ACCOUNTS					
Gross Block	7,520.30	8,368.43	10,512.76	13,952.32	16,896.75
Net Block	6,076.39	6,517.98	8,189.10	10,955.49	13,086.44
Capital WIP	349.30	1,861.95	2,002.93	5,612.43	9,242.06
Total Debt	3,836.41	4,096.05	4,173.03	7,546.53	11,272.63
Long Term Debt	3,714.30	3,877.42	4,031.48	7,249.00	10,047.36
Working Capital Loans	122.11	218.63	141.55	297.53	1,225.27
Equity Capital	129.04	156.98	163.98	187.05	187.05
Reserves & Surplus	2,680.59	3,859.16	5,068.25	7,140.24	7,422.24
Shareholders' Funds	3,149.72	4,356.22	5,594.05	7,677.25	7,959.25
RATIOS					
Book Value Per Share (Rs.)	195.30	240.37	312.24	394.99	410.07
Market price Per Share (Rs.)	360.55	302.70	493.45	819.10	231.85
Earning per Share (Diluted) (Rs.)	59.78	55.57	78.88	94.18	22.70
Market Capitalisation	4,652.51	4,751.65	8,091.53	15,321.15	4,336.72
Equity Dividend per share (Rs.)	8	8	12.5	14	1
Fixed Assets Turnover Ratio	1.10	0.95	1.04	1.04	1.07
EBIDTA Margin	35.3%	32.3%	33.6%	30.3%	21.8%
Interest Coverage	4.14	4.58	5.79	6.40	2.84
Adjusted Long Term Debt Equity Ratio	1.33	0.96	0.73	0.93	1.24
Adjusted Long Term Debt to EBIDTA	1.57	1.82	1.34	2.04	3.30

BOOK POST

REPRO

If undelivered please return to: JSW Steel Limited, Victoria House, Pandurang Budhkar Marg, Lower Parel (W), Mumbai 400 013 Tel: +91-22-2492 7000