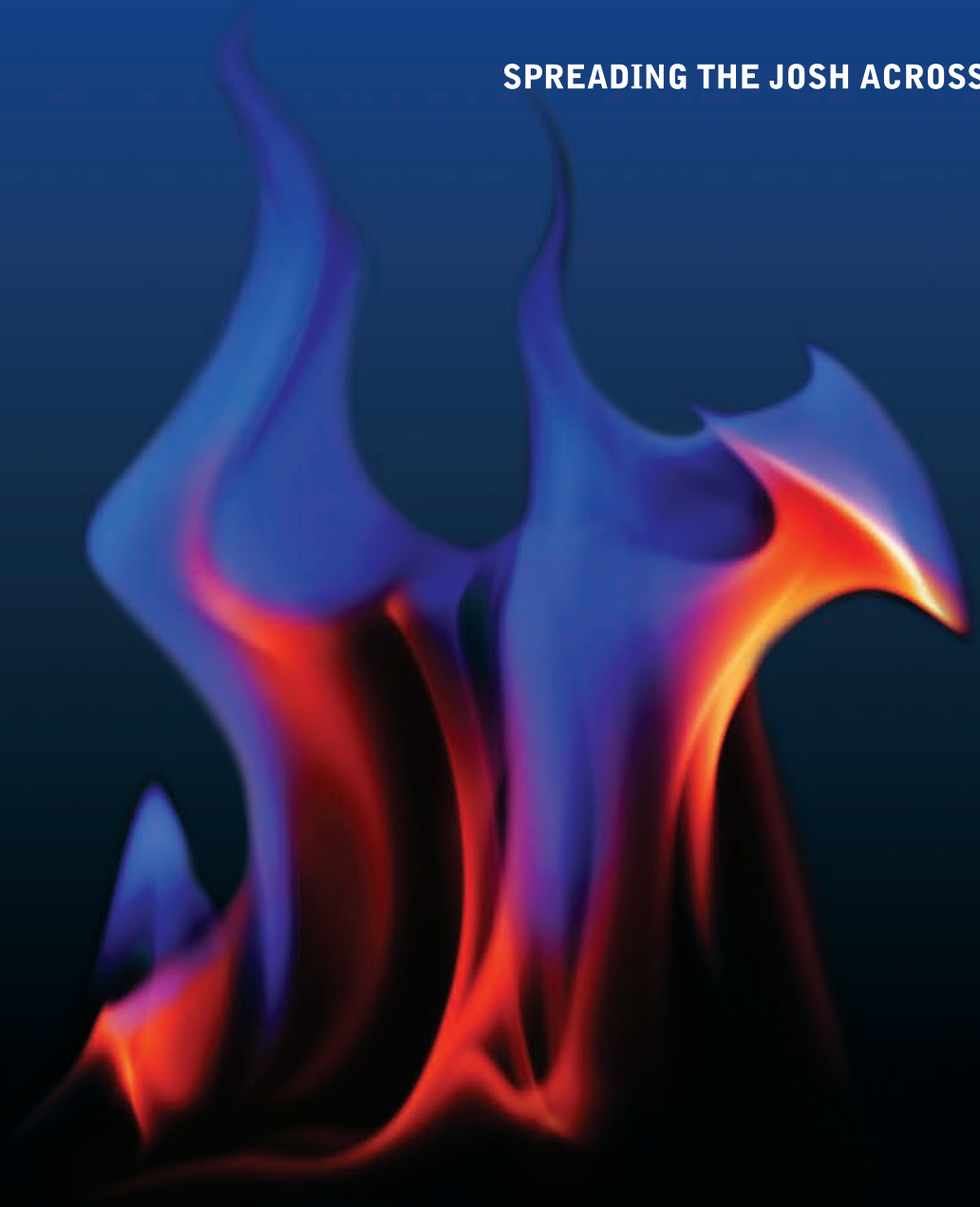


SPREADING THE JOSH ACROSS THE WORLD



THE JOSH OF A BILLION DREAMS

 **Steel Limited**

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A flame that spreads warmth to the lives of a million Indians

A leader of the masses.

Architect of one of India's largest industrial groups.

Man of the soil. A visionary beyond borders.

A spokesperson and an outspoken supporter of the downtrodden.

Not just a celebrated parliamentarian but also a great humanitarian.

Fighting and overcoming obstacles for the greater cause.

From a humble beginning as a farmer, late Shri O. P. Jindal achieved iconic status by building one of India's largest industrial group, the O. P. Jindal Group.

A rare feat achieved on a road less travelled by others. On a long and purposeful journey with a vision for all of us.



Shri O. P. Jindal

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



“Passion : The Essence of JSW!”

Mr. Sajjan Jindal, Vice Chairman and Managing Director, reflects on how the Company will emerge among the fastest growing in India

Dear Shareholders,

Exhilarating! This is the word that keeps coming back to me as I attempt to summarise our performance in 2007-08. It was a landmark JSW year comprising significant achievements:

- We established a strong presence in the global value-added steel segment with the acquisition of the US assets and UK service centre
- We commissioned a new 1 MTPA cold rolled mill complex, which will catalyse the growth of the automobile and auto-component sector in South India
- We entered the long-product segment through the SISCOOL merger, de-risking our business model from cyclical troughs in any one segment
- We accelerated the capacity expansion projects at Vijayanagar which are ahead of schedule by 6 months
- We progressed towards raw material security through the acquisition of mining concessions in Chile (iron-ore) and Mozambique (coal)
- We obtained an iron ore prospecting license in Jharkhand
- We undertook significant initiatives in setting up integrated steel-manufacturing facilities across multiple locations

The benefits of these initiatives, I am sure, will reflect in superior performance and sectoral leadership over the coming years.

The global environment

The demand for steel worldwide is expected to sustain over the coming years. This optimism is based on important factors.

Sizeable global demand: The demand for steel is expected to rise significantly over the coming years largely due to the growing consumption pattern of emerging economies.

China factor: The Chinese Government has mandated a closure of 100 MTPA iron-making and 55 MTPA steel-making capacity up to 2010 in a phased manner to be replaced with global standard facilities. The anomaly is that commissioning of new capacities has been faster than closure of operating units in China. As a result, the Chinese steel production capacity grew from 423 MnT in 2006 to 489 MnT in 2007 with the net capacity addition expected to taper off in the coming years.

Emerging economies: In the BRIC economies, the CAGR of steel consumption has grown by 16% in 2006-2007 as against the world steel consumption growing at 7% CAGR. This has been driven by huge investments in infrastructure development activities.

Regional imbalances: Steel is increasingly emerging as a regional play as the cost of logistics becomes prohibitive. This leads to significant regional imbalances, providing opportunities for low-cost steel manufacturers.

Our growth optimising initiatives

We have drawn a blueprint for capitalising on emerging global opportunities by getting closer to clients and strengthening our presence in profitable geographies.

Asset acquisition in the US: This initiative will establish our presence in the high-end oil and gas industry in the US, one of the largest markets for this product, providing the maximum value addition. Our established credentials as a supplier of quality galvanised products will enable a faster entry in the sector.

Asset acquisition in the UK: This inorganic initiative will help us service the European automobile and construction sectors. The UK facility has the capability to process products manufactured at our Indian plants. Hence, we will leverage the low-cost advantage of India in the manufacture of basic steel and strengthen our nearness to clients.

Profitability: We analysed business profitability in the geographies of our presence. We drew out a two-pronged strategy - exit from unprofitable regions and promote products that enjoy high profit margins in existing nations. We expect dual benefits - strengthen the JSW brand in important geographies and de-risk the business from adverse currency fluctuations.

The medium term picture

Demand growth: The Government's thrust towards infrastructure in the Eleventh Plan is a huge catalyst for the steel demand over the coming years. Consider this: The Planning Commission has suggested planned infrastructure spending of around US \$500 bn over the next five years. As a percentage of GDP, this works out to around 8% versus 4.5% planned in earlier years. Steel, being indispensable for any infrastructure creation its demand is expected to grow significantly over the coming years.

In view of the increasing investments towards infrastructure development in India, the demand for long products is expected to grow at a sustainable rate of 15% p.a. or more. Further with the concerted focus of the Government of India towards the manufacturing sector, the demand for flat steel products is expected to remain strong at about 12% p.a.

Capacity addition: Fresh capacities are not keeping pace with the demand growth. The net deficit is estimated to double in the current year, based on demand projections by user industries. India will have to grow steel capacities to keep pace with its investment plan and sustain the projected GDP growth over the coming years, a priority of the Indian Government. This is expected to keep the steel prices buoyant.

Our blue-print

In view of the aforesaid optimism, we expect to grow from 4.8 MTPA capacity to 18 MTPA over the same period, rising to 32 MTPA by 2020, accounting for 16% of the country's steel capacity.

Our passion does not stop here. It is, indeed, the blueprint for a giant step forward. Our goal is to repeat the steel success saga on a larger canvas.

Challenges

With raw materials namely coking coal and iron ore prices remaining at historically high levels, squeezing the profitability of Steel Companies, global steel majors focused on securing their raw material supplies through mine acquisitions. As a result, while 2006 was termed as the year of consolidation within the steel industry through significant mergers and acquisitions, 2007 was remembered for the steel industry's efforts towards securing its future, through increasing raw material security.

Our strategies for sustainable growth

JSW Steel was no exception to this phenomenon, targeting 100% raw material security by 2012. We are one of the lowest conversion cost steel producers globally; raw material security will only enhance our competitive edge and raise our world ranking.

Stakeholder value

There is lot in store for our stakeholders. This is what fuels our spirit to challenge and better our previous benchmarks. What I can assure is that we are progressing along a high-growth path; every rupee invested in the business will generate good returns - reflected in the growth of our market capitalisation (89% in 2007-08).

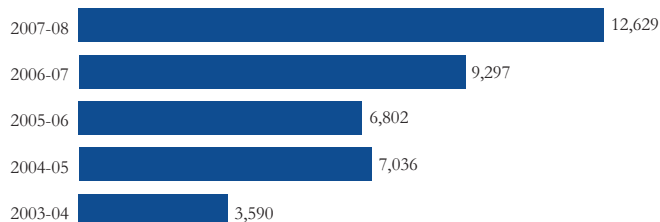
Yours sincerely,

Sajjan Jindal

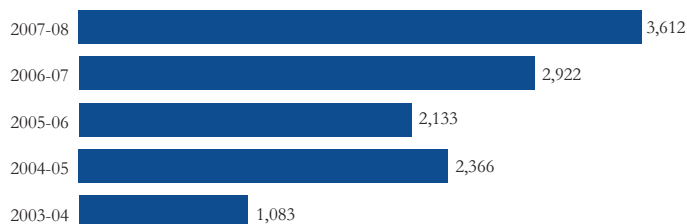
HIGHLIGHTS 2007-08

- Crude Steel Output up by 37% to 3.626 million tonnes
- Saleable steel up by 27% to 3.400 million tonnes
- Gross Turnover by 36% to Rs. 12,629 crores
- Net Turnover up by 33% to Rs. 11,420 crores
- EBIDTA up by 24% to Rs. 3,612 crores
- PBT up by 30% to Rs. 2,484 crores
- PAT up by 34% to Rs. 1,728 crores
- Weighted average cost of debt 7.59%
- Debts Repayment of Rs. 983 crores
- Adjusted Debt Equity - Ratio 0.93
- Diluted EPS up by 19% to Rs. 94.18
- Equity Dividend : 140%

Gross Sales (Rupees in crores) 5 years CAGR 35.29%



EBIDTA (Rupees in crores) 5 years CAGR 38.24%



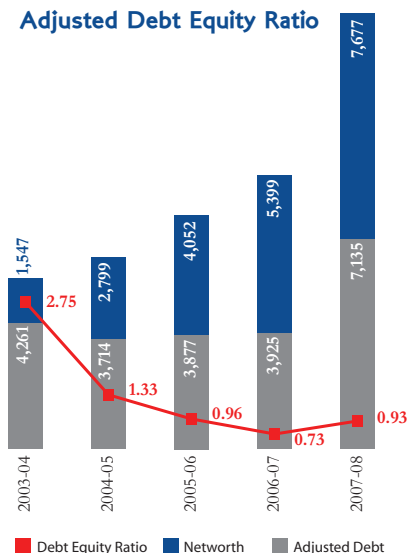
CONTRIBUTION TO GOVERNMENT & SOCIETY

(Rs. in crores)

	2006-07	2007-08
Direct Taxes	398	471
Indirect Taxes	538	884
CSR initiatives	7	24
Total	943	1,379

46% Growth in Contribution to Government & Society

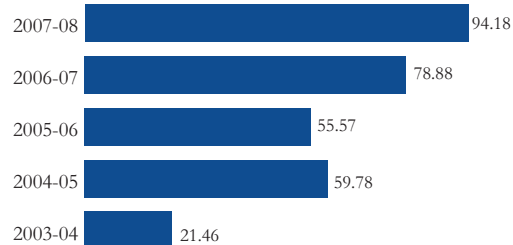
Adjusted Debt Equity Ratio



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

Director (Finance)

Dr. VINOD NOWAL

Director (Commercial)

Mr. BISWADIP GUPTA

Director

Mr. NAGESH DINKAR PINGE

Director

Mrs. ZARIN DARUWALA

Nominee Director of ICICI Bank Limited

Mrs. SOBHA NAMBISAN, IAS

Nominee Director of KSIIDC

Mr. S. JAMBUNATHAN, IAS (RETD.)

Nominee Director of

UTI Asset Management Co. Pvt. Ltd.

Dr. S. K. GUPTA

Director

Mr. ANTHONY PAUL PEDDER

Director

Mr. UDAY M. CHITALE

Director

Mr. SUDIPTO SARKAR

Director

COMPANY SECRETARY

Mr. Lancy Varghese

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants

BANKERS

Allahabad Bank
Bank of Baroda
ICICI 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
Syndicate Bank
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. 23513000
Fax. No. 23526400
Website : www.jsw.in

WORKS

Vijayanagar Works:
P.O. Vidyanagar, Sandur Taluk,
Bellary, Karnataka - 583 275.

Vasind Works:
Shahapur Taluk,
Thane, Maharashtra - 421 604.

Tarapur Works:
MIDC Boisar,
Thane, Maharashtra - 401 506.

Salem Works:
Pottaneri, M Kalipatti Village,
Mecheri Post, Mettur Taluk,
Salem, Tamil Nadu - 636 453.

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 **FOURTEENTH ANNUAL GENERAL MEETING** of the Shareholders of **JSW STEEL LIMITED** will be held on **Monday, the 16th day of June, 2008 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 31 March 2008, 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. Sudipto Sarkar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Uday M. Chitale, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Mr. Seshagiri Rao M.V.S. who retires by rotation and being eligible, offers himself for re-appointment.
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. Nagesh Dinkar Pinge, who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 28.12.2007, 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. Nagesh Dinkar Pinge 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”.

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

Place : Mumbai
Date : 5 May 2008

Lancy Varghese
Company Secretary

NOTES:

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item 9 set out above and the details under Clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors proposed to be appointed/re-appointed 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 23.05.2008 to 27.05.2008 (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 centres 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 attached, 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 Participant (DP) directly.

6. The amounts of the unclaimed dividend declared by the erstwhile Jindal Iron & Steel Company Limited (JISCO) upto the financial year ended 31 March 1995 have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Shareholders who have not yet encashed their Dividend Warrants for the said period are requested to forward their claims in Form No. II prescribed under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, to the Registrar of Companies, Maharashtra, Hakoba 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 of 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 31.03.2000 has been transferred to IEPF. Members who have not encashed their dividend warrants for the year F.Y.2000-01 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 (West), 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 number 9 of the accompanying notice is as under:

Item No. 9:

Mr. Nagesh Dinkar Pinge was appointed by the Board of Directors in its meeting held on 28.12.2007 as an Additional Director of your Company w.e.f. 28.12.2007 in terms of Article 123 of the Articles of Association of your Company.

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. Nagesh Dinkar Pinge for appointment as a Director of your Company.

Born in 1958, Mr. Pinge is a Commerce & Law Graduate from University of Bombay and an Associate Member of the Institute of Chartered Accountants of India (ACA). Mr. Pinge served with Reliance Retail Limited as President-Chief Internal Audit & Compliance since July 2006. During his career in Reliance, he has introduced various effective mechanisms such as:

- a) "Risk Based Audit Plan".
- b) Created a unique "Shutter Up & Shutter Down" index for the retail stores, which runs from a hand held Terminal /Instrument.
- c) "Assignment Module" to enable monitoring of the internal auditing staff.
- d) Initiated "Incident Management" (Business Continuity Plan) for handling all the exigencies in the Store/Supply Chain.

Prior to this, he has had a distinguished association with ICICI Bank Limited from 1998 to mid 2006 and the last position he held was Global Head – Audit & Compliance. During this period, he was on the Board of many Companies including JSW Steel Limited (then known as Jindal Vijayanagar Steel Limited) as well as JSW Energy Limited (then known as Jindal Tractabel Power Company Limited) as a Nominee of ICICI Bank Limited. He was instrumental in creating a Risk Based Audit Plan (RBAP) in ICICI and has also implemented Anti Money Laundering (AML) initiatives across the globe. He was also in-charge of Risk Management Group from 1999 to 2003.

Prior to ICICI Bank Limited, Mr. Pinge worked with Anik Financial Services Limited (1992 to 1998), Deutsche Bank Financial Services India (1990-92), Tata Industrial Finance Corporation Limited (1989 to 1992) and ICICI Limited (1983 to 1989).

He has also held commendable positions like:

- Member of "Board of Governors (India)" of Institute of Internal Auditors, USA.
- Past President of the Bombay Chapter of the Institute of Internal Auditors.
- Member of the "Committee on the Internal Auditing" of the Institute of Chartered Accountants of India for Fiscal 2004.
- Member of the "Committee on the Corporate Governance" of the Institute of Chartered Accountants of India for Fiscal 2006.
- Member of Working Groups constituted by the Reserve Bank of India on Consolidated Accounting in 2002.
- Member of Working Group constituted by the Reserve Bank of India on Risk Management Practices - 2003.
- Member of the "Committee for Members in Industry" of the Institute of Chartered Accountants of India (Currently).

Other professional outreaches of Mr. Pinge are:

- He has authored a technical guidance note on "Risk based Audit for Banks" being published by the Institute of Chartered Accountants of India in December, 2005.
- He is a regular guest speaker at many conferences on Internal Audit and Risk Management in India and across Asia.

With his vast experience, Mr. Nagesh Dinkar Pinge would bring in expertise in Risk Management & Management Assurance processes and his appointment would be in the best interest of the Company.

None of the Directors other than Mr. Nagesh Dinkar Pinge is in any way concerned or interested in the resolution.

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

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

Place : Mumbai
Date : 5 May 2008

Lancy Varghese
Company Secretary

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

Name of the Director	Mr. Sudipto Sarkar	Mr. Uday M. Chitale	Mr. Seshagiri Rao M.V.S.	Mr. Nagesh Dinkar Pinge
Date of Birth	21.03.1946	20.10.1949	15.01.1958	01.10.1958
Date of appointment	09.05.2005	20.10.2005	06.04.1999	28.12.2007
Expertise in specific functional area.	<p>Mr. Sudipto Sarkar, is presently practicing as a senior advocate in the Calcutta High Court and has wide experience in Commercial Law particularly Company Law, Intellectual Property and Shipping Laws. He also has several publications to his credit on Law of Evidence, Law of Civil Procedures and Specific Relief Act. He is the collaborating editor of Ramaiya's Guide to the Companies Act and contributor to several volumes of International Law Reports (Cambridge).</p>	<p>Mr. Uday M. Chitale is a Senior Partner of M/s. M.P. Chitale & Co., Chartered Accountants having worldwide affiliation as a part of global network of DFK International. He is also on the Board of several reputed Companies. He has extensive experience of Corporate Auditing, Business Advisory Services and Commercial Mediation, Conciliation and arbitration. He has served various expert committees set up by organisations such as SEBI, RBI, IRDA and Institute of Chartered Accountants of India.</p>	<p>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.</p> <p>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.</p>	<p>Mr. Nagesh Dinkar Pinge served with Reliance Retail Limited as President-Chief Internal Audit & Compliance since July 2006.</p> <p>Prior to this, he has had a distinguished association with ICICI Bank Limited from 1998 to mid 2006 and the last position he held was Global Head – Audit & Compliance. During this period, he was on the Board of many Companies including JSW Steel Limited (then known as Jindal Vijayanagar Steel Limited) as well as JSW Energy Limited (then known as Jindal Tractabel Power Company Limited) as a Nominee of ICICI Bank Limited.</p> <p>Prior to ICICI Bank Limited, Mr. Pinge worked with Anik Financial Services Limited (1992 to 1998), Deutsche Bank Financial Services India (1990-92), Tata Industrial Finance Corporation Limited (1989 to 1992) and ICICI Limited (1983 to 1989).</p> <p>He has also held commendable positions like:</p> <ul style="list-style-type: none"> • Member of "Board of Governors (India)" of Institute of Internal Auditors, USA. • Past President of the Bombay Chapter of the Institute of Internal Auditors. • Member of the "Committee on the Internal Auditing" of the Institute of Chartered Accountants of India for Fiscal 2004. • Member of the "Committee on the Corporate Governance" of the Institute of Chartered Accountants of India for fiscal 2006. • Member of Working Groups constituted by the Reserve Bank of India on Consolidated Accounting in 2002. • Member of Working Group constituted by the Reserve Bank of India on Risk Management practices - 2003. • Member of the "Committee for Members in Industry" of the Institute of Chartered Accountants of India (Currently).

Continued...

Name of the Director	Mr. Sudipto Sarkar	Mr. Uday M. Chitale	Mr. Seshagiri Rao M.V.S.	Mr. Nagesh Dinkar Pinge
Qualification	B.Sc. (Maths-Hons), BA (Law Tripos) LL.M. (International Law), M.A. (Law), Barrister, Gray's Inn, London	B.Com, ACA	ICWA, LCS, CAIIB & DBF	B.Com, LLB, ACA
Directorship in other Indian Public Ltd. Companies as on 31.03.2008	Vesuvius India Ltd. Bombay Stock Exchange Limited	GMR Infrastructure Ltd. GMR Industries Limited ICICI Securities Primary Dealership Limited ICICI Securities Limited National Commodity & Derivatives Exchange Limited Vemagiri Power Generation Limited	-	Jsoft Solutions Ltd.
Chairmanship/ Membership of Committees in other Indian Public Limited Companies as on 31.03.2008. (C=Chairman) (M=Member)	Audit Committee Vesuvius India Limited (M)	Audit Committee GMR Industries Limited (C) ICICI Securities Primary Dealership Limited (C) ICICI Securities Limited (C) National Commodity & Derivatives Exchange Limited (C) GMR Infrastructure Limited (M) Vemagiri Power Generation Limited (M)	-	-

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report of your Company along with the Audited Statement of Accounts for the year ended 31 March 2008.

1. FINANCIAL RESULTS

		Rs. in Crores	
Sl. No.	Particulars	31.03.2008	31.03.2007
i)	Gross Turnover	12,628.91	9,297.26
ii)	Net Turnover	11,420.00	8,554.36
iii)	Other Income	257.14	145.23
iv)	Total Revenue	11,677.14	8,699.59
v)	Profit before Interest, Depreciation, Miscellaneous Expenditure written off & Taxation (EBIDTA)	3,611.74	2,921.97
vi)	Interest	440.44	399.54
vii)	Depreciation and Miscellaneous Expenditure written off	687.18	607.25
viii)	Profit before Taxation (PBT)	2,484.12	1,915.18
ix)	Tax including Deferred Tax and Fringe Benefit tax	755.93	623.18
x)	Profit after Taxation (PAT)	1,728.19	1,292.00
xi)	Profit Brought forward from Previous Year	2,267.56	1,331.66
xii)	Amount available for appropriation	3,995.75	2,623.66
xiii)	Appropriations		
	Transferred from Debenture Redemption Reserve	23.30	39.48
	Dividend on Preference Shares	(29.06)	(27.90)
	Interim Dividend on Equity Shares @ 125%	-	(204.98)
	Proposed Final Dividend on Equity Shares @ 140%	(261.87)	-
	Corporate Dividend Tax	(49.44)	(33.49)
	Transfer to General Reserve	(172.82)	(129.21)
	Total	(489.89)	(356.10)
xiv)	Balance carried to Balance Sheet	3,505.86	2,267.56

The financial results for the year under consideration are not comparable with that of the previous year as they include the financial results of erstwhile Southern Iron & Steel Company Limited (SISCOL) which was merged with the Company pursuant to the Scheme of Amalgamation with appointed date as 1 April 2007.

Your Company has been expanding its capacities through Brownfield expansions fuelling the volume growth year after year. During the fiscal 2007-08, the Company formulated a Scheme of Amalgamation, which was sanctioned by the Hon'ble High Court of Bombay merging SISCOL with the Company with appointed date as 1 April 2007. This inorganic addition of 1 MTPA long product facility alongwith Brownfield expansion led to a significant growth of 37% and 27% over

previous year in volume of crude steel production and saleable steel respectively. This substantial volume growth resulted in expansion in absolute terms in EBIDTA, Cash Profit and PAT relative to that of the previous year. The Company had to absorb a part of the un-precedented increase in cost of inputs namely; iron ore, coking coal, coke, ferro alloys and transportation cost squeezing the margins of the Company. The cost reduction initiatives namely, commissioning of coal drying unit, hot metal treatment plant and use of LD gas for power generation etc. could offset only a part of the increase in cost and the EBIDTA margin (excluding onetime income) dropped by 3.5% compared to that of previous year. The increase in realisations has not kept pace with the increasing input costs particularly in the domestic market in the later part of the fiscal year 2007-08, while the international prices have seen new highs. The Company opted to absorb part of the cost increases without passing on to the user industry sharing the concern of Government of India in moderating inflation. In spite of this challenging environment, the Company has registered increase in the PAT to Rs.1,728.19 crores with a growth of 33.76% contributed mainly by volume growth.

Pursuant to Accounting Standard (AS) – 21 on “Consolidated Financial Statements” 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 & 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. 47/179/2008–CL–III dated 2 May 2008 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 Turnover, EBIDTA and PAT of the Company are Rs.13,665.56 crores, Rs.3,739.59 crores and Rs.1,640.04 crores respectively. The PAT on consolidated basis was lower than the standalone basis mainly on account of unrealised profit attributable to the inventory relating to inter-company sales.

2. DIVIDEND

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

- at the stipulated rate of 10%, on the 27,90,34,907 10% Cumulative Redeemable Preference Shares of Rs.10/- each of the Company, for the year ended 31.03.2008; and
- at the stipulated rate of 11%, on the 99,00,000 11% Cumulative Redeemable Preference Shares of Rs.10/- each of the Company, for the year ended 31.03.2008 along with arrears for the period from 10.03.2007 to 31.03.2007.

The Board has also, considering the performance of the Company for the year under review and the Financial Position of the Company, recommended dividend @ 140% (Rs. 14/- per Equity Share) on the 18,70,48,635 Equity Shares of Rs. 10/- each of the Company for the year ended 31.03.2008, 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 is Rs.306.37 crores, vis-à-vis Rs. 233.73 crores paid for fiscal 2006-07, an increase of 31%.

3. PROSPECTS

The world economy showed a growth of 3.5% in 2007 in spite of visible slow down in USA triggered by sub prime crisis. The impressive growth in emerging Economies shielded the world Economy from the fallout of slowing US Economy. This led to a robust growth of 6.6% in demand for finished steel in the world mainly driven by BRIC and Middle Eastern countries. The world steel demand for the year 2008 is expected to be robust in view of the attractive estimated growth of 3.3% in world economy, strong Fixed Asset investment and infrastructure spend in Emerging Economies. Indian Economy registered impressive growth of 8.7% in 07-08 fuelled by manufacturing sector. India has become a net importer of steel to meet the growing demand. The steel demand is expected to grow over 12% in India due to robust committed investment in pipeline in creating new capacities in various sectors. The fiscal measures announced by the Government in removing import duties, reducing excise duties or imposing export duty are expected to be temporary to contain spiralling inflation caused by rising food and commodity prices in international market. Growth momentum in India is still intact.

Your Company has taken several initiatives to expand capacities rapidly by brown field and green field expansions to take capacity to 32 MTPA by 2020 in phases from the existing 4.8 MTPA. The acquisition of mining rights for coal and iron ore in Africa and Latin America is expected to increase the key raw material self sufficiency on operationalisation of these mines insulating the Company from volatile input prices. Your Company has planned the Commissioning of brown field expansions 6 months ahead of schedule which demonstrates the project execution capabilities. The Plate and Pipe Mill acquisition in USA and Service Centre in UK is further value accretive proposition for your Company. Your Company is well positioned in this environment to create value for its stakeholders.

4. PROJECTS AND EXPANSION PLANS

- The Phase II Modernisation of existing Hot Strip Mill to increase the capacity from 2.5 MTPA to 3.2 MTPA is expected to be completed by end of second quarter of fiscal 2008-09.
- The Crude steel capacity expansion project by 2.8 MTPA to reach 6.8 MTPA at Vijayanagar works is now planned to be commissioned by September 2008 as against original scheduled date of March 2009.
- The State of the Art new Hot Strip Mill with 3.5 MTPA capacity (Phase I) is scheduled to be commissioned by September 2009 and its expansion to 5 MTPA (Phase II) is expected to be operational by September 2010.
- Further expansion of Crude steel capacity by 3.2 MTPA to reach 10 MTPA is also running ahead of schedule and is expected to be commissioned prior to the scheduled date of September 2010.

- Conversion of two Galvanising lines at Tarapur to Galvalume is scheduled in fiscal 2008-09.
- 30 MW Captive Power Plant is being set up at Tarapur to meet the requirement of Downstream units. Civil work is in progress & the plant is scheduled to be commissioned by October 2008.
- New Colour Coating Line No 2 is being set up at Tarapur and is scheduled to be commissioned by end September 2008.
- Setting up of a Railway Siding at Vasind is in progress. Approval from Railways has been received. The scheduled date of completion is in fiscal 2008-09.
- The Blooming Mill at Salem unit will also be commissioned in fiscal 2008-09 increasing the capacity of rolled products from 0.45 MTPA to 0.90 MTPA.

NEW PROJECTS

a) Beneficiation Plant 20 MTPA

The Company has taken up implementation of a beneficiation Plant with 20 MTPA feed capacity to be completed in two phases of 10 MTPA each by March 2010 at an estimated cost of Rs.850 crores. This beneficiation plant facilitates to use low Fe grade iron ore to improve the Fe content to +63% and to reduce the Alumina and Silica content. On commissioning of this project the Company stands to benefit in reducing the procurement of cost of iron ore and also achieve the lower fuel consumption in iron making due to lower Alumina content and higher productivity.

b) New Captive Power Plant 300 MW

The Company currently operates captive power plant of 230 MW at Vijayanagar Works. When the Crude steel capacity goes upto 10 MTPA at Vijayanagar by 2010, the power requirement goes up by 600 MW. While 300 MW power plant is under implementation as a part of expansion project, the balance 300 MW power plant is now proposed to be taken up for implementation at an estimated cost of Rs.825 crores to be commissioned by October 2010.

5. OTHER DEVELOPMENTS

a) Scheme of Amalgamation

The Company has acquired Southern Iron & Steel Company Limited (SISCOL) through a Scheme of Amalgamation sanctioned by the Hon'ble Bombay High Court vide its order dated 22nd February, 2008 with appointed date as 1st April, 2007. The erstwhile SISCOL was having a 0.3 MTPA long products plant which was expanded to 1 MTPA (completed in the Quarter 4 fiscal 2007-08). This acquisition added 1 MTPA of production capacity thus making JSW Steel the 2nd largest Steel Company in the private sector in India. While this unit has a rolling capacity of 0.45 MTPA, a new Blooming Mill is now being set up to increase the rolling capacity from 0.45 MTPA to 0.90 MTPA in fiscal 2008-09.

b) Steel Plant at Georgia, Eastern Europe

The Company has been continuously striving for expanding its global footprint in overseas markets. The Company has identified an opportunity for setting up a Steel Plant for manufacturing of TMT Bars (Rebars) for catering to the growing needs of construction industry in Eastern European countries mainly in Georgia, Armenia, Azerbaijan, Russia and former CIS Countries.

It is proposed to invest to the extent of 49% of Equity of Geo Steel LLC (GSL), a company incorporated under

the laws of Georgia which is setting up a Steel Rolling Mill facility in Georgia initially with a capacity of 175,000 tonnes per annum (tpa) Rebars. The plant is being designed to produce Rebars through hot rolling process by using Constructional Steel Billets produced through Electric Arc Furnace Route.

The estimated project cost of USD 42 Million is proposed to be financed by way of debt of USD 28 Million and the balance through equity of USD 14 Million. Out of the total equity capital of USD 14 million required for setting up of the project, upto 49% i.e. USD 6.86 million will be invested by the Company.

c) Rohne & Utkal Coal Blocks

The Company has been allocated Coking Coal Block in Rohne in Jharkhand with a share of 69% and Thermal Coal Block in Utkal in Orissa with a share of 11% to meet the captive requirements.

The Company has entered into a joint venture agreement with other two partners to develop the Rohne Coking Coal Block allotted in Jharkhand. This Coal Block will be developed in the joint venture company, namely Rohne Coal Company Private Limited. This joint venture company initiated topographical survey work and environmental and sociological data collection for preparation of Environmental Management Plan. The Company has also signed another agreement with other 4 partners to develop the Thermal Coal Block at Utkal in Orissa. A draft project report for developing this mine with a 15 MTPA capacity has been prepared and the preparation of Environmental Management Plan is in progress.

d) Pre Engineered Building Solutions

The Company is considering a foray into Pre Engineered Building solutions business (PEBs). Pre Engineered steel buildings will be designed and fabricated at the plant to be set up.

The Company's entry into this fast growing business segment will give synergy by using the Company's products such as steel plates, galvanized, colour coated and galvalume products as raw materials and at the same time will provide an opportunity for the Company to enter into high end solutions using steel products as the base.

6. SUBSIDIARIES

A. Indian Subsidiaries:

i) JSW Bengal Steel Limited

JSW Bengal Steel Limited has been incorporated with an authorized capital of Rs.100 crores with a proposed shareholding of 89% by the Company and balance 11% by West Bengal Industrial Development Corporation (WBIDC), West Bengal Mineral Development and Trading Corporation Limited (WBMDTC).

The Company has originally planned to set up a 3 MTPA Integrated Steel Plant in West Bengal in Phase I and expand it to 10 MTPA in suitable phases over a period of 12 years. After evaluating various options, it is found attractive to set up a 6 MTPA plant upto slab stage at once considering the economies of scale and the cost benefit analysis. The project is proposed to be implemented in Special Economic Zone (SEZ) since a significant portion of the output from the plant is intended to be exported. The application to implement the project in a SEZ

has been cleared by Government of West Bengal Screening Committee and has been forwarded to Central Government.

The Company has got possession of land required for implementing this project and is in the process of signing Coal Raising and Supply Agreement with Government of West Bengal for getting Coal from certain Coal Blocks allotted to West Bengal Government. The project will be taken up for implementation during the fiscal 2008-09 with or without modification in the scope of project taking into account the current prevailing volatile conditions in financial markets in achieving the financial closure.

ii) JSW Jharkhand Steel Limited

JSW Jharkhand Steel Limited was incorporated on 7 June 2007 with the main objects to set up a 10 MTPA Integrated Iron and Steel Plant and 800 MW Greenfield Thermal Power Plant and related facilities in the State of Jharkhand, at an investment of Rs. 35,000 crores in phases. The Company had signed an MOU with Jharkhand Government during November 2005.

The Company has been allotted a prospecting licence for iron ore on 1388 acres of land in the State of Jharkhand. A site has been identified for which application has been made to the Government for allotment. The project will be taken up for implementation once land acquisition is complete and the raw material linkages are established.

iii) JSW Steel Processing Centres Limited

JSW Steel Processing Centres Limited was incorporated to set up service centres with a view to expand the reach of CRCA and HRPO steel products manufactured across the value chain and to meet the exacting demands of the user industry. The Service Centre is expected to be operational in first quarter of fiscal 2008-09.

B. Overseas Subsidiaries

i) JSW Steel (Netherlands) B.V.

The Company has formed a wholly owned subsidiary in Amsterdam, Netherlands known as JSW Steel (Netherlands) B.V. with the object to acquire and make investment in all steel related and steel allied businesses and in mining assets relating to steel and power businesses. This Company acquired Plate and Pipe mill in USA and iron ore mining concessions in Chile through the following step-down subsidiaries.

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

JSW Steel (Netherlands) B.V. has acquired three companies in US i.e. Jindal United Steel Corporation (JUSC) having 1.2 Mn Net ton Slab feeding capacity, Saw Pipes USA (SPU) having 0.55 Mn Net ton Pipe producing capacity and Jindal Enterprises LLC (JE) having 0.55 Mn Net ton Double Jointing capacity along with 0.35 Mn Net ton of Coating capacity, all of which are located in Baytown, Texas. The location of the business is in the heart of the US oil and gas industry located in the Gulf of Mexico. It has a principal competitive advantage due to its own Barge unloading facility and excellent Rail and truck transportation facilities.

JSW Steel (Netherlands) B.V. has formed one US subsidiary company namely JSW Steel Holding (USA) Inc. who in turn has formed its own subsidiary

namely JSW Steel (USA) Inc. for the purpose of this acquisition. All the above three acquired entities were merged with JSW Steel (USA) Inc. as part of acquisition closing. The above acquisition of these three companies were completed on 5th November, 2007. JSW Steel Holding (USA) Inc. has acquired 90% stake in the merged entity with 10% stake being kept by the erstwhile shareholder.

With this acquisition, the Company will be able to make significant value addition on surplus slabs available at its manufacturing facilities in India by supplying the same to its acquired US operation for further value addition in the form of plates and pipes.

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

The Company acquired a 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. The Company has slitting and blanking facilities to cater to specific customer requirements.

c) JSW Panama Holding Corporation and Chilean subsidiaries namely Inversiones Eroush Limitada, Santa Fe Mining and Santa Fe Puerto S.A.

JSW Steel (Netherlands) B.V. has acquired 70% stake in Santa Fe Mining on 30th January, 2008 through other step down subsidiaries.

Santa Fe Mining has interests on 124 mining concessions in 4 mines (i.e. Bellavista, Cuca, Rebote and Vinita) along with right to use the existing port and also has right to use new port to be constructed for which maritime concession application is already filed. These mining concessions are divided into two projects called Bellavista and Vinita. Bellavista project consists of mines namely Bellavista, Cuca and Rebote.

The mines are at a distance of about 70-90 Km from the port and are connected to port through well-developed roads. Railway tracks are also available which would require some up-gradation.

The mines will be developed over a period of next 36 months to 20 MTPA with the initial capacity of 4 MTPA.

Besides, Inversiones Eroush Limitada, Chile owns another 8 mining concessions in mines namely Daniel and Catalina in Chile.

ii) JSW Steel Natural Resources Limited and its subsidiary viz. JSW Steel Natural Resources Mozambique Limitada (JSWNRML)

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

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

The Company had entered into MoUs to acquire four concessions with a Mozambican party (through its constituted attorney), who has been allotted prospecting and exploration licence for coal and associated minerals. The Company has started geological survey, due diligence and other

formalities to start the mining activities on some of these concessions in Mozambique in fiscal 2008-09.

A Memorandum of Understanding (MoU) has also been entered into on 14th November, 2007 between JSWNRML and CCFB (Companhia dos Caminhos de Ferro da Beira, SARL- Railway Company of Beira) for the transportation of Coal from Tete to Beira.

7. ASSOCIATED COMPANIES FOR POWER, OXYGEN AND MINING

• JSW Energy (Vijayanagar) Limited (JSWEVL)

JSWEVL is setting up a 2X300 MW Power Plant adjacent to steel plant of JSW Steel Limited in the state of Karnataka. A long term Power Purchase Agreement (PPA) has been signed with your Company to sell 300 MW Power on two part tariff basis.

JSWEVL has received the necessary approvals for the evacuation of upto 600 MW of power through the state grid and the necessary infrastructure is being built as part of the project.

Construction work on both units is progressing as per schedule. The synchronization of Unit I is expected by October 2008 and unit II by December 2008.

• Jindal Praxair Oxygen Company Private Limited (JPOCL)

The arbitration initiated by JPOCL relating to consideration for the sale and supply of products such as Oxygen, Nitrogen and Argon to the Company as well as taxes & interest thereon has been amicably resolved between the parties. A settlement agreement has been executed on 25 September 2007 to record the understanding between the parties for settling the disputed amount of the past and the terms and conditions to be applicable going forward for the remaining period of the contract. Based on the settlement agreement, a Final Award has also been made by the Arbitrators in February 2008.

Oxygen Plant Module # 1 & Module # 2 of JPOCL have been working satisfactorily and supplying Oxygen, Nitrogen and Argon for meeting the steel plant requirement of the Company.

• Vijayanagar Minerals Private Limited (VMPL)

During the financial year 2007-08, VMPL has supplied 1.2 Million tons of Iron Ore from Thimmappanagudi Iron Ore Mines. VMPL is in close touch with Mysore Minerals Limited for getting the additional areas to enhance the production capacity to 2.00 Million tons in the current financial year 2008-09. Papers have been submitted to forest department for clearances of additional area for enhancing the production to meet the additional requirement of the Company.

In addition to above, VMPL is working on exploring the possibility of usage of low grade Iron Ore and BHQ by upgrading them through washing and beneficiation processes, for consumption at the Company. It may further enhance the reserves availability in the Company and extend the life of the mines.

It is a matter of pride that during the State level celebration of Safety Week - 07, VMPL has bagged the following awards:

- Over All performance – Zone level - 1st Prize
- Over All performance – State level - 1st Prize
- Welfare Amenities - 1st Prize

- Hazardous identification and risk management - 1st Prize
- Human Resources development - 1st Prize
- Operation & maintenance of machineries - 2nd Prize

Recognition by getting the awards has further strengthened the commitment of VMPL to have safe practice of production.

8. CREDIT RATING

Credit Analysis & Research Ltd. (CARE) has assigned a rating of "CARE AA (Double A)" to the Secured Non Convertible Debentures (NCDs) issue of Rs.100 crores which in fact was upgraded from AA – (Double A minus) during the fiscal 2007-08, taking into account Company's improved financial performance, significant presence in the steel sector, proven management capability, geographical diversity of sales and healthy mix of value added and other products.

The additional Rs.350 crores NCDs issued by the Company during the year are also assigned "CARE AA" (CARE Double A) rating by CARE.

Your Company's rating for long-term/medium term debt/facilities has been assigned "CARE AA" (CARE Double A) rating by CARE and they have also assigned "PR1 + " (PR One Plus) rating to the short term debt/facilities, availed by the Company.

- "CARE AA" rating indicates a high safety for timely servicing of debt obligations and very low credit risk.
- "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."

9. 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.

10. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

During the year, your Company made an offering of 3250 Zero Coupon Foreign Currency Convertible Bonds (FCCBs) of US\$ 100,000 each, aggregating to US\$ 325 Million to international investors to finance capital expenditure, including capacity expansion and other approved purposes. As per the option attached to the FCCBs, 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 and except during a closed period. The conversion price fixed at Rs.953.40 per share was at 50% premium to closing price of the shares on the National Stock Exchange of India on 29 May 2007 i.e. Rs.635.60. 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.

11. SHARE CAPITAL

Forfeiture in respect of 7,100 equity shares (Pre-Scheme) were annulled upon appropriation of unidentified call money and 311 equity shares were issued during fiscal 2007-08 in accordance with the terms of the Scheme of Arrangement & Amalgamation between the Company, Jindal Iron and Steel Company Limited and Jindal South West Holdings Limited.

33,799 Equity Shares of Rs.10/- each were allotted to Deutsche Bank AG London upon exercise of option attached to the Foreign Currency Convertible Bonds (FCCBs) held by them.

15,00,000 (Fifteen Lakh) Equity Shares of Rs.10/- each to Mr. Sajjan Jindal & 65,00,000 (Sixty Five Lakh) Equity Shares of Rs.10/- each to JSW Investments Private Limited (formerly known as Samarth Holdings Private Limited) were allotted on 28 March 2008 at a price of Rs. 272/- per share upon exercise of option attached to 'Series B' Equity Warrants held by them.

Upon the Scheme of Amalgamation of Southern Iron & Steel Company Limited (SISCOL) with the Company becoming effective, 1,50,35,712 Equity Shares of Rs. 10/- each and 99,00,000 11% Cumulative Redeemable Preference Shares of Rs.10/- each of the Company were issued to the shareholders of SISCOL.

Accordingly, during the year under review, your Company's paid up equity share capital has increased from Rs.163,97,88,130 to Rs.187,04,86,350 comprising of 18,70,48,635 equity shares of Rs.10/- each.

12. DIRECTORS

Mr. Seshagiri Rao MVS, Mr. Uday M. Chitale and Mr. Sudipto Sarkar, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The proposals regarding their re-appointment as Directors are placed for your approval.

Mr. Y. Siva Sagar Rao was appointed as an Additional Director by the Board of Directors of your Company in its meeting held on 24th July, 2007. In the same meeting, Mr. Y. Siva Sagar Rao was also appointed as whole-time Director of the Company designated as Jt. Managing Director & CEO for a period 3 years w.e.f. 24th July, 2007 and his appointment was approved by the Members in the Extra Ordinary General Meeting held on 28th December, 2007.

Mr. Nagesh Dinkar Pinge was appointed by the Board of Directors of your Company in its meeting held on 28th December, 2007 as an Additional Director w.e.f. 28th December, 2007 in terms of Article 123 of the Articles of Association of your Company and he holds office upto the date of the ensuing Annual General Meeting. Your Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder proposing him for the Office of Director to be elected by the members in the ensuing Annual General Meeting.

The proposal regarding his appointment as Director is also placed for your approval.

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

Dr. B. N. Singh, Jt. Managing Director & CEO of the Company prematurely superannuated as a Director and Whole-time Director w.e.f. 1st June, 2007.

Dr. Vijay Kelkar stepped down from the Board of our Company with effect from 31st December, 2007 to assume the charge of chairmanship of Finance Commission constituted by the President of India in pursuance of Clause (1) of Article 280 of the constitution.

Your Directors place on record their deep appreciation of the valuable services rendered by Dr. B. N. Singh and Dr. Vijay Kelkar during their tenure as Directors.

13. 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.

14. PARTICULARS REGARDING CONSERVATION OF ENERGY & 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.

15. 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.

16. AWARDS & ACCOLADES

Your Company and its employees are the proud recipients of the following awards during the year:

- **CII-ITC Sustainability Award-2007:** Commendation Certificate for Significant Achievement in economic, environment and social performance (on 12th December, 2007 at New Delhi).
- **CII-Exim Bank Award-2007:** "Commendation certificate for significant achievement towards business excellence" (on 1 November 2007 at Bangalore).
- **TERI Corporate Social Responsibility Award 2007:** Certificate of appreciation in recognition of corporate leadership for good corporate citizenship and sustainable initiatives amongst corporations with a turnover of above Rupees 500 crore.
- **IMC Ramkrishna Bajaj National Quality Award 2007:** Special Award for Performance Excellence in the manufacturing category" (on 21 March 2008 at Mumbai).

Recognitions by Employees or teams:

- Tungabhadra Quality Circle Team won gold medal at ICCQC-2007, at Beijing (October 2007)
- Mr. J.K. Tandon, Director (Projects) received the National Metallurgist Award-2007, at 45th National Metallurgists Day, 2007.
- Young Metallurgist of the year award was jointly won by Mr. D. Satish Kumar, Assistant Manager (R&D and SS), and Mr. T. Rajendra, Manager (SMS-1) at 45th National Metallurgists Day, 2007.

- The prestigious IIM Steel Eighties Award for 'meritorious contribution for advancement of Steel Technology' for the year 2007 was awarded to Dr. Madhu Ranjan, Associate Vice President (R & D and SS).

17. 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 followed by the Company, the Auditors' Certificate on compliance of mandatory requirements thereof and Management Discussion and Analysis are given as annexure to this report.

18. 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 alongwith 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 your Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis.

19. 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. Your Directors also wish to place on record their appreciation of the devoted and dedicated service rendered by all the employees of your Company.

For and on behalf of the Board of Directors

Date : 5 May 2008

Savitri Devi Jindal
Chairperson

ANNEXURE 'A' TO DIRECTORS' REPORT

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

Since inception energy conservation has been a major thrust area in the Company. The same trend continued in the present fiscal as depicted below:

Efficiency Improvements

- The Company has adopted approved methodology for calculation of Specific Energy Rate to benchmark its energy performance with others.
- Captive power generation has increased from 143 MW to 146 MW by controlling heating regimes and delays in the plant, thereby making available additional by-product gases for power generation.
- Through improved combustion control the Energy consumption in pellet plant has reduced by 5.5 % over the last year.
- By effective operational control and increased plant availability the coal rate in Corex units has further reduced by 5.2 %.
- LD Gas recovery increased by 39% as a result of improvement in suppressed combustion at the BOF CCP plant.
- Energy Consumption in HSM reduced by 2.1% from 0.298 Gcal to 0.292 Gcal per ton by improving hot charging and better combustion control.
- Replacement of DC motors with AC motors in HSM Roller Tables and switching over to AC Driver on common DC bus has resulted in power saving of 10kwh per tonne.
- Extensive use of transparent sheets helped in harnessing natural lighting during day time in the plant, resulting in saving of electrical energy.
- Use of energy efficient light fittings. Florescent Tube Light fittings in Plant & Township have been replaced by energy efficient CFL light fittings.
- Use of non-electric vaporizer for LPG vaporization.
- Replacement of conventional DSL for cranes with energy efficient insulated DSL in HSM and CRM.
- Variable frequency drives for blowers in Continuous Galvanising Line 2.
- Eco ventilators for Captive Power Plant shed.
- Energy efficient air system for Galvalume cooling requirements in Continuous Galvanising Line 2.
- Installation of 1500 litres per day Solar Water Heater at canteen to save LPG.
- Installation of Variable Frequency Drives (VFD) at compressors of Colour Coating Line (CCL) and Finishing Line, helped in saving 45% power consumption of compressor.
- Installation of VFD in seven Recirculation Fans at CCL, reduced the power consumption of Fans to 35%.
- Automation of CAG Blowers operation at CSD3, helped in modification of logic to operate Blowers depending upon the material thickness.

- Automatic Switching of Secondary Dilution Blower and Quench tank wiping blower at CSD3 as per material thickness, resulted in saving of 15000 kwh per month.
- Permanently switching off dedicated TM6 AC cooling tower by connecting it directly from main cooling tower, resulted in saving of 3000 kwh per month.
- Switching off one water pump (55Kw) at CSD2 through optimization of existing pumps, resulting in saving of 27000 kwh per month.
- Modifying the logic to switch off NOF pilot blower (5 KW) immediately after the main burner is put ON at CSD3, helped in reducing power consumption by 3000 kwh per month.
- Optimization of process parameter in CCL & TM4, reduction in power consumption by 5%.
- Energy audit was carried out By M/s. Siemens for Cold rolling mills, Process line & Utilities to identify potential energy savings in the plant.

Development initiatives

- Maintenance free and easy to operate Drip pots for high pressure Corex gas lines have been developed in-house and installed for better gas line safety.
- LPG fuel has been replaced with Corex Gas for heating in the sand drying furnace which was designed in-house at BOF CCP.
- Dry type B F Gas holder has been installed for stabilizing BF gas net work pressure to improve gas utilisation and availability.

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

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Details of technology absorption are given in Form 'B'.

C. FOREIGN EXCHANGE USED AND EARNED

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

The Company's exports comprised H R Coils, C R Coils, Galvanized products, H R Plate, Slabs, Pig Iron and Colour Coated sheets. While virgin markets are being explored, your Company is leveraging its brand name in USA and Europe. Since a substantial part of the total revenue is generated through exports, your Company has a natural hedge covering the cost of imports there by insulating it from risks related to exchange fluctuations.

b) Total Foreign Exchange used and earned:

Foreign Exchange earnings during 2007-08 were Rs. 3,298.66 crores as against Rs. 3,316.33 crores during the previous year, while the Foreign Exchange outgo during the year was Rs. 4,707.17 crores as against Rs. 3,391.98 crores during the previous year.

Form 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A POWER & FUEL CONSUMPTION

Particulars	2007-08	2006-07
1. Electricity		
a) Purchased		
Unit (kwh) (in Lacs)	1921.41	949.71
Total Amount (Rs. in Crores)	85.91	45.71
Rate/Unit (Rs.)	4.47	4.81
b) Own Generation		
i) Through Captive power plant		
Unit (kwh) (in Lakhs)	15201.21	9102.40
Total Amount (Rs. in Crores)	303.21	147.46
Cost/Unit (Rs.)	1.99	1.62
ii) Through diesel generator		
Unit (kwh) (in Lakhs)	1013.742	908.532
Unit per per ltr of diesel	4.83	3.43
Total Amount (Rs. in Crores)	43.50	31.23
Cost/Unit (Rs.)	4.29	3.44
2. Coal + Coke		
Quantity (tonnes)	36,06,843 t	32,17,510 t
	of Coal	of Coal
	+	+
	7,03,058 t	4,91,731 t
	of Coke	of Coke
Total Amount (Rs. in Crores)	2,859.38	2190.21
Coal Rate (Rs./t)	5028	5334
Coke Rate (Rs./t)	14876	9641
3. Furnace Oil		
Quantity (K. Ltrs)	11402	11775
Total Amount (Rs. in Crores)	23.57	19.69
Average Rate (Rs./Ltrs)	20.67	16.72
4. LPG		
Quantity (tonnes)	22646	20359
Total Amount (Rs. in Crores)	76.80	61.07
Average Rate (Rs./MT)	33914	29997

B CONSUMPTION PER UNIT OF PRODUCTION

Particulars	Standards (if any)	2007-08	2006-07
1. Hot Rolled Coils / Steel plates / sheets :			
Electricity (kwh/t)	350	363.5	362.9
LPG (Kg/t)	1.3	1.6	1.5
2. Steel Billets & Blooms :			
Electricity (kwh/t)	130	177	#
3. Rolled Products :			
Electricity (kwh/t)	83	97	#
4. Galvanised Coils/Sheets :			
Electricity (kwh/t)	218	194	199
LPG (Kg/t)	20	19	19

It pertains to Salem Works which was merged with the Company during the current fiscal & hence, previous year's figures are not given.

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, Pelletization and Sintering of Iron-Ore, Iron Making in Corex and Blast Furnace, Steel Making and Casting, Hot Rolling, and Waste utilization, with emphasis on improvement in quality, productivity, energy conservation, waste utilization, cost reduction, and environment protection. R & D was also carried out for development of value added products in the form of 11 new grades to meet specific requirements of customers, including:

- API grades for line pipe steel
- Boiler Quality
- Drawing and Deep Drawing Steels
- Medium Carbon and High Tensile Steels
- Micro-alloyed structural-grade steels
- Auto and Tube makers grade

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

- Increase in Coke Oven productivity by about 10% without adversely affecting the coke quality, through optimization of coal blend as per the availability of the coals and maintaining inventory through proper coal planning.
- Increase in hot metal production by 2.5% in Corex. This has been achieved through installation of a coal drying facility which reduced the coal moisture and coal fines entering the furnace, which helped to reduce fuel rate, slag rate, and increase production.
- Better flow control during charging and improved charging matrix has helped in enhancing the BF-1 productivity by 10%.
- Adoption of soft blowing philosophy has helped minimize frequent furnace irregularities, such as hanging and slipping phenomena, in the Blast Furnace.
- Improvement in tap-hole length from 2.1 to 2.3 m has helped in achieving longer tapping duration up to 20-22 hrs.
- Improvement in lime quality (reactivity increased from 270 to 320) through optimization of limestone characteristics and kiln operational parameters which lead to decrease in consumption from 90 kg/t to 75 kg/t in Converters.
- Reduction of residual metal in Tundish, at the end of the sequence, from 3.5 t to 2 t, by incorporating modification in bottom design of the Tundish.
- Yield improvement by 0.25% in Hot Strip Mill through reduction in scale loss from 1.5 to 1.25%. This was achieved through optimization of air/gas ratio in the re-heating furnaces.

Development of Predictive Models:

- Hearth wear model for Blast Furnace
- Energy Balance Model for Blast Furnace
- Solution Loss Carbon (SLC) rate for Blast Furnace

- Top gas prediction model for Blast Furnace
- Mass balance model for Sinter Plant
- Heat and Mass balance model for HMPT
- Mixing and melting time for ferro-alloys

Intellectual Capital of the Company:

a) PATENT:

Following Patent applications have been filed:

- Process for Determination of Coal Char Reactivity Index (CCRI) and Coal Char Strength after Reduction (CCSR)
- Process for Producing Cold Bonded Pellets from Solid Wastes Generated in Integrated Steel Plants
- Method for Optimizing Burden Distribution Under High Pellet Operation In Blast Furnace
- System for Mixing of Corex and Blast Furnace Gas for Pre-Heating of BF Air
- Method for De-Siliconisation of Molten Iron obtained through Blast Furnace Route
- Process of Iron making using Sinter Fines
- Wagon Tippler System for enhanced availability and trouble free operation
- Method for improving Sinter Quality with respect to the Reduction Disintegration Index (RDI)
- Development of an Automated Coil Transfer Car for Cold Rolling Mill Complex
- Shower cleaning of shroud
- Method for SEN pre-heating

b) COPYRIGHTS

- Coal Atlas
- Quality Assurance System for Slabs
- Improvement in lime quality at JSW Steel Ltd
- Mass Balance Model for Hot Metal Pre-treatment

3. Plan of Action for FY 2008-09

A beneficiation lab, a pilot coke oven, a product development lab, and characterization facilities are being set up under R&D. Various off-line simulation facilities, such as for pelletization and sintering, are also being planned. Such facilities will enable development of new processes and products. Another thrust area would be utilization 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.

4. Expenditure on R&D - FY 2007-08

Capital	: 13.60 crores
Recurring	: 0.76 crores
Total	: 14.36 crores

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

A) Vijayanagar Works (Upstream):

- Introduction of new coal parameters to coal blend specifications for Corex by developing "A Process for Determination of Coal Char Reactivity Index (CCRI) and Coal Char Strength after Reduction (CCSR)".
- Waste Utilization through Corex by developing a Process to utilize the sinter fines through Corex Melter-Gasifier.
- Utilization of slimes from beneficiation plant by developing

a Process for Producing Cold Bonded Pellets from Solid Wastes Generated in Integrated Steel Plants through Lab Scale Trials.

- Hot metal De-siliconization using sinter fines in Blast Furnace cast house.
- Optimization of Lower Material Gate (LMG) opening position to control discharge rate of material in BF-1.
- Introduction of hot metal pre-treatment (De-Siliconisation and De-Phosphorisation) at BOF-CCP.
- Introduction of de-gassing facility (RH-OB) for producing automotive steels.

B) Vasind/Tarapur (Downstream) :

- Modification of one of the Galvanizing lines in CGL to produce Galvalume, Sheets/Coils — a zinc-aluminium coated steel product by technology license from BIEC, US.
- Your Company is the first in India to adopt this technology, to produce Galvalume sheets/coils, which has excellent corrosion resistance and heat reflectivity.
- For the modification to Galvalume line, the Company has selected one of the best available equipments in the World. It comprises,
 - * Induction heated Coating & Premelt pots from M/s Ajax, USA,
 - * Coating pot gear from M/s. Hatch Associate, Australia
 - * Stabilizer strip cooling system from M/s. Spooner, U.K.
 - * Anti- figure print chemical coater from M/s Bliss and Reel, Australia
 - * Strip cleaning section from M/s. Godrej & Boyce, India.
- Replacement of old & obsolete drives & PLC system of Hot Rolling Mill with the latest state of the art ABB Drives & B Level-2 Automation system.
- New HR Thickness gauge from Thermon commissioned in HR Mill for better gauge accuracy.
- Reverse Osmosis & Multiple Evaporator plant commissioned for zero effluent discharge.
- Replacement of old & obsolete drives & PLC system of Cold Rolling Mill - 3 with the latest state-of-the-art Simens Drives & B Level-2 Automation system.
- New Slitter Head commissioned at Hot Rolled Slitter to improve slitting accuracy.

Imported Technologies:

Major technologies commissioned at Vijayanagar Works (Upstream) during the year include:

- Hot Metal Pre-Treatment, technology provided by JFE, Japan
- RH Degasser from SMS Demag
- Cold Rolling Mill Complex, consisting of
 - * Compact Cold Mill from SMS Demag, Germany
 - * Bell Annealing Furnaces from Ebner, Austria
 - * Skin Pass Mill from SMS Demag, Germany
 - * Re-coiling cum Levelling Line from Bronx, UK.

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, 2008.

Sr. No	Name	Designation	Remuneration (Amt. in Rs.)	Qualification	Total Experience (No. of years)	Age (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	Senior Vice President - Marketing	6,260,004	BE (Chemical), MBA Marketing	25	45	01-Jul-1999	Essar Steel Ltd. (Jt. General Manager)
2	Aggrawal Ashok Kumar	Vice President - Production	3,833,400	B.Sc (Engineering)	22	49	02-Jun-1998	Essar Steel Ltd. (Jt. General Manager)
3	Chavali S. M.	Vice President - CMD & Utilities	2,763,137	BE (Elec. Engg.)	36	60	10-Feb-1998	Essar Steel Ltd. (Jt. General Manager)
4	Dhillon Dinesh Singh	Executive Pilot	2,988,698	BA	8	35	06-Oct-2005	Hisar Flying Club (API)
5	Garg V. P.	Vice President - Commercial	3,852,376	B.Com, CA	22	47	01-Dec-1988	Modern Group (Finance Manager)
6	Gopikrishna M.	Associate Vice President - Marketing	2,711,319	MA (Economics)	24	49	16-Mar-1998	Essar Steel Ltd. (Dy. General Manager)
7	Gowda Krishne P.	Vice President - PL & A	2,588,760	BE (Elec.), BE (Civil)	38	61	20-Jul-1995	Vintage Food (General Manager - Project)
8	Guron Paramjit	Executive Pilot	3,660,099	CPL	18	45	03-Oct-2005	Orient Flying School (Chief Pilot)
9	Iyer Suresh	Dy. General Manager - Finance	2,773,350	M.Sc, BE (Mechanical)	17	39	19-May-1995	Metropolitan Equipment & Consultancy Pvt. Ltd. (Manager)
10	Jain N. K.	Advisor	12,280,886	B.Com, FCA, FCS	37	61	01-Sep-1992	Permanent Magnets Ltd. (General Manager - Finance)
11	Jain Prashant	General Manager - Projects	3,804,367	B.Sc (Engineering)	16	36	01-Jan-1996	Rathi Udyog Ltd. (Project Engineer)
12	Jayram Sanjay	Associate Vice President - Marketing	3,101,064	BA, B.Mech.	23	47	03-Apr-2006	Essar Steel Ltd. (Head - Sales)
13	Jindal Sajjan	Vice Chairman & Managing Director	167,274,265	BE (Mechanical)	26	48	04-Jul-1992	Jindal Strips Ltd. (Jt. Managing Director)
14	Kedia P. K.	Group Senior Vice President - Commercial	5,545,113	B.Com, FICWA, DBM, CS (Inter)	32	48	26-Oct-2005	Essar Steel Ltd. (Vice President - Commercial)
15	Kelkar Milind	General Manager - Finance & Accounts	2,859,719	CA	16	43	22-Nov-2006	Kayagalanyi Coffee Ltd. (Finance Controller)
16	Kole P. R.	Associate Vice President - Banking & Finance	3,301,472	B.Com, CA, LLB	22	47	01-Oct-1988	BDPL Group (Accounts Executive)
17	Lal J.P.N.	Executive Director - Operations	6,544,978	B.Sc. (Metallurgy), AMIIM	30	60	14-Jun-2002	Ispat International (Director - Technical)
18	Maheshwari Arun	General Manager - Marketing	2,708,634	MBA	16	38	19-Aug-2003	Maketi Rolling Mills Ltd. (Head - Marketing)
19	Mehrotra Alok	Vice President - Finance	3,233,408	CA	27	50	01-Sep-1995	UP State Cement Corp. Ltd. (Director)
20	Mubayi Arun	President - Corporate Relations	6,139,881	BA (Hons)	36	59	11-Dec-2006	GMR-Delhi International Airport Pvt. Ltd.
21	Mukherjee Tuhin	Executive Director	4,602,279	M.Sc (Applied Geology)	34	56	15-Feb-2006	Central Mine Plan. & Design Inst. Ltd. (General Manager)
22	Naha Tapan Kumar	Vice President - Iron	2,828,711	BE (Met)	27	51	30-Sep-2002	Bhilai Steel Plant (Managing Director)
23	Nowal V. K.	Director - Commercial	6,295,545	MBA, DBM, Ph.D	27	52	14-Feb-1984	K. M. Sugar Mills Ltd. (Factory Manager)
24	Pai Rajeev	Associate Vice President - Finance & Accounts	3,470,032	B.Com, CA, CS (Inter)	24	46	01-Dec-2000	Crompton Greaves Ltd. (Manager - Finance)
25	Pawar Ulhas	Vice President - Logistics	3,152,682	M.Com , LLB	31	52	19-Jan-1998	Essar Steel Ltd. (Jt. General Manager)
26	Rajendran P.M.	Vice President - Production	3,299,187	M.Sc (Engg.)	31	54	01-Dec-1994	Rourkela Steel Plant (Sr. Manager)
27	Ramesh D.	Vice President - Commercial	3,067,358	B.Sc (Mech. Engg.)	36	58	05-Aug-2004	Ispat Ind. Ltd. (Vice President)
28	Rathore Gajraj Singh	Vice President - Production	3,888,476	BE, MET	22	43	03-Jan-1996	National Steel Industries Ltd. (Sr. Manager)
29	Ravichandar D.	Senior Vice President - Projects	4,416,546	BE (Mech.), BE (Elect.), Diploma (Finance)	30	51	18-Nov-1994	Bhushan Steel & Strips Ltd. (General Manager)
30	Sahota H. S.	Executive Pilot	3,838,744	DACDP, GAM, GDM	33	65	30-Aug-1995	Air Force
31	Sarda Pankaj	General Manager - Internal Audit	2,833,801	CA, CS, ICWA	26	50	04-Sep-2006	Reliance Group (Additional Vice President)
32	Sarover K.	Senior Vice President - Production	3,547,919	BE (Mechanical)	29	54	02-Jul-2005	Jindal Stainless Ltd. (Vice President)

Sr. No	Name	Designation	Remuneration (Amt. in Rs.)	Qualification	Total Experience (No. of years)	Age (Years)	Date of Commencement of Employment	Previous Employment (Designation)
33	Sasindran P.	Senior Vice President - Production	5,659,496	BE (Elect.)	40	58	09-May-1998	Essar Steel Ltd. (General Manager)
34	Seshagiri Rao M.V.S	Director - Finance	8,796,740	B.Com, CAIIB, AICWA, LCS, DBF	29	50	01-Sep-1997	Nicholas Piramal (India) Ltd. (Sr. Vice President)
35	Sharma Ramesh Chandra	Vice President - Operations	4,107,377	B.Sc	30	55	01-Feb-1995	Bhushan Steel Ltd. (Assistant General Manager)
36	Sharma Vijay	CEO - Salem Works	7,932,742	B.Tech (Met. Engg.), MS (Mat. Sci.), PGDBA	31	53	25-Nov-2004	Hospet Steel Ltd.
37	Singh Anirudh	Senior Vice President - Corporate HR	5,372,363	B.Sc, MBA	30	54	01-Aug-2006	Reliance Infocomm Ltd. (Head - HR)
38	Singh Rajendra Prasad	CEO - Jharkhand Project	4,857,999	B.Sc, Engg. (Metallurgy)	39	61	21-Jul-2006	Bhilai Steel Plant (Managing Director)
39	Singh Shankar Pratap	General Manager - Works	2,514,747	BE (Mechanical)	21	44	20-May-1995	Steelco Ltd. (Dy. Manager)
40	Subramaniam M.	Vice President - Marketing	3,128,995	MA, Diploma in Environment Science	20	53	14-Sep-1996	Steel Authority of India Ltd. (Branch Manager)
41	Tandon Jugal Kishore	Director - Projects	10,685,398	B.Tech (Hons.) (Metallurgy)	46	66	06-Feb-2007	Essar Steel Ltd. (Director - New Business Development)
42	Venkateshan M.A.	Vice President - Finance & Accounts	3,807,855	CA, LLB, CS, ICWA	26	51	03-Jan-2000	Praxair India (P) Ltd. (Accounts Controller/ Co. Secretary)
(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	Asher Rajesh	Sr. Vice President - Finance and Investors Relations	3,240,773	CA, MFM, CPA (USA)	26	51	16-Nov-2007	Bunge India Pvt. Ltd. (Chief Financial Officer)
2	Garg Rajiv	President & CEO	7,623,042	B.Sc, Master of Management	31	52	27-Sep-2007	Essel Group (Chief Executive Officer)
3	Gokhale Sandeep	Director - Business Strategy	4,756,329	BE, Master in Financial Management	23	45	01-Apr-2006	Sterlite Industries Ltd. (Director - Business Development)
4	Gupta Dharmendra	General Manager - Operations	477,217	BE (Met), M.Sc (Met), Ph.D (Met)	14	41	21-Nov-1998	Tisco Ltd. (Dy. Manager)
5	Hegde S. K.	Associate Vice President	1,642,533	BE (Met)	31	55	18-Sep-2007	Global Steel Holdings Ltd. (Head - Quality)
6	Kumar Vinod	Executive Pilot	1,306,234	B.Sc	46	65	13-Oct-2007	Garment Exports (HR Head & Admin. Manager)
7	Lal C. K.	Advisor - CRC Project	2,155,727	B.Sc (Met Engg.)	40	64	18-Sep-2007	Essar Steel Ltd. (Advisor)
8	Lodha Gulab Singh	Associate Vice President - Investor Relations	1,303,967	CS, CA	25	50	05-Apr-2007	Shree Pre Coated Steels Ltd. (Group Chief Financial Officer)
9	Maheshwari Santoshkumar	Vice President - Finance	4,956,848	BE (Mech.), Master in Management (Finance)	19	43	05-Apr-2007	Sterlite Industries Ltd. (Assistant Vice President - Finance)
10	Patil Mahendra Kumar	Associate Vice President - Bulk Terminal	1,116,547	BE (Mech.)	26	49	29-Oct-2007	Birla Super Bulk Terminal (Assistant Vice President & CEO)
11	Rajgopal Madhukar	Vice President - Information Technology	1,488,335	BE (Elect.), Master of Management	23	46	03-Apr-2006	Oracle Corporation (Director)
12	Rao Y. Siva Sagar	Joint Managing Director & CEO	7,478,576	BE (Mech.)	37	60	19-Jul-2007	Rashtriya Ispat Nigam Ltd. (General Manager - Operations)
13	Saralaya L. D.	Senior Vice President - Production	1,110,717	ME (Metallurgy)	33	58	07-Sep-2001	Ashapura Group of Industries (Resident Director)
14	Sardesai Prashant	COO - Chile Project	3,320,769	B.Tech, PGDM	23	48	07-Jan-2008	Fomento
15	Singh B. N.	Joint Managing Director & CEO	2,299,030	ME (Metallurgy), Ph.D (Metallurgy)	38	59	13-Oct-2003	Ispat International (Managing Director)
16	Sodani Roop Chand	CEO - Cement	7,687,138	CA	28	53	04-May-2007	Maratha Cement Works (President)
17	Swain Ramesh Chandra	Head - Project	3,104,812	B.Sc. (Engg.), MBA	24	49	15-Jul-2006	Vedanta Alumina Ltd. (Assistant Vice President)
18	Tathgur Ranjit Singh	Executive Pilot	222,090	M.Sc	41	61	01-Jun-1999	Archana Airways Ltd. (Commander)
19	Vijayraghavan K.	Vice President - IT	226,126	BE (Mech.)	35	58	04-May-1995	Mukund Ltd. (Sr. Manager)

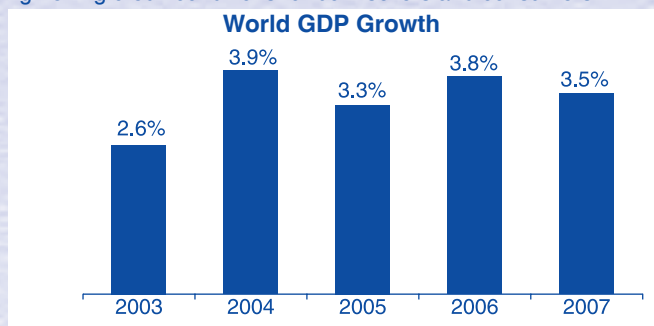
Notes:

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 perquisites 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.
4. Mr. Sajjan Jindal is relative of Mrs. Savitri Devi Jindal, Chairperson of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

The world economy grew by 3.5% in C.Y. 2007 as against 3.8% in C.Y. 2006. The slowdown was led by the US where growth slowed from 2.9% in C.Y. 2006 to 2.2% in C.Y. 2007. Much of the decline was direct fallout of the subprime crisis leading to the weakening housing market, with residential investment falling rapidly and tightening credit conditions for both sellers and consumers.

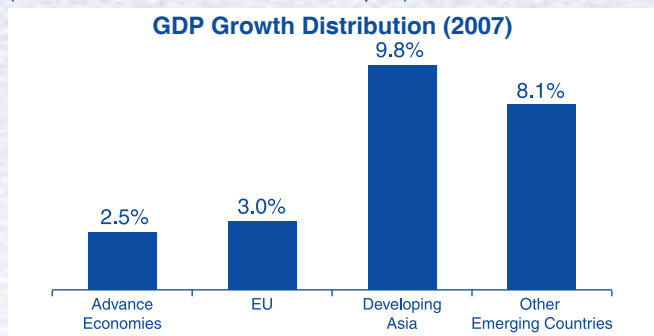


(Source: IMF)

Regional growth

- The growth in advanced economy recorded a modest growth of 2.5% in the C.Y. 2007 as against 2.9% in the C.Y. 2006.
- The growth in the developing Asia recorded an impressive growth of 9.8% in the C.Y. 2007, same as in the C.Y. 2006.
- Among the developing nations, growth remained firm at 7.4% in 2007, after an equally strong 7.5% in 2006, underpinned by continued strength in East and South Asia.
- If China and India are excluded, activity in low and middle income countries slipped to 5.7% in the year.

(Source: Kotak Securities, sector report)



(Source: IMF)

Emerging economies to drive world steel demand (C.Y. 2007)

Country	GDP (%)	Industry/ GDP (%)	FAI/GDP (%)	Industrial Growth (%)	
World	3.5	29.2	23.1	4.9	
Brazil	4.0	30.8	34.0	3.2	EMERGING ECONOMIES
Russia	6.5	39.1	20.0	6.3	
India	9.6	26.7	39.2	11.5	
China	11.9	49.2	55.6	18.5	
Germany	2.5	29.6	17.8	4.1	DEVELOPED ECONOMIES
US	2.2	20.6	20.4	1.9	

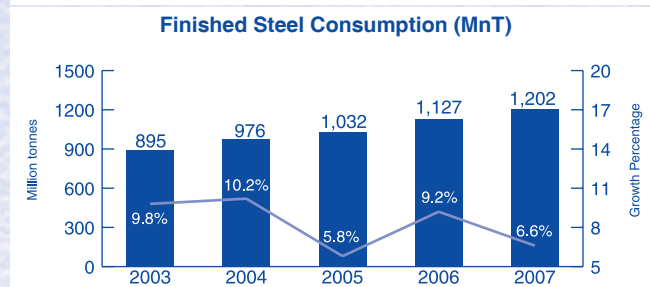
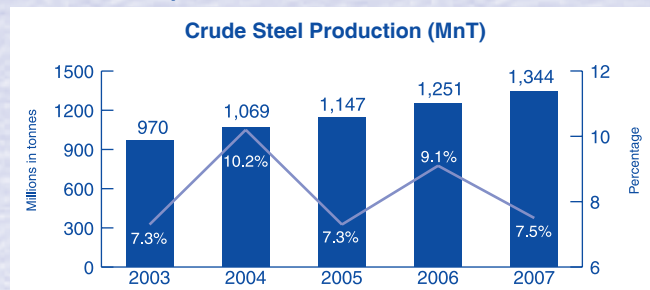
Source: IMF/CSO/WORLD BANK/EUROSTAT

As per the International Monetary Fund (IMF), the global economy in C.Y. 2008 is expected to marginally reduce to 3.3%, primarily led by the growth of emerging and developing economies.

Global Steel Sector

The attractive world economic growth has fuelled the demand for steel significantly to 1,202 MnT (6.6%) fuelling the prices of steel globally. This is reflected in a 7.5% growth in the global steel production to 1,344 MnT during the C.Y. 2007. The top six steel companies produced 272 MnT of crude steel during C.Y. 2007 contributing 20% of total world crude steel production.

Global Steel Equation



(Source: IISI)

Crude Steel Production

As per International Iron & Steel Institute (IISI), world crude steel production grew by 7.5% to reach 1,344.3 MnT in 2007. China has contributed 36.4% in the world crude steel production basket followed by Japan (8.9%), the US (7.3%), Russia (5.4%) and India (3.9%). China and India registered an impressive growth of 15.7% and 7.3% during the C.Y. 2007. However, the US witnessed a negative growth of 0.4% reflecting a declining trend in steel production. The leading crude steel producing nations for C.Y. 2007 are:

RANK	COUNTRY	CRUDE STEEL PRODUCTION (MnT)	VARIANCE 2007 over 2006 (%)	WORLD SHARE (%)
1	China	489.0	15.7	36.4
2	Japan	120.2	3.4	8.9
3	US	98.2	(-) 0.4	7.3
4	Russia	72.2	2.0	5.4
5	India	53.1	7.3	3.9
6	South Korea	51.4	6.0	3.8
7	Germany	48.5	2.8	3.6
8	Ukraine	42.8	4.7	3.2
9	Italy	32.0	1.2	2.4
10	Brazil	33.8	9.3	2.5
11	Turkey	25.8	10.5	1.9
12	Taiwan	20.4	2.3	1.5
13	France	19.3	(-) 3.0	1.4
14	Spain	18.9	3.1	1.4
15	Mexico	17.6	6.8	1.3
	TOP -15	1,143.2	8.3	85.0
	Others	201.1	3.5	15.0
	WORLD	1,344.3	7.5	100.0
	WORLD (-) CHINA	855.3	3.3	63.6

(Source: IISI)

Finished Steel Consumption

World finished steel consumption is being driven by China, the US, Japan, Korea, and India. During C.Y 2007, the world steel consumption grew by approximately 6.6%. The consumption growth for China was around 13% followed by India, Japan and Korea. The US witnessed a negative growth of 10% for finished steel consumption. The Top 15 steel consuming nations in C.Y. 2007 were as under:

RANK	COUNTRY	CONSUMPTION	VARIANCE 2007 over 2006	SHARE
		(MnT)	(%)	(%)
1	China	408.3	13.0	34.0
2	US	108.2	(-) 10.1	9.0
3	Japan	80.1	1.4	6.7
4	South Korea	54.8	9.1	4.6
5	India	50.8	11.3	4.2
6	Russia	39.9	13.5	3.3
7	Germany	38.3	4.2	3.2
8	Italy	37.0	1.0	3.1
9	Spain	24.6	0.0	2.1
10	Turkey	23.6	10.7	2.0
11	Brazil	21.9	18.6	1.8
12	Iran	19.1	7.0	1.6
13	Taiwan	18.1	(-) 8.6	1.5
14	Mexico	17.8	(-) 0.7	1.5
15	Canada	15.4	(-) 10.9	1.3
	TOP -15	957.9	6.4	79.7
	Others	243.7	8.5	20.3
	WORLD	1,201.6	6.6	100.0
	WORLD (-) CHINA	793.3	3.6	66.0

(Source : IISI)

China's annual steel production is larger than the aggregate of the next seven largest steel consuming nations put together. China also constitutes about one-third of the global steel demand and more than half of the increment demand.

Sector-wise steel consumption

Sector	Consumption pattern
Construction	50.0%
Engineering	25.0%
Automobile	15.0%
Ship building	5.0%
Packaging	2.0%
Others	3.0%

(Source: IISI / Hatch & Beddows)

Per capita steel consumption

	1980	1990	2000	2007	CAGR (%)	
World	128	123	124	182	1.3	
China	32	47	98	309	8.8	EMERGING ECONOMIES
India	13	20	25	47	4.9	
Brazil	99	61	92	116	0.6	
Germany	376	402	449	464	0.8	
Japan	611	752	600	627	0.1	SATURATED ECONOMIES
US	381	349	406	358	(-) 0.2	

(Source: IISI / Census.gov)

Regional Imbalances

Interestingly, there are significant regional imbalances between the steel producing and consuming nations, promoting global

steel trade. The gap is expected to widen with steel production largely concentrated in a handful of regions namely China, Brazil and India; steel capacities are expected to grow further in the coming years.

	Crude steel production		Finished steel consumption		Surplus/ (Deficit)	Status
	Volume (MnT)	Growth (%)	Volume (MnT)	Growth (%)		
WORLD	1,344.3	7.5	1,201.6	6.6		
China	489	15.7	408	13	52	Net export economies
CIS	124	3.4	55	13.7	56	
Japan	120	3.4	80	1.4	30	
S/C America	48	6.5	41	13.7	4	
EU 12	35	2.9	32	10.4	(1)	Balanced economies
EU 15	176	1.4	160	2.1	(2)	
Oceania	9	0.6	8	9.1	(1)	
Africa	19	0.0	25	8.5	(8)	
Middle East	16	7.0	44	12.7	(29)	Net import economies
NAFTA	132	0.8	141	(-) 9.1	(22)	
Asia – (China+Japan)	145	6.1	174	7.6	(43)	

World steel trade

Leading world steel exporters

RANK	COUNTRY	EXPORT		VARIANCE
		2006	2007	
		(MnT)	(MnT)	(%)
1	China	52.1	69.1	33
2	Japan	34.9	36.5	5
3	EU-27	32.3	32.4	0
5	Ukraine	30.3	29.9	(-) 1
4	Russia	31.0	29.2	(-) 6
6	S. Korea	17.3	18.1	5
7	Turkey	12.7	14.0	10
9	Taiwan	10.4	10.9	5
8	Brazil	12.5	10.4	(-) 17
10	USA	9.0	10.3	14
11	Canada	5.9	6.8	15
12	India	4.9	4.6	(-) 6

(Source: ISSB / JPC / Eurofer / Mysteel / Census.gov)

Leading world steel importers

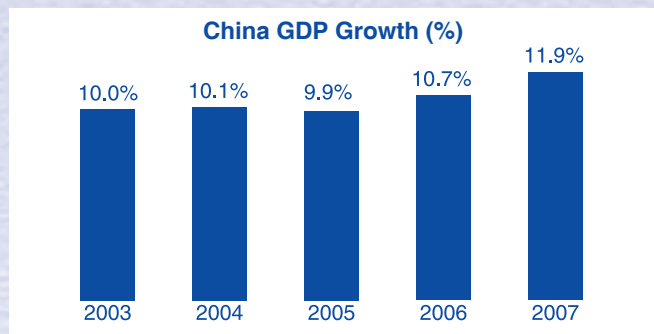
RANK	COUNTRY	IMPORT		VARIANCE
		2006	2007	
		(MnT)	(MnT)	(%)
2	EU-27	39.6	48.5	23
1	USA	41.1	30.1	(-) 27
3	S. Korea	21.9	25.7	17
4	China	18.9	17.1	(-) 9
5	Turkey	12.0	13.6	12
10	Iran	7.5	12.0	60
11	UAE	7.1	9.6	34
7	Thailand	10.6	9.6	(-) 10
8	Taiwan	10.4	9.1	(-) 13
12	India	4.4	6.5	47
	TOP-10	173.5	181.8	5

(Source : ISSB / JPC / Eurofer / Mysteel / Census.gov)

THE CHINA FACTOR

The economy

China emerged as the fastest growing economy in the world registering a GDP growth of 11.9% in C.Y. 2007. This growth was achieved primarily due to the rapid growth in fixed asset investment.

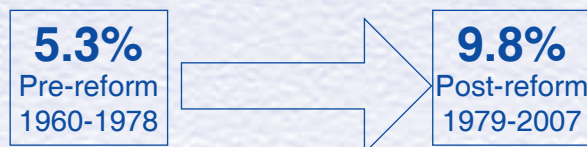


(Source: NBS)

Economic condition

- China has become one of the world's fastest growing economies. From C.Y. 1979 to 2007 the real GDP grew at an average annual rate of 9.8%.
- Trade and foreign investment continue to play a major role in China booming economy. In C.Y. 2007 China exported worth US\$1,218 bn (exceeding exports from the US of US\$ 1,162 bn), imports were US\$ 956 bn and trade surplus was US\$ 262 bn.
- The combination of large trade surplus, FDI, and large scale purchases of foreign currency helped make China the world's largest holder of foreign exchange reserve of US\$ 1.5 tr at the end of C.Y. 2007.

China's economic growth path



China's rapid economic growth attributes to two main reasons 1) Large scale capital investment, financed by large domestic savings and foreign investment and 2) Rapid productivity growth.

The cumulative level of FDI in China at the end of 2007 stood at approximately US\$ 760 bn making China one of the world's largest destinations of FDI. The annual utilized FDI in China (excluding financial sector) grew from US\$ 636 mn in 1983 to about US\$ 75 bn in 2007, the largest sector for FDI flows being the manufacturing sector accounting for 55% of the total.

Major Sectors	Utilized FDI (US\$ bn)	% share
Manufacturing	40.9	54.6
Real estate and development	17.1	22.9
Leasing and commercial services	4.0	5.3
Wholesale and retail trade	2.7	3.6
Transport, Storage, Post	2.0	2.7

The Chinese Steel Industry

A huge capex economy, creation of world-class infrastructure and cheap labour is driving economic growth and fuelling mega investments in China. The rapid growth in fixed asset investment in China catalyzed an unprecedented addition to steel capacities in the country. Chinese steel production and consumption grew at a CAGR of 24% and 18% over the past five years. As production considerably outpaced domestic demand growth, China emerged as a net exporter of steel for the first time in C.Y. 2006.

Crude steel production

China recorded a 15.7% increase in steel production to reach 489 MnT in C.Y. 2007, constituting 36.4% of the global crude steel production. Although this represented a growth reduction from the 18.9% achieved in C.Y. 2006, 26.9% in C.Y. 2005 and 26.1% in C.Y. 2004, China remains the principal driving force behind the strong world production figures. Without China, world crude steel production would have grown at a meagre 3.3%.

YEAR	WORLD (MnT)	CHINA (MnT)	WORLD-CHINA (MnT)	VARIANCE (%)
1998	777.3	114.6	662.7	n.a.
1999	788.9	123.9	665.0	0.3
2000	847.6	127.2	720.4	8.3
2001	850.3	150.9	699.4	(-) 2.9
2002	904.1	182.2	721.9	3.2
2003	969.9	222.5	747.4	3.5
2004	1,068.9	280.4	788.5	5.5
2005	1,146.5	355.8	790.7	0.3
2006	1,250.6	423.0	827.6	4.7
2007	1,344.3	489.2	855.0	3.3

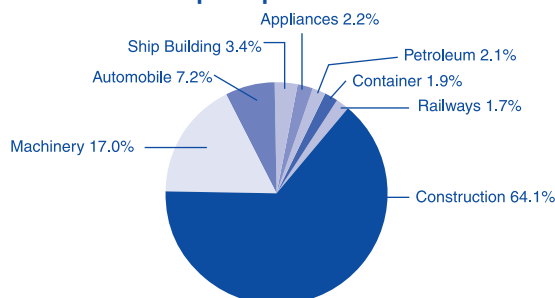
(Source: IISI)

Finished steel consumption

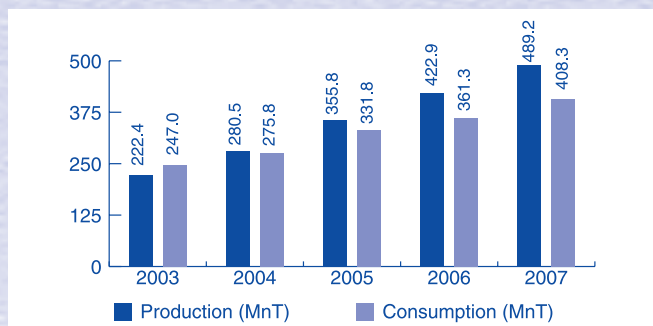
Consumption of steel in China increased by 13% to 408 MnT in 2007, an increase being attributed to the growth in a number of sectors/factors fuelling the demand for steel:

- FAI to GDP ratio
- Construction industry
- Real estate industry
- Automobile production
- White goods industry
- Expansion of Railways
- Oil and gas demand
- Ship building and container industry

China: Consumption pattern of finished steel



Chinese steel equation



(Source: IISI)

Exports

Exports from China increased by 33% in C.Y. 2007 over the C.Y. 2006 level to 69.1 MnT. But growing exports is expected to decline over the medium term - a result of the Chinese Government discouraging exports through a number of initiatives like implementing the export tax on various steel products which is effective 1 January 2008 and trimming the obsolete capacity in the country.

The Chinese trade equation

(MnT)

Products	Exports		Imports		Net Exports	
	2006	2007	2006	2007	2006	2007
Total (Incl. Semis)	52.1	69.1	18.9	17.1	33.2	52.0

(Source: Mysteel)

Road ahead

According to Chinese reports, to contain the oversupply situation in the domestic market and make operations more efficient, the iron making and steel making capacity of 100 MnT and 55 MnT respectively, would be closed down by 2010.

THE INDIAN STORY

Indian economic overview

As per figures released by the Central Statistical Organization, India is the second fastest growing economy in the world with an 8.7% GDP growth in 2007-08, primarily fuelled by the industry and services sectors.

	2003-04	2004-05	2005-06	2006-07	2007-08 (E)
GDP @ Factor Cost	8.5%	7.5%	9.0%	9.6%	8.7%
Agriculture	10%	0.0	6.0%	3.8%	2.6%
Manufacturing	6.6%	8.7%	9.1%	12.0%	9.4%
Industry	7.4%	9.8%	9.6%	11.0%	8.9%
Service	8.5%	9.6%	9.8%	4.1%	10.7%

The performance of the industrial production was largely led by the manufacturing sector, which grew by 8.1% in 2007-08. During the same period, the six core infrastructure sectors comprising finished steel, cement, crude petroleum, petroleum refinery, power and coal grew at a rate of 5.6%.

Indian Steel Industry

Snapshot

Capacity: 60 MnT

Crude steel production: 54 MnT

Export: 4.6 MnT

Finished steel consumption: 51 MnT

Per capita consumption: Average 47 kgs and 2 kgs in rural areas

Import: 6.5 MnT

Statistics

Crude steel statistics ('000 Tonnes)

YEAR	CAPACITY	PRODUCTION	UTILIZATION (%)
2002-03	40,407	37,166	92
2003-04	43,910	40,709	93
2004-05	47,995	43,513	91
2005-06	51,171	46,566	91
2006-07	56,483	50,817	93
2007-08	60,000	53,904	92

Finished steel consumption ('000 Tonnes)

YEAR	CONSUMPTION	LONGS	FLATS
2002-03	30,677	60%	40%
2003-04	33,119	60%	40%
2004-05	36,337	59%	41%
2005-06	41,433	57%	43%
2006-07	46,783	57%	43%
2007-08	51,495	57%	43%

Trade: Finished steel

Year	Export (MnT)	Import (MnT)	Net Export (MnT)
2002-03	4.5	1.5	3.0
2003-04	5.2	1.7	3.5
2004-05	4.4	2.1	2.3
2005-06	4.5	3.9	0.6
2006-07	4.9	4.4	0.5
2007-08 (E)	4.6	6.5	-1.9

(Source : JPC)

Historical demand-supply scenario

PRE-REFORMS					POST-REFORMS	
1950	1960	1970	1980	1990	2000	2007 (E)
Per capita consumption						
3 kgs	5 kgs	8 kgs	12 kgs	18 kgs	26 kgs	47 kgs
Consumption (MTPA)						
CAGR @ 6.7%					CAGR @ 8.7%	
1.1	2.2	4.5	8.2	15	26.5	51.5
Production (MTPA)						
CAGR @ 7.0%					CAGR @ 7.9%	
1.0	2.3	4.8	7.9	15.1	29.3	53.9

Characteristics

- The Indian steel industry has a capital base of Rs. 90,000 crores; it contributes around 6% to India's GNP; it commands a weight of 5.13 in the index of industrial production and accounts for 10% in excise duty collections. The industry provides employment to 0.4 million people directly and 0.6 million people indirectly.
- The Indian iron, steel and ferro alloys sector has the fourth highest output multiplier of 2.64 out of 115 sectors into which the economy is divided. The output multiplier effect is defined as the total increase in output generation (including unitary increase of the sector's own output) for one unit increase of final demand. For every additional Rs 1 lakh output (2002-03 prices) in the iron, steel and ferro alloys sectors, an additional 1.3 man years of employment are created. (Source: CSO).
- Pricing is determined by the open market and distribution controls restricted to the five priority sectors, namely Defence,

Railways, small scale industries corporations, exporters of engineering goods and north eastern region, with allocations made by the Ministry of Steel.

Economic linkage of mining and the steel industry

The output multiplier for iron ore is 1.40 while that for steel is 2.36. Every Rs 1 lakh worth of output in the iron ore sector would result in Rs 1.4 lakh of output (including the Rs 1 lakh output of iron ore) in the economy. Similarly for each Rs 1 lakh output in the iron and steel sector, the economy would derive an output of Rs 2.36 lakh.

Employment linkage of mining and the steel industry

The Employment Multiplier for iron ore is 0.35 and for steel it is 0.69. For every Rs 1 lakh of output, 0.35 man-year of employment is created in the case of iron ore, while it is 0.69 man-year for every Rs 1 lakh output of crude steel.

Capacity growth

Capacity growth in India was primarily through brownfield expansions due to its low investment against a greenfield unit with the similar capacity. The Indian steel sector is likely to see investment of Rs.2,768 bn by 2012 based on estimation of Rs.40 bn investment per MnT of additional capacity.

According to the Steel Ministry, in the most likely scenario the steel production capacity in the country is expected to touch 124 MnT by 2012. Brownfield expansion plans over the next five years are expected to add 40.5 MnT of capacity to the existing capacity of 55 MnT while greenfield projects are expected to add 28.7 MnT.

Total MoU's capacity and investment (As on Aug-07)

State	Total MoU	Capacity (MnT)	Investment (Rs. crores)
Orissa	45	78.2	192,380
Jharkhand	57	91.7	178,496
Chhattisgarh	57	33.8	89,232
West Bengal	13	27.0	48,327
Maharashtra	2	3.2	4,665
Gujarat	9	8.7	9,557
Others	11	6.3	6,361
Total	194	248.9	529,018

Source: MoS

2007-08 in retrospect

- Additional capacity commercialized during the year was 3 MnT.
- Indian finished steel consumption grew at an estimated 10% during the year 2007-08.
- India turned a net importer of steel to the tune of around 2 MnT for the first time in 2007-08.
- India maintained its lead position as the world's largest producer of direct reduced iron (DRI). Sponge iron production is estimated to go up from 15.7 MnT in 2006-07 to 17.7 MnT in 2007-08.

Sectoral steel demand (2007-08) (%)

End Use	Long	Flat	Total
Construction and infrastructure	74	39	59
Manufacturing	7	20	13
Automobile	5	20	11
Others	14	21	17

Source: JPC

Industry challenges

Resource constraints: The key resources used for the manufacture of steel are finite minerals sources namely iron ore and coal.

Iron ore

- India has some of the world's richest deposits of iron ore. The total recoverable reserves of iron ore in India is 25.2 BnT out of which Hematite constitute 14.6 BnT and magnetite constitute 10.6 BnT.
- India produced 207 MnT of iron ore during 2007-08 of which 48% was exported
- Recently global iron ore producers have started aggressively negotiating iron ore contracts. Nippon Steel and Posco have agreed to pay to CVRD about 65% more for iron ore in 2008-09.
- NMDC limited, India's largest iron ore producer may again raise the price significantly, even after midterm increase of 47.5% affected by them since 1 October, 2007.

According to estimates, the per capita iron ore reserves in India stands at an abysmal 10 tonnes, compared with Brazil's 333 tonnes and Australia's 2,000 tonnes (Source: Business Standard).

Saving precious resources -- Iron Ore

- Iron ore exports increased nearly seven times during 1999-00 to 2007-08
- The future demand potential and the resource potential make it imperative to preserve the iron ore for long term strategic and economic development of the country.
- To discourage the export of high grade iron ore, the Indian Government has taken a number of measures:
 - ✓ Imposed Rs. 300 per tonne of export duty
 - ✓ Planning to announce hike in royalty for minerals.

Coking coal

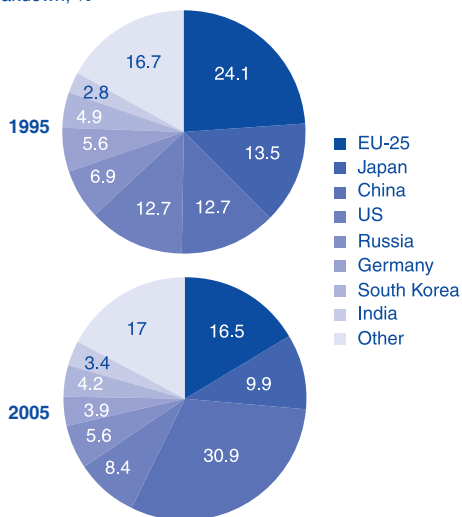
- India coking coal resources as on 1 January 2006 was 32.1 BnT and that of non coking coal was 221 BnT
- For steel production coking coal with 17% (+)/(-)0.5% ash content is suitable, the ash content available in ROM coking coal in India is 26-35%.
- India's coking coal production has been projected to increase from 18.8 MnT in Tenth Five Year Plan to about 26 MnT at the end of Eleventh Five Year Plan period against a possible demand of 54 MnT in 2011-12.
- India's non coking coal production has been estimated to reach 582 MnT in 2011-12 with a demand of 576 MnT leaving a surplus of 6 MnT.
- Recent development in coke making include stamp charging, briquette blending, selective crushing and pre-heating of the coal charge to reduce prime coking coal requirement. Injection of high grade non coking coal in blast furnace reduces the coke rate. Coal based DRI plants are effectively using the non coking coal.
- Besides the above, COREX process of steel production which utilizes soft coking coal is one of the major attempts to eliminate the use of coking coal.

Hindrances in capacity expansion: A stumbling block in the way of new capacities is the undue delay in land acquisition especially for green-field expansions. Several major steel makers are facing problems in taking physical possession of their land in the state of Orissa, Chhattisgarh and Jharkhand located in the rich mineral belt of the East.

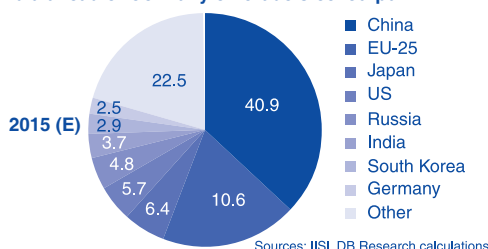
Appreciation of the Indian Rupee: The Indian rupee appreciated by about 8% against US \$ in F.Y. 2007-08 over the previous year. This has led to a reduction in average realization despite robust international steel prices.

India – strengthening its global visibility

India: Biggest increase in crude steel output
Breakdown, %



India ahead of Germany on crude steel output



Sources: IISI, DB Research calculations

JSW'S PERFORMANCE BAROMETER

Operational review

Following the merger of Southern Iron and Steel Co. Ltd. (SISCOL) with the company pursuant to court approved Scheme of Amalgamation, the Company now operates at 4 locations viz. Toranagallu, Salem, Vasind and Tarapur. The integrated steel manufacturing process for flat products is at Toranagallu (upstream unit), long products are manufactured at the Salem works and certain value-added flat products at Vasind and Tarapur (downstream units).

Production

(MnT)

	2006-07	2007-08
Upstream		
Pellet	3,799	3,790
Slabs	2,652	3,171
HR coils	2,155	2,717
CR coils	-	0,060
Downstream		
HR Plates	0,182	0,226
CR coils	0,770	0,802
Galvanised /Galvalume steel	0,714	0,764
Colour coated galvanized steel	0,052	0,090
Salem Works		
Billets and Blooms	-	0,455
Rolled Products	-	0,329
Total Crude steel production	2,652	3,626
Total Saleable steel sales	2,673	3,400

The Company has achieved a growth of 37% in Crude steel production and 27% in saleable steel over previous year. While all the production units performed optimally, the Hot strip mill achieved over 108% capacity utilisation following its modernisation in FY 2006-07.

Upstream unit

Overview

Plant	Capacity (in MTPA)	Quality certifications	Key technology differentiator
Coke ovens	1.2	OHSAS-18001, ISO-9001:2000 and ISO 14001	* Non-recovery type ovens that facilitates power generation from hot waste gases. * Vibro-compacting stamp charging technology, a first time in the world. * Recovery type coke ovens expected to be commissioned in first half of 2008-09.
Pellet	5.0	Same as above	* An environment friendly unit based on zero discharge concept as it utilizes the manufacturing waste of most of the other units for pellet generation.
Sinter	2.3	Same as above	* An environment friendly unit which utilizes the manufacturing waste of most of the other units.
Iron making	3.8	Same as above	* Only Indian steel making company having both Corex and Blast Furnace technologies. * Mastered the Corex technology to emerge as the best plant worldwide with this technology.
BOF/CCP	3.8	Same as above	* Only Indian steel manufacturing company casting 3.8 MTPA of steel with only three casters.
HSM	2.5	Same as above	* Capable of meeting stringent customer requirements.

Key highlights 2007-08

- Usage of around 8% of coal fines generated in the Corex process in the coal blend for coke making
- Commissioned closed circuit crushing facility at sinter plant for flux and coke
- Increased plant availability of the Corex units (Corex 1- 83.41% and Corex 2 -91.57 %),
- Achieved a productivity of 2.3 t/m3/d from the blast furnace against the erstwhile benchmark of 2.1 t/m3/d;
- Achieved the highest number of heats achieved in a month in steel melting shop at 2,261 heats with 3x3 operation of the converters; an Indian record
- Achieved a machine availability in the steel melting shop namely the caster was at 99.7%
- Achieved an average refractory specific consumption for the year at 6.50 kg/tonne of steel – a new Indian benchmark.

Key improvements

- Improved power generation from 58 MW to 60 MW using coke oven flue gases
- Usage of calcined lime for improving the productivity at sinter plant.
- Initiated the Six Sigma project for RDI and flux and fuel crushing at the sinter plant.
- Initiated the Six Sigma project for optimum utilization of BOF sludge at the pellet plant.
- Optimised the use of sinter fines (constituting 12 % of the total charge) in place of iron ore fines in Corex that led to improved productivity and a reduction in the usage of coke and iron ore fines.
- Used DRI (constituting 2 % of the total burden) in Corex resulted in improved productivity.
- Improved the availability of the lock hopper system by heat tracing treatment on depressurizing valves.

- Commissioned the diesel engine emergency pumps for the closed loop water circuit and gas cleaning inlet cone circuit. This improved the safety and prevented redundancy of the critical cooling systems and transfer pipelines.
- Improved the performance of BF-1 through effective gunning which induced confidence in extending its campaign.
- De-siliconised the hot metal at the blast furnace stage (in BF 1) which improved its quality, equipment productivity and enhanced converter refractory life in the steel melting shop.
- Used dunite in place of dolomite as a flux, which resulted in reducing the slag rate.
- Initiated two Six-Sigma projects to improve productivity and reduce slag rate in BF 2.
- Initiated better water utilization practices for blow down water and other water conservation measures for reduced water consumption in the iron making complex

Key initiatives

- Commissioned the coal drying plant in Corex, reducing moisture-related problems, leading to reduction in fuel cost during iron making.
- Commissioned the pre-treatment of hot metal system; improving product quality and increasing casting capability.
- Commissioned the RH degasser facilitating the removal of hydrogen from steel, a necessity for making the niche API-70X grade used in the automobile sector.
- Commissioned the clarifier 1 for recycling of ETP lime slurry, preventing the direct discharge of hard lime and replacing it with diluted forms.
- Projects were undertaken during the year for improving the environment management comprising modifications and additions for de-dusting systems at the cast house and stock house at Corex and BF 2.
- Conducted successful plant scale column flotation trials at beneficiation plant for better Fe recovery.

The RH-degasser will facilitate the manufacture of special grades such as API X-70 and X-80, low carbon and cotton steels that find niche application in the oil and gas (pipe making), automobile and white goods sectors.

Way Ahead....

- The brown field expansion to take the capacity to 6.8 MTPA is expected to be commissioned by Sept.'08
- Commissioning of 1.5 MTPA long product facility as part of brown field expansion, increasing production from recently commissioned 1 MTPA CRM Complex will make the product mix of the Company richer.
- The planned Phase II modernisation of HSM in Q2 FY 08-09 will further increase the HR Coil production capacity to 3.2 MTPA from 2.5 MTPA
- Enhancement of captive coke oven production and power generation help in reducing costs.

Downstream unit

Overview

Products	Capacity (MTPA)	Application
GI/GL	0.90	Telecom, white goods, roofing, furniture etc.
PPGI/PPGL	0.10	
HR Plate	0.32	General engineering and fabrication, transmission lines, pipe making, automobiles, internal expansion projects etc.

Key competence

Size: The Company is the largest producer of galvanized steel (in terms of installed capacity) in India.

Servicing: The Company positions itself differently in its servicing ability in a commodity business where product differentiation is difficult. Driven by a relationship building model, it enters only into long-term contracts with key customers, offers superior product customization and responds to customers' needs with a sense of emergency.

Consider this: Currently, the company offers 200 shades of colour coated galvanized products. However, on customer's demand, it can deliver any shade within three weeks.

Branding: The Company's pre-coloured galvanized products were marketed for the first time in 2007-08 under the brand name of 'JSW Colour on'. This initiative enables the company to command a premium over competing products.

In 2007-08, the Company initiated the 'JSW Shoppe', a first-of-its-kind store in the world. Here the entire gamut of products manufactured are displayed for generating greater visibility and educating customers and dealers on its various applications and technical specifications. This concept was encouragingly received by the dealer and consumer community.

Key highlights 2007-08

- Increased the proportion of value-added grades in the total product mix of HR plates from 5% to 22 %
- Increased the productivity of HR plate mill achieved through furnace modification/repair which reduced down time, enhanced reliability and also reduced fuel consumption.
- Strengthened the yield from slab to finished plates from 85.98 % to 88.7%, through better control of key process parameters and internal procurement of slabs meeting specifications more closely, reducing rejection rates.
- Obtained the 'GALVALUME' trademark from BIEC, International, the worldwide licensor of the technology and know-how associated with 55% Aluminum and 45% Zinc alloy coated steel sheets - leveraging the 40 year-BIEC experience to appoint renowned suppliers from whom the key machineries for the galvalume line were procured.

Equipment	Supplier
Cooling equipment	Spooners, UK
Induction furnace	Ajax Tocco, USA
Acrylic coating	Bliss and Reels, New Zealand

- Launched Galvalume products in 2008

Key initiatives

- Converted DC drives to AC variants at several units of the rolling mill, HR plate mill and galvanizing lines to optimize the power consumption.
- Installed an energy management system that records the total units of power consumed by each cost center. This system generates an automatic e-mail on a daily basis, enabling an informed self control over the total power consumed by each of these centres.
- Replaced electricity with LPG in the soak inflection system.
- Undertook constant monitoring that ensured that the maximum power drawn from the State Grid at any particular point did not exceed the stipulated limits.

- Installed capacitor banks to stabilize and maintain the plant factor towards the higher end, leading to qualification under incentive linked schemes run by the state electricity board.
- Standardized the coolants used on CR products which eliminated the need for de-greasing in one of the galvanizing lines.
- Installed a camera in the furnace of the HR plate mill enabled heating optimization, resulting in lesser fuel usage and better furnace utilization.
- Optimized the usage of zinc in the galvanization process by reducing the quantum of 'buffer' coating.
- Replaced Chrome 6 by Chrome 3, a more internationally accepted and environment friendly chemical used for anti-finger print coating on galvanized products.
- Standardized the roller bush in the galvanizing line which led to lesser line stoppages for the purpose of its replacement.
- Reduced the usage of colour in the colour coating line by optimizing the use of imported and domestically procured material.

Prompted by a slowdown in the US economy and an appreciating rupee, the year saw the Company focus more aggressively in the domestic market. Export revenue reduced to 65% of total revenue from galvanized product in 2007-08 from the earlier 76% level in 2006-07.

Way ahead...

- The Company which had been running 6 galvanizing lines (4 in Tarapur and 2 in Vasind) is now pursuing the target of converting its operational capacities to more value added products like galvalume and colour coated galvanized products. In 2007-08 it converted one galvanizing line to galvalume and is in the process of converting two more lines to galvalume in 2008-09.
- It is targeting the relatively stable OE market for the marketing of its value added products, with key customers coming from the telecom and pre-engineering sector. The Company has already identified these customers and their potential demand.
- The company is installing the ERP module in operations, which will entail better linkage with other departments and enable real time sharing of information that are critical to informed decision making.

Besides being a value added product, galvalume has several added benefits which makes it a far superior offering over galvanized steel. Coupled with the benefits of aluminum, with superior corrosion resistant properties, a galvalume coating enhances durability of the product. Besides, more than 80% of the applications which uses galvanized steel can switch over to galvalume with lower conversion cost.

Salem unit

The Salem unit has an integrated manufacturing facility comprising of Sinter plant, Blast furnace, EOF, Billet & Bloom caster and Rolling mill for producing 0.3 MTPA long product facility, with associated facilities viz Coke oven batteries, Power plant, Oxygen plant etc. The capacity expansion project to make the Billet & Bloom making capacity to 1 MTPA has been commissioned in F.Y. 2007-08. The work on setting up additional rolling facility to increase the capacity to 0.9 MTPA is progressing briskly and is expected to be commissioned in F.Y. 2008-09.

Way Ahead....

- Recently commissioned capacity expansion projects is expected to push up the volume of production in FY 2008-09
- Commissioning of incremental Rolling capacity will increase the product mix with significant value addition.

WHAT OUR FINANCIAL STATEMENTS REVEAL

Where we improved...

- Net turnover increased from Rs. 8,554.36 crores in 2006-07 to Rs. 11,420.00 crores in 2007-08 – an increase of 33%.
- EBIDTA increased from Rs. 2,921.97 crores in 2006-07 to Rs. 3,611.74 crores in 2007-08 – an increase of 24%.
- PBT increased from Rs. 1,915.18 crores in 2006-07 to Rs. 2,484.12 crores in 2007-08 – an increase of 30%.
- PAT increased from Rs. 1,292 crores in 2006-07 to Rs. 1,728 crores in 2007-08 – an increase of 34%.

Where we tightened...

- Improvement in interest cover despite a hardening interest rate scenario; interest cover improved from 6.07 in 2006-07 to 6.64 in 2007-08.

EBIDTA margin 30.93%	Net margin 14.80%	Return on capital employed 21.62%	Earnings per share (diluted) Rs. 94.18
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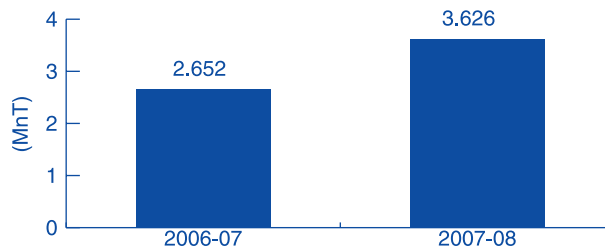
Getting into the numbers

Revenue

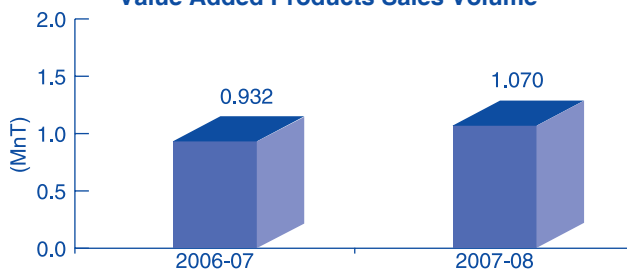
Revenue (net sales) increased by 33% in 2007-08 on account of enhanced production and increased realisation.

- Increased volume -- the first full year of operation of the expanded capacity upto 3.8 MTPA.
- Enhanced realization – about 8% increase in realization in 2007-08.
- Higher proportion of value added products – commercialization of new value added capacities in the upstream and downstream units.
- New revenue vertical – Merger of SISCOL with JSW Steel w.e.f. 1 April, 2007.

Crude Steel Production

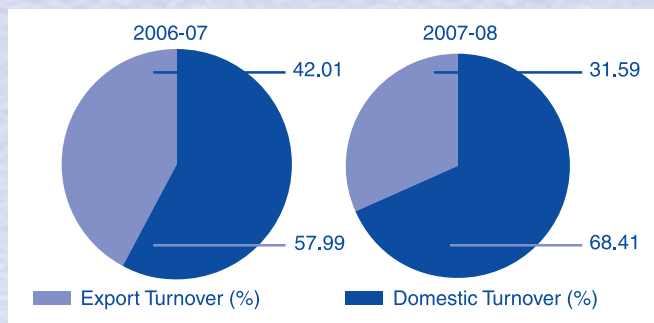


Value Added Products Sales Volume



Geographical revenue analysis

While the domestic market accounts for majority of JSW Steel's income, exports are significant as well.



Domestic: JSW Steel's domestic market is concentrated in west and south India, accounting for about 80% and 77.6% for hot rolled coils and coated products revenues (domestic) respectively. In 2007-08, the Company's domestic revenue increased 58% over the previous year due to two important reasons:

- A conscious de-risking strategy by the company against the depreciating dollar in 2007-08.
- The burgeoning domestic demand was an important deciding factor in favour of an increased domestic presence.

Exports: JSW enjoys a presence in more than 74 countries, adding new client and markets.

Cost analysis

Absolute operational costs increased by Rs. 2,287.78 crores over the previous year largely fuelled by an increase in the raw material costs. As a result, cost of production as a proportion of net sales increased from 67.5% in 2006-07 to 70.6% in 2007-08.

Segmental break-up of key expenses (as a proportion of net sales %)

Segment	2006-07	2007-08
Raw materials	47.11	49.86
Power & Fuel	4.60	4.66
Employee cost	2.05	2.40
Other expense	13.78	13.71
TOTAL	67.54	70.63

Raw material costs: Raw material costs increased by 41% over 2006-07 levels.

	% increase in price over previous year
Iron ore	68%
Imported Coke	66%

Iron ore : The plant's strategic location in the ore rich Bellary-Hospet belt in Karnataka provides it with an easy access to Ore. Dedicated mines through the joint venture company (Vijayanagar Minerals Pvt. Ltd.) provide about 20 per cent of its iron ore requirement. In addition, it has entered into a long-term contract with National Mineral Development Corporation (NMDC) and MOU's with certain private Mine owners for meeting present and incremental iron ore requirement from within 20 kms from the plant.

Cost reduction initiatives

- Setting up 20 MTPA Beneficiation plant to use lower grade Iron ore to improve Fe content to 63% which reduces cost of procurements, improve productivity in Iron making and reduces fuel consumption.
- Acquiring additional Mines, both in India and abroad to increase self sufficiency

Coke : The captive coke oven batteries were producing around 60% of total requirement, thus necessitating to import the balance coke. The coke prices went up significantly due to restrictive export policy followed by China, which is the major exporter of coke in the world. This has pushed up the cost of procurement of coke, resulting in higher input cost.

Cost reduction initiatives

- New coke oven batteries are expected to be commissioned in FY 08-09, increasing the captive availability to 75% of total requirement
- Lower coke consumption with the improvement in quality of inputs in furnaces due to proposed beneficiation of Iron ore and commissioning of Coal drying plant.

Power and fuel costs: The company has taken a number of initiatives at its Upstream, Downstream and Salem Works for rationalizing power consumption.

Upstream

- Captive power generation has increased from 143 mw to 146 mw.
- Adopted an approved methodology for calculation of Specific Energy rate to benchmark the energy performance with peers in the sector
- Created the concept of energy cost centers (ECC) which is an identifiable energy usage unit with accountability
- Continuous audit of energy use and its regular follow up in weekly review meeting at the highest level.
- Fixed specific energy rate for each unit by benchmarking it with best standards achieved by peers in the sector.
- Initiated action to reduce purchase of gaseous fuel (LPG) by about 25%.
- Commissioned a 50,000 Cubic meter capacity Dry Type B F Gas holder to stabilize the network pressure of the blast furnace gas
- A third booster pump to improve the recovery of L D Gas is under implementation.

Downstream

- Replacement of old AC motors with energy efficient variants
- Replacement of DC motors with AC variants
- Installation of VFD at various locations at the shopfloor
- Extensive use of CFL in the plant and colonies
- Optimising the utilization of equipment in the plant saving power consumption

Salem

- Installed two captive power plants of 30 MW each - emerging self sufficient for its power requirements at expanded operations.

Staff cost: Employee cost as a proportion of net sales was 2.40% in 2007-08 due to the recruitment of additional manpower to meet the increased work load from newly commissioned CRM Complex which was in the process of capacity ramp-up during FY 07-08. The Company employed about 7060 people as on 31 March 2008. The Company improved manpower productivity through increased plant automation and increased training from 12.28 days per person in 2006-07 to 12.45 mandays per person in 2007-08.

Margins

Operating EBIDTA margin

The un-precedented rise in input cost namely iron ore by 68% and coke 66% exerted tremendous pressure on the EBIDTA margins of the Company. However, in absolute terms, the Company has

shown increase in EBIDTA, cash profit and net profit mainly on account of volume growth and efficiency in operations.

	2006-07	2007-08
EBIDTA	2,921.97	3,611.74
Less :		
Carbon Credit		111.11
Non-operational income	2.59	50.90
Insurance claim	65.85	18.75
Forex Gain/(Loss)		37.11
Operating EBIDTA	2,853.53	3,393.87
Operating EBIDTA (% of net sales)	33.1%	29.6%

The EBIDTA margins fell by 3.5% due to steep increase in input costs, while the sales realisation have gone up by only 8% not adequate to meet the cost increases.

PAT margin

Profit after tax during 2006-07 was Rs. 1,292 crores as against Rs. 1,728.19 crores in 2007-08, a growth of 34%. However, the net profit margin was marginally squeezed due to the inflationary external environment.

	2006-07	2007-08	Growth
PAT	1,292.00	1,728.19	34%

Surplus management

As a policy, the Company re-invested all operational surplus into its business to reduce its dependence on external funding and enhance the gross block. The Company maintained a strict control of its asset-liability position through ongoing cash flow management.

(Rs crores)

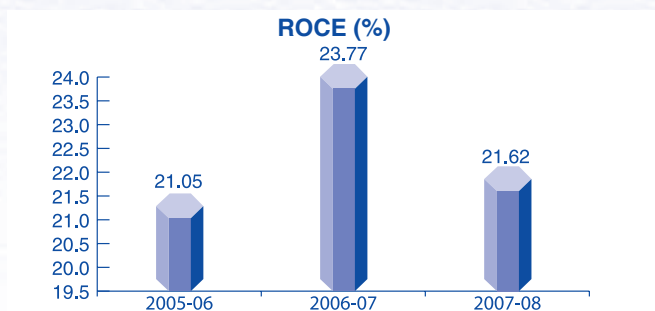
	2004-05	2005-06	2006-07	2007-08
Gross block and CWIP (31 March)	7,870	10,230	12,516	19,565
Long term debts (31 March)	3,714	3,877	4,031	7,249

Taxation

The effective tax rate declined from 32.54% in 2006-07 to 30.43% in 2007-08 mainly attributable to tax benefits claimed in respect of the power business.

Capital employed

The capital employed in the business increased from Rs. 10,585 crores in 2006-07 to Rs. 16,475 crores in 2007-08 to fund growing capacity and technology upgradation. As most of the capital-intensive projects namely the mining blocks, steel making, hot-strip mill, power generation among others, are to be commissioned over the coming years, the returns from the invested capital is postponed to that extent. As a result, the company registered a marginal decline in the ROCE over the previous year.



Own funds

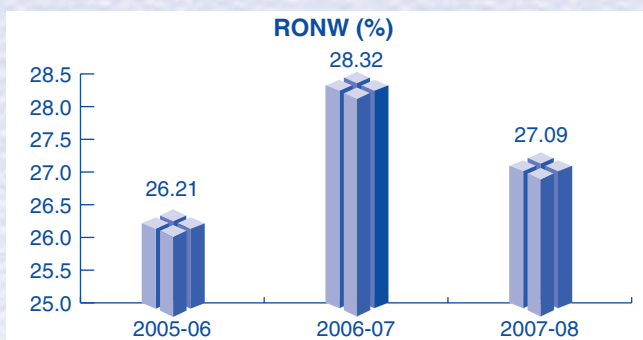
Net worth grew by 42% from Rs. 5,399.18 crores in 2006-07 to Rs. 7,677.25 crores in 2007-08, due to a marginal dilution of equity and sizeable growth in reserves.

Equity share capital : The Company's share capital comprised 18,70,48,635 equity shares, each of Rs. 10 face value. The equity grew from Rs. 163.98 crores as on 31 March 2007 to Rs. 187.05 crores as on 31 March 2008. The growth in equity was on account of conversion of 80,00,000 warrants, issue of 1,50,35,711 shares of the Equity Shareholders of SISCOL on account of its merger and 33,799 FCCB conversion during the year. The promoter's holding in the company stood at 47% as on 31 March, 2008.

Reserves and surplus : Reserves and surplus stood at Rs. 7,140.24 crores in 2007-08. They increased by Rs. 2,072 crores over the previous year through the following:

- Increase in retained earnings by Rs. 1,387.82 crores over the previous year.
- Addition to securities premium by Rs. 212.79 crores due to an issue of shares
- Addition to General Reserve Rs. 528.69 crores pursuant to Scheme of Amalgamation with SISCOL.

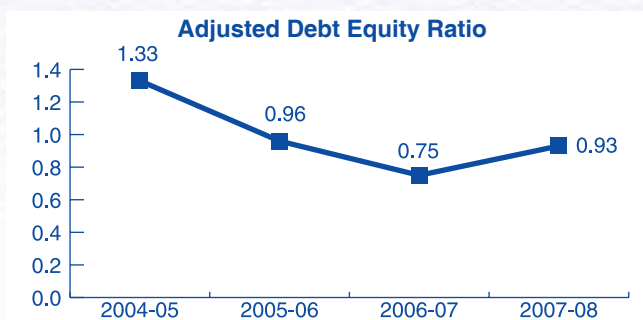
Return on net worth



External funds

External long-term debt stood at Rs. 7,249 crores as on 31 March, 2008 as against Rs. 4,031 crores as on 31 March, 2007, an increase of 80% over the previous year. This was a result of an increase in term loans for funding capital expenditure in excess of repayments of old loans. Besides, there was an increase in working capital loans from Rs. 141.55 crores to Rs. 297.53 crores consequent to the growth in the scale of operations at the company.

In 2007-08, the company made a conscious effort to increase the proportion of foreign currency loans to adequately hedge the company's foreign exchange receivables with the payables. As a result, the proportion of the rupee denominated debt decreased from 73% in 2006-07 to 59% in 2007-08, being filled in by foreign currency funding.



Despite a significant increase in the debt, the interest outflow increased only 10.24% from Rs. 399.54 crores in 2006-07 to Rs. 440.44 crores in 2007-08. At a time of rising interest rates, the Company managed to keep its average cost of debt at 7.59% through the following initiatives:

- Repayment of debt of Rs.983 crores.
- Swapping high cost debt with low cost alternatives
- Majority of the fresh loans taken in foreign currency

Gross block

Over the years, the company increased its gross block through multiple organic initiatives across the steel value chain, strengthening its position in the Indian steel sector.

The Company's gross block stood at Rs. 13,952.32 crores as on 31 March 2008 as compared to Rs. 10,512.76 crores as on 31 March, 2007. This increase is primarily due to the commissioning of certain capital-intensive projects in 2007-08:

- Amalgamation of SISCOIL with the Company.
- Commissioning of the Cold Roll Mill at the upstream unit.
- Commissioning of a Galvalume line in the downstream unit.

The Company maintained a policy of proactive equipment maintenance, resulting in improved machine availability. This is reflected in an improvement in the return from investment in assets.

Working capital

Working capital is essential for the following reasons:

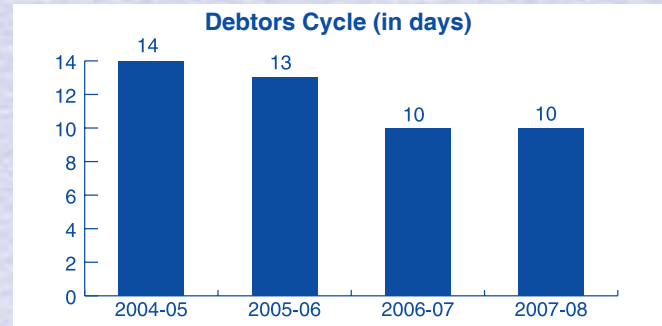
- Increased scale: Consistent capacity addition over the years necessitated an increase in working capital to manage day-to-day operations.
- Input stocking: Significant import volumes of key inputs namely coal and iron ore necessitating adequate storage to ensure seamless operations.
- Paying creditors: In view of a tightening supply situation of key inputs, timely payments of creditors has become a necessity.

Inventory : Growing business volumes and increase in input cost necessitated an increased inventory accumulation for seamless operation at the Company shopfloor. The inventory increased to Rs. 1,549.16 crores as on 31 March 2008 from Rs. 1,011.35 crores as on 31 March 2007 a growth of about 53.18%. The inventory cycle also increased from 43 days (of net sales) in 2006-07 to 50 days in 2007-08.

Debtors : In an organization which sells products worth about Rs. 34 crores every single day, it must do so with a surety about recovering this amount. A minor delay in the receivables cycle could impact the working capital and hence the day-to-day operations of the company. To achieve this, the Company institutionalized strong trade norms which accelerated its receivables cycle:

- Goods are generally despatched to the domestic customers on receipt of the funds.
- International customers were serviced through export agents against sight L/Cs, minimising receivables risk.

Even as debtors increased from Rs. 245.16 crores in 2006-07 to Rs. 337.39 crores in 2007-08, the debtors' cycle remained at 10 days (of gross sales) to that of in 2006-07.



Foreign Exchange Management

Exports - slabs, hot rolled coils, hot rolled plates, galvanized products and colour coated products - accounted for 32% of the total revenue of the Company. The Company imported its entire coal and coke requirement, a natural hedge against currency fluctuation. Foreign exchange earnings during 2007-08 were Rs. 3,298.66 crores as against Rs. 3,316.33 crores during the previous year, while the foreign exchange outgo during the year was Rs. 4,707.17 crores as against Rs. 3,391.98 crores during the previous year.

CONSOLIDATION OF ACCOUNTS

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

Subsidiaries :

- JSW Bengal Steel Ltd.
- JSW Jharkhand Steel Ltd.
- JSW Steel Processing Centers Ltd.
- JSW Steel (Netherlands) B.V.
- JSW Steel Holding (USA) Inc.
- JSW Steel (USA) Inc.
- JSW Natural Resource Ltd.
- JSW Natural Resource Mozambique Limitada.
- JSW Steel (UK) Ltd.
- Argent Independent Steel (Holdings) Ltd.
- JSW Steel Service Centre (UK) Ltd.
- JSW Panama Holdings Corporation.
- Inversiones Eurosh Limitada.
- Santa Fe Mining.
- Santa Fe Puerto S.A.

Joint Venture :

- Vijayanagar Minerals Pvt. Ltd.

Associates :

- JSW Energy (Vijayanagar) Ltd.
- Jindal Paraxier Oxygen Company Pvt. Ltd.

The company during the year acquired a Plate mill and Pipe mill in USA, Steel processing service center in UK and Mining concessions for Iron ore in Chile and for coal in Mozambique. These acquisitions are in line with the Company's strategy of increasing self sufficiency for key raw materials and add value to the basic steel products produced in India.

The US operations have shown significant improvement following the acquisition with improved capacity utilisation, lower costs and better margins. The consolidated Gross Turnover, EBITDA and PAT were Rs.13,665.56 crores, Rs. 3,739.59 crores and

Rs. 1,640.04 crores respectively. The PAT was lower as compared to Stand alone Company mainly due to unrealised profits attributable to inventory of inter company sales. The consolidated adjusted debt to Net worth ratio was 1.49 : 1.

PROCUREMENT

Overview

The key inputs that the Company needs to source are iron ore, coke, coal, ferro-alloys, stores and spares, contract manpower, project and capital items among others.

Sourcing

Principle inputs	Usage	Sourced from
Iron ore (lumps and fines)	Iron making	NMDC, Dedicated mines through joint ventures and private mines owners
Coke	Iron making	China
Coking coal	Coke and iron making	China, Australia, USA, South Africa
Dolomite and ferro-alloys	Niche grades of steel as per client requirement	Suppliers located within the vicinity of the plant sites.
Stores and spares	Numerous applications across the plant	Multiple suppliers spread across the country
Contract manpower	In production lines, maintenance, fabrication, repairing, material handling.	Local areas
Project and capital items	In the capacity expansion projects of 11 MnT by 2010	Leading equipment manufacturers within and outside the country.

Sourcing policies

- In contrast to short-term contracts, the Company enters into long-term contracts with its suppliers (especially with regards to its key inputs) that ensure regular availability.
- It follows a multi-vendor policy, to eliminate over-dependence on any particular supply source.
- Inventory is maintained at reasonable levels, through the placement of orders at regular intervals and developing supplier base around the Company's site.

The Company devised a unique mechanism called the Management Contract where the total cost incurred under each cost head is determined on a per tonne of steel produced basis in advance. Contracts for the supplies of refractory, water treatment facilities, lubrication management and bearing management are awarded on this basis. This innovative practice has contributed towards lowering the costs.

Way ahead....

To address the challenge of procuring raw materials for its on-going expansion projects, the Company has already tied up with its sources of supply. It plans to increase procurement from each of these sources, in sync with increasing demands.

RAW MATERIAL HANDLING

Overview

It is one of the key functions that ensure un-interrupted supply of inputs to the consuming units and minimise losses or damages to material during internal handling.

Key facilities

- The department is in possession of wagon tippers that ensure better material handling and facilitate optimum utilisation of storage space.

- It is equipped with stackers and reclaimers. As the name suggests this equipment serves the dual purpose of piling incoming materials in the stock yards and also retrieving them for onward movement into the consuming unit through conveyor belts.

Highlights, 2007-08

- Reduced handling loss through increased transportation of incoming material via rail in contrast to road which reduced human intervention in material handling. Additional measures to reduce material spillages through constant design modifications in conveyors and transmission belts were undertaken.
- Reduced rake handling time from an average 6.5 hours to 5 hours, leading to faster evacuation of materials from the railway wagons.
- JNT-5C3 belt has been made reversible to ensure un-interrupted feed of all types of material to the blast furnace (BF 1).

Way ahead....

- Installation of mobile hoppers (for simultaneous stacking and reclaiming) in three yard conveyors for interrupted feed to the consuming departments.
- Setting up of loco-siding facilities (infrastructure for loading and movement of material via railways) at its supplier's pit-heads.

LOGISTICS

Overview

The importance of this function can be gauged from the fact that at a capacity of 4 MTPA the Company needs to transport about 20.73 MnT of inward and outward moving material at Upstream; at 10 MTPA this figure will reach 52.76 MnT. This mammoth task requires ramping up of present infrastructure to handle the increased traffic. Nearly 80% of its inward and 75% of its outward bound traffic movement takes place via rail.

Existing infrastructure (at 4 MTPA)

- Railway sidings connecting Toranagallu station to the Company's plants, for inward movement of imported raw materials and for outward movement of finished goods to client destinations and downstream units for value addition.
- Direct rail connection with Banihatti station for handling of iron ore traffic from mining sites in Ranjitpura.
- Reception yard for raw material handling, equipped with four wagon tippers.
- Despatch yard for despatch of finished products, which is fully mechanised.

Way ahead....

As the movement of bulk cargo by rail is environment friendly, fast, safe and the secured mode of transport, the Company plans to minimise material movement by road. For this, it is in negotiation with the Indian Railways for constructing its own sidings (wherever possible) for seamless management of the increased material movement.

RESEARCH AND DEVELOPMENT

Overview

The R&D team focuses on innovating processes and improving operational practices which enhance man and machine productivity and reduce cost of operations. The R&D team consists of 23 technically qualified experts along with support staff. It is also in the process of equipping itself with state-of-the-art facilities to carry out off-line experimentations and characterization.

Highlights, 2007-08

- 21 process innovations successfully undertaken by the team; of this 8 were commercialized, and 6 are under implementation.
- 11 applications filed for patenting its processes; 1 process innovations created an international benchmark

Achievements in innovation

At the laboratory

- Developed a new process of coating sinter with halide solution for improved quality products.
- Developed selective granulation process for sintering which enables the use of high alumina bearing iron ore without impacting the sinter quality. It also facilitates in the utilization of high quantum of iron ore fines.
- Developed a process for manufacturing high basicity pellets for improved blast furnace productivity.
- Developed a novel process (patented) for utilizing iron-bearing solid waste, an environmental concern, maximizing the utilisation of steel plant waste.

On the shop floor

- Optimized the composition and operating parameters for sintering for using dunite in place of dolomite. This reduced sintering time by four minutes .
- Improved the productivity and quality of the non-recovery coke oven units by optimizing the coal blend (60% coking coal with the balance between semi-soft and soft-coking coal). This also reduced the coking time by 2 hours and achieved an excellent product quality (CSR of 66-67% and CRI of 23-24%).
- Increased the productivity of Corex from 98 t/h to 101 t/h through the following – 1) installing the new coal dryer to reduce the moisture content below 4%; 2) introduced new parameters such as CCSR and CCRI (patented) for coal selection, 3) use of sinter fines in the melter gassifier (patented).
- Developed a hearth wear prediction model for the blast furnace using one dimensional heat transfer equation and finite difference approach to estimate hearth wear erosion pattern using graphics.
- Reduced slag rate by adopting a two-fold approach: 1) replacing dolomite with dunite and 2) optimizing slag regime in both blast furnaces. This reduced the slag rate by about 50 kg/thm and the fuel rate by about 20 kg/thm. In addition, productivity improved by about 5%.
- Introduced a new process for external de-silicisation using sinter fines (10-20 kg/thm) resulting in a 0.15 drop in silicon content.
- Developed the niche, high-value API X70 grade steel for the line pipe segment. The HR coils meet the API 5L specifications for pipe making. The HR coils and slabs were launched in the export and domestic markets.
- Carried out Tundish water modelling studies in collaboration with IIT Kanpur which reduced tundish losses by about 50%.
- Reduced scale loss in the hot strip mill from 1.5% to 1.25% with the optimization and control of the air/gas ratio.

Intellectual repository

Process innovations have strengthened the Company's image as a differentiated steel manufacturer

- 11 applications filed for national patents
- 5 technical papers published internationally

HUMAN RESOURCES

Significance

The Company's intellectual capital (Human resource) represents its most valuable reserve and resource. The Company has formulated HR goals strategically with increasing presence across various business segments and geographies. Its endeavour to increase the work force, collaborate with other functions to create the right working culture, inculcate right practices and foster proper work ethics, reflected in increased productivity.

Recruitment

Significance: Attracting qualified professionals and skilled labour is exceedingly challenging in India facing a shortage of intellectual capital despite being the second most populous nation. This is even more pertinent to JSW's doubling its capacity over the next three years.

Strategy: The Company recruits graduate and diploma engineers from the country's best engineering and management colleges by visiting reputed institutions like NIIT, RECs, Punjab Engineering College, Chandigarh etc. under its 'Campus Connect Programme'. It recruits experienced people for certain critical positions mainly through internal references, industry connections, advertisements and placement agencies.

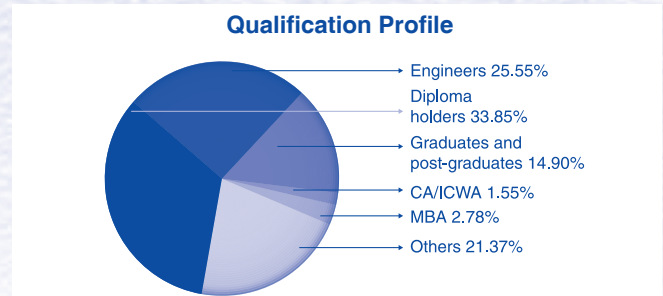
The Company recruits both permanent as well as associate employees for the shop floor. It has aggressively encouraged professional contracting companies from 2006-07, capable of providing associate man-power with the appropriate skill and mindset, spear-headed by senior officials.

In 2007-08, of the total 1,500 new recruits for its 10 MTPA expansion plans, 90% were fresh graduates. Average employee age 33 years, transforming into a young and dynamic work culture.

Composition and qualification

The Company possesses a rich pool of MBAs, CAs, ICWAs, ITIs, engineers, graduates, post-graduates and diploma holders.

Qualification profile of the Company's employees



Training

Areas of training: The various areas of training include behavioural, functional, technical, quality and safety practices.

Induction training: The Company, in association with the University of Manipal, conducts a 15-day induction training programme covering all aspects of management. Emphasis is given on enhancing skills through in-depth training on the shop-floor level and department and plant visits, besides technical, behavioural, safety and environment-related modules. It also includes three days of yoga classes, an out-bound training as well as sessions for inculcating corporate finesse and business etiquette.

Continuous training

Year round training: The Company has a well-structured training calendar divided into monthly training plans, devised post-discussion with the department heads for outlining areas requiring development. The performance of the employees is appraised on the basis of training, besides encouraging them to come forward with their own training needs (under any module) with the approval of their respective HODs. In 2007-08, 93 % of the Company's total employees were covered under various training modules for hard and soft skill development.

The training needs are met by internal faculty (specialists in specific knowledge streams) and external faculty invited to the plant site. The company, in association with IIM-Bangalore and IIM-Ahmedabad, is in the process of grooming aspiring managers with courses and internships to students from premier institutes like IIM- Lucknow, IIT-Powai, IIT-Roorkee, IIT-Chennai, and BITS-Pilani.

Foreign training: The company sponsors group-visits to world-class steel plants such as Bao Steel (China), POSCO (South Korea), VAI Linz (Austria), Morgan Construction Company (USA) and Fukuyama Steel Works (Japan) and also to its suppliers' facilities for understanding the technicalities of plant operations.

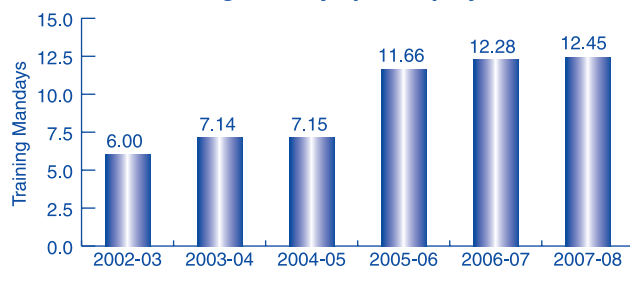
Executive training: Appreciating the importance of skill replenishment, an 18-month e-MBA module was initiated with NMIMS, India's leading management institute. In 2007-08 e 42 participants enrolled, incentivised by a 50 per cent course fee subsidy from the Company.

Key initiatives

- Organized customized Advanced Management Programmes for its top managerial staff in association with Premier management institutes like IIM-Bangalore and IIM-Ahmedabad.
- Deputed the maximum number of employees for foreign training, especially to its supplier's site Thyssen Krupp of Germany, which supplied the Company with its Cold Rolling Mill.
- Identified 50 diploma engineers training for a B.Sc course in process engineering in collaboration with BITS, Pilani. The programme is sponsored by the Company and is administered at the Company's plant premises at Vijayanagar works.
- A diploma in industrial safety was started at the Rajiv Gandhi Institute of Steel Technology. In 2007-08 the course was undertaken by 15 Company staff.

Particulars	F.Y. 2007-08
No. of training programmes	1,108
No. of training man days	45,520
Training man days per employee	12.45
Training cost per employee (Rs.)	1,904
Percentage of employees undergone training	93%

Training mandays per employee



Communication as a motivational tool

An efficient communication model serves as the key in knowledge dissemination, understanding, information flow and managing issues. The Company follows several avenues as a motivational tool to convey the voice of the people across different hierarchies to the top management, including:

Manthan: An HR meet of JSW Group companies, encompassing a review of recent HR-related activities. The management assesses ideas and the progress and results of activities under implementation, apart from taking strategic decisions in human resource management.

Soundboard: A forum for direct communication and redressal of the concerns of the shop floor team with the top management.

Voice of people: Surveys for employee feedback that provide valuable information for the formulation of strategic HR policies.

Open door policy: Allows all members to interact directly with the Joint Managing Director and Chief Executing Officer on a one-on-one basis to seek professional and personal guidance.

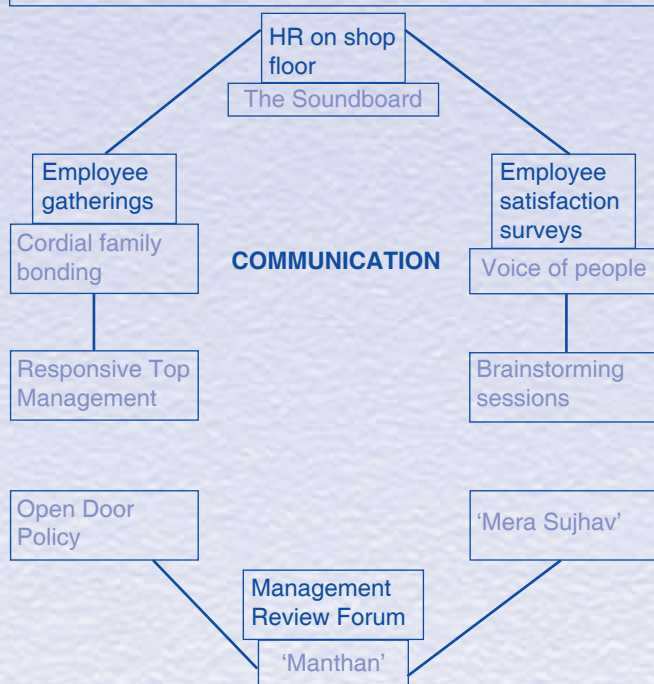
Bonding: The Company promotes the spirit of teamwork and enriches interpersonal relationships among employees through informal gatherings, picnics, celebrating birthdays among other events. It also invites employees' families for celebrating festivals.

Mera Sujhav: This initiative is based on the premise that the person doing the job knows best about the process. This platform encourages the JSW team to delve into their knowledge repository and provide innovative ideas to improve technology, process, policy or work-life balance, rewarded on the basis of implementation and probable savings generated.

Mera Sujhav

Year	Suggestions received	Implemented and rewarded
2003-04	3522	1487
2004-05	6664	4429
2005-06	8955	5637
2006-07	11773	8219
2007-08	12895	8088

A diagrammatic representation of the communication model at JSW



Other communication forum

Jana Mana Dhvani: A mass communication exercise for employees at different organizational levels to interact online with the joint managing director directly, with names assigned to groups of employees like “Samvad” and “Sampark” (for permanent employees) and “SamooH” (for associate employees).

Coffee with Jt. MD & CEO: An interactive session where newly recruited employees and the top officials of the Company engage in informal information sharing.

Intra organizational communication

Intranet: The Company’s information management portal — ejsw.com – facilitates sharing of plant-related information, policies and changes with the team.

Human resource link

- This link encompasses all HR policies updated regularly and circulars stating rules regarding new employee induction, transfers, income tax savings declaration, etc.
- The leave management link system provides online access to employees to apply for leave and seek approval.
- The employee can generate salary slip of any month in the current or previous financial year.
- The birthday section shares the birthdays of the employees for a particular month and displays a special e-card to the employee on his birthday.
- The important contact information of employees is available online.
- The attractive offers link comprises various schemes offered by Banks for the employees.
- The loans link provides the complete status of loans taken by employees.

- Training needs and training history of the employee are available online for review.
- Any change in the personal details of employees can be uploaded directly from his or her portal.

Knowledge link

- This link promotes learning and knowledge sharing; the company provides a comprehensive online repository of books, journals, magazines and compendiums through the knowledge link.
- The online repository also provides a wide range of e-books and articles on the major happenings in the steel industry.

Plant details link

- This link provides unit-wise information about the capacity, operation, maintenance and performance of each unit.
- The link furnishes daily reports of the units stating minutes of quality, safety, environment and technology discussions.

Quality management link

- This link provides information related to quality awards, quality policy, ISO certification details.
- It provides information about departmental quality procedures and application reports for the major award ceremonies participated by the company like the PM’s Trophy and the CII Exim Bank awards etc..
- It also shares the company’s vision, mission and values with the employees.

IT help link

- This link helps employees tackle computer related problems by posting his/her contact number with the nature of the problem.
- The IT team provides a complaint number and reverts to the employee with a solution at the earliest.

Employee welfare

Accommodation: The Company established two townships at ‘Vijayanagar’ and ‘Vijay Vittalnanagar’ each having 1,200 residential units with amenities like road linkages, water and 24x7 electricity supply. These residential townships received the ‘Best Township Layout Award’ in 2004 by the National Builders Association.

It is in the process of establishing a third one for its associate employees with 20,000 residential units. These initiatives are undertaken to match the increasing employee requirement with expanding capacities.

Recreation: The Company set up clubs with the most modern facilities comprising squash, swimming, tennis, badminton, table tennis and a cricket ground located close to the residential townships. It has also set up a 330-seat film theatre showing the latest Indian and foreign movie releases.

Medical benefits: The Company provides for medical insurance and covers its employees against personal accidents under a group insurance scheme. In 2007-08, it has undertaken a scheme that entitles the dependents of an associate employee suffering an accidental death during the course of his work to receive Rs.5,00,000 as compensation benefit. This is over and above the amount payable under the “Workmen’s Compensation Act, 1923”.

Others:

- The Company undertakes English-speaking and computer literacy classes for the spouses of employees by inviting external faculties.
- It organizes medical camps at labour colonies for health check ups, eye, dental check-ups etc.
- It has chalked out a calendar of cultural events, religious activities, sporting events, etc. for its associate employees where participation with families is encouraged.
- It covers even its associate employees under production-linked incentive scheme and performance management scheme, a unique practice for the country.
- 'Own your car' scheme and Easy EMI scheme for providing employees with cars.

Retention schemes

The Company initiated the Employees Stock Option Plan from 2007-08 through Employee Welfare Trust - one of the dedicated retention schemes designed for some of its high performing employees, where they are awarded incentives in the form of the Company's share.

Rewards and recognition

The Company considers recognizing the efforts of and rewarding members integral to morale management. Efficient and hard-working employees are rewarded to enhance employee productivity and create a world-class organization.

Sl. No.	Various awards presented under different categories
1	Safety competitions
2	Best employee-JSW
3	Best employee-outsourced
4	Interdepartmental QC
5	Mera sujhav
6	Bravery and courageous work
7	Security (sincerity and dedication)
8	Exemplary work
9	Young thinkers' award
10	JSW sports

In line with the Company's mission to achieve highest manpower productivity by innovatively organizing and utilizing human resources potential, its man-power costs stood at 2.4 % of its turnover in 2007-08. This was achieved through efficient deployment of permanent and associate employees at the factory sites.

HR achievements

- A single-digit attrition level of only 6% against an industry benchmark of 12%.
- The Company bagged the second spot in the DMA Erehwan HR Innovative Awards 2006.
- It was placed second in the Delhi Management Association (DMA) Erehwon Awards for innovative HR practices in 2006 and was the fourth in the 'Best Companies to Work With' survey conducted by Business Today in 2005.
- Quality circle 'Tungabhadra' received gold medal at ICQCC-2007, Beijing.
- Quality circles 'Tungabhadra' and 'Black Gold' received the 'Par Excellence' and 'Distinction' awards at the National Convention on Quality Circles, held at Kolkata.

INFORMATION TECHNOLOGY

The Company is aware of the gaining importance of information technology which, over the recent past has transformed from an enabler to a key business driver for an important reason:

- Increasing operational scale and fierce and growing competition necessitating the need for consolidated real time information for quick and accurate decision-making.

The company responded to this need with an increased investment in cutting-edge technologies, integration of software packages as well as cross-location connectivity. The importance of IT in JSW can be adjudged from a single initiative.

In 2007-08, JSW created a separate IT services company- JSW Solutions Ltd., for delivering and supporting all IT and ITES projects at JSW Steel. A conscious decision has been taken to use a limited set of specific tools and technologies like Java, LINUX, Oracle, etc., to ensure lower risk, homogeneous IT landscape and faster solutions delivery, all of which leads to a total lower cost of ownership.

In keeping with the pre-defined IT roadmap, various initiatives have been taken during the year to help automate different functions of the plants and to improve the productivity of employees. Some such initiatives are:

- Oracle Process Manufacturing (OPM) module was implemented at the shop floor level of the Vasind plant to provide seamless information flow from Production to Sales. This will also act as a platform for accurate product costing.
- A central service desk has been launched to provide sustenance and support services for IT related issues, including desktop, connectivity, enterprise systems and shop floor systems by leveraging the IT industry's ITIL best practises and tool sets.
- A unified collaboration and communication tool (Oracle Collaboration Suite) was rolled out to provide a platform for collaboration among employees in areas such as mailing, web conferencing, content management, discussion forums, real-time collaboration, VOIP and calendar.
- To manage the billing of contract workers at the Vijayanagar Works, a Biometrics Attendance Management System was launched.
- Weigh bridges at the Vijayanagar Works were automated, helping in tight monitoring of movement of material.
- Provided Active support to the Six Sigma initiatives at the Vijayanagar Works by launching improvements in the areas of finance, procurement and the shop floor.
- An integrated solution (Integrated Steel Manufacturing System) covering marketing, planning, production, scheduling and despatch was deployed for the newly commissioned CRM plant at the Vijayanagar Works.

OPTIMISM AND OUTLOOK

- The Indian steel is expected to reach 300 MnT by 2020 – Ministry of Steel. This optimism is based on the estimated growth projections of Indian user industries.
- But there are challenges, rise in prices of steel due to input cost will hike the cost of infrastructural projects and may also affect the automotive, shipping and housing sector.
- If the challenges can be met judiciously, the Indian steel industry is expected to become the 2nd largest producer in the world by 2020.

Auto-components

Outsourcing opportunity: Driven by strong technology, the Indian auto-component companies could gain a 10-12% share of the

addressable skill-intensive parts market (machined gears and machined exhaust manifolds) and 5-7% share of the potential labour-intensive parts market. (Source: ACMA-McKinsey study). India is likely to attain a 3-4% share of the global US \$700 bn potential market by 2015, translating into a US\$ 20 bn-25 bn opportunity – a 30% CAGR over the next 10 years from US\$ 1.4 bn in 2005 (McKinsey estimates).

Comparative matrix of low-cost countries:

Metric	India	Brazil	China	Thailand
Labour • Wage rate (US\$/hr)	0.6	6.7	0.5	1
Process • Power cost (US Cents/KWh)	8	5.7	3.2	5.7
Raw material • Access to cheap raw material	Iron & steel, aluminium	Iron & steel, aluminium	Iron & steel, aluminium	NA
Proximity to auto hub • Transit time to closest hub (day)	EU/Japan >20	NAFTA >20	Japan 1-2	Japan 3-4
Sources of competitive advantage	• Metal • Labour • Design/skill	• Metal	• Labour • Metal • Proximity	• Labour

[Source: Motilal Oswal Securities]

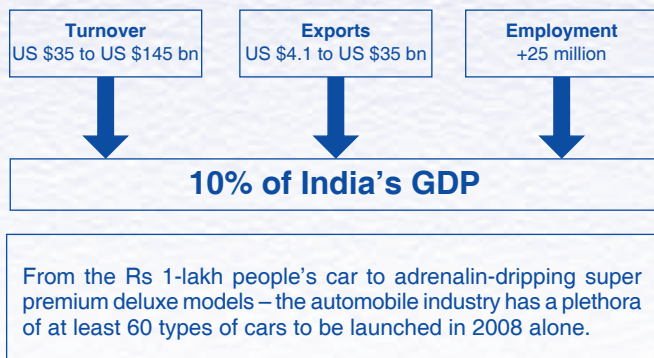
Automobiles

India is projected to be the seventh largest automobile market by 2016 and the third largest by 2030, behind only China and the US, driven by:

- Growing consumerism/disposable income.
- Availability of low cost passenger cars.
- Improving infrastructure facility.
- Growing urbanization.

The Indian government looks at the automotive industry as the 'locomotive for growth'. In consultation with the ACMA and SIAM, the government rolled out the 'Automotive Mission Plan 2006-16' to boost the sunrise sector, which projects India as the preferred destination for the design and manufacture of automobile and auto-components with the output touching US\$145 billion, accounting for more than 10% of the GDP and providing employment to 25 million people by 2016.

The Automotive Mission Plan 2006-2016



Mass Housing (Housing for All)

- The residential property market constitutes almost 75% of real estate market in India in terms of value. As per the conclusions of the working committee of the 11th Plan (2007-12) the total shortage of dwelling units at beginning of Eleventh

Plan period is 24.7 Mn units and during the whole Plan period it is around 26.53 Mn units. As per the estimates by National Housing Board (NHB) going forward the gap of homing unit shortage would further widen to about 45 Mn Units during the Eleventh Plan period (2007-12). The urban housing shortage is estimated at 22 Mn units implying an annual demand of 4.5 Mn units (Source - FICCI).

- Cushman & Wakefield highlighted the scope for 400 township projects over the next five years spread across 30 to 35 cities, each with a population of more than 0.5 mn and the total project value dedicated to low and middle income housing is estimated at US\$ 40 bn (Source: Opportunities for Private Equity Investment in Indian Real Estate (4th Quarter, 2005)).

Facts ... strengthening optimism

- Housing stock was a low 5 sq mts/person (in 1999) as against 19 in China and 79 in the US
- India's home loan-to-GDP ratio was lower than in peer countries. Mortgage rates in India are still below 3% compared to over 30% in most of the South East Asian countries like Malaysia and Thailand (Source: NCAER; India Banking 2010, a report by McKinsey & Company)

Infrastructure

The Planning Commission in its report for the Eleventh Five Year Plan (2007-12) mentioned that infrastructure spending is the key to sustain India's GDP growth at over 8%. A huge investment plan was strategised with the Prime Minister and Finance Minister's support over the next five years - the largest in the world.

India's infrastructure development – Eleventh Plan

(US\$ bn)

	Tenth Plan	Variance (%)	Eleventh Plan
Power	62	144	151
Road	28	171	76
Railway	17	288	66
Telecom	20	210	62
Irrigation	25	112	53
Water supply	14	250	49
Ports	1	1700	18
Airports	1	800	9
Oil & gas	2	150	5
Others	2	150	5
TOTAL	172	191	494

Source: Planning Commission/EGM

Many new airports are expected to be constructed in the Eleventh Plan, while many existing airports are to be upgraded to match global standards; Also new ports are planned to be constructed over the same period.

Global perspective

- The International Iron and Steel Institute (IISI) forecasts strong growth in the use of finished steel products. Total world steel demand is predicted to grow at CAGR 4.9% to 1962 MnT by 2020.
- Though China will be the primary global growth engine, the growth rate of the Chinese steel industry will slow down in 2008.

- The rest of the world except India and China will witness a demand of 950 mn metric tons by 2020 from the level of 740 mn metric tons in 2007.

World steel demand projection over the long term (MnT)

Year	World	China	India	Rest of the world
	CAGR 4.9%	CAGR 9.8%	CAGR 10.9%	CAGR 2.3%
2020 (P)	1962	803	209	950
2015 (P)	1644	644	125	875
2010 (P)	1371	507	82	781
2007	1202	408	53	740
2000	753	124	27	603

Source: IISI/CSO/WSD/ Primary

INTERNAL CONTROL AND AUDIT

Internal control

Internal control systems are integral to the company’s corporate governance. its objective comprised:

- 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.

The Company’s management control function is guided by the following objectives:

- Efficient collection and analysis of results, compared with the objectives set out in the Budget.
- Forecasts for the short and medium term due to changes necessitated in the business plan.
- Recommendations for corrective action coupled with a comprehensive follow through.

This is reinforced with a comprehensive Management Information System, which comprises the availability of financial and operating information covering the annual budget, monthly and quarterly performance, monthly and quarterly forecasts as well as a monthly report on working capital requirements with recommended management actions concerning them.

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 more than 25 executives. The chief of Internal Audit reports only to the Vice Chairman & Managing Director and the Audit Committee comprising Independent / Nominee 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

The audit plan of the company covers all important function within the company at least two times in the year; the priority of the function being decided by its relevance in the business plan and risk analysis. Low-risk, low-priority areas are covered once in 18 months. The audit plan is carried out by the internal Auditee and sometimes, some internal audit functions are outsourced to reputed Chartered Accountant firms.

Outsourcing function: The Company ensures impeccable audit of its internal control systems and procedures through external agencies by adopting the following mechanism:

- Selection of reputed agencies for carrying out the job
- Rigorous quality check also on the person from those firms who will be carrying out the assignment to understand their competency matrix
- Unambiguous definition of the scope of work, supported by detailed process flow documents for the assignment and technical training to the team undertaking the assignment

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 audit committee also places reliance on customer and other external agency feedback for inclusion of areas into the audit plan.

Audit findings

To provide adequate focus and management bandwidth for the resolution of audit findings, the audit team segregates the finding as per an ABC analysis – the ‘C’ level being handled by the respective teams in the local areas, while the ‘A’ level issues are raised to the highest levels. The internal and concurrent auditors present a summary of these significant observations and related actions periodically to the Audit Committee.

Training agenda

Training is mandatory for the entire audit team. It includes technical aspects and certain soft skills for building healthy business relations internally. The company also encourages and arranges for participation of the audit team members in external knowledge building forum; in addition experts in the internal audit field are also invited to the JSW campus to enhance team skills.

Way ahead....

** Increase automation in the internal audit process:* Establish a system where audit observations are logged in, sent to the auditee for their response – thereby reducing audit cycle time. In addition, this system would provide archiving of earlier audit findings which would act as ready reference for the JSW team and facilitate standardization of systems across the organization.

** Introduce offsite and onsite audit:* Introduce this system of doing the initial audit of the location/process internally – by utilizing I.T. systems (Oracle and others) – to extract the relevant details. This would facilitate sharper and more accurate and faster audit of the specified area.

DE-RISKING AT JSW

What is risk?

Every business is marked by risks, some within and some outside control. Risk is an expression of the uncertainty about events and the possible outcomes that could have a material impact on the performance and prospects of a Company.

Risk at JSW, is perceived as an opportunity for improvement.

What does risk management mean?

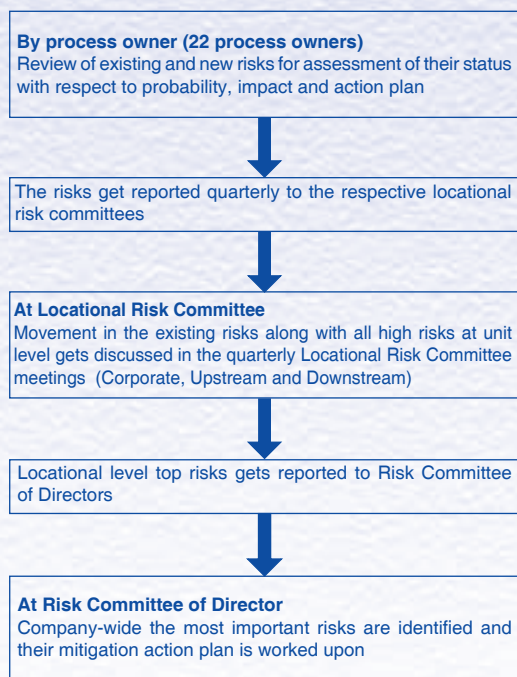
Risk accompanies prospects. As a responsible corporate, it is the endeavour of the management to minimise the risk inherent in the business with the view to maximise returns from any business situation.

What we are doing to de-risk our business?

At the heart of JSW's risk mitigation is a comprehensive and integrated risk management framework that comprises prudential norms, structured reporting and control. This approach ensures that the risk management discipline is centrally initiated by the senior management but prudently decentralized across the organisation, percolating to managers at various organisational levels helping them mitigate risks at the transactional level.

The risk management framework at JSW has been designed and implemented by Grant Thornton, a reputed global risk management expert, to capture and mitigate risks. The framework includes workshops across the organization – a top-down approach which percolates to all levels. The idea of these workshops is to identify the possible wrong scenarios which could happen and the probability of its occurrence.

The risk identification process at JSW



The company has created risk registers at each location where all possible risks relating to the process/division are noted. These registers are periodically updated and form the basis for identifying the most important risks applicable to the organization as a whole.

The risk management framework is ably supported by the internal audit team. The risks that may impact the operations and growth

of the organization form the framework for the audit plan – 'the risk-based internal audit plan'.

The priority given to risk management at JSW is evident from its corporate risk management team comprising three directors; the team meets periodically to review the key risks which could impact the company, the de-risking initiatives and their effectiveness from a corporate perspective.

Every unit has an independent cross-functional risk management team which monitors the existing risks and identifies new risks which could impact operations for which regular meetings are held, the minutes of which are sent to the corporate team. Besides, representatives from the corporate risk management team are present at the meetings held at the various units. This framework facilitates continuous monitoring of the risk management initiatives both at the corporate and unit levels.

As a result, at JSW, from the various available options only those business decisions are taken that balance risk and reward; this ensures that the Company's revenue generating initiatives taken are consistent with the risks associated with it. This management of risk conforms to the Company's strategic direction and is consistent with shareholders' desired total returns, the Company's credit rating and desired risk appetite.

JSW -- THE 'GREEN STEEL' MANUFACTURER

JSW's commitment towards the environment extends beyond the compliance requirements to create a benchmark for the Indian steel industry.

The environment management philosophy focuses on the basic principle of giving back to the earth what has been taken out from it. In view of this, JSW is striving to reduce the impact of its operations on environment.

JSW's 'Clean Technologies'

- Corex units for iron making
- Pellet and sinter facilities for complete utilization of solid waste
- Non-recovery based coke making
- Waste Gas / heat based power generation
- Iron Ore beneficiation plant to facilitate use of low grade iron ore

JSW's achievements

- Low specific water consumption
- Zero effluent discharge
- 81% waste utilisation
- Dust emission - 1.24 Kg/tcs
- SO₂ emission - 0.79 Kg/tcs
- NO_x emission – 1.23 Kg/tcs

Additional environmental facilities installed during 2007-08

- Gas holder for BF-2 for maximising utilisation of BF gas.
- Tyre washing facility near BOF shop to reduce dust carry over.
- Wind curtains for coal yard in RMHS area to reduce fugitive emissions.
- Secondary fume extraction system at SMS#1.

Air pollution

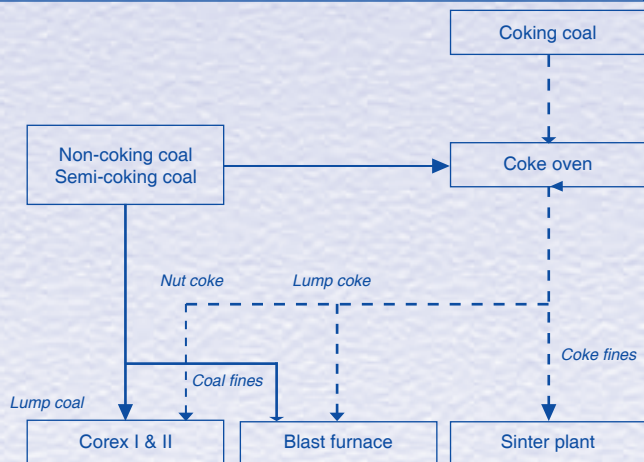
- Order placed for bag filters to improve air quality.
- Continuous AAQ stations installed in Vidyanagar township and SG Colony.

- Continuous on-line stack monitors.
- Dust suppression systems installed in Pellet plant and RMHS to reduce fugitive dust emissions.

Solid waste management

The company has incorporated technologies that enable it to utilize all process generated wastes in the steel manufacturing. For instance, waste from steel making facilities used in BOF shop, waste from iron making used in agglomeration units. As a result, 81 per cent of the solid waste generated in the system was recycled minimising environmental impact.

Maximising coal utilisation with the deployment of synergic iron-making technologies



Water management

The steel industry is water intensive, in view of which water conservation assumes prime importance. During 2007-08, the Company adopted the following measures:

- New guard pond (GP #2) for collection of blow-down water
- Intensive recycle of seepage water to reduce water consumption by 5000 m³/day
- Cascading water reuse systems installed at CPP#1, BOF and HSM units
- Project being executed for 125 m³/hr. Reverse Osmosis plant.

The Company maintained the level of specific water consumption at 3.13 m³, against the CREP limits of 8 m³ for flat products.

Energy management

Energy Management aims at achieving lowest consumption of energy for each ton of steel is produced. It has a generic impact on overall performance of steel making. The conversion of iron ore consumes very high energy and in turn generates CO₂ as well as pollutants such as SO₂, NO_x and suspended particulate matter.

The Company implemented the innovative technologies that are energy efficient as well as suited for the specific demand of the steel plant that has come up in an area where traditional energy requirement of steel making is non existence. Another unique feature of energy usage is its 260 MW captive power generation from waste heat and waste gas that has enable it become energy efficient, environment friendly and with a strong carbon footprint.

Innovative technologies

The Company opted for energy efficient and innovative (no coking coal) Corex technology for iron making.

At the 4 MTPA stage, the company plans to generate nearly 260 MW of power using this by-product of gaseous and waste heat (from its state-of-the-art non-recovery type Coke ovens), creating negligible impact on environment.

In addition, the company implemented a number of energy efficient practices to reduce the consumption of fossil fuel and conserving finite resources:

Use of energy-efficient inputs: Use of iron ore fines in melter gassifier of Corex, accounting for up to 15% of ferrous burden, use of LD Slag in Corex replacing raw fluxes which reduces energy demand, reduced consumption of raw flux and fuel and use of DRI in steel making.

Improved processes: 100% continuous casting in steel melting shop and 58% direct charging of hot slabs into rolling mills eliminates the need of energy guzzling reheating furnaces and soaking pits, leading to considerable power savings.

'Climate change' initiatives

Recognizing the need to take corrective actions to mitigate the impact of climate change, the following measures have been initiated during 2007-08.

- JSW Foundation sponsored 'The Climate Project' – India Chapter, inaugurated by Mr. Al Gore and Dr. R.K. Pachouri on 15 March 2008.
- JSW foundation sponsored 'The Earth Care' awards to recognize corporates, NGOs and citizens for their exemplary work on mitigating the environmental impacts
- Trials of use of rice husk to partly replace coke in Sinter plant are being carried out.
- One of the projects 'Coke oven hot flue gas & waste combustible gases utilisation for generating 130 MW of power' has been submitted to UNFCCC for registration. This has a potential of 0.86 Mt of CO₂ reduction per year

Awards and recognitions in 2007-08

- CII-ITC Sustainability Award 2007: Commendation certificate for significant achievement in economic, environment, and social performance

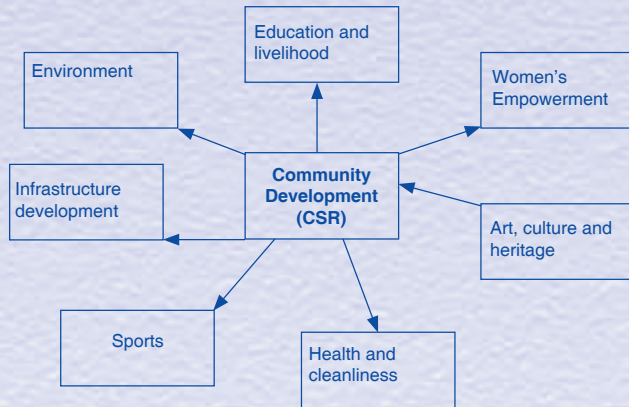
JSW STEEL... SPREADING MORE SMILES PER TONNE OF STEEL

Our guiding principle

When the Company set up its Vijayanagar plant in the district of Bellary more than a decade ago, the area was known for its scanty and erratic rainfall and experienced droughts resulting in low agricultural output. Majority of natives of this area were dependent on agriculture and rearing cattle etc. The area lacked in adequate educational and health care facilities. Transport and infrastructure facilities were also poorly developed.

With the setting up the integrated steel plant, it was also felt that the company should not remain an island of prosperity amidst a sea of poverty. With this guiding principle it initiated its various CSR activities to address the needs and issues of the people living in the area.

JSW and the community



To have a focused approach with long-term benefit and impact, all CSR initiatives of the Company (Vijayanagar, Vasind, Tarapur & Salem) have been integrated and brought under the institution called JSW Foundation (JSWF). The Foundation is rendering yeoman's service in the area of rural development and its contribution can be evaluated under the following heads:

Education: opening up the windows to a new world

Improving the quality of education in the rural schools, discouraging school dropouts and attracting children to attend school regularly is a prime objective of the JSW Foundation. The following are some of the activities taken up towards this direction:

- Government schools in the neighboring 19 villages are being provided with Computer Aided Learning Centers (CALC), in association with Azim Premji Foundation.
- In partnership with Akshara Foundation, the JSW Foundation initiated 11 Balawadi centers to enhance learning skills through 25 mobile libraries and accelerated reading programme, assisting 875 slow learners in the surrounding 20 villages.
- 269 school dropouts were admitted back to school from 20 VLCs
- Providing scholarships to the needy children, distributing books, uniforms and conducting various competitions (sports, debate, quiz, arts and cultural).
- In collaboration with the well-renowned ISKCON the JSW Foundation has set up a state-of-the-art kitchen unit to provide mid-day meal for school children under its 'Akshayapatra' scheme. Entailing an initial investment of Rs. 120 mn, this initiative calls for Rs. 10 mn every year that the Company is bearing to cater to the requirement of 68,500 children in Bellary district covering 228 schools. This will go up to two lakh children by the beginning of next academic year. This initiative will provide these children with nutritious and hygienic food and will supplement similar governmental initiatives.
- Organizes visits for the village children to the steel plants and summer camps for all-round development of the children. About 240 children from 8 villages benefited from summer camp.
- 5 schools were provided with 5 teachers' support

Initiative	As on Feb. 2008
Computer Assisted learning Centres	19 schools
Balwadi Centres	14 centres in 11 villages
Mobile Libraries	27 centres in 20 villages
Accelerated Learning Programme (ALP)	19 schools
Village Learning Centres	20 centres in 20 villages
Visits to the Plant	1747 children from 07 schools
Number of Village Level Summer Camps Organized	In 16 villages

Literacy status in adjoining villages (in percentage terms)

	2004	2005	2006	2007
Literate	69.2	72.0	75.08	75.92
Illiterate	30.8	28.0	24.92	24.08

In its objective to provide quality education to the children of its employees and associate employees living in villages around the plant, the JSW Foundation runs three English medium schools: Jindal Vidya Mandir and Jindal Adarsh Vidyamandir at Vidyanagar, Karnataka and Jindal Vidya Mandir at Vasind. Running at subsidized fees these schools are equipped with libraries and laboratory. The student teacher ratio of school is less than 35:1 ensuring that every student gets maximum attention. The Jindal Vidya Mandir, Vasind has received the Certificate of Merit - IMC-Ramakrishna Bajaj National Quality Award 2006 for imparting quality education to the students.

Livelihood: developing new skills through vocational training centres

- The JSW Foundation is running the Akanksha Vocational Training Centre (AVTC) in Toranagallu which is conducting courses in the field of tailoring and stitching for young women and other courses namely electrical arc welding, electrical wiring and mason work. Trainees are awarded with certificates from Technical Board of Government of Karnataka on successful completion of their respective course.
- Vocational training in welding and electrical trades was conducted in two batches. A total of 28 students completed welding course and 32 students completed electrical course. At the end of January, 2008, the vocational training courses got concluded to make way for NTTF collaboration. A MoU has been signed with NTTF to run vocational training at the newly established OPJVTC (Om Prakash Jindal Vocational Training Centre). It has been decided to start with four one year long courses namely, construction techniques, mechanical maintenance, electrical maintenance and information technology enabled services (ITeS) with effect from April 2008. About 323 students aspiring for the above courses attended written test on 10 February 2008.
- JSW Foundation has signed an MoU with the Naandan Group of Israel according to which modern, high-technology, scientific farming techniques will be implemented on a 200-acre plot for

improving the productivity of the farmers and helping them realize a better price for their yield.

Rajiv Gandhi Institute for steel technology

In collaboration with the government of Karnataka, the JSW foundation has taken the lead in forming RGIST (Rajiv Gandhi institute for steel technology), an institute that has been setup to offer courses as per the specific need of the steel industry. Starting by taking in local students, subsequently it will be developed into full-fledged residential institute in a 50 acre campus. This institute will provide technical and management training to present and prospective employees. The institute aims at conducting formal diploma, degree and PG courses in engineering field related to steel manufacturing, mining, management, safety etc.

Empowering rural women: bringing about gender equality

Socio-economic empowerment of women is one of the core areas. The following are the initiatives being taken to improve their livelihood:

The conventional

- **Mahila Dairy Development Groups:** It is being provided to 25 women self-help groups from 11 villages. These groups are being provided revolving fund for purchase of dairy animals and setting up of other micro-enterprise units. Special focus is rendered to encourage widows and devadasis to be a part of the group and benefit from the revolving fund. This initiative is in partnership with the State Veterinary Department and Kurekuppa Farm. These MDDG women have also taken up the contract of garbage handling and nursery rising.
- **Heavy machinery operation:** Women are also being trained in garbage handling, mini transport vehicles, nursery raising, operating heavy earth-moving machines and cranes.
- **Plantation activities:** In the past nine years, the massive tree plantation drive that the Company has undertaken was primarily done by engaging rural women. The Company has planted a million trees during the aforesaid period converting the barren land adjoining Ballary into a sylvan green paradise.
- **Jatropha cultivation:** - About 120,000 saplings of this bio-diesel plant are being sown over an area of 120 acres, an activity conducted mainly by involving rural women. The Company plans to put up an extraction plant to motivate farmers of surrounding villages to cultivate Jatropha & increase their income.
- **Textile training:** In collaboration with the state and central government, the Company is setting up a textile training center for rural women in designing and stitching. JSW Foundation will provide 3 acres of land, 10,000 sq.ft. of building and contribute Rs. 20 mn worth equipment and machines for the project. Rural women coming from villages will be the beneficiaries of this programme.

The un-conventional

- **Pay Loader Operation Training for Women:** A one of its kind initiative to make young rural women more self-dependent and break the gender-biased division of labour existing in the village society. Under this initiative, rural women are being provided training to pick up the unorthodox skill of operating heavy earth-moving machines. Women, employed as pay loaders earn more than Rs. 7,000 per month, significantly

higher than what they would have earned from any other source of livelihood.

- **Driving training:** About 8 rural girls are being trained in driving LMVs and soon JSW will have women drivers in place. Initially being trained by engaging driving schools, they are later going to be placed under its experienced drivers who would impart the finer skills. The Company will also facilitate in obtaining their driving licenses.
- **Pump Operators:** About 11 rural women have been trained on various electrical and mechanical aspects to operate pumps that are situated in various places. This has been a cause of major boost to their self esteem with them becoming equal wage earners in the family.

The Company would be in need of large quantities of diesel with the plant capacity going up to 10 MTPA. In order to meet this demand it is planning to set up a bio-fuel extraction unit within the Vijayanagar facility, which is going to use the seeds of jatropha as a key input. It is currently motivating local farmers to start jatropha cultivation on barren land with an assured buyback guarantee. It has plans to plant jatropha over 1500 acres of land over a period of time in association with the farmers in the neighborhood and through NGOs. It is in talks with different government departments including the forest department to allow its uncultivable land close to the Vijayanagar unit for this.

Others

Rural BPO: Training of village women in IT related work and providing them opportunity to increase their chances to earn better livelihood, non-voice BPO was established by JSW Foundation in association with a leading BPO consultant. About 186 rural women are working in two shifts. Another 100 are under training. JSW Foundation assists BPO on administration, accounts and counseling matters

Art, culture and heritage: nurturing the soul of India

The Jindal Art Foundation (JAF) was established in 1984 with the objective of creating awareness and enabling access to contemporary art practices in India. The JAF established its edifying arm, The Jindal Arts Creative Interaction Centre (JACIC) in 1994 as a separate entity under the National Centre for Performing Arts. The main objective is to promote art and artists alike through a series of workshops and discussions. This initiative has helped in stimulating the creative factor in business and thus enabled businessmen to think differently.

- The JAF in collaboration with the Royal Court Theatre, London; the British Council, Mumbai and Rage Productions provided Indian playwrights a platform called 'Writers' Bloc'. Where drama scripts of nine original plays approved by the Royal Court Theatre were performed at the Prithvi Theatre and National Centre for Performing Arts, Mumbai.
- Restoration of the J.J School of Arts.
- Publishing of 'Art India', a quarterly that lends its voice to the cause of contemporary Indian art
- Supporting the famous Kala Ghoda Art Festival in Mumbai
- Sponsors the Hampi Utsav Festival where local and national level artistes participate in competitions of dance, music and other forms of art.

- Sponsored the book 'New Light on Hampi' edited by John M. Fritz and George Michell, which incorporates research on Vijayanagar Empire.
- Co-sponsored the book The Guide to the Architecture of the Indian Sub-continent by Takeo Kamiya, an eminent Japanese art historian.
- Undertaken a scheme called 'Art in Public Places' under which the centre takes initiatives towards beautifying city spaces.
- Publishes a quarterly magazine called The Art News Magazine of India since April 1996. The magazine provides news related to art through in-depth coverage from famous art centers in the country and abroad. The magazine aims at making important information relating to contemporary arts available to a larger section of the society.

In an unprecedented endeavor, for the first time in the history of CSR activities, a private sector enterprise was given the permission to restore some of the temples in the Hampi complex back to its pristine glory. Hampi Foundation has been set up by JACIC for the conservation and restoration of historically significant and architecturally splendid temples.

- The Hampi Foundation was established in the year 2000 with the objective of formulating a master plan for restoring one of the temples in the Hampi Complex back to its immaculate beauty—the Chandramuleshwar temple.
- The JSW Foundation is facilitating in restoration of the Virupaksha Temple through the Hampi Foundation.

Sports: nurturing talent

Jindal Vijayanagar Sports Club, established in December 1997, was set up with the objective to promote a spirit of excellence in sports. The club governed the following academies:-

- Jindal Badminton Academy
- Jindal Table Tennis Academy at Vasind
- Jindal Swimming Academy
- Jindal Squash Academy at Vasind

Sports initiatives-community level

- The volleyball team was nurtured and guided for participating in many tournaments at taluk, district, divisional and state level events. Besides this they also participated in Dasara Sports and were provided with wild card entry to play at senior state level championship based on the good performance at various levels. Recently the team was Runners at SPSB championship.
- Four coaches have been visiting nine schools around JSW to train the local school children to perform better in sports for their physical, emotional and personality development. Toranagallu High School students both boys and girls secured overall championship awards at Cluster and Taluk level competitions. Talur Girls Kabbadi Team won the championship at district level and a girl represented Karnataka at the national level.
- The hockey team was nurtured at Bellary district level and had performed well at district and state level. In Dasara Sports the team reached semifinal level.

JSW sponsored the Toranagallu cluster level and Sandur taluk level sports meet to encourage sports in the area. Play materials

were provided to many schools and training expenses of Gulbarga Physical Education Teachers' training was sponsored.

In 1995, Mr. Sajjan Jindal, Vice Chairman and Managing Director of the company, a deep sports enthusiast, appointed national-level squash player Mr. Sunil Verma to help set up the Jindal Squash Academy at Vasind. Today, the academy has become the hub of squash in India. One student, Mr. Lakshman Joshim has qualified to represent India in the World Juniors next year and Ms. Saumya Karki will represent the girls.

Health and cleanliness: ensuring physical well-being of citizens

The company's commitment to improved health of the community is revealed in Jindal Sanjeevani hospital, started in July 2003. It is spread over an area of 27,000 sq ft and currently consists of 75 beds. The superior healthcare services that the hospital offers include the following:-

- In-patient and out-patient services, medical check ups, outreach programmes, operation theatre and ICU, pharmacy and ambulance services.
- It renders diagnostic services such as PFT, TMT, ultrasonography, audiometry, ECHO and X-ray. The hospital also has a testing laboratory and a blood bank.

Community service at zero-cost

- Free cataract operations and distribution of free spectacles.
- Free child delivery and vasectomy/tubectomy operations for families below poverty line.
- Conducts health adoption programmes at rural schools, covering over 1074 school children.
- Free immunizations, mass health check-up camps and Tuberculosis screening camp in the surrounding villages.
- Conducts school health programmes, pulse polio immunization in collaboration with NGOs and government bodies and family planning operations.
- Eye camps were conducted where eye cataract surgeries and other ophthalmic services were rendered.
- Health checkup camps were conducted in neighbouring villages benefiting several patients in 2007-08.

Other services

- In view of water scarcity and high level of fluoride content in the water of neighboring villages which is harmful for bones, the Company has launched a scheme which provides safe drinking water to around 50,000 people from 15 villages. This scheme will fulfill the water requirements of the community for almost 20 years.
- The Company conducts HIV/AIDS awareness programmes that cover JSW employees and associate employees, truckers and surrounding villagers.

Infrastructure development initiatives: building prosperity

JSWF has been actively involved in providing the building blocks to rural development. Some key developments in recent years include:

- Concretising a number of roads minimizing dust pollution in the surrounding areas; roads at Bellary, Karnataka, road (12000 sq mts) leading to the historical Hampi World Heritage Site in Hospet, road (4500 sq mts) in the village of Toranagallu,

which is on NH 13, the 1.5 kms road in Sandur, a mining town in Bellary district

- Road building activity has been carried out in Toranagallu, Hospet, Sandur, Taranagar and Bannihatti.
- Built the Rangsharda Theatre, the ashram of Sri Ravishankar at Bangalore, gymkhana at Bellary and Ranga Mandira at Vaddu. The foundation has also donated land for an ayurvedic ashram in Vasind.
- Rehabilitation of garages, dwellers and hawkers to clear area to develop public road.
- Development of parks and gymkhana at Bellary
- Construction of stadium and development of school ground at Chatrapati Shivaji school, Sandur and in Huvina Hadagali.
- Rain water harvesting in schools and public buildings.
- Construction of class rooms, extension of compound walls and building toilets at schools in Talur, Joga, Sultanapur and Toranagallu villages.
- Arranging for playground facilities at schools in Toranagallu

Vaddu, a nearby village having a population of about 12,000 spread across 2,500 households has been adopted by JSW to be developed as a model village. The aim is to provide all the modern amenities to the village that are at par with an urban set-up. Consultations were held with the panchayat and the local community in this direction. Various developmental activities were identified for improving the physical, educational, environmental, social and economic conditions of the village. The Company recognizes the fact that with the growth in population and living standards, the scope of new facilities and improvement in existing ones keep expanding. Hence, it is already in the process of developing integrated plans to address these emerging needs. The Company has also been approaching district administration to explore the possibilities of including Vaddu village under the 'Suvama Grama' project of the Karnataka Government.

Activity Focus	Budget (Rs. Mn)
Roads – main roads and by-lanes	7.65
Drainage besides the roads – main drains and secondary drains	3.50
Public toilets – 2 blocks of 20 toilets each	1.40
Water tank for drinking water purpose (1 lakh liter capacity)	0.65
Extension of community hall-Rangamandira	4.50
Library building	1.20
Street lights	0.12
Total	19.02

Environmental initiatives: for a greener tomorrow

- Under the Agro-Ecosystem Improvement Programme (AEIP), 60 farmers from 6 villages were imparted training on the economics of organic farming. This initiative aimed at reducing the usage of chemicals in agriculture imparts training on activities like composting, vermi-composting, use of bio-fertilizers and botanicals, preparation of jeevamurutha and beejamurutha.
- Undertook a project that will be involved in developing superior agricultural technologies for greenhouses and nurseries, open fields, orchards and plantations. It has signed an agreement with the NaanDan Agro-Pro group, Israel for this. A pilot project over 200 acres of land, has already commenced work. The project aims to improve productivity through a more scientific and eco-friendly farming approach and provide a better marketing network to the farmers for their produce which includes the lucrative export market.
- Undertook garbage management of bio-degradable and non-degradable wastes in the villages of Toranagallu and Vaddu. Under this scheme, domestic garbage is collected from residents of the said villages and scientifically carried and dumped into pre-identified re-cycling yards. Here, bio-degradable waste is converted into compost and vermi-compost. Plastics, glass and other non-biodegradable wastes are recycled to the extent possible.
- Initiated vermi-composting for yielding nutrient rich manure. Composting of bio-degradable wastes not only helped in enriching the soil but also in generating employment for those who are below the poverty line. The foundation is now focusing on methods for segregating the biodegradable and non-bio degradable wastes and improving the composting methods.

Recognition of CSR activities

In recognition of its dedicated community welfare activities the JSW Foundation was awarded with the following recognitions in recent times:-

- The Certificate of Appreciation from the prestigious TERI Corporate Social Responsibility Award 2007.
- The second prize in DMA-Erehon HR innovative Award 2006 for integration of CSR activities with Annual Performance Appraisal.
- Received the commendation certificate in the CII-ITC Sustainability Award 2007 for significant achievement in economic, environment, and social performance.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2007-08

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

1. COMPANY'S PHILOSOPHY:

Corporate Governance at JSW Steel 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

practicing 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 Directors:

As on 31.03.2008, the Board of Directors comprises of 14 Directors, of which 10 are non-executive. The Chairperson is non-executive and the number of Independent Directors is 6 which is in compliance with the stipulated 1/3rd.

The details of composition of the Board, the attendance record of the Directors at the Board Meetings held during the financial year ended on 31.03.2008 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	No. of Directorships in other Indian Public Limited Cos.	No. of Chairmanship/ Memberships of Committees in other Indian Public Ltd. Cos.,**	
							Chairmanship	Membership
Executive Directors	Mr. Sajjan Jindal	Vice Chairman & Managing Director	8	7	Y	6	Nil	Nil
	Mr. Seshagiri Rao M.V.S	Director (Finance)	8	8	Y	Nil	Nil	Nil
Non-Executive Non-Independent Directors	Mrs. Savitri Devi Jindal	Chairperson	8	None	N	6	Nil	Nil
	Mrs. Sobha Nambisan IAS	Nominee of KSIIDC (Equity Investor)	8	4	N	7	Nil	1
Non-Executive Independent Directors	Mr. Uday M. Chitale	Director	8	8	Y	6	4	2
	Mr. Anthony Paul Pedder	Director	8	6	Y	Nil	Nil	Nil
	Mr. Sudipto Sarkar	Director	8	4	Y	2	Nil	1
	Dr. S. K. Gupta	Director	8	8	Y	10	1	6
Nominee Directors	Mrs. Zarin Daruwala	Nominee of ICICI Bank Limited (Lender)	8	4	N	1	Nil	1
	Mr. S. Jambunathan I.A.S (Retd.)	Nominee of UTI Asset Management Company Pvt. Ltd. (Lender)	8	3	N	Nil	Nil	Nil
	Part of the Year							
Non-Executive Non-Independent Directors	Mr. Biswadip Gupta (Appointed w.e.f 30.04.2007)	Director	8	7	Y	4	Nil	2
	Mr. Nagesh Dinkar Pinge (Appointed w.e.f 28.12.2007)	Director	2 *	2	N	1	Nil	Nil

Category	Name of Director	Status	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships in other Indian Public Limited Cos.	No. of Chairmanship/ Memberships of Committees in other Indian Public Ltd. Cos.,**	
							Chairmanship	Membership
Executive Directors	Dr. Vinod Nowal (Appointed w.e.f 30.04.2007)	Director (Commercial)	8	5	Y	2	Nil	Nil
	Dr. B.N.Singh (Ceased to be a Director w.e.f 01.06.2007)	Jt. Managing Director & CEO	1 *	1	N	NA	NA	NA
	Mr. Y. Siva Sagar Rao (Appointed w.e.f 24.07.2007)	Jt. Managing Director & CEO	5 *	5	N	1	Nil	1
Non-Executive Independent Director	Dr. Vijay Kelkar (Ceased to be a Director w.e.f 31.12.2007)	Director	7 *	5	Y	NA	NA	NA

Notes:-

- During the Financial Year 2007-08, 8 Board Meetings were held and the gap between two meetings did not exceed four months. The Board Meetings were held on 30.04.2007, 13.06.2007, 24.07.2007, 21.08.2007, 25.10.2007, 11.12.2007, 28.12.2007 and 28.01.2008.
- * No. of Board Meetings indicated is with reference to date of appointment/resignation of the Directors.
- ** Only two committees, namely, Audit Committee and Shareholders/Investor Grievance Committee have been considered.

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

3. AUDIT COMMITTEE:

The Audit Committee comprises of 3 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 Management, 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.

Five Meetings of the Committee were held during the financial year 2007-08, on 27.04.2007, 23.07.2007, 24.10.2007, 28.01.2008 and 27.02.2008. The Constitution of the Committee as at 31.03.2008 and the attendance of each Member is as given below:

Sl. No.	Name of the Director	Category	No. of Meetings Attended
1	Mr. Uday M. Chitale	Non-Executive, Independent	5
2	Dr. S.K.Gupta	Non-Executive, Independent	5
3	Mrs. Zarin Daruwala	Non-Executive, Independent (Nominee ICICI Bank Ltd.)	1

Audit Committee meetings are also attended by the Joint Managing Director and CEO, Director (Finance), Head of Internal Audit, the Company Secretary and the Statutory and Management Auditors.

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:

- 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.
- To approve the payment of remuneration to Managerial Personnel as per the Policy laid down by the Committee.

The Remuneration Committee met twice during the year ended on 31.03.2008, on 27.04.2007 and 23.07.2007.

The composition of the Remuneration Committee and the details of meetings attended by the Directors are given below:

Sl. No.	Name of the Members	Category	No. of Meetings Attended
1	Dr. S.K.Gupta	Non-Executive, Independent	2
2	Mr. Uday M. Chitale	Non-Executive, Independent	2
3	Mrs. Zarin Daruwala	Non-Executive, Independent (Nominee ICICI Bank Ltd.)	0

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 Dinkar 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 2007-2008, is as follows:

Sl. No.	Name	From	To	Commission Payable (Rs. in Crs.)
1	Mrs. Savitri Devi Jindal	1-Apr-07	31-Mar-08	0.08
2	Dr. S. K. Gupta	1-Apr-07	31-Mar-08	0.15

3	Mrs. Zarin Daruwala (Nominee ICICI Bank Ltd.) *	1-Apr-07	31-Mar-08	0.11
4	Mr. Anthony Paul Pedder	1-Apr-07	31-Mar-08	0.12
5	Mr. S. Jambunathan IAS (Retd.)* (Nominee UTI Asset Management Co. Pvt. Ltd.)	1-Apr-07	31-Mar-08	0.10
6	Dr. Vijay Kelkar	1-Apr-07	31-Dec-07	0.10
7	Mr. Sudipto Sarkar	1-Apr-07	31-Mar-08	0.11
8	Mr. Uday M. Chitale	1-Apr-07	31-Mar-08	0.16
9	Mrs. Sobha Nambisan IAS (Nominee KSIIDC)*	1-Apr-07	31-Mar-08	0.11
	TOTAL			1.04

* Payable to the respective Financial Institutions they represent.

The Details of Remuneration paid to the Whole-time Directors for the financial year 2007-2008 is as given below:

Sl. No.	Name of Director	Salary & Perks (Rs. in Crs.)	Commission (Rs. in Crs.)	Period of Contract	Notice Period
1	Mr. Sajjan Jindal, Vice Chairman & Managing Director	4.17	12.56	From 07.07.2007 to 06.07.2012	NA
2	Mr. Y. Siva Sagar Rao, Jt. Managing Director & CEO	0.74	-	From 24.07.2007 to 23.07.2010	3 months from either side.
3	Mr. Seshagiri Rao M.V.S, Director (Finance)	1.00	-	From 06.04.2004 to 05.04.2009	3 months from either side.
4	Dr. Vinod Nowal, Director (Commercial)	0.66	-	From 30.04.2007 to 29.04.2012	3 months from either side.
5	Dr. B.N.Singh, Jt. Managing Director & CEO (upto 31.05.2007)	0.23	-	Ceased w.e.f. 01.06.2007	-
	TOTAL	6.80	12.56		

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 there under but does not include Company's Contribution to Gratuity Fund and Leave encashment.

Shareholding of the Non-Executive Directors in the Company as on 31.03.2008:

Sl. No.	Director	No. of equity shares of Rs. 10/- each held
1	Mrs. Savitri Devi Jindal	7530
2	Dr. S.K.Gupta	2790
3	Mr. Biswadip Gupta	503
4	Mr. Nagesh D. Pinge	8

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Shareholders/Investors Grievance Committee comprises of 3 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:

- Review the reports submitted by the Registrars and Share Transfer Agents of the Company at half yearly intervals.
- 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.
- Follow-up on the implementation of suggestions for improvement.
- Periodically report to the Board about serious concerns if any.

The Shareholders'/Investors' Grievance Committee met twice during the financial year 2007-2008 on 24.10.2007 and 28.03.2008. The details of the meeting attended by the Directors are as given below:

Sl. No.	Name of the Director	No. of Meetings held	No. of Meetings attended
1.	Dr. S.K.Gupta	2	2
2.	Mr. Uday M. Chitale	2	2
3.	Ms. Zarin Daruwala (ICICI Bank Ltd. Nominee)	2	0

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
 Email : jswsl.investor@jsw.in

No. of Shareholders' Complaints received during the year ended 31.03.08	:	4538
Number not solved to the satisfaction of Shareholders	:	Nil
No. of pending Complaints	:	24
No. of pending share Transfers as on 31.03.2008	:	253*

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

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 to look into various business matters:-

Sl. No.	Name of the Committee	Business
1	Project Review Committee	Closely monitor the progress of Large Projects, in addition to ensuring a proper and effective co-ordination amongst the various project modules essentially with the objectives of timely project completion within the budgeted project outlay. Review New Strategic initiatives.
2	Risk Management Committee	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.
3	Nomination Committee	To consider Nomination of persons to be inducted on the Board

7. ANNUAL GENERAL MEETINGS:

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

AGM	Date	Time	Venue
11 th AGM	13.06.2005	3.00 p.m.	Birla Matushri Sabhagar, 19, New Marine lines, Mumbai – 400 020
12 th AGM	25.07.2006	2.30 p.m.	-do-
13 th AGM	13.06.2007	3.30 p.m.	-do-

In addition to the aforesaid Annual General Meetings, during the year ended on 31.03.2008, the Company held an Extra Ordinary General Meeting on 28.12. 2007.

No. of Special resolutions passed during last 3 AGMs:

AGM	No. of Special Resolutions
11 th AGM	2
12 th AGM	4
13 th AGM	2

No Special Resolutions have been put through by postal ballot by the Company during Financial Year 2007-08. Two special resolutions, one for altering the objects clause of the Memorandum of Association of the Company and the other for obtaining consent of the Members u/s 149 2(A) of the Companies Act, 1956 for commencement of new business are proposed to be passed vide postal ballot this year. The procedure for the Postal Ballot will be in accordance with the provisions of Section 192A of the Companies Act, 1956 as well as Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and amendments thereto.

8. DISCLOSURES:

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

15,00,000 (Fifteen Lakh) Equity Shares of Rs.10 each to Mr. Sajjan Jindal and 65,00,000 (Sixty Five Lakh) Equity Shares of Rs.10 each to JSW Investments Private Limited (Formerly known as Samarth Holdings Private Limited) were allotted on 28.03.2008 at a price of Rs. 272/- per share upon exercise of option attached to 'Series B' Equity Warrants held by them. The funds raised will be utilised towards the objects of the issue as stated in the explanatory statement contained in the Notice of the Extra-Ordinary General Meeting held on 08.09.2006 i.e. for debt reduction and to meet capital expenditure/General Corporate purposes. Pending deployment of fund, the amount is temporarily parked in liquid assets.

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.

9. MEANS OF COMMUNICATION:

The Quarterly, Half Yearly and Annual Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are also published in the prescribed proforma within 48 hours of the conclusion of the meeting of the Board in which they are considered, 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.

These results are simultaneously posted on the website of the Company at www.jsw.in. The official press releases are also available on the website.

The quarterly financial results during the financial year 2007-2008 were published as detailed below:

Quarter (F.Y. 2007-08)	Date of Board Meeting	Date of Publication	Name of the Newspaper
1	24.07.2007	25.07.2007	Business Standard Maharashtra Times
2	25.10.2007	26.10.2007	Financial Express Maharashtra Times
3	28.01.2008	29.01.2008	Financial Express Maharashtra Times

Four presentations were made to analysts during the financial year 2007-2008 on 30.04.2007, 24.07.2007, 26.10.2007 and 28.01.2008 and the same are available on the Company's website. The presentations broadly covered operations, financials and industry outlook.

9.1 Edifar/CFDS Filing:

As per the requirements of Clause 51/newly inserted Clause 52 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern etc. have been electronically filed on the EDIFAR website, www.sebidifar.nic.in / Corporate Filing and Dissemination System (CFDS) portal, www.corpfiling.co.in, within the time frame prescribed in this regard.

9.2 Management Discussion & Analysis Report:

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

10. GENERAL SHAREHOLDERS INFORMATION:

Annual General Meeting

Date and Time : 16.06.2008, 11.00 a.m.
 Venue : Birla Matushree Sabhagar, New Marine Lines, Mumbai - 20

Dates of Book Closure : 23.05.2008 to 27.05.2008
(both days inclusive)

Dividend Payment Date : 20.06.2008

Financial Calendar 2008-09:

First quarterly results : July, 2008
 Second quarterly results : October, 2008
 Third quarterly results : January, 2009
 Annual results for the year ending on 31.03.2009 : April/May, 2009
 Annual General Meeting for the year 2009 : June, 2009

Listing on Stock Exchanges:

The Company's Equity Shares & Preference shares are listed on the following Stock Exchanges in India:

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

The Company's Debentures are listed on the Bombay Stock Exchange Limited.

The Company has paid Annual Listing Fees to each of the above Stock Exchanges for the financial years 2007-08 and 2008-09.

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 w.e.f. 28.06.2007.

Stock Code:

Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)			Singapore Exchange Securities Trading Limited (SGX-ST)
Equity	Preference	Debentures	Equity	Preference	Debentures	FCCB
500228	700085	934657 945225	JSWSTEEL	JSWSTEEL	N.A	3IJB

ISIN No. for Dematerialisation of listed shares/ debentures/ FCCBs:

Equity : INE019A01020

Preference : INE019A04016

Debentures: INE548G07022 - 8.50 % NCDs of Rs.10 lakhs each

INE548G07014 - 8.50 % NCDs of Rs. 10 lakhs each

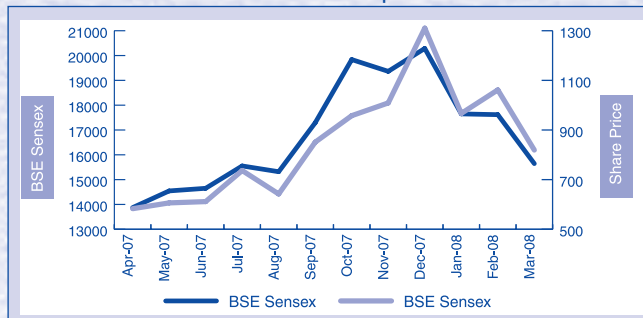
FCCBs : XSO302937031

Market Price Data

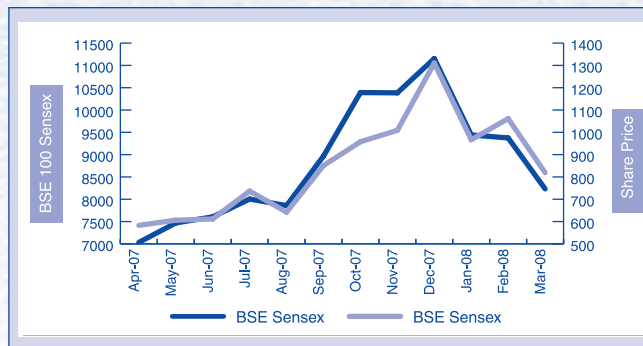
The High/Low market price of the shares during the year 2007-08 at the Mumbai and National Stock Exchanges are as under:

Month	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2007	605.90	470.10	606.00	470.10
May 2007	645.00	580.05	639.80	499.00
June 2007	618.40	540.00	623.70	538.55
July 2007	771.40	601.10	771.70	601.05
August 2007	739.90	506.20	734.90	501.35
September 2007	874.40	599.00	874.40	640.00
October 2007	1,040.00	775.35	1,044.70	775.05
November 2007	1,032.00	840.50	1,031.85	825.00
December 2007	1,389.70	1,023.90	1,389.00	1,026.50
January 2008	1,365.80	780.05	1,365.80	782.15
February 2008	1,201.00	979.70	1,200.00	981.15
March 2008	1,051.55	738.10	1,015.25	788.85

Performance of Share Price in comparison to BSE Sensex:



Performance of Share Price in comparison to BSE 100 Sensex:



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

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.

Distribution of Shareholding:

The distribution of shareholding as on 31.03. 2008 is given below:

Sl No	No. of Equity shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1	Upto - 5000	585733	99.34	13074889	6.99
2	5001 - 10000	2090	0.35	1479935	0.79
3	10001 - 20000	876	0.15	1234669	0.66
4	20001 - 30000	258	0.04	629962	0.34
5	30001 - 40000	116	0.02	398488	0.21
6	40001 - 50000	89	0.02	407701	0.22
7	50001 - 100000	144	0.02	976949	0.53
8	>100001	318	0.05	168846042	90.26
	Total	589624	100.00	187048635	100.00

Categories of Shareholders as on 31.03.2008:

Category	No. of Holders	No. of Shares	% of holding
Promoters	116	87898205	46.99
NRI	12486	3535644	1.89
FII	164	49308824	26.36
OCB	8	41674	0.02
FBC	2	8218685	4.40
IFI	7	5860767	3.13
IMF	73	3780213	2.02
Banks	37	2893000	1.55
Employees	2407	42984	0.02
Bodies Corporate	3236	7203029	3.85
Public	568612	17072832	9.13
Trust	11	864785	0.46
HUF	2464	327311	0.18
Transit A/C	1	682	0.00
Total	589624	187048635	100.00

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. 17,89,59,736 Equity Shares aggregating to 95.68% of the total Equity Capital is held in dematerialised form as on 31.03 2008 of which 94.25% (17,62,84,365 Equity Shares) of total equity capital is held in NSDL & 1.43% (26,75,371 Equity Shares) of total equity capital is held in CDSL as on 31.03. 2008.

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, along with 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.

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, Amritsar, Bangalore, Bhopal, Bhubaneswar, Calicut, Chandigarh, Chennai, Cochin, Coimbatore, Dehradun, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Nagpur, New Delhi, Nasik, Pune, Panjim, Raipur, Rajkot, Surat, Trichy, Trivandrum, Vadodara and Vijayawada.

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.

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 of the Company 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.

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. If the remaining bondholders, opt for the conversion, the number of paid-up equity shares of the Company shall stand increased.

Registered Office:

Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai-400 026.

Plant Locations:

- Vijayanagar Works : P.O. Vidyannagar, Sandur Taluk, Bellary, Karnataka - 583 275.
Vasind Works : Vasind, Shahapur Taluk Thane, Maharashtra - 421 604.
Tarapur Works : Tarapur, MIDC Boisar, Thane, Maharashtra - 401 506.
Salem Works : Pottaneri, Kalipatti Village, Mecheri Post, Mettur Taluk, Salem Dist., Tamil Nadu

Address for Investor Correspondence:

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

JSWSL 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

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 (Insider Trading) Regulations (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 stakeholders and for instilling pride of association.

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 stakeholders and to endeavour to fulfill 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

A declaration by the Joint Managing Director and CEO 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. 2008.

For **JSW STEEL LIMITED**

Place : Mumbai
Date : 5 May 2008

Y. Siva Sagar Rao
Joint Managing Director & CEO

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 31st March, 2008, 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**

Place : Mumbai
Date : 5 May 2008

P. B. PARDIWALLA
Partner
Membership No. 40005

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 2008 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 2008 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) Without qualifying our report we are to draw attention to Note No. B(4f) of Schedule 19 regarding the treatment of Amalgamation Reserve in accordance with the requirements of the Amalgamation Scheme approved by the High Court. Had the Scheme not prescribed the treatment detailed in the note, Miscellaneous Expenditure of Rs. 194.87 crores would have been amortised to the profit and loss account in accordance with the accounting policy of the Company, and, the balance in Amalgamation Reserve account of Rs. 657.74 crores would have been treated as Capital Reserve as prescribed by AS-14.
- (g) 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 2008;
 - (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 : 5 May 2008

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), (vi), (x), (xii), (xiii), (xiv) 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. The Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, and having regard to the explanation that some of the items purchased are of special nature and suitable alternate sources do not exist for obtaining comparative quotations, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and we have not observed any continuing failure to correct major weaknesses in such internal controls, *however that, in respect of the newly acquired plant at Salem in our opinion such controls need to be strengthened.*
6. In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 to the best of our knowledge and belief 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 lakhs or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

8. 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.
9. 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, 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 31st March, 2008 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	43.71	Various Years	Supreme Court of India
The Custom Act, 1962	Customs Duty	0.10	Various years	High Court of Karnataka
The Custom Act, 1962	Customs Duty	7.40	1999-2000	Customs, Excise and Service Tax Appellate Tribunal
The Custom Act, 1962	Customs Duty	120.82	Various years	Customs, Excise and Service Tax Appellate Tribunal
The Custom Act, 1962	Customs Duty	38.72	2004-2005	Deputy Commissioner of Customs, Goa
The Central Excise Act, 1944	Excise Demand	3.79	2000-2001	Supreme Court of India
The Central Excise Act, 1944	Excise Demand	62.49	Various Years	Customs, Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Demand	0.14	Various years	The Commissioner of Central Excise (Appeals)
The Central Excise Act, 1944	Excise Demand	13.54	Various years	The Commissioner of Central Excise
The Central Excise Act, 1944	Excise Demand	0.10	Various years	The Additional Director General

Name of Statute	Nature of the dues	Amount	Period to which the amount relates	Forum where dispute is pending
The Service Tax Act, 1994	Service Tax Demand	3.91	Various years	Customs, Excise and Service Tax Appellate Tribunal.
The Service Tax Act, 1994	Service Tax Demand	0.40	Various years	The Commissioner of Central Excise (Appeals)
The Service Tax Act, 1994	Service Tax Demand	9.32	Various years	The Commissioner of Central Excise
The Service Tax Act, 1994	Service Tax Demand	0.03	Various years	The Deputy Commissioner of Central Excise
The Service Tax Act, 1994	Service Tax Demand	0.09	2005-2006	The Assistant Commissioner of Central Excise
Income Tax Act, 1961	Income Tax Demand	32.83	Various Years	Commissioner of Income Tax (Appeals)
The Bombay Sales Tax Act, 1959	Sales Tax Demand	0.24	1996-1997	The Deputy Commissioner of Sales Tax (Appeals), Palghar
Uttar Pradesh Sales Tax Act, 1948	Sales Tax Demand	0.02	2004-2005	Deputy Commissioner of Sales Tax, Ghaziabad
Bellary Urban Development Authority	Cess	11.22	Various Years	High Court of Karnataka
MIDC's Water Supply Regulation 1973	Water Charges	4.32	Various Years	Maharashtra Industrial Development Corporation, Mumbai
Tamilnadu Water Board	Water Charges	2.05	Various Years	Executive Engineer PWD, Mettur Dam, Tamilnadu
Tarapur Environment Protection Society	Disposal of hazardous waste	0.64	Various Years	Maharashtra Industrial Development Corporation, Mumbai

10. According to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debentureholders.
11. 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 the ultimate subsidiaries of the Company and others from banks are prima facie not prejudicial to the interests of the Company.
12. 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.
13. 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.
14. According to the information and explanations given to us, the price at which the Company has made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 is prima facie not prejudicial to the interests of the Company.
15. 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.
16. 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 : 5 May 2008

BALANCE SHEET AS AT 31ST MARCH 2008

Rupees in crores

	Schedule No.	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	537.01	525.80
Reserves and Surplus	2	7,140.24	5,068.25
		7,677.25	5,594.05
Loan Funds:			
Secured Loans	3	5,497.08	3,632.50
Unsecured Loans	4	2,049.45	540.53
		7,546.53	4,173.03
Deferred Tax Liability - Net		1,251.84	1,012.66
Total:		16,475.62	10,779.74
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	13,952.32	10,512.76
Less: Depreciation		2,996.83	2,323.66
Net Block		10,955.49	8,189.10
Capital Work-in-Progress		5,612.43	2,002.93
		16,567.92	10,192.03
Investments	6	923.53	192.94
Current Assets, Loans and Advances:			
Inventories	7	1,549.16	1,011.35
Sundry Debtors	8	337.39	245.16
Cash and Bank Balances	9	339.22	337.80
Loans and Advances	10	842.15	542.83
Other Current Assets		18.62	342.04
		3,086.54	2,479.18
Less: Current Liabilities and Provisions:			
Liabilities	11	3,666.36	2,210.51
Provisions	12	436.01	68.77
		4,102.37	2,279.28
Net Current Assets		(1,015.83)	199.90
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	13	-	194.87
Total:		16,475.62	10,779.74
Significant Accounting Policies and Notes forming part of the Financial Statements	19		
Schedules referred to above form an integral part of the Financial Statements			

As per our attached report of even date

For DELOITTE HASKINS & SELLS
Chartered Accountants

P. B. PARDIWALLA
Partner

Place : Mumbai
Dated : 5 May 2008

SESHAGIRI RAO M. V. S.
Director (Finance)

LANCY VARGHESE
Company Secretary

For and on behalf of the Board of Directors

SAJJAN JINDAL
Vice Chairman & Managing Director

Y. SIVA SAGAR RAO
Jt. Managing Director & CEO

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

Rupees in crores

	Schedule No.	Year ended 31.03.2008	Year ended 31.03.2007
INCOME:			
Domestic Turnover		9,021.75	5,703.62
Export Turnover		3,496.05	3,593.64
Sale of Carbon Credits		111.11	-
		12,628.91	9,297.26
Less: Excise duty		1,208.91	742.90
Net Turnover		11,420.00	8,554.36
Other Income	14	257.14	145.23
Total income		11,677.14	8,699.59
EXPENDITURE:			
Employees Remuneration and Benefits	15	273.98	175.47
Materials	16	5,693.85	4,029.95
Manufacturing and Other Expenses	17	2,097.57	1,572.20
Interest and Finance Charges (net)	18	440.44	399.54
Depreciation etc.		687.18	498.23
Miscellaneous Expenditure Written off		-	109.02
		9,193.02	6,784.41
Profit before Taxation		2,484.12	1,915.18
Provision for Taxation (including Wealth Tax)		755.93	623.18
Profit after Taxation		1,728.19	1,292.00
Profit brought forward from earlier years		2,267.56	1,331.66
Amount available for Appropriation		3,995.75	2,623.66
Appropriations:			
Transferred from Debenture Redemption Reserve		23.30	39.48
Dividend on Preference Shares		(29.06)	(27.90)
Interim Dividend on Equity Shares		-	(204.98)
Proposed Final Dividend on Equity Shares		(261.87)	-
Corporate Dividend Tax		(49.44)	(33.49)
Transfer to General Reserve		(172.82)	(129.21)
Balance carried to Balance Sheet		3,505.86	2,267.56
Earnings per share (Equity shares, par value of Rs.10 each) (in Rupees)			
Basic		95.26	80.11
Diluted		94.18	78.88
Significant Accounting Policies and Notes forming part of the Financial Statements	19		
Schedules referred to above form an integral part of the Financial Statements			

As per our attached report of even date

For DELOITTE HASKINS & SELLS

Chartered Accountants

P. B. PARDIWALLA

Partner

Place : Mumbai

Dated : 5 May 2008

SESHAGIRI RAO M. V. S.

Director (Finance)

LANCY VARGHESE

Company Secretary

For and on behalf of the Board of Directors

SAJJAN JINDAL

Vice Chairman & Managing Director

Y. SIVA SAGAR RAO

Jt. Managing Director & CEO

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	Year ended 31.03.2008	Rupees in crores Year ended 31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	2,484.12	1,915.18
Adjustments for:		
Depreciation	687.18	498.23
Miscellaneous Expenditure written off	-	109.02
Loss/ (Profit) on sale of Fixed Assets/Investments	1.63	(0.77)
Interest Income	(54.40)	(7.27)
Dividend Income	(5.64)	(0.34)
Interest Paid	351.87	288.24
Foreign exchange variation (net)	(75.32)	(0.25)
Amortisation of Employees Share Payments	3.09	-
Claims Settled and Provisions no longer required written back	(53.69)	(8.35)
	<u>854.72</u>	<u>878.51</u>
Operating profit before working capital changes	<u>3,338.84</u>	<u>2,793.69</u>
Adjustments for:		
Trade and other receivables	(206.40)	118.80
Trade payables	1,250.05	281.71
Inventories	(463.08)	(87.12)
	<u>580.57</u>	<u>313.39</u>
Cash flow before taxation	<u>3,919.41</u>	<u>3,107.08</u>
Direct Taxes Paid	(366.71)	(284.82)
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES	<u>3,552.70</u>	<u>2,822.26</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and capital advances	(5,265.67)	(2,346.84)
Purchase of Long Term Investments	(537.09)	(90.80)
Purchase of Short Term Investments	(198.69)	(17.06)
Sale of Fixed Assets	1.57	0.32
Sale of Investments	5.19	-
Realisation of Other Current Assets	294.19	205.89
Interest received	58.50	3.60
Dividend received	5.64	0.34
NET CASH USED IN INVESTING ACTIVITIES	<u>(5,636.36)</u>	<u>(2,244.55)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Share Capital	199.06	212.19
Proceeds from Long Term Borrowings	3,440.10	1,242.74
Repayment against Long Term Borrowings	(1,142.30)	(1,017.67)
Repayment/availment of Bank Borrowings	82.44	(86.76)
Interest Paid	(421.73)	(326.16)
Dividend Paid	(32.64)	(408.73)
NET CASH FLOW GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<u>2,124.93</u>	<u>(384.39)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>41.27</u>	<u>193.32</u>
CASH AND CASH EQUIVALENTS - OPENING BALANCE	<u>242.40</u>	<u>49.08</u>
ADD: PURSUANT TO SCHEME OF AMALGAMATION (see Note B(4)) of Schedule 19)	<u>23.15</u>	<u>-</u>
	<u>265.55</u>	<u>49.08</u>
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	<u>306.82</u>	<u>242.40</u>

- NOTES :** (1) The above cash flow statement has been prepared by using the Indirect Method as per Accounting Standard (AS) - 3 "Cash Flow Statements".
- (2) Cash and cash equivalents include effect of exchange rate changes amounting to Rs. 0.04 crores (Previous year Rs.1.38 crores) in respect of Bank balance held in foreign currency.
- (3) Cash and cash equivalents exclude balance in margin money, short term deposits and balance in debenture interest/ instalments/dividend payments aggregating to Rs. 32.40 crores (Previous year Rs. 95.40 crores).

As per our attached report of even date
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

P. B. PARDIWALLA
Partner

SESHAGIRI RAO M. V. S.
Director (Finance)

SAJJAN JINDAL
Vice Chairman & Managing Director

Place : Mumbai,
Dated : 5 May 2008

LANCY VARGHESE
Company Secretary

Y. SIVA SAGAR RAO
Jt. Managing Director & CEO

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

		Rupees in crores	
		As at 31.03.2008	As at 31.03.2007
SCHEDULE 1			
SHARE CAPITAL			
Authorised:			
200,00,00,000	Equity Shares of Rs.10 each	2,000.00	2,000.00
100,00,00,000	Preference Shares of Rs.10 each	1,000.00	1,000.00
Total:		3,000.00	3,000.00
Issued and Subscribed:			
18,70,48,635	Equity Shares of (16,39,78,813) Rs.10 each fully paid up	187.05	163.98
	Add: Equity Shares Forfeited (Amount originally paid-up)	61.03	61.03
27,90,34,907	10% Cumulative Redeemable Preference Shares of Rs.10 each fully paid up	279.03	279.03
99,00,000	11% Cumulative Redeemable Preference Shares of Rs.10 each fully paid up (Nil)	9.90	-
		537.01	504.04
Share Application Money		-	21.76
Total:		537.01	525.80

Notes:

- 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:
 - 4,39,98,500 equity shares to the shareholders of erstwhile Jindal Iron and Steel Company Limited.
 - 65,57,070 equity shares to the shareholders of erstwhile Euro Ikon Iron and Steel Private Limited.
 - 50,35,767 equity shares to the shareholders of erstwhile Euro Coke and Energy Private Limited.
 - 64,00,000 equity shares to the shareholders of erstwhile JSW Power Limited.
 - 1,50,35,712 equity shares to the shareholders of erstwhile Southern Iron and Steel Company Limited. (see Note B (4b) of Schedule 19).
- 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. (see note B (4c) of Schedule 19)
- The 10% Cumulative Redeemable Preference Shares are redeemable at par in four equal quarterly installments commencing from 15 December, 2017.

- The 11% Cumulative Redeemable Preference Shares are redeemable at a premium of 10% any time after 10 March 2010 but not later than 10 March 2012 at the option of the Company.

		Rupees in crores	
		As at 31.03.2008	As at 31.03.2007
SCHEDULE 2			
RESERVES AND SURPLUS:			
Securities Premium Account:			
	As per last Balance Sheet	346.50	163.09
	Add: Received on issue of equity shares	212.79	183.41
		559.29	346.50
	Less: FCCB issue expenses (Net of taxes)	(11.37)	-
	Provision for premium on redemption of FCCB (Net of taxes)	(47.07)	-
		500.85	346.50
Debenture Redemption Reserve:			
	As per last Balance Sheet	42.71	82.19
	Add: Pursuant to Scheme of Amalgamation (see Note B (4d) of Schedule 19)	5.08	-
	Less: Transferred to Profit and Loss Account	(23.30)	(39.48)
		24.49	42.71
Amalgamation Reserve Account: (see Note B(4) of Schedule 19)			
	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	2,411.48	2,282.22
	Add: Pursuant to Schemes of Arrangement & Amalgamation Transferred from Profit and Loss Account	528.69	0.05
		172.82	129.21
	Less: Adjustment as per transitional provisions of AS 15 (Revised 2005)	(7.04)	-
		3,105.95	2,411.48
Share Options Outstanding:			
	Share Options Outstanding	15.43	-
	Less: Deferred Compensation	(12.34)	-
		3.09	-
Surplus in Profit and Loss Account		3,505.86	2,267.56
Total:		7,140.24	5,068.25

	Rupees in crores	
	As at 31.03.2008	As at 31.03.2007
SCHEDULE 3		
SECURED LOANS		
Debentures		
8% Non Convertible Debentures of Rs. 100 each	71.60	166.61
10.75% Non Convertible Debentures of Rs. 10 lacs each	64.35	72.15
10.25% Non Convertible Debentures of Rs. 10 lacs each	350.00	-
10% Non Convertible Debentures of Rs. 100 each	-	68.01
15% Optionally Convertible Debentures of Rs. 6 each	5.09	-
10.75% Non Convertible Debentures of Rs. 10 lacs each	56.53	-
	547.57	306.77
From Banks		
Buyer's Credit (Foreign Currency Loans)	61.97	101.68
Rupee Term Loans	3,505.32	2,574.63
Foreign Currency Term Loans	953.44	451.11
	4,520.73	3,127.42
From Financial Institutions		
Buyer's Credit (Foreign Currency Loans)	-	12.55
Rupee Term Loans	131.25	44.21
	131.25	56.76
Working Capital Loans from Banks	297.53	141.55
Total:	5,497.08	3,632.50

Notes:

1. Terms of Redemption:

- The 8% Redeemable Secured NCDs of Rs. 100 each are redeemable in 8 monthly installments of Rs. 7.92 crores each from 30.04.2008 to 30.11.2008 and last installment of Rs. 8.27 crores on 30.12.2008.
- The 10.75% Redeemable Secured NCDs of Rs. 10,00,000 each are redeemable in 33 quarterly installments of Rs.1.95 crores each from 15.04.2008 to 15.04.2016.
- The 10.25% Redeemable Secured NCDs of Rs.10,00,000 each are redeemable in 3 equal yearly installments of Rs.116.67 crores each from 17.02.2016 to 17.02.2018.
- The 15% Redeemable Optionally Convertible Debentures of Rs. 6 each are redeemable on 17.05.2008.
- The 10.75% Redeemable Secured NCDs of Rs. 10,00,000 each are redeemable in 27 installments of Rs. 2.09 crores each from 01.07.2008 to 01.01.2015.

2. Details of Security:

- Buyer's credit (Foreign Currency Loans) are secured by way of Guarantee Assistance by a consortium of Banks / Financial Institutions.
- The said Guarantee Assistance, the 8% NCDs and Buyer's credit from Banks aggregating to Rs.133.57 crores, Rupee Term Loans from Banks aggregating to Rs. 1,724.16 crores, Rupee Term Loan from financial Institution aggregating to Rs. 10.53 crores and Foreign Currency Terms Loans from Banks aggregating to Rs. 355.45 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.
- The 8% NCDs are also secured by (first charge by way of) legal mortgage on property of Upstream Division situated at Mouje Dhanot, Mehsana in the State of Gujarat.
- The 10.75% NCDs aggregating to Rs. 64.35 crores alongwith Rupee Term Loans from Banks aggregating to Rs. 123.75 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.
- The 10.25% NCDs aggregating to Rs. 350.00 crores are secured / to be secured by:
 - *pari passu* charge on fixed assets at Tarapur and Vasind works in the state of Maharashtra.
- The 15% Redeemable Optionally Convertible Debentures aggregating to Rs 5.09 crores and 10.75% NCDs aggregating to Rs. 56.53 crores are secured by:
 - First charge on Land situated in the State of Gujarat
 - Second charge in favour of the Debenture Trustee – Western Indian Trustee and Executor Co. Ltd. on Fixed Assets situated at Salem Works in the state of Tamilnadu.
- The Rupee Term Loans and Foreign Currency Loan from banks and financial Institution aggregating to Rs. 977.12 crores are secured by a first charge supported by an equitable/registered Mortgage of moveable properties and assets situated at Salem Works in the State of Tamilnadu and pledge of 30 million shares of the erstwhile SISCOL held by the promoters.

- (h) Rupee Term Loans /Foreign Currency Term Loan from Bank are secured/to be secured as under:
- aggregating to Rs. 23.89 crores by first charge by way of equitable mortgage in respect of all movable and immovable of Blast furnace Plant at Toranagallu village, in the State of Karnataka.
 - aggregating to Rs. 47.49 crores by first charge by way of equitable mortgage in respect of all movable and immovable properties of Coke Oven Plant at Toranagallu village, in the State of Karnataka.
 - aggregating to Rs. 475.87 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.
 - aggregating to Rs. 513.78 crores by exclusive first charge by way of equitable mortgage in respect of all movable and immovable properties of 2.8 mtpa expansion project at Toranagallu village, in the State of Karnataka.
 - aggregating to Rs. 79.94 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.
 - 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.
- (i) Rupee Term Loans from Financial Institution aggregating to Rs. 27.82 crores are secured by exclusive first charge by way of hypothecation of Cessna Aircraft.
- (j) Rupee Term Loans from Financial Institution aggregating to Rs. 47.80 crores are secured by exclusive first charge by way of hypothecation of Bombardier Challenger 300 aircraft to be manufactured.
- (k) Foreign Currency Term Loan from Bank aggregating to Rs. 42.41 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.
- (l) The Working capital loans aggregating to Rs.120.77 crores 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 Downstream Division, both present and future.
 - *pari passu* second charge on movable properties of 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.
- (m) The working capital loans aggregating to Rs.46.74 crores 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 Upstream Division, both present and future.
 - *pari passu* second charge by way of equitable mortgage of immovable properties of Upstream Division situated at Vaddu, 'Kurekuppe and Toranagallu villages, in the State of Karnataka.
- (n) The working capital loans aggregating to Rs.130.02 crores by:
- *pari passu* first charge by way of hypothecation of Raw Materials, Work-in-Progress, Finished Goods and all other moveable'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 aggregating to Rs.113.79 crores and working capital facilities aggregating to Rs.120.27 crores along with interest thereon are personally guaranteed by the Vice Chairman & Managing Director of the Company.

	Rupees in crores	
	As at 31.03.2008	As at 31.03.2007
SCHEDULE 4		
UNSECURED LOANS		
Long term advances from customers [Repayable within a year Rs.9.60 crores, (Previous year Rs. 82.28 crores)]	656.64	522.51
Foreign Currency Loans [Repayable within a year Rs. 8.26 crores, (Previous year Rs.9.01 crores)]	8.26	18.02
Zero Coupon Foreign Currency Convertible Bonds	1,295.83	-
Sales Tax Deferral	88.72	-
Total:	2,049.45	540.53

The Company had issued 3,250 Zero coupon Foreign Currency Convertible Bonds (FCCBs) of US \$ 100,000 each aggregating to US \$325 million at par. The bonds 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. The bonds are redeemable on 28 June 2012 at an amount equal to the principal amount of the bonds multiplied by 142.801 per cent.

SCHEDULE 5
FIXED ASSETS

Rupees in crores

Particulars	Gross Block (at cost)				Depreciation / Amortisation / Impairment				Net Block		
	As at 01.04.2007	Acquired under Scheme of Amalgamation (see Note B(4) of Schedule 19)	Additions	Deductions	As at 31.03.2008	As at 01.04.2007	For the year	Deductions	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Tangibles											
Freehold Land	86.08	40.88	24.21	0.06	151.11	18.48	-	-	18.48	132.63	67.60
Leasehold Land	31.46	-	44.56	-	76.02	0.17	0.06	-	0.23	75.79	31.29
Buildings	1,500.93	63.80	368.97	0.32	1,933.38	247.40	54.04	0.06	301.38	1,632.00	1,253.53
Plant & Machinery@	8,757.81	675.69	2,201.81	14.04	11,621.27	2,024.97	621.44	13.04	2,633.37	8,987.90	6,732.84
Furniture & Fixtures@	40.02	0.89	16.53	-	57.44	11.80	4.76	-	16.56	40.88	28.22
Vehicles & Aircraft	83.83	0.53	18.02	2.79	99.59	10.60	6.19	0.91	15.88	83.71	73.23
Intangibles											
Software	12.63	-	0.88	-	13.51	10.24	0.69	-	10.93	2.58	2.39
Total:	10,512.76	781.79	2,674.98	17.21	13,952.32	2,323.66	687.18	14.01	2,996.83	10,955.49	8,189.10
Previous Year	8,368.43	-	2,172.67	28.34	10,512.76	1,850.45	498.23	25.02	2,323.66	8,189.10	
@ Include proportionate share of assets jointly owned											
Plant & Machinery	32.71	-	-	-	32.71	12.21	0.49	-	12.70	20.01	20.95
Capital Work-in-Progress (See Note B (3) of Schedule 19)										5,612.43	2,002.93

Notes:

1. 'Buildings' include:

- 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. 0.57 crores (Previous year Rs. 0.91 crores)
- Assets given on operating lease for which documents are yet to be executed pending approvals from Secured Lenders and KSIIDC. Gross Block Rs. 3.08 crores (Previous year Rs. 3.08 crores); net block Rs. 2.67 crores (Previous year Rs. 2.72 crores)

- Execution of Conveyance deed in favour of the Company is pending in respect of Building of Gross block Rs.24.07crores, Net block Rs.23.34 crores. (Previous year Gross block Rs. 4.21 crores, Net block Rs.3.94 crores).
- Cost of shares in Co-operative Housing Societies. Rs. 1,250.
- Plant & Machinery includes Foreign Exchange Fluctuations - (Gain) Rs. Nil (Previous year (gain) Rs. 4.61 crores).
- Fixed assets include Borrowing costs of Rs.94.16 crores (Previous year Rs. 84.18 crores) capitalised during the year.

Rupees in crores

Rupees in crores

	As at 31.03.2008	As at 31.03.2007
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	As at 31.03.2008	As at 31.03.2007
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SCHEDULE 6
INVESTMENTS
(Unquoted)

1. LONG TERM

- Government Securities National Savings Certificates**
(Pledged with Commercial Tax Department) **0.01** 0.01
- Other than Trade: Subsidiaries**
 - JSW Steel (UK) Limited Nil (Previous year 6,00,000) Equity Shares of GBP 1 each fully paid-up - 5.19
 - JSW Natural Resources Limited 10,000 Equity Shares of USD 10 each fully paid-up **0.45** 0.45

JSW Steel Processing Centres Limited 2,56,80,200 (Previous year 51,50,200) Equity Shares of Rs. 10 each fully paid-up	25.68	5.15
JSW Bengal Steel Limited 6,00,00,000 (Previous year Nil) Equity Shares of Rs. 10 each fully paid-up	60.00	-
JSW Jharkhand Steel Limited 50,000 (Previous year Nil) Equity Shares of Rs. 10 each fully paid-up	0.05	-
JSW Steel (Netherlands) B.V. 7,18,00,000 (Previous year Nil) Equity Shares of Euro 1 each fully paid-up	413.21	-

	Rupees in crores			Rupees in crores	
	As at 31.03.2008	As at 31.03.2007		As at 31.03.2008	As at 31.03.2007
Others					
JSW Energy (Vijayanagar) Limited 8,00,13,000 Equity Shares of Rs. 10 each fully paid-up	80.01	80.01	HSBC Cash Fund Institutional Plus 10,835,906.582 (Previous year Nil) units of Rs. 10 each	10.84	-
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 certain Financial Institutions for loans granted to JPOCL)	39.52	39.52	ICICI Prudential Institutional Liquid Plan-Super Institutional 15,040,485.607 (Previous year 10,037,440.420) units of Rs. 10 each	15.04	10.04
4,160,000, 10% Redeemable Preference Shares of Rs. 10 each fully paid-up	4.16	4.16	ING Vysya Liquid Fund 14,995,606.033 (Previous year Nil) units of Rs. 10 each	15.00	-
4,200,000, 10% Non-Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each fully paid up	4.20	4.20	Kotak Flexi Debt Fund 9,994,806.609 (Previous year Nil) units of Rs. 10 each	10.03	-
32,310,000, 0.1% Non-Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each fully paid up	32.31	32.31	LIC Mutual Fund Liquid plus Fund 15,051,894.103 (Previous year Nil) units of Rs. 10 each	15.05	-
Vijayanagar Minerals Private Limited 4,000 Equity Shares of Rs. 10 each fully paid-up (Rs. 40,000; Previous year Rs. 40,000)	-	-	LIC Liquid Mutual Fund 13,663,695.532 (Previous year Nil) units of Rs. 10 each	15.01	-
South West Infrastructure Private Limited (SIPL) 43,25,000 (Previous year Nil), 10% Redeemable Non-cumulative Preference Shares of Rs.100 each, fully paid up	43.25	-	Lotus India Liquid Fund Super Institutional Plus 15,036,428.883 (Previous year Nil) units of Rs. 10 each	15.04	-
SICOM Limited 600,000 Equity Shares of Rs. 10 each fully paid-up	4.88	4.88	Principal Floating Rate Fund 15,024,242.934 (Previous year Nil) units of Rs. 10 each	15.05	-
Steelscap Consultancy Private Limited 50,000 (Previous year Nil) Equity Shares of Rs. 10 each fully paid-up	0.05	-	Reliance Floating Rate Fund. 9,932,703.750 (Previous year Nil) units of Rs. 10 each	10.00	-
2. CURRENT			Reliance Liquidity Fund 15,034,412.391 (Previous year Nil) units of Rs. 10 each	15.04	-
Mutual Funds			Reliance Liquidity Fund TP-IP 2,981,834.161 (Previous year Nil) units of Rs. 10 each	4.56	-
Birla Cash Plus Institutional Premium 15,012,447.316 (Previous year Nil) units of Rs. 10 each	15.04		SBI Premier Liquid Fund Institutional Plan 7,994,981.490 (Previous year Nil) units of Rs. 10 each	8.02	-
Birla Sunlife Cash Manger IP 15,019,333.399 (Previous year Nil) units of Rs. 10 each	15.02		SBI Premier Liquid Fund Super Institutional Plan 6,989,099.708 (Previous year Nil) units of Rs. 10 each	7.01	-
Fedality Cash Fund - Super IP 15,002,804.612 (Previous year Nil) units of Rs. 10 each	15.00		Templeton India Treasury Manager Super Institutional Plan Nil (Previous year 70,219.284) units of Rs. 10 each	-	7.02
			UTI Liquid Fund Institutional Cash Plan 147,167.543 (Previous year Nil) units of Rs. 10 each	15.00	-
			Total:	923.53	192.94
			Aggregate Book Value - Unquoted Investments	707.78	175.88
			Aggregate Repurchase Value - Mutual Funds	215.75	17.06

Notes:

1. Units of Mutual Fund purchased and sold during the year:

Name of the Scheme	No. of Units
AIG India Liquid Fund Super IP	515,660
Birla Cash Plus - Institutional Prem	139,082,908
DBS Chola Short Term Floating Rate Fund	15,107,361
DSP ML Cash Plus Fund -IP	151,019
DSP ML Liquidity Fund -IP	150,612
DWS Insta Cash	50,045,704
DWS Money Plus Fund - IP	15,147,495
Fedacity Cash Fund - super IP	105,133,277
Fedacity Cash Fund - super	
IP-Insti Prem Plan	27,043,059
Grindlays FRF-IP-LTP Plan	15,083,210
HDFC Cash Management - Saving Plan	13,199,024
HDFC Cash Management Fund - Savings Plan	
HDFC -FRIF-STF	76,314,789
HDFC Liquid Fund - Premium Plan	15,040,377
HSBC - Cash Fund Institutional Plus	103,810,883
ICICI Prudential Sweep Plan - Cash Option	86,080,811
ING Vysya Liquid Fund	40,039,144
JM High Liquidity- Super IP	111,220,565
JM Money Manager - Super	60,031,429
JM Money Manager Fund - Super Plus Plan	15,163,762
Kotak Flexi Debt Fund	15,107,678
Kotak Liquid Institution Premium Plan	15,046,461
LIC Liquid Mutual Fund	40,944,353
LOTUS India Liquid Fund IP Plus	82,093,324
LOTUS India Liquid Fund super IP	35,044,224
LOTUS India Liquid Plus Fund - IP	35,051,565
LOTUS India Liquid Plus Fund IP Plus	15,124,075
LOTUS India Liquid Plus Fund Super IP	15,052,640
Principal Cash Mgmt Fund Co-Inst pre plan	15,008,998
PRINCIPAL Floating Rate Fund - FMP - IP	124,102,537
Prud.ICICI Institutional Liquid - Super IP	15,123,963
Reliance Liquid Fund Plus	232,921,992
Reliance Floating Rate Fund	149,969
Reliance - FRF	14,954,854
Reliance Liquid Fund - TP - IP	11,921,089
Reliance Liquid Plus Fund- Institutional option	5,256,644
Reliance Liquidity Fund	90,188
SBI Premiur Liquid Fund IP	160,186,430
Standard Chartered Liquidity Manager Fund Plus	39,980,465
Sundaram BNP Paribas Liquid Plus - Super IP	270,583
Sundaram BNP Paribas Money Fund	11,040,152
Tata Floater Fund	25,850,707
Tata Liquid Fund - SHIP	15,037,184
Templeton India Treasury Manager - Super IP	1,624,928
UTI Liquid Fund - Cash Plan IP	1,182,287
	580,722

2. Mode of Valuation - see Note A(4) of Schedule 19.

	Rupees in crores	
	As at 31.03.2008	As at 31.03.2007
SCHEDULE 7		
INVENTORIES		
Raw Materials	818.56	611.44
Production Consumables and Stores & Spares	185.67	165.73
Work-in-Progress	44.13	38.89
Semi Finished/Finished Goods	435.87	195.29
Traded Goods (in transit)	64.93	-
Total:	1,549.16	1,011.35
Note: Mode of Valuation-see note A(7) of Schedule 19.		
SCHEDULE 8		
SUNDRY DEBTORS		
Unsecured		
Outstanding for a period exceeding six months		
Considered Good	5.86	54.36
Considered Doubtful	17.27	11.89
Less: Provision for Doubtful debts	(17.27)	(11.89)
	5.86	54.36
Other Debts		
Considered Good	331.53	190.80
Considered Doubtful	2.80	0.06
Less: Provision for Doubtful debts	(2.80)	(0.06)
	331.53	190.80
Total:	337.39	245.16
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on hand	0.38	0.24
Balances with Scheduled Banks:		
In Current Accounts	205.40	165.72
In Margin Money/Term Deposit Accounts	133.44	171.84
Total:	339.22	337.80
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 Subsidiaries	14.49	0.22
Advance to Suppliers	129.21	103.16
Export benefits receivable/Excise duty refund on exports	82.15	90.95
Amount recoverable from ESOP Trusts	46.35	3.30
Insurance Claim Receivable	0.05	57.87
Advance towards Equity/Preference capital	27.20	17.21
Prepayments and Others	273.95	100.91

	Rupees in crores	
	As at 31.03.2008	As at 31.03.2007
Less: Provision for Doubtful Advances	(16.92)	(16.06)
	556.48	357.56
Premises and Other deposits	94.75	91.76
Excise Balances	176.29	93.51
Advance Tax and Tax deducted at source (net)	14.63	
Loans to Bodies Corporate	9.10	9.10
Less: Provision for Doubtful Loans	(9.10)	(9.10)
Total:	842.15	542.83
SCHEDULE 11		
CURRENT LIABILITIES		
Acceptances	2,060.26	1,478.00
Dues to Subsidiaries	65.28	-
Sundry Creditors (see Note B (17) of Schedule 19)		
Total outstanding dues of micro enterprises and small enterprises	4.65	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,225.79	505.34
Rent and other Deposits	20.46	4.07
Advances from Customers	74.83	40.48
Interest Accrued but not due on loans	142.45	142.25
Other Liabilities	56.70	28.20
Investor Education and Protection Fund shall be credited by		
Unclaimed Debenture Redemption Instalments	2.46	1.80

	Rupees in crores	
	As at 31.03.2008	As at 31.03.2007
Unclaimed Debenture Interest	2.70	1.79
Unclaimed Dividend	6.93	4.70
Unclaimed amount of sale proceeds of fractional shares	3.85	3.88
Total:	3,666.36	2,210.51
SCHEDULE 12		
PROVISIONS		
Provision for:		
Income Tax (net)	-	24.99
Wealth Tax (net)	0.55	0.41
Fringe Benefit Tax (net)	0.80	0.27
Employee Benefits	21.99	10.46
Premium payable on redemption of FCCBs & Preference Shares	72.30	-
Proposed Dividend on Preference Shares	29.06	27.90
Proposed Dividend on Equity Shares	261.87	-
Corporate Dividend Tax	49.44	4.74
Total:	436.01	68.77
SCHEDULE 13		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
(see Note B (4f) of Schedule 19)		
Share and Debenture Issue Expenses	-	7.36
Deferred Revenue Expenditure	-	187.51
Total:	-	194.87

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

	Rupees in crores	
	Year ended 31.03.2008	Year ended 31.03.2007
SCHEDULE 14		
OTHER INCOME		
Dividend		
from Long Term Investments	0.52	0.06
from Current Investments	5.12	0.28
Profit on Sale of Fixed Assets	-	2.59
Insurance Claim	19.04	66.14
Foreign Exchange Gain (net)	104.89	19.22
Claims Settled	50.90	-
Miscellaneous Income	76.67	56.94
Total:	257.14	145.23

	Rupees in crores	
	Year ended 31.03.2008	Year ended 31.03.2007
SCHEDULE 15		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages and Bonus	243.19	154.36
Contribution to Provident and Other Funds	14.11	8.52
Staff Welfare Expenses	16.68	12.59
Total:	273.98	175.47

	Rupees in crores	
	Year ended 31.03.2008	Year ended 31.03.2007
SCHEDULE 16		
MATERIALS		
Raw Materials Consumed	5,883.53	3,964.00
Purchase of Traded Goods	64.93	-
(Increase)/Decrease in Stocks		
Opening Stock*:		
Semi Finished/Finished Goods	220.91	195.06
Work-in-progress	40.44	105.65
	<u>261.35</u>	<u>300.71</u>
Closing Stock:		
Semi Finished/Finished Goods	435.85	195.29
Work-in-progress	44.13	38.88
Traded Goods	64.93	-
	<u>544.91</u>	<u>234.17</u>
	<u>(283.56)</u>	<u>66.54</u>
Excise duty on stock of finished goods (net)	28.95	(0.59)
Total:	<u>5,693.85</u>	<u>4,029.95</u>

*Includes Rs. 27.18 crores taken over from SISCO as per Scheme of Amalgamation (see Note B(4) of Schedule 19).

SCHEDULE 17

MANUFACTURING AND OTHER EXPENSES

Rent	4.29	3.07
Rates and Taxes	8.85	7.06
Insurance	20.76	13.06
Power and Fuel	532.43	393.10
Stores and Spares consumed	611.68	413.23
Carriage and Freight	511.79	469.37
Repairs & Maintenance		
Plant & Machinery	165.58	87.84
Buildings	34.75	19.93
Others	6.71	1.94
Commission on Sales	27.90	37.15
Donations	16.57	4.43
Miscellaneous Expenses	149.07	104.21
Provision for Doubtful Debts/ Loans/Advances	5.56	15.99
Loss on sale of fixed assets/ investments (net)	1.63	1.82
Total:	<u>2,097.57</u>	<u>1,572.20</u>

SCHEDULE 18

INTEREST AND FINANCE CHARGES (net)

Interest on:		
Debentures and Fixed Loans	351.87	288.24
Others	114.23	93.71
Other Finance Charges	28.74	24.86
	<u>494.84</u>	<u>406.81</u>
Less: Interest Income		
from Banks	(27.84)	(6.16)
from Others	(26.56)	(1.11)
[Tax deducted at source Rs.1.76 crores, (Previous year Rs.1.49 crores)]		
Total:	<u>440.44</u>	<u>399.54</u>

SCHEDULE 19:

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. Cost comprises of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use.

Expenditure incurred during construction period:

Apart from costs related directly to the construction of an asset, indirect expenses incurred up to the date of commencement of commercial production which are incidental and related to construction are capitalized as part of the construction cost. Income, if any, earned during the construction period is deducted from the indirect costs.

Depreciation on assets is provided, prorata 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 its 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 is made to recognize a decline, other than temporary, in the value of such investments.

5. Derivatives

The Company enters into derivative contracts such as Interest Rate Swaps, Currency Swaps, Forward Contracts and Commodity and Currency Options to hedge against the risk of adverse movements in interest rates, foreign currencies or values of the hedged items. All outstanding derivative instruments at close are marked-to-market by type of risk and the resultant losses relating to the year, if any, are recognized in the Profit and Loss Account, gains are ignored.

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 stock is included under Schedule 16 – Materials.

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 18)

9. Employee Benefits

Short-term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost. Long-term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuations.

Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and are recognized as an expense when employees have rendered service entitling them to the contributions.

The costs of providing leave encashment and gratuity, defined benefit plans, are determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The leave encashment and gratuity benefit obligations recognized in the Balance Sheet represents the present value of the obligations as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized 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 are translated into Rupees at the exchange rate prevailing at the balance sheet date. All exchange differences, are dealt with in the Profit and Loss Account, except to the extent that they are regarded as an adjustment to interest costs and capitalized to fixed assets. Non-monetary items such as investments are carried at historical cost using the exchange rates on the date of the transaction.

In case of forward contracts the premium or discount arising at inception is amortized as expense or income over the life of the contract. Exchange differences on such contracts, except those relating to forward exchange contracts entered into to hedge the foreign currency risks of future transactions in respect of which firm commitments are made are recognized in the Profit and Loss Account in the reporting period in which the exchange rates change.

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 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 regulations. 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 realised.

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 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 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, which is representative of the time pattern of the user's benefit.

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 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. Provision is made if it is probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

18. Miscellaneous Expenditure

Miscellaneous expenditure (except under specific circumstances - See note B(4) of Schedule 19) is written off to the Profit and Loss Account over a period of up to five years depending upon the nature and expected future benefit of such expenditure. The management reviews the amortization period on a regular basis and if expected future benefits from such expenditure are significantly lower from previous estimates, the amortization period is accordingly changed.

B. NOTES TO ACCOUNTS:

1. Contingent Liabilities not provided for in respect of:

- a) Bills Discounted Rs. 1,131.21 crores (Previous year Rs. 749.76 crores).
- b) Guarantees provided on behalf of ultimate subsidiaries and others Rs. 2,993.16 crores (Previous year Rs. 62.00 crores).
- c) Disputed statutory claims/levies including those pending in courts (excluding interest leviable, if any), in respect of:
 - (i) Excise Duty Rs. 82.17 crores (Previous year Rs. 22.33 crores);
 - (ii) Custom Duty Rs. 219.87 crores (Previous year Rs. 99.05 crores);
 - (iii) Income Tax Rs. 36.28 crores (Previous year Rs. 36.28 crores);
 - (iv) Sales Tax/Special Entry tax Rs. 0.29 crores (Previous year Rs. 0.29 crores);
 - (v) Service Tax Rs. 20.32 crores (Previous year Rs.3.40 crores);
 - (vi) Miscellaneous Rs. 0.24 crores (Previous year Rs. 0.24 crores); and
 - (vii) Levies by local authorities Rs.15.92 crores (Previous year Rs. 12.49 crores).
- d) Claims by Suppliers and other third parties Rs. 90.81 crores (gross) (Previous year Rs. 347.33 crores), counter claims Rs. Nil (Previous year Rs. 245.98 crores).

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 6,555.68 crores (Previous year Rs. 4,029.20 crores).

3. Capital Work-in-Progress comprises:

	Rupees in crores	
	Current Year	Previous Year
a) Buildings, Plant & Machinery and other fixed assets	4,445.47	1,273.66
b) Capital Advances	1,041.18	732.54
Less: Provision for doubtful advances	86.71	86.71
Net Capital Advances (unsecured and considered good)	954.47	645.83
c) Pre-operative Expenses (pending allocation)		
Opening Balance	*152.29	119.08
Add: Raw Materials Consumed	139.26	176.22
Rent	2.64	0.04
Power and fuel	10.10	0.46
Stores & Spares	0.80	7.24
Salaries, wages and bonus	31.51	12.65
Contribution to Provident fund etc.	0.75	0.40
Staff Welfare Expenses	1.45	0.33
Insurance	6.34	2.26
Repairs & Maintenance - Plant & Machinery	-	1.15
Exchange difference	-	50.02
Miscellaneous Expenses	14.72	13.84
Interest on Fixed Loans & Debentures	66.79	32.69
Interest Others	22.33	25.65
Finance Charges	14.41	13.33
	463.39	455.36
Less: Self consumption of trial run production	111.29	183.75
Interest Income	1.58	2.88
Dividend from Short term Investment	0.50	0.13
Allocated to Fixed Asset/Capital Work in Progress	137.54	180.81
Transferred on sale	-	4.35
Balance carried forward	212.48	83.44
Total (a+b+c)	5,612.43	2,002.93

* includes Rs. 68.85 crores taken over from SISCOL as per Scheme of Amalgamation (see Note 4 below)

4. Amalgamation of Southern Iron and Steel Company Limited (SISCOL) with the Company:

A Scheme of Amalgamation (Scheme) of SISCOL with the Company was sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated 22nd February, 2008. The amalgamation is an amalgamation in the nature of purchase as defined by Accounting Standard (AS) 14 - "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Entries have been passed in the books of account to give effect to the Scheme, as follows:

- With effect from the Appointed date i.e. 1st April, 2007 all the assets and liabilities of SISCOL are transferred to and recorded in the books of the Company at their fair values, aggregating to Rs. 687.76 crores.
- 1,50,35,712 equity shares of Rs.10 each at par are allotted to the equity share holders of SISCOL in the ratio of 1 equity share of the Company for every 22 equity shares of SISCOL.
- 99,00,000, 11% cumulative redeemable preference shares of Rs.10 each at par are allotted to the preference share holders of SISCOL in the ratio of 1 preference share of the Company for every 1 preference share of SISCOL.
- Debenture Redemption Reserve (DRR) of Rs. 5.08 crores in the books of SISCOL as at 1 April 2007 is recorded in the books of the Company.
- The difference of Rs. 657.74 crores between
 - the net assets as stated in paragraph (a) above, and
 - the values of equity shares, preference shares and the DRR as stated in paragraphs (b), (c) and (d) above respectively is credited to Amalgamation Reserve Account.
- The Amalgamation Reserve is utilized to write off Rs.129.05 crores (net of taxes) being the balance in the Miscellaneous Expenditure account in the books of the Company as at 1 April 2007. The net balance of Rs. 528.69 crores is credited to the General Reserve Account.
Had the Scheme not prescribed the above treatment, Miscellaneous Expenditure of Rs. 194.87 crores (gross) would have been amortised to the profit and loss account in accordance with the accounting policy of the Company, and, an amount of Rs. 657.74 crores would have been treated as Capital Reserve as prescribed by AS-14.
- Inter Company balances are cancelled.

5. Consequent upon the adoption of the Companies (Accounting Standards) Rules 2006 with effect from 1st April, 2007 the following changes in accounting policy/ estimate have been made during the year:

- Exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed assets, which in accordance with Accounting Standard (AS) 11 on "The Effects of Changes in Foreign Exchange Rates" were previously adjusted to the carrying values of the relevant fixed assets are now recognized in the Profit and Loss account. As a result, profit for the year ended 31st March, 2008 is higher by Rs. 37.11 crores.
- Post employment benefits (namely gratuity) are in accordance with Accounting Standard (AS) 15 on "Employee Benefits" now measured on a discounted basis by the Projected Unit Credit Method on the basis of third party actuarial valuation. As a result, profit for the year ended is lower by Rs. 2.02 crores. Also, in accordance with the transitional provisions of the Standard Rs. 7.04 crores (net of tax) has been debited to the opening reserves.

6. Employee Share based Payment Plans:

- a) During the year ended 31 March 2008, 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 (Assistant Vice President & Above)
Date of grant	1 April 2007	1 October 2007	1 October 2007
Number granted	68,382	230,693	181,625
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. 3.09 crores.

7 Details of utilization of funds received on preferential allotment of equity shares:

	Rupees in crores	
	Current Year	Previous Year
Net issue proceeds	195.84	212.16
Less: Utilized for debt reduction and to meet the capital expenditure/ general corporate purposes	Nil	212.16
Balance held in Mutual Funds pending ultimate utilisation	195.84	-

8 Derivatives:

- l) The Company has entered into the following 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 following are the outstanding Forward Exchange Contracts entered into by the Company:

As at	No. of Contracts	Type	US\$ equivalent (Million)	INR equivalent (Crores)
31.03.2008	13	Buy	97.57	389.99
	94	Sell	275.09	1,099.53
31.03.2007	5	Buy	23.37	101.88
	43	Sell	154.79	674.74

- 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) Interest Rate Swaps to hedge against fluctuations in interest rate changes

As at	No. of Contracts	US\$ equivalent (Million)	INR equivalent (Crores)
31.03.2008	2	10.00	39.97
31.03.2007	7	36.67	159.83

- ii) Currency Swap to hedge against fluctuations in changes in exchange rate and Interest Rate

As at	No. of Contracts	US\$ equivalent (Million)	INR equivalent (Crores)
31.03.2008	-	-	-
31.03.2007	11	47.00	204.87

- iii) Currency options to hedge against fluctuations in changes in exchange rate

As at	No. of Contracts	US\$ equivalent (Million)	INR equivalent (Crores)
31.03.2008	-	-	-
31.03.2007	3	22.07	96.20

- II) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

- a) 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)
Sale of goods	17.30	69.16	7.98	34.80
Fixed Deposit	28.62	114.38	20.32	88.59
Interest receivable	0.61	2.46	0.18	0.80

- b) 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	403.82	1,614.09	312.33	1,361.46
Creditors	41.84	167.09	-	-
Interest payable	6.58	26.30	6.04	26.33
Loans payable	643.25	2,571.08	133.83	583.36
Redemption premium payable on FCCB's	17.84	71.31	-	-

Provision for loss through Profit and Loss account – Rs. 0.14 crores.

9. Employee Benefits:

a) Defined Contribution Plan:

Company's contribution to Provident Fund Rs. 10.38 crores.

b) Defined Benefit Plans:

Rupees in crores

	Gratuity (Funded)
a) Liability recognized in the Balance Sheet	
i) Present value of obligation	
As at 1 April 2007	18.15
Service Cost	2.34
Interest Cost	1.79
Actuarial loss on obligation	1.78
Benefits paid	(1.12)
Liability assumed in amalgamation in nature of purchase	2.48
As at 31 March 2008	25.42
Less:	
ii) Fair Value of Plan Assets	
As at 1 April 2007	7.37
Expected Return on Plan assets less loss on investments	1.65
Actuarial gain / (loss) on Plan Assets	(0.27)
Employers' Contribution	11.19
Benefits paid	(1.12)
Assets acquired in amalgamation in nature of purchase	2.60
Expected Return on Plan assets less loss on investments	21.42
Amount recognized in Balance Sheet	4.00
b) Expenses during the year	
Service cost	2.34
Interest cost	1.79
Expected Return on Plan assets	(1.65)
Actuarial (Gain)/Loss	2.05
Total	4.53
c) Actual Return on plan assets	1.38
d) Break up of Plan Assets as a percentage of total plan assets (Percentage or Value)	
Insurer Managed Funds	100.00%
e) Principal actuarial assumptions	
Rate of Discounting	8% p.a.
Expected Return on Plan Assets	8% p.a.
Rate of increase in salaries	6% p.a.
Attrition Rate	2% p.a.

The Company expects to contribute Rs. 3.58 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.

This being the first year in which the Company has adopted the Revised Accounting Standard 15 on Employee Benefits, comparatives have not been included.

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 (AS) – 17 on "Segment Reporting" constitute reportable segments.

Revenue Results and other information

10. Segment Reporting

I) Segment-wise Revenue, Results and other information

Particulars	Year ended 31.03.2008			Year ended 31.03.2007		
	Steel	Power	Total	Steel	Power	Total
Revenue						
External Sales	11,291.04	128.96	11,420.00	8,548.37	5.99	8,554.36
Inter Segment						
Revenue	240.83	614.82	–	150.75	449.04	–
Total Revenue	11,531.87	743.78	11,420.00	8,699.12	455.03	8,554.36
Results						
Segment/Operating Results	2,471.58	440.57	2,912.15	2,041.30	273.08	2,314.38
Un-allocated Income			12.41			0.34
Interest Expenses			(440.44)			(399.54)
Provision for Taxation			(755.93)			(623.18)
Profit after Taxation			1,728.19			1,292.00
Other Information						
Segment Assets	18,969.92	539.24	19,509.16	12,163.82	490.19	12,654.01
Un-allocated Assets			1,068.83			216.59
Total Assets			20,577.99			12,870.60
Segment Liabilities	3,516.38	7.53	3,523.91	2,066.66	1.60	2,068.26
Un-allocated Liabilities & Provisions			9,376.83			5,403.16
Total Liabilities			12,900.74			7,471.42
Depreciation	661.45	25.73	687.18	482.22	16.01	498.23
Total Cash incurred during the year to acquire Segment Assets	7,055.46	10.81	7,066.27	2,371.81	34.29	2,406.10
Non cash expenses other than Depreciation	–	–	–	108.66	0.36	109.02

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 (Netherlands) B.V.
 JSW Steel Holding (USA) Inc.
 JSW Steel (USA) Inc.
 JSW Steel (UK) Limited
 JSW Panama Holdings Corporation
 Invesiones Eurosh Limitada
 Santa Fe Mining
 Santa Fe Pureto S.A.
 Argent Independent Steel (Holdings) Limited
 JSW Steel Service Centre (UK) Limited
 JSW Natural resources Limited
 JSW Natural Resources Mozambique Limitada
 JSW Jharkhand Steel Limited
 JSW Bengal Steel Limited
 JSW Steel Processing Centres Limited

2. Associates

South West Port Limited
 JSW Energy Limited
 Jindal Praxair Oxygen Company Private Limited
 Jindal Steel & Alloys Limited
 Southern Iron & Steel Company Limited
 Jindal Stainless Limited
 Jindal Saw Limited
 Jindal Steel & Power Limited
 Jindal South West Holdings Limited
 JSOft Solutions Limited
 Art India Publishing Company Private Limited
 Reynold Traders Private Limited
 JSW Energy (Vijayanagar) Limited
 JSW Jaigarh Port Limited
 Raj West Power Limited
 JSW Energy (Ratnagiri) Limited
 JSW Cement Limited
 JSW Investments Private Limited
 Jindal Industries Limited
 Nalwa Sons Investments Limited
 Nalwa Engineering Private Limited
 Jindal Systems Private Limited
 JSW Power Trading Company Limited

3. Joint Venture

Vijayanagar Minerals Private Limited

4. Key management Personnel

Mrs. Savitri Devi Jindal
 Mr. Sajjan Jindal
 Mr. Seshagiri Rao M V S
 Dr. Vinod Nowal (w.e.f 30 April 2007)
 Mr. Y Siva Sagar Rao (w.e.f 24 July 2007)
 Dr. B N Singh (upto 31 May 2007)

5. Relatives of Key Management Personnel

Mr. Naveen Jindal
 Mrs. Nirmla Goel
 Mr. P. R. Jindal

b) Transactions with related parties

	Rupees in crores	
	Current Year	Previous Year
Purchase of Goods / Power & Fuel / Services		
Jindal Praxair Oxygen Company Private Limited	309.46	240.05
South West Port Limited	74.89	63.75
JSW Steel (USA) Inc.	64.92	-
Others	142.12	51.68
Total:	591.39	355.48
Reimbursement of Expenses incurred		
Jindal South West Holdings Limited	0.22	-
Reynold Traders Private Limited	0.40	-
JSW Steel (USA) Inc.	0.20	-
Others	0.04	-
Total:	0.86	-

Rupees in crores

	Current Year	Previous Year
Sales of Goods/Power & Fuel		
JSW Energy Limited	301.90	262.05
Southern Iron and Steel Company Ltd.	-	115.74
JSW Steel (USA) Inc.	276.82	-
Jindal Industries Limited	130.23	84.17
Others	197.30	33.18
Total:	906.25	495.14
Other Income		
JSW Investments Private Limited	19.81	-
JSW Steel (USA) Inc.	3.65	-
Others	1.10	-
Total:	24.56	-
Purchase of Assets		
Southern Iron and Steel Company Ltd.	-	70.28
Jindal Steel & Power Limited	159.46	50.84
Others	11.50	1.67
Total:	170.96	122.79
Slump Sale (Net of liabilities Taken Over)		
Jindal Steel & Alloys Limited	1.36	-
Sale of Assets		
Southern Iron and Steel Company Ltd.	-	34.23
Recovery of Expenses incurred		
JSW Jharkhand Steel Limited	11.82	-
Others	1.09	-
Total:	12.91	-
Sale of Investments		
JSW Steel (Netherlands) B.V.	16.54	-
Investments / Share Application Money given		
JSW Steel (Netherlands) B.V.	413.41	-
JSW Bengal Steel Limited	61.76	-
JSW Energy (Vijayanagar) Limited	9.00	80.01
Others	32.76	10.79
Total:	516.93	90.80
Issue of Equity Shares including Securities Premium		
JSW Investments Private Limited	176.80	176.80
Mr. Sajjan Jindal	40.80	13.60
Total:	217.60	190.40
Share Application & Allotment Money received		
JSW Investments Private Limited	159.12	194.48
Mr. Sajjan Jindal	36.12	17.68
Total:	195.84	212.16

	Rupees in crores	
	Current Year	Previous Year
Remuneration to Key Managerial Personnel		
Mrs. Savitri Devi Jindal	0.08	0.08
Mr. Sajjan Jindal	16.73	13.25
Mr. Seshagiri Rao M V S	1.00	0.80
Dr. Vinod Nowal (W.e.f. 30 April.2007)	0.66	-
Mr. Y Siva Sagar Rao (W.e.f. 24 July 2007)	0.74	-
Dr. B. N. Singh (Upto 31 May 2007)	0.23	1.03
Total:	19.44	15.16
c) Closing balances of related parties		
Trade payables		
JSW Steel (USA) Inc.	65.28	-
South West Port Limited	10.56	3.92
Jindal Praxair Oxygen Company Private Limited	9.25	71.98
Others	6.73	1.18
Total:	91.82	77.08
Advance Received from Customers		
JSW Energy (Vijayanagar) Limited	0.77	-
Jindal Industries Limited	0.61	-
Jindal Saw Limited	0.55	-
Jindal Steel & Power Limited	0.26	0.29
Total:	2.19	0.29
Lease Deposits Received		
JSW Energy Limited	6.49	6.49
Jindal Praxair Oxygen Company Private Limited	3.83	3.83
JSW Energy (Ratnagiri) Limited	3.64	0.57
Total:	13.96	10.89
Trade Receivables		
JSW Steel Service Centre (UK) Limited	20.10	-
JSW Energy Limited	13.90	23.91
Southern Iron & Steel Company Limited	-	34.32
Others	8.47	52.72
Total:	42.47	110.95
Capital Advances given		
Jindal Steel & Power Limited	32.89	25.43
Share Application Money		
JSW Natural Resources Limited	12.18	-
JSW Energy (Vijayanagar) Limited	9.00	-
Vijayanagar Minerals Private Limited	4.05	4.06
Others	1.97	-
Total:	27.20	4.06
Other Advances given		
JSW Jharkhand Steel Limited	12.15	-
Jindal Steel & Power Limited	-	8.86
Southern Iron & Steel Company Limited	-	3.01
Others	3.95	12.70
Total:	16.10	24.57

	Rupees in crores	
	Current Year	Previous Year
Other Current Asset		
JSW Investments Private Limited	18.62	312.82
Southern Iron & Steel Company Limited	-	29.23
Total:	18.62	342.05
Advance Received		
JSW Power Trading Company Limited	20.00	-
Share Application Money received		
JSW Investments Private Limited	-	17.68
Mr. Sajjan Jindal	-	4.08
Total:	-	21.76
Investments held by the Company		
JSW Steel (Netherlands) B.V.	413.22	-
Jindal Praxair Oxygen Company Private Limited	80.19	80.19
JSW Energy (Vijayanagar) Limited	80.01	80.01
Vijayanagar Minerals Private Limited	@	@
Others	86.18	10.78
Total:	659.60	170.98
Guarantees and collaterals provided by the Company		
JSW Steel (Netherlands) B.V. and it's subsidiaries for USA and Chile acquisition	2,570.07	-
JSW Steel (USA) Inc.	395.47	-
Southern Iron & Steel Company Ltd	-	62.00
Others	254.82	39.52
Total:	3,220.36	101.52

Notes:

- @ Less than Rs.100,000.
- Related party relationships have been identified by the management and relied upon by the auditors.

12. Operating Lease:

a) As Lessor:

- The Company has entered into a lease arrangement, for renting out 2,279 houses (admeasuring approximately 1,410,997 square feet) at the rate of Rs. 100 per house per annum and 175 houses (admeasuring approximately 93,631 square feet) at the rate of Rs. 24 per square feet per annum, for a period of 60 months ("the term") from the beginning of the current financial year and is renewable at the option of the lessee after the end of the term.

- ii. Future minimum lease rental is receivable under operating lease for each of the following periods as under:

Rupees in crores		
Particulars	Current Year	Previous Year
Not later than 1 year	0.76	0.24
Later than 1 year to 5 years	2.33	0.74
Later than 5 years	0.19	-
Total:	3.28	0.98

- iii. Disclosure of depreciation on assets given on lease during the year:

Rupees in crores		
Particulars	Current Year	Previous Year
Gross carrying amount of assets	118.77	100.22
Accumulated Depreciation	8.77	6.86
WDV of the leased assets	110.00	93.36
Depreciation for the year	1.93	1.10

b) As Lessee:

- i. Future minimum sub-lease payments expected to be received under non-cancellable sub-lease Rs. Nil (Previous year Rs. 2.08 crores).
- ii. Lease Rental charged to revenue for right to use following assets are:

Rupees in crores		
Particulars	Current Year	Previous Year
Cold Rolling Steel Undertaking	1.00	6.00
Office Premises, Residential Flats etc.	4.29	3.07
Total:	5.29	9.07

The agreements are executed for a period of 11 to 60 months with a renewable clause and also provides for termination at will by other party giving a prior notice period of 1 to 3 months.

- iii. Sub-lease payments recognised in the statement of Profit and Loss Account Rs. Nil crores (Previous year Rs. 0.52 crores).

13. Earnings Per Share (EPS):

		Current Year	Previous Year
Profit after Tax	Rs. in Crs	1,728.19	1,292.00
Less: Dividend on preference shares (Including corporate dividend tax)	Rs. in Crs	34.00	32.65
Profit after tax for equity share holders (Numerator) - Basic	Rs. in Crs	1,694.19	1,259.35
Less: Exchange gain on FCCB's	Rs. in Crs	6.63	-
Profit after tax for equity share holders (Numerator) - Diluted	Rs. in Crs	1,687.56	1,259.35
Earning per share – Basic	Rs.	95.26	80.11
Earning per share – Diluted	Rs.	94.18	78.88
Nominal value per share	Rs.	10	10
Weighted average number of equity shares for Basic EPS (denominator)	Nos.	177,855,318	157,208,820
Weighted average number of equity shares for Diluted EPS (denominator)	Nos.	179,190,974	159,661,527

14. a) Provision for Taxation includes:

Rupees in crores		
	Current Year	Previous Year
Current Tax	288.84	364.00
Deferred Tax	428.08	270.63
Fringe Benefit Tax	5.50	4.35
Wealth Tax	0.35	0.35
Tax adjustment of earlier years	33.16	(16.15)
Total	755.93	623.18

b) Deferred Tax Liability comprises of timing differences on account of:

Rupees in crores		
	Current Year	Previous Year
Depreciation	1,388.33	1,130.09
Expenses allowable on payment basis	(46.11)	(38.87)
Provision for doubtful debts/capital advances	(41.33)	(38.80)
Others	(49.05)	(39.76)
Deferred Tax Liability	1,251.84	1,012.66

15. The Company has the following Joint venture as at 31 March 2008:

Vijayanagar Minerals Private Limited: Percentage of holding - 40%

The proportionate share of assets, liabilities, income and expenditure of the above joint venture company based on the financial information/estimates made by the management is given below:

	Rupees in crores	
	Current Year	Previous Year
I. Assets		
Fixed Assets (Including CWIP)	0.63	0.39
Deferred Tax Assets	0.13	0.13
Current Assets, Loans and Advances		
- Inventories	0.91	0.72
- Sundry Debtors	-	0.80
- Cash and Bank Balances	0.60	0.49
- Loans and Advances	1.50	0.62
Miscellaneous Expenditure (to the extent not written off or adjusted)	1.50	1.61
II. Liabilities		
Current Liabilities and Provisions		
- Liabilities	0.22	1.43
- Provisions	1.62	0.06
III. Income		
Sales	20.38	8.86
Other Income	0.78	-
IV. Expenses		
Direct and Operating Expenses	11.99	6.36
Administrative, Selling and Distribution Expenses	0.89	1.69
Depreciation	0.05	0.06
Miscellaneous Expenditure written off	0.57	0.66
Tax Expenses - Current, Deferred Tax and Fringe Benefit Tax	1.06	0.07
V. Other Matters		
Contingent Liabilities	11.59	45.38

16. Additional information pursuant to paragraphs 4, 4A, 4B, 4C and 4D of Part II of Schedule VI to The Companies Act, 1956:

A) Managerial Remuneration to Directors:

	Rupees in crores	
	Current Year	Previous Year
Salary	3.65	2.93
Perquisites	2.71	2.07
Contribution to Provident Fund	0.44	0.35
Commission to Vice-Chairman & Managing Director	12.56	9.73
Director's sitting fees	0.15	0.13
Commission to Non-Executive Directors	1.04	1.07
Total:	20.55	16.28

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	2,484.12	1,915.18
Add: Managerial Remuneration (including commission)	20.55	16.28
Provision for Doubtful debts / advances	5.56	15.99
Loss on Sales of Fixed Assets/ investments	1.63	1.82
	2,511.86	1,949.27
Less: Profit on sale of Undertaking/Fixed Assets	-	2.59
Net Profit as per Section 349 read with Section 309(5)	2,511.86	1,946.68
Commission Payable to:		
- Vice Chairman & Managing Director @ 0.5% of Net Profit as computed above	12.56	9.73
- Non-executive Directors	1.04	1.07

C) Remuneration to Auditors (excluding service tax):

	Rupees in crores	
	Current Year	Previous Year
As Audit Fees (including limited review)	1.00	0.67
For Tax Audit	0.08	0.05
For Certification & other Services*	0.98	0.08
Out of Pocket Expenses	0.02	0.02
Total	2.08	0.82

* Includes Rs. 0.63 crores (Previous year Rs. Nil) debited to pre-operative expenditure/ investments/ securities premium.

D) Licensed and installed capacities and production:

	Class of Products	Installed capacity Tonnes	Production Tonnes
1	MS Slabs	3,800,000 (3,800,000)	3,171,228 (2,652,181)
2	Hot Rolled Coils/ Steel Plates/Sheets	2,500,000 (2,500,000)	2,717,134 (2,154,568)
3	Hot Rolled Steel Plates	320,000 (280,000)	226,355 (182,278)

	Class of Products	Installed capacity Tonnes	Production Tonnes
4	Cold Rolled Coils/ Sheets	1,825,000 (1,000,000)	861,818 (770,008)
5	Galvanised/ Galvalume Coils/ Sheets	900,000 (900,000)	764,401 (713,682)
6	Colour Coating Coils / Sheets	100,000 (100,000)	90,016 (51,704)
7	Steel Billets and Blooms	1,000,000 NA	455,522 NA
8	Rolled Products	450,000 NA	329,128 NA

Notes:

- 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.
- Installed capacity is as certified by the management and accepted by auditors, being a technical matter.
- Production of Galvanized Coils/Sheets includes 19,192 tonnes (Previous year Nil) from a third party on a job work basis.

E) Sales, Closing and Opening Stocks:

i) Manufactured goods

Class of Products	Sales		Closing Stock		Opening Stock*	
	Tonnes	Rupees crores	Tonnes	Rupees Crores	Tonnes	Rupees crores
1 MS Slab	187,341 (354,583)	510.60 (731.80)	29,656 (3,425)	72.67 (7.15)	3,425 (27,593)	7.15 (42.20)
2 Hot Rolled Coils/Steel Plates/Sheets	1,747,603 (1,386,879)	5,655.70 (4,128.28)	51,584 (32,398)	133.17 (57.96)	32,398 (54,056)	57.96 (94.47)
3 Galvanized / Galvalume Coils/Sheets	663,875 (657,766)	2,816.30 (2,742.07)	28,226 (20,956)	98.93 (63.11)	20,956 (20,562)	63.11 (54.58)
4 Cold Rolled Coils/Sheets	112,122 (74,864)	412.13 (246.43)	19,532 (3,917)	58.32 (8.24)	3,917 (5,432)	8.24 (10.73)
5 Hot Rolled Steel Plates	214,883 (151,218)	760.36 (461.61)	1,024 (11,916)	2.96 (29.03)	11,916 (8,597)	29.03 (19.10)
6 Colour Coating Coils/Sheets	84,650 (48,032)	437.87 (246.77)	6,372 (3,463)	26.03 (13.24)	3,463 (1,696)	13.24 (6.40)
7 Steel Billets and Blooms	103,876 (-)	284.27 (-)	7,503 (-)	17.63 (-)	3327 (-)	6.61 (-)
8 Rolled Products	291,137 (-)	945.41 (-)	3,875 (-)	10.76 (-)	7133 (-)	18.23 (-)
9 Others		806.27 (740.30)		15.38 (16.56)		17.34 (9.78)
Total		12,628.91 (9,297.26)		435.85 (195.29)		220.91 (237.26)

* includes Rs. 25.62 crores taken over from SISCOL as per Scheme of Amalgamation (see note 4 above)

ii) Traded goods

Description	Current Year		Previous Year	
	Quantity Tonnes	Rupees in Crores	Quantity Tonnes	Rupees in Crores
Hot Rolled Plates:				
Opening Stock	-	-	-	-
Purchases	16,292	64.93	-	-
Sales	-	-	-	-
Closing Stock	16,292	64.93	-	-

F) Consumption of Materials:

Description	Current Year		Previous Year	
	Quantity Tonnes	Rupees in crores	Quantity Tonnes	Rupees in crores
Iron ore lumps/fines	6,909,245	1,458.27	5,458,039	630.47
Scrap	4,688	9.49	24,156	23.90
Coal/Coke	4,797,781	3,215.06	3,709,241	2,190.21
Hot Rolled Coils	17,450	47.13	80,633	174.10
M S Slabs	54,408	111.50	78,365	145.26
Cold Rolled Coils	-	-	1,711	4.48
Zinc & Alloys	30,739	427.64	29,220	490.97
Others		852.79		453.59
Total:		6,121.88		4,112.98
Less: Self consumption		238.35		148.98
Total:		5,883.53		3,964.00

G) Value of Consumption of directly Imported and indigenous obtained raw materials and stores and spares and the percentage of each to total consumption:

Description	Current Year		Previous Year	
	Quantity Tonnes	Rupees in crores	Quantity Tonnes	Rupees in crores
RAW MATERIALS				
Imported	3,818.25	64.90	2,938.20	74.12
Indigenous	2,065.28	35.10	1,025.80	25.88
Total:	5,883.53	100.00	3,964.00	100.00
STORES AND SPARES				
Imported	64.84	10.60	43.22	10.46
Indigenous	546.85	89.40	370.01	89.54
Total:	611.68	100.00	413.23	100.00

H) C.I.F. Value of Imports:

Rupees in crores

Description	Current Year	Previous Year
Capital Goods	1,011.44	384.33
Raw Materials	3,148.21	2,653.15
Stores & Spare Parts & Production Consumables	125.02	67.96

I) Expenditure in Foreign Currency:

Rupees in crores

Description	Current Year	Previous Year
Interest and Finance charges*	258.63	97.44
Ocean Freight	108.70	146.59
Commission on sales	19.27	31.23
Legal and Professional Fees*	28.91	2.50
Others	6.99	8.78

*Includes amount debited to pre-operative expenses and securities premium

J) Earnings in Foreign Currency:

Rupees in crores

Description	Current Year	Previous Year
F.O.B. Value of Exports	3,158.45	3,316.33
Sale of Carbon Credits	111.11	Nil
Interest Income *	29.10	Nil

* includes amount credited to pre-operative expenses

K) Remittance in Foreign Currency on account of Dividend:

Rupees in crores

Description	Current Year		Previous Year	
Year to which the Dividend relates	Nil	Nil	2005-06	2006-07
Number of Non-resident Shareholders	Nil	Nil	6,014	5,175
Number of Equity Shares held by them	Nil	Nil	16,122,379	16,046,498
Amount remitted (Rs. in crores)	Nil	Nil	12.90	20.06

17. Disclosure pertaining to Micro, Small and Medium Enterprises (as per information available with the Company):

Sr. No.	Particulars	Rupees in crores
1.	Principal amount due outstanding as at 31 March 2008	4.65
2.	Interest due on (1) above and unpaid as at 31 March 2008	-
3.	Interest paid to the supplier	-
4.	Payments made to the supplier beyond the appointed day during the year	-
5.	Interest due and payable for the period of delay	-
6.	Interest accrued and remaining unpaid as at 31 March 2008	-
7.	Amount of further interest remaining due and payable in succeeding year	-

18. Previous period's figures have been regrouped, wherever necessary, to conform with current year's presentation. Current year's figures include the figures of Southern Iron and Steel Company Limited (see note 4 above) and hence not comparable with that of the Previous year.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration No. 152925	State Code 11
Balance Sheet Date 31-3-2008	
II. Capital raised during the year (Amount Rs. in thousands):	
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	80,000
Others	2,49,698
III. Position of Mobilisation and Deployment of Funds	
(Amount Rs. in thousands):	
Total Liabilities	20,57,79,892
Total Assets	20,57,79,892
Sources of Funds	
Paid up Capital	53,70,153
Reserves and Surplus	7,14,02,377
Secured Loans	5,49,70,829
Unsecured Loans	2,04,94,450
Net Deferred Tax Liability	1,25,18,388
Application of Funds	
Net Fixed Assets	16,56,79,230
Investments	92,35,317
Net Current Assets	(-) 1,01,58,350
Misc. Expenditure	Nil
Accumulated Losses	Nil
IV. Performance of Company (Amount Rs. in thousands):	
Turnover	12,88,60,475
Total Expenditure	10,40,19,282
Profit / (Loss) before Tax	2,48,41,193
Profit / (Loss) after Tax	1,72,81,853
Earning per share in Rs. (Basic)	95.26
Earning per share in Rs. (Diluted)	94.18
Dividend Rate (%)	140%
V. Generic Names of 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/Sheets
Item Code No. (ITC Code)	720690
Product Description	Steel Billets
Item Code No. (ITC Code)	721490
Product Description	Bar & Rods

As per our attached report of even date
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

P. B. PARDIWALLA
Partner
Place : Mumbai,
Dated : 5 May 2008

SESHAGIRI RAO M. V. S.
Director (Finance)
LANCY VARGHESE
Company Secretary

SAJJAN JINDAL
Vice Chairman & Managing Director
Y. SIVA SAGAR RAO
Jt. Managing Director & CEO

**Statement pursuant to Section 212 of the Companies Act, 1956,
related to Subsidiary Companies as at 31st March, 2008**

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 Holding (USA) Inc.	JSW Steel (USA) Inc.	JSW Panama Holdings Corporation	Inversiones Eurosh Limitada	Santa Fe Mining	Santa Fe Puerto S.A.	JSW Natural Resources Limited	JSW Natural Resources Mozambique Limitada	JSW Steel Processing Centres Limited	JSW Bengal Steel Limited	JSW Jharkhand Steel Limited
1.	Financial Year of the Subsidiary ended on	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2009	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008
2.	Shares of the subsidiary held by the Company on the above date															
	(a) Number	71,800,000	2,000,000	100	110,000	1,000	198,000,000	100	20	700	999	10,000	-	25,680,200	60,000,000	50,000
	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 Chilean Pesos 10,000,000 each	Common shares of Chilean Pesos 10,000,000 each	Common shares of Chilean 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
	(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 Holding (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%	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 31 March 2008 (Rs. Crs.)	(18.75)	(0.04)	(0.00)	(8.60)	(30.36)	39.64	4.89	(0.27)	(0.54)	Nil	(0.08)	(0.10)	(0.04)	(0.75)	(0.31)
	(b) not dealt with in the accounts of the Company for the year ended 31 March 2008 (Rs. Crs.)	Nil	Nil	Nil	Nil	Nil	4.40	Nil	Nil	(0.23)	Nil	Nil	Nil	Nil	Nil	Nil
4.	Net aggregate amount of profits / (losses) of the subsidiary since it became a subsidiary so far as they concern members of the Company:															
	(a) dealt with in the accounts of the Company for the year ended 31 March 2008 (Rs. Crs.)	(18.75)	(0.11)	0.30	(8.60)	(30.36)	39.64	4.89	(0.27)	(0.54)	Nil	(0.10)	(0.10)	(0.04)	(0.75)	(0.31)
	(b) not dealt with in the accounts of the Company for the year ended 31 March 2008 (Rs. Crs.)	Nil	Nil	Nil	Nil	Nil	4.40	Nil	Nil	(0.23)	Nil	Nil	Nil	Nil	Nil	Nil
	Notes: Converted at the closing rate of exchange of GBP 1 = Rs.79.53 and USD 1 = Rs. 39.97 as on 31 March 2008.															

Summary of Financial Information of Subsidiary Companies

Rs. in crores

Name of the Subsidiary	JSW Steel (Netherlands) B.V.	JSW Steel Limited (UK)	Argent Independent Steel Holdings Limited	JSW Steel Service Centre (UK) Limited	JSW Steel Holding (USA) Inc.	JSW Steel (USA) Inc.	JSW Steel (USA) Inc.	JSW Panama Holdings Corporation	Inversiones Eurosh Limitada	Santa Fe Mining	Santa Fe Puerto S.A.	JSW Natural Resources Limited	JSW Natural Resources Mozambique Limitada	JSW Steel Processing Centres Limited	JSW Bengal Steel Limited	JSW Jharkhand Steel Limited
Reporting Currency	USD	GBP	GBP	GBP	USD	USD	USD	USD	USD	USD	USD	USD	USD	INR	INR	INR
Exchange Rate	39.97	79.53	79.53	79.53	39.97	39.97	39.97	39.97	39.97	39.97	39.97	39.97	39.97	-	-	-
Funds Employed:																
A. Capital	453.87	15.91	0.00	0.87	648.53	1,876.71	0.40	0.17	7.89	0.20	0.16	25.68	61.76	0.05	0.05	0.05
B. Reserves	(54.15)	(0.11)	0.30	32.34	(30.36)	44.04	4.89	(2.33)	(2.49)	-	(0.10)	(0.09)	(0.04)	(0.75)	(0.31)	(0.31)
Loans	1,299.03	-	-	17.11	919.31	2,286.28	6.00	-	39.97	-	-	0.02	28.00	-	-	-
Deferred Tax Liability	-	-	-	-	-	1,212.53	-	-	-	-	-	-	-	-	-	-
Total Liabilities	1,299.03	-	-	17.11	919.31	3,498.81	6.00	-	39.97	-	-	0.02	28.00	-	-	-
C. Total Funds Employed	1,698.74	15.79	0.30	50.33	1,537.48	5,419.57	11.29	(2.16)	45.37	0.20	0.09	53.64	61.01	(0.26)	(0.26)	(0.26)
Application of Funds:																
D. Assets																
Net Block (Including Capital WIP)	-	7.27	-	31.07	-	4,687.08	-	207.84	30.53	-	-	0.04	96.63	11.49	95.53	11.49
Investments	1,458.45	9.04	11.48	-	1,690.73	-	0.17	3.78	0.20	-	-	-	0.00	-	-	-
Deferred Tax Asset	240.29	(0.51)	(11.19)	19.26	(153.25)	732.48	11.12	(213.78)	14.49	0.20	12.13	0.05	(42.99)	(34.52)	(11.75)	(11.75)
Net Current Assets	-	-	-	-	-	-	-	-	0.16	-	-	-	-	-	-	-
Miscellaneous Expenditure (to the extent not written off)	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-
Total Assets (Net)	1,698.74	15.79	0.30	50.33	1,537.48	5,419.57	11.29	(2.16)	45.37	0.20	0.09	53.64	61.01	(0.26)	(0.26)	(0.26)
E. Turnover	-	-	-	-	-	1,278.08	23.45	0.48	-	-	-	-	-	-	-	-
F. Profit before Taxes	(18.75)	(0.04)	(0.00)	(10.35)	(31.84)	54.19	4.89	(0.22)	(0.93)	-	(0.08)	(0.10)	(0.04)	(0.75)	(0.31)	(0.31)
G. Provision for Taxation	-	-	-	(1.75)	(1.48)	10.14	-	0.06	(0.16)	-	-	-	0.00	-	-	-
H. Profit after Taxes	(18.75)	(0.04)	(0.00)	(8.60)	(30.36)	44.04	4.89	(0.27)	(0.77)	-	(0.08)	(0.10)	(0.04)	(0.75)	(0.31)	(0.31)
I. 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 2008, 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 the components, namely:
 - (a) The subsidiary companies whose 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. These financial statements reflect the Group's share of total assets of Rs. 5,752.96 crores as at 31 March 2008, total revenues Rs. 1,426.71 crores, and total cash flows of Rs. 129.14 crores for the year ended 31 March 2008.
 - (b) The joint venture company 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 19). The joint venture company's financial statements reflect the Group's share of total assets of Rs. 3.77 crores as at 31 March 2008, total revenues of Rs. 20.46 crores, and total cash flows of Rs. 1.46 crores for the year ended 31 March 2008. The associate companies' financial statements reflect the Group's share of losses for the year ended 31 March 2008 of Rs. 14.29 crores.

- (c) Without qualifying our report we are to draw attention to Note no. C (4f) of Schedule 19 regarding the treatment of Amalgamation Reserve in accordance with the requirements of the Amalgamation Scheme approved by the High Court. Had the Scheme not prescribed the treatment detailed in the note, Miscellaneous Expenditure of Rs. 194.87 crores would have been amortised to the profit and loss account in accordance with the accounting policy of the Company, and, the balance in the amalgamation reserve account of Rs. 657.74 crores would have been treated as Capital Reserve as prescribed by AS-14.
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, 'Consolidated Financial Statements', Accounting Standard 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard 27, '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 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 2008;
 - 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: 5 May 2008

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2008

		Rupees in crores	
	Schedule No.	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	537.01	525.80
Reserves and Surplus	2	7,351.83	5,133.02
		<u>7,888.84</u>	<u>5,658.82</u>
Minority Interest		191.88	–
Loan Funds :			
Secured Loans	3	10,083.03	3,632.50
Unsecured Loans	4	2,053.19	540.53
		<u>12,136.22</u>	<u>4,173.03</u>
Deferred Tax Liability - Net		1,251.71	1,012.53
Total:		<u><u>21,468.65</u></u>	<u><u>10,844.38</u></u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	5	18,105.12	10,513.39
Less: Depreciation		3,074.25	2,323.90
Net Block		15,030.87	8,189.49
Capital Work-in-Progress		5,770.80	2,012.47
		<u>20,801.67</u>	<u>10,201.96</u>
Investments	6	469.58	245.00
Goodwill on Consolidation		783.13	3.91
Current Assets, Loans and Advances:			
Inventories	7	2,181.74	1,012.11
Sundry Debtors	8	539.06	245.96
Cash and Bank Balances	9	471.48	339.46
Loans and Advances	10	909.79	539.43
Other Current Assets		18.62	342.04
		<u>4,120.69</u>	<u>2,479.00</u>
Less: Current Liabilities and Provisions:			
Liabilities	11	4,267.92	2,212.03
Provisions	12	438.50	68.47
		<u>4,706.42</u>	<u>2,280.50</u>
Net Current (Liabilities)/Assets		(585.73)	198.50
Miscellaneous Expenditure (to the extent not written off or adjusted)	13	–	195.01
Total:		<u><u>21,468.65</u></u>	<u><u>10,844.38</u></u>
Significant Accounting Policies and Notes forming part of the Financial Statements	19		
Schedules referred to above form an integral part of the Financial Statements			

As per our attached report of even date
For DELOITTE HASKINS & SELLS
Chartered Accountants

P. B. PARDIWALLA
Partner

Place: Mumbai,
Dated : 5 May 2008

SESHAGIRI RAO M. V. S.
Director (Finance)

LANCY VARGHESE
Company Secretary

For and on behalf of the Board of Directors

SAJJAN JINDAL
Vice Chairman & Managing Director

Y. SIVA SAGAR RAO
Jt. Managing Director & CEO

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

Rupees in crores

	Schedule No	Year ended 31.03.2008	Year ended 31.03.2007
INCOME:			
Domestic Turnover		10,377.99	5,703.62
Export Turnover		3,176.46	3,593.64
Sale of Carbon Credits		111.11	—
		<u>13,665.56</u>	<u>9,297.26</u>
Less: Excise duty		1,208.91	742.90
Net Turnover		12,456.65	8,554.36
Other Income	14	261.15	145.23
Total Income		<u>12,717.80</u>	<u>8,699.59</u>
EXPENDITURE :			
Employees Remuneration and Benefits	15	392.15	175.81
Materials	16	6,244.03	4,026.99
Manufacturing and Other Expenses	17	2,342.03	1,574.13
Interest and Finance Charges (net)	18	573.00	399.59
Depreciation etc.		741.94	498.25
Miscellaneous Expenditure Written off		0.40	109.68
		<u>10,293.55</u>	<u>6,784.45</u>
Profit before Taxation		2,424.25	1,915.14
Provision for Taxation (including Wealth Tax)		765.78	623.25
Profit after Taxation but before minority interests and share of profits/(losses) of Associates		1,658.47	1,291.89
Share of Profit of Minority		4.14	—
Share of (Losses)/Profits of Associates (Net)		(14.29)	12.00
Profit after Taxation		1,640.04	1,303.89
Profit brought forward from earlier years		2,332.26	1,384.47
Amount available for Appropriation		3,972.30	2,688.36
Appropriations:			
Transferred from Debenture Redemption Reserve		23.30	39.48
Dividend on Preference Shares		(29.06)	(27.90)
Interim Dividend on Equity Shares		—	(204.98)
Proposed Final Dividend on Equity Shares		(261.87)	—
Corporate Dividend Tax		(49.53)	(33.49)
Transfer to General Reserve		(172.82)	(129.21)
Balance carried to Balance Sheet		<u>3,482.32</u>	<u>2,332.26</u>
Earnings per share (Equity shares, par value of Rs.10 each) (in Rupees)			
Basic		90.30	80.86
Diluted		89.26	79.62
Significant Accounting Policies and Notes forming part of the Financial Statements	19		
Schedules referred to above form an integral part of the Financial Statements			

As per our attached report of even date
For DELOITTE HASKINS & SELLS
 Chartered Accountants

P. B. PARDIWALLA
 Partner

Place: Mumbai,
 Dated : 5 May 2008

SESHAGIRI RAO M. V. S.
 Director (Finance)

LANCY VARGHESE
 Company Secretary

For and on behalf of the Board of Directors

SAJJAN JINDAL
 Vice Chairman & Managing Director

Y. SIVA SAGAR RAO
 Jt. Managing Director & CEO

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

	Year ended 31.03.2008	Rupees in crores Year ended 31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	2,424.25	1,915.14
Adjustments for :		
Depreciation	741.94	498.25
Miscellaneous Expenditure written off	0.40	107.78
Loss/ (Profit) on sale of Fixed Assets	1.68	(0.77)
Interest Income	(52.57)	(7.27)
Dividend Income	(5.12)	(0.34)
Interest Expense	473.54	288.25
Foreign exchange gain (net)	(75.32)	(0.25)
Amortisation of Employees Share Payments	3.09	-
Claim settled/ Provisions no longer required written back	(53.69)	(8.35)
	<u>1,033.95</u>	<u>877.30</u>
Operating profit before working capital changes	3,458.20	2,792.44
Adjustments for :		
Trade and other receivables	(483.08)	120.79
Trade payables	1,749.88	281.13
Inventories	(1,094.90)	(87.43)
	<u>171.90</u>	<u>314.49</u>
Direct Taxes Paid	<u>3,630.10</u>	3,106.93
	<u>(364.39)</u>	<u>(285.16)</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	3,265.71	2,821.77
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and capital advances	(5,244.29)	(2,356.38)
Acquisition of fixed assets	(4,660.59)	-
Purchase of Investments	(241.99)	(97.07)
Sale of Fixed Assets	2.33	0.32
Realisation of Other Current Assets	294.19	205.89
Interest received	56.67	3.60
Dividend received	5.12	0.34
NET CASH USED IN INVESTING ACTIVITIES	(9,788.56)	(2,243.30)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Share Capital	199.06	212.19
Proceeds from Long Term Borrowings	8,115.97	1,242.74
Repayment of Long Term Borrowings	(1,228.48)	(1,017.67)
Availment / (Repayment) of Bank Borrowings	82.44	(86.76)
Interest Paid	(441.63)	(326.17)
Dividend Paid	(32.64)	(408.73)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	6,694.72	(384.40)
NET INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)	171.87	194.07
CASH AND CASH EQUIVALENTS - OPENING BALANCE	244.06	49.99
ADD : AS PER THE SCHEME OF AMALGAMATION	23.15	-
	<u>267.21</u>	<u>49.99</u>
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	439.08	244.06

NOTES:

- The above cash flow statement has been prepared by using the Indirect Method as per Accounting Standard (AS) - 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents include effect of exchange rate changes amounting to Rs. 0.07 crores (Previous year Rs. 1.38 crores) in respect of Bank balance held in foreign currency.
- Cash and cash equivalents exclude balance in margin money, short-term deposits and balance in debenture interest/ instalments/dividend payments aggregating to Rs. 32.40 crores (Previous year Rs. 95.40 crores).

As per our attached report of even date
For DELOITTE HASKINS & SELLS
 Chartered Accountants

For and on behalf of the Board of Directors

P. B. PARDIWALLA
 Partner

SESHAGIRI RAO M. V. S.
 Director (Finance)

SAJJAN JINDAL
 Vice Chairman & Managing Director

Place: Mumbai,
 Dated : 5 May 2008

LANCY VARGHESE
 Company Secretary

Y. SIVA SAGAR RAO
 Jt. Managing Director & CEO

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

Rupees in crores			Rupees in crores		
	As at 31.03.2008	As at 31.03.2007		As at 31.03.2008	As at 31.03.2007
SCHEDULE 1			Share Options Outstanding		
SHARE CAPITAL			Share Options Outstanding		
Authorised:			Less: Deferred Compensation		
200,00,00,000 Equity Shares of Rs.10 each	2,000.00	2,000.00		15.43	-
100,00,00,000 Preference Shares of Rs.10 each	1,000.00	1,000.00		(12.34)	-
	<u>3,000.00</u>	<u>3,000.00</u>		<u>3.09</u>	<u>-</u>
Issued and Subscribed:			Capital Reserve on Consolidation		
18,70,48,635 Equity Shares of Rs.10 each				245.40	-
(16,39,78,813) fully paid up	187.05	163.98	Foreign Currency Translation Reserve		
Add: Equity Shares Forfeited (Amount originally paid-up)	61.03	61.03	Surplus in Profit and Loss Account		
27,90,34,907 10% Cumulative Redeemable Preference Shares of Rs.10 each				(10.27)	0.07
99,00,000 (Nil) 11% Cumulative Redeemable Preference Shares of Rs.10 each fully paid up	279.03	279.03		<u>3,482.32</u>	<u>2,332.26</u>
	9.90	-		<u>7,351.83</u>	<u>5,133.02</u>
	<u>537.01</u>	<u>504.04</u>	SCHEDULE 3		
Share Application Money Total:	<u>537.01</u>	<u>525.80</u>	SECURED LOANS		
SCHEDULE 2			Debentures		
RESERVES AND SURPLUS:			8% Non Convertible Debentures of Rs. 100 each		
Securities Premium Account:			10.75% Non Convertible Debentures of Rs. 10 lacs each		
As per last Balance Sheet	346.50	163.09	10.25% Non Convertible Debentures of Rs. 10 lacs each		
Add : Received on issue of equity shares	212.79	183.41	10% Non Convertible Debentures of Rs. 100 each		
	<u>559.29</u>	<u>346.50</u>	15% Optionally Convertible Debentures of Rs. 6 each		
Less: FCCB issue expenses (Net of taxes)	(11.37)	-	10.75% Non Convertible Debentures of Rs. 10 lakhs each		
Provision for premium on redemption of FCCB (Net of taxes)	(47.07)	-		547.57	306.77
	<u>500.85</u>	<u>346.50</u>	From Banks		
Debenture Redemption Reserve:			Buyer's Credit (Foreign Currency Loans)		
As per last Balance Sheet	42.71	82.19	Rupee Term Loans		
Add: Pursuant to Scheme of Amalgamation (see Note C (4d) of Schedule 19)	5.08	-	Foreign Currency Term Loans		
Less: Transferred to Profit and Loss Account	(23.30)	(39.48)		61.97	101.68
	<u>24.49</u>	<u>42.71</u>		3,533.32	2,574.63
Amalgamation Reserve Account: (see Note C (4) of Schedule 19)				5,498.03	451.11
Pursuant to Scheme of Amalgamation	657.74	-		<u>9,093.32</u>	<u>3,127.42</u>
Less : Miscellaneous Expenditure written off (net of taxes)	(129.05)	-	From Financial Institutions		
Transferred to General Reserve	(528.69)	-	Buyer's Credit (Foreign Currency Loans)		
	<u>-</u>	<u>-</u>	Rupee Term Loans		
General Reserve:			Foreign Currency Term Loans		
As per last Balance Sheet	2,411.48	2,282.22		144.61	56.76
Add: Pursuant to Schemes of Arrangement & Amalgamation	528.69	0.05	Working Capital Loans from Banks		
Transferred from Profit and Loss Account	172.82	129.21	Total:		
Less: Adjustment as per transitional provisions of AS 15 (Revised 2005)	(7.04)	-		297.53	141.55
	<u>3,105.95</u>	<u>2,411.48</u>		<u>10,083.03</u>	<u>3,632.50</u>
			SCHEDULE 4		
			UNSECURED LOANS		
			Long term advances from customers		
			(Repayable within a year Rs.9.60 crores, (Previous year Rs. 82.28 crores)		
				656.64	522.51
			Foreign Currency Loans (Repayable within a year Rs. 8.26 Crores, (Previous year Rs.9.01 crores))		
				8.26	18.02
			Zero Coupon Foreign Currency Convertible Bonds		
				1,295.83	-
			Sales Tax Deferral		
				88.72	-
			Others		
				3.74	-
				<u>2,053.19</u>	<u>540.53</u>

The Company had issued 3,250 Zero coupon Foreign Currency Convertible Bonds (FCCBs) of US \$100,000 each aggregating to US \$325 Million at par. The bonds 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. The bonds are redeemable on 28 June 2012 at an amount equal to the principal amount of the bonds multiplied by 142.801 per cent.

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

SCHEDULE 5 FIXED ASSETS

Rupees in crores

Particulars	Gross Block (at cost)					Depreciation / Amorisation / Impairment					Net Block		
	As at 01.04.2007	Acquired under Scheme of Amalgamation (see Note B(4) of Schedule 19)	Additions consequent to acquisition of subsidiaries	Additions	Deductions	As at 31.03.2008	As at 01.04.2007	Additions consequent to acquisition of subsidiaries	For the year	Deductions	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Tangibles													
Freehold Land	86.08	40.88	29.42	24.21	0.06	180.53	18.48	—	—	—	18.48	162.05	67.60
Leasehold Land	31.46	—	73.49	44.56	—	149.51	0.17	—	0.08	—	0.25	149.26	31.29
Buildings	1,500.96	63.80	696.62	369.04	1.00	2,629.42	247.41	0.29	63.62	0.06	311.26	2,318.16	1,253.55
Plant & Machinery [ⓐ]	8,758.34	675.69	3,132.58	2,204.31	14.08	14,756.84	2,025.19	19.90	666.21	13.16	2,698.14	12,058.70	6,733.15
Furniture & Fixtures	40.02	0.89	3.37	16.54	0.04	60.78	11.80	1.53	5.22	0.04	18.51	42.27	28.22
Vehicles & Aircraft	83.90	0.53	2.55	19.39	3.16	103.21	10.61	0.86	6.28	1.07	16.68	86.53	73.29
Intangibles													
Software	12.63	—	0.01	0.88	—	13.52	10.24	—	0.69	—	10.93	2.59	2.39
Mining Concessions	—	—	210.45	—	—	210.45	—	—	—	—	—	210.45	—
Port Concessions	—	—	0.86	—	—	0.86	—	—	—	—	—	0.86	—
Total	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	8,189.49
Previous Year	8,368.97	—	—	2,172.76	28.34	10,513.39	1,850.67	—	498.25	25.02	2,323.90	8,189.49	—
[ⓐ] Include proportionate share of assets jointly owned													
Plant & Machinery	32.71	—	—	—	—	32.71	12.21	—	0.49	—	12.70	20.01	20.95
Capital Work in Progress (See note C (3) of Schedule 19)												5,770.80	2,012.47

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. 0.57 crores (Previous year Rs. 0.91 crores).
- (b) Assets given on operating lease for which documents are yet to be executed pending approvals from Secured Lenders and KSIIDC. Gross Block Rs. 3.08 crores (previous year Rs. 3.08 crores); net block Rs. 2.67 crores (Previous year Rs. 2.72 crores).

- (c) Execution of Conveyance deed in favour of the Company is pending in respect of Building of Gross block Rs.24.07crores, Net block Rs.23.34 crores (Previous year Gross block Rs. 4.21 crores, Net block Rs.3.94 crores).
- (d) Cost of shares in Co-operative Housing Societies. Rs. 1,250.

2. Plant & Machinery includes Foreign Exchange Fluctuations - Rs. Nil (Previous year (gain) Rs. 4.61 crores).
3. Fixed assets include Borrowing costs of Rs.94.16 crores (Previous year Rs. 84.18 crores) capitalised during the year.

Rupees in crores

	As at 31.03.2008	As at 31.03.2007
SCHEDULE 6		
INVESTMENTS		
(Unquoted)		
1. LONG TERM		
a) Government Securities		
National Savings Certificates	0.01	0.01
(Pledged with Commercial Tax Department)		
b) Other than Trade:		
Cost of Investments in equity shares of associates (Including Rs. 0.15 crores of goodwill arising on consolidation)	119.53	119.53
Add: Share of accumulated post acquisition profit till 31 March 2008 (net)	45.44	62.85
South West Infrastructure Private Limited (SIPL)		
43,25,000 (Previous year Nil), 10% Redeemable Non-cumulative Preference Shares of Rs.100 each, fully paid up	43.25	—
Jindal Praxair Oxygen Company Private Limited (JPOCPL)		
41,60,000, 10% Redeemable Preference Shares of Rs. 10 each fully paid-up	4.16	4.16
42,00,000, 10% Non-Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each fully paid up	4.20	4.20
3,23,10,000, 0.1% Non-Cumulative Non-Convertible Redeemable Preference Shares of Rs. 10 each fully paid up	32.31	32.31
SICOM Limited		
6,00,000 Equity Shares of Rs 10/- each fully paid-up	4.88	4.88
Steelscap Consultancy Private Limited		
50,000 (Previous year Nil) Equity Shares of Rs 10 each fully paid-up	0.05	—
2. CURRENT		
Mutual Funds		
	215.75	17.06
Total:	469.58	245.00

Note:

Mode of Valuation - Refer Note B (5) of Schedule 19.

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

Rupees in crores			Rupees in crores		
	As at 31.03.2008	As at 31.03.2007		As at 31.03.2008	As at 31.03.2007
SCHEDULE 7 INVENTORIES			SCHEDULE 11 CURRENT LIABILITIES		
Raw Materials	1,241.12	611.44	Premises and Other deposits	102.83	91.92
Production Consumables and Stores & Spares	215.01	165.73	Excise Balances	179.93	93.52
Work-in-Progress	87.31	38.89	Advance Tax and Tax deducted at source (net)	9.86	-
Semi Finished/Finished Goods	593.19	196.05	Loans to Bodies Corporate	9.10	9.10
Traded Goods (in transit)	45.11	-	Less: Provision for Doubtful Loans	(9.10)	(9.10)
Total:	2,181.74	1,012.11	Total:	909.79	539.43
Note: Mode of Valuation - see Note B(8) of Schedule 19.			SCHEDULE 11 CURRENT LIABILITIES		
SCHEDULE 8 SUNDRY DEBTORS			Acceptances	2,103.48	1,478.00
Unsecured			Sundry Creditors	1,497.11	506.80
Outstanding for a period exceeding six months:			Rent and other deposits	20.46	4.07
Considered Good	5.86	54.36	Advances from Customers	74.83	40.48
Considered Doubtful	17.27	11.89	Interest Accrued but not due on loans	245.13	142.25
Less: Provision for Doubtful debts	(17.27)	(11.89)	Other Liabilities	310.97	28.26
Other Debts			Investor Education and Protection Fund shall be credited by:		
Considered Good	534.24	191.60	Unclaimed Debenture		
Considered Doubtful	2.80	0.06	Redemption Instalments	2.46	1.80
Less: Provision for Doubtful debts	(3.84)	(0.06)	Unclaimed Debenture Interest	2.70	1.79
Total:	539.06	245.96	Unclaimed Dividend	6.93	4.70
SCHEDULE 9 CASH AND BANK BALANCES			Unclaimed amount of sale proceeds of fractional shares	3.85	3.88
Cash on hand	0.40	0.25	Total:	4,267.92	2,212.03
Balances with Scheduled Banks :			SCHEDULE 12 PROVISIONS		
In Current Accounts	296.86	167.37	Provision for:		
In Margin Money/Term Deposit Accounts	174.22	171.84	Income Tax (net)	-	24.69
Total:	471.48	339.46	Wealth Tax (net)	0.55	0.41
SCHEDULE 10 LOANS AND ADVANCES			Fringe Benefit Tax (net)	0.82	0.27
(Unsecured, considered good unless otherwise stated)			Employee Benefits	24.46	10.46
Advances recoverable in cash or in kind or for value to be received			Premium payable on redemption of FCCBs & Preference Shares	72.30	-
Advance to Suppliers	130.01	103.38	Proposed Dividend on Preference Shares	29.06	27.90
Export benefits receivable/ Excise duty refund on exports	82.15	90.95	Proposed Dividend on Equity Shares	49.44	-
Amount recoverable from ESOP Trusts	46.35	3.30	Corporate Dividend Tax	261.87	4.74
Insurance Claim Receivable	0.05	57.87	Total:	438.50	68.47
Advance towards Equity/ Preference capital	10.74	15.54	SCHEDULE 13 MISCELLANEOUS EXPENDITURE		
Prepayments and Others	364.79	99.01	(To the extent not written off or adjusted) (see Note C (4f) of Schedule 19)		
Less: Provision for Doubtful Advances	(16.92)	(16.06)	Share and Debenture Issue Expenses	-	7.40
Total:	617.17	353.99	Deferred Revenue Expenditure	-	187.61
			Total:	-	195.01

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

	Rupees in crores	
	Year ended 31.03.2008	Year ended 31.03.2007
SCHEDULE 14 OTHER INCOME		
Dividend		
from Long Term Investments	–	0.06
from Current Investments	5.12	0.28
Profit on Sale of Fixed Assets	–	2.59
Insurance Claim	19.04	66.14
Foreign Exchange Gain (net)	107.45	19.22
Claims Settled	50.90	–
Miscellaneous income	78.64	56.94
Total:	261.15	145.23
SCHEDULE 15 EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages and Bonus	351.16	154.70
Contribution to Provident and Other Funds	15.53	8.52
Staff Welfare Expenses	25.46	12.59
Total:	392.15	175.81
SCHEDULE 16 MATERIALS		
Raw Materials Consumed	6,660.01	3,961.04
Purchases of Traded Goods	18.53	–
(Increase)/Decrease in Stocks Opening Stock*:		
Semi Finished/Finished Goods	221.71	195.06
Work-in-progress	40.44	105.65
	262.15	300.71
Closing Stock:		
Semi Finished/Finished Goods	593.19	195.29
Work-in-progress	87.31	38.88
Traded Goods	45.11	–
	725.61	234.17
	(463.46)	66.54
Excise duty on Stock of finished goods (net)	28.95	(0.59)
Total:	6,244.03	4,026.99

* Includes Rs. 27.18 crores taken over from SISCOL as per Scheme of Amalgamation. (see Note C (4) of Schedule 19).

	Year ended 31.03.2008	Year ended 31.03.2007
SCHEDULE 17 MANUFACTURING AND OTHER EXPENSES		
Rent	4.72	3.11
Rates and Taxes	17.97	7.06
Insurance	28.72	13.06
Power and Fuel	575.87	393.10
Stores and Spares consumed	636.68	413.23
Carriage and Freight	585.77	469.37
Repairs & Maintenance		
Plant & Machinery	197.55	87.85
Buildings	34.79	19.93
Others	9.68	1.94
Commission on Sales	27.90	37.15
Donations	16.64	4.44

	Rupees in crores	
	Year ended 31.03.2008	Year ended 31.03.2007
Miscellaneous Expenses	197.48	106.08
Provision for Doubtful Debts/ Loans/Advances	6.58	15.99
Loss on sale of fixed assets/ investments (net)	1.68	1.82
Total:	2,342.03	1,574.13
SCHEDULE 18 INTEREST AND FINANCE CHARGES (net)		
Interest on:		
Debentures and Fixed Loans	473.54	288.25
Others	121.08	93.75
Other Finance Charges	30.95	24.86
	625.57	406.86
Less: Interest Income		
from Banks	(30.24)	(6.16)
from Others	(22.33)	(1.11)
Total:	573.00	399.59

SCHEDULE 19 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

A. COMPANY BACKGROUND

JSW Steel Limited ('JSW' or 'the Company') was incorporated on 15 March 1994. The Company is engaged in the business of production and distribution of iron and steel products and generation of power.

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% (–)	Acquisition and investment in steel related and steel allied businesses
JSW Steel (UK) Limited	United Kingdom	100% (100%)	Investment in steel related and steel allied businesses
Argent Independent Steel (Holdings) Limited	United Kingdom @	100% (–)	Holding Company of JSW Steel Service Centre (UK) Limited
JSW Steel Service Centre (UK) Limited (Formerly Argent Independent Steel Limited)	United Kingdom @	100% (–)	Steel Service Centre

Name of the Company	Country of incorporation	Share holding either directly or through subsidiaries	Nature of business
JSW Steel Holding (USA) Inc.	United States of America #	100% (-)	Holding Company of JSW Steel (USA) Inc.
JSW Steel (USA) Inc.	United States of America #	90% (-)	Manufacturing Plates, Pipes and Double Jointing.
JSW Panama Holdings Corporation (Previously Eroush Corporation)	Republic of Panama @	100% (-)	Holding Company for Chile Based Companies
Inversiones Eroush Limitada	Chile @	100% (-)	Holding Company of Santa Fe mining
Santa Fe Mining	Chile @	70% (-)	Mining Company
Santa Fe Puerto S.A.	Chile @	100% (-)	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% (-)	Mining Company
JSW Steel Processing Centres Limited	India	100% (100%)	To set up service centers to meet the customers demands
JSW Bengal Steel Limited	India #	100% (-)	Steel plant
JSW Jharkhand Steel Limited	India @	100% (-)	Steel plant

Associate Companies:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest	Nature of business
JSW Energy (Vijayanagar) Limited*	India	30% (42%)	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.

Joint Venture Company:

Vijayanagar Minerals Private Limited*	India	40% (40%)	Supply of Iron ore.
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Incorporated during the year.

@ Acquired during the year.

* 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 the principles laid down in Accounting Standard

(AS) - 21 on "Consolidated Financial Statements". Inter-company transactions and balances and resulting unrealized profits are eliminated in full. Unrealized losses resulting from such transactions are also eliminated unless cost cannot be recovered.

Investments in associates are accounted for under the "Equity Method" laid down in Accounting Standard (AS) - 23 on "Accounting for Investments in Associates in Consolidated Financial Statements". Unrealized profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses are not eliminated to the extent the cost of the transferred asset cannot be recovered.

Investments in joint ventures are accounted for by using the proportionate consolidation method laid down in Accounting Standard (AS) - 27 on "Financial Reporting of Interests in Joint Ventures". Inter-company transactions and balances are eliminated to the extent of the Company's interest in the joint venture. Unrealized losses are not eliminated to the extent the cost of the transferred asset cannot be recovered.

For the purpose of consolidation, the financial statements of the subsidiary, joint venture and associate companies are drawn up to and as on 31st March, 2008.

The excess of cost to the Company of its investment in Subsidiary Companies, Joint venture and Associates over the Company's portion of equity is recognised 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 recognised 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 consolidated financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialise.

4. Fixed Assets and Depreciation

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use.

Expenditure incurred during construction period:

Apart from costs related directly to the construction of an asset, indirect expenses incurred up to the date of commencement of commercial production which are incidental and related to construction are capitalised as part of the construction cost. Income, if any, earned during the construction period is deducted from the indirect costs.

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 amortised 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.

Mining rights will be amortised on commencement of extraction. During the year, the extraction has not commenced.

An asset is considered as impaired in accordance with Accounting Standard (AS) 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 its 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 recognised 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 (AS) 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 is made to recognise a decline, other than temporary, in the value of such investments.

6. Derivatives

The Company enters into derivative contracts such as Interest Rate Swaps, Currency Swaps, Forward Contracts and Commodity and Currency Options to hedge against the risk of adverse movements in interest rates, foreign currencies or values of the hedged items. All outstanding derivative instruments at close are marked-to-market by type of risk and the resultant losses relating to the year, if any, are recognised in the Profit and Loss Account, gains are ignored.

7. Revenue Recognition

Revenue is recognised 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 recognised as income on sale of CER's.

8. 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 Schedule 16 – Materials.

9. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard (AS) – 16 on "Borrowing Costs" are capitalised 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 18).

10. Employee Benefits

Short-term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost. Long-term employee benefits (benefits which are payable after the end of twelve months

from the end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuations.

Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and are recognised as an expense when employees have rendered service entitling them to the contributions.

The costs of providing leave encashment and gratuity, defined benefit plans, are determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The leave encashment and gratuity benefit obligations recognised in the balance sheet represents the present value of the obligations as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognised immediately in the profit and loss account.

11. 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 are translated into Rupees at the exchange rate prevailing at the balance sheet date. All exchange differences, are dealt with in the profit and loss account, except to the extent they are regarded as an adjustment to interest cost and capitalised to fixed assets. Non-monetary items such as investments are carried at historical cost using the exchange rates on the date of the transaction.

In the case of forward contracts the premium or discount arising at inception is amortised as expense or income over the life of the contract. Exchange differences on such contracts, except those relating to forward exchange contracts entered into to hedge the foreign currency risks of future transactions in respect of which firm commitments are made are recognised in the profit and loss account in the reporting period in which the exchange rates change.

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.

12. Income Tax

Income taxes are accounted for in accordance with Accounting Standard (AS) 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 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 recognised for future tax consequences attributable to timing differences. They are measured using the substantively enacted tax rates and tax regulations. 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 realised.

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 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 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. Operating leases

Operating lease receipts and payments are recognised as income or expense in the profit and loss account on a straight-line basis, which is representative of the time pattern of the user's benefit.

15. Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard (AS) 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 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 (AS) 29 on "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts. Provision is made if it is probable that an outflow of future economic benefits will be required for an Item previously dealt with as a contingent liability.

19. Miscellaneous Expenditure

Miscellaneous expenditure (except under specific circumstances - see Note B(4) of Schedule 19) is written off to the Profit and Loss Account over a period of up to five years depending upon the nature and expected future benefit of such expenditure. The management reviews the amortization period on a regular basis and if expected future benefits from such expenditure are significantly lower from previous estimates, the amortization period is accordingly changed.

C. NOTES TO ACCOUNTS:

1. Contingent Liabilities not provided for in respect of :

- Bills Discounted Rs. 1,164.53 crores (Previous year Rs. 749.76 crores).
- Guarantees provided Rs. 40.88 crores (Previous year Rs. 62.00 crores).
- Disputed statutory claims/levies including those pending in courts (excluding interest leviable, if any), in respect of:
 - Excise Duty Rs. 82.17 crores (Previous year Rs. 41.57 crores);
 - Customs Duty Rs. 219.87 crores (Previous year Rs. 99.05 crores);
 - Income Tax Rs. 36.28 crores (Previous year Rs. 36.29 crores);
 - Sales Tax/Special Entry tax Rs. 0.29 crores (Previous year Rs. 1.53 crores);
 - Service Tax Rs. 20.32 crores (Previous year Rs. 3.40 crores);

(vi) Miscellaneous Rs. 0.24 crores (Previous year Rs. 0.25 crores); and

(vii) Levies by local authorities Rs.15.92 crores (Previous year Rs. 12.49 crores).

- Claims by Suppliers and other third parties Rs. 119.79 crores (gross) (Previous year Rs. 359.99 crores), counter claims Rs. Nil (Previous year Rs. 245.98 crores).

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 6,730.67 crores (Previous year Rs. 4,686.36 crores).

3. Capital Work-in-Progress comprises:

	Rupees in crores	
	Current Year	Previous Year
a) Buildings, Plant and Machinery & other fixed assets	4,586.25	1,273.66
b) Capital Advances	1,048.31	741.96
Less: Provision for doubtful advances	86.71	86.71
Net Capital Advances (unsecured and considered good)	961.60	655.25
c) Pre-operative Expenses (pending allocation)		
Opening Balance*	152.31	119.08
Add: Raw Materials Consumed	139.26	176.22
Rent	3.11	0.04
Power and fuel	10.10	0.46
Stores & Spares	0.81	7.24
Salaries, wages and bonus	33.84	12.65
Contribution to Provident fund etc.	0.84	0.40
Staff Welfare Expenses	1.54	0.33
Rates & Taxes	0.07	0.01
Insurance	6.59	2.26
Repairs & Maintenance - Plant & Machinery	0.32	1.15
Exchange difference	-	50.02
Miscellaneous Expenses	19.42	13.85
Interest on Fixed Loans & Debentures	67.70	32.69
Interest Others	23.31	25.65
Finance Charges	14.81	13.34
	474.03	455.40
Less: Self consumption of trial run production	111.42	183.75
Interest Income	1.62	2.88
Dividend from Short term Investment	0.50	0.13
Allocated to Fixed Asset / Capital Work in Progress	137.54	180.81
Transferred on sale	-	4.35
Balance carried forward	222.95	83.48
Total (a+b+c)	5,770.80	2,012.47

* Include Rs. 68.85 crores taken over from SISCOOL as per Scheme of Amalgamation (see Note 4 below)

4. During the year, the following Amalgamations were effected by the Group:

Amalgamation of Southern Iron and Steel Company Limited (SISCOOL) with the Company:

A Scheme of Amalgamation (Scheme) of SISCOOL with the Company was sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated 22nd February 2008. The amalgamation is an amalgamation in the nature of purchase as defined by Accounting Standard (AS)-14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Entries have been passed in the books of account to give effect to the scheme, as follows:

- With effect from the Appointed date i.e. 1st April, 2007, all the assets and liabilities of SISCOOL are transferred to and recorded in the books of the Company at their fair values, aggregating to Rs. 687.76 crores.

- b) 1,50,35,712 equity shares of Rs.10 each at par are allotted to the equity share holders of SISCOL in the ratio of 1 equity share of the Company for every 22 equity shares of SISCOL.
- c) 99,00,000, 11% cumulative redeemable preference shares of Rs.10 each at par are allotted to the preference shareholders of SISCOL in the ratio of 1 preference share of the Company for every 1 preference share of SISCOL.
- d) Debenture Redemption Reserve (DRR) of Rs. 5.08 crores in the books of SISCOL as at 1 April, 2007, is recorded in the books of the Company.
- e) The difference of Rs. 657.74 crores between (i) the net assets as stated in paragraph (a) above, and (ii) the values of equity shares, preference shares and the DRR created as stated in paragraphs (b), (c) and (d) above respectively is credited to Amalgamation Reserve Account.
- f) The Amalgamation Reserve of has been utilised to write off Rs.129.05 crores (net of taxes) being the balance in the Miscellaneous Expenditure account in the books of the Company at 1st April, 2007. The net balance of Rs. 528.69 is credited to the General Reserve Account.

Had the Scheme not prescribed the above treatment, Miscellaneous Expenditure of Rs. 194.87 crores (gross) would have been amortised to the profit and loss account in accordance with the accounting policy of the Company, and, an amount of Rs. 657.74 crores would have been treated as Capital Reserve as prescribed by AS-14.

- g) Inter Company balances are cancelled.
Amalgamation of Jindal Pipes USA Inc., US Denro Steels Inc. and Jindal Enterprises LLC with JSW Steel USA Inc., a subsidiary company:

On 5th November, 2007, the Group completed a series of transactions consequent to which Jindal Pipes USA Inc., US Denro Steels Inc. and Jindal Enterprises LLC were amalgamated with JSW Steel USA Inc. The amalgamations are amalgamations in the nature of purchase as defined by AS 14. As a result the Group acquired net assets aggregating to Rs. 3,828.89 crores for a total consideration of Rs. 3,605.29 crores. The excess of the net asset over the consideration amounting to Rs. 223.60 crores has been credited to Capital Reserve.

5. Consequent upon the adoption of the Companies (Accounting Standards) Rules 2006, with effect from 1st April, 2007, the following changes in accounting policy/estimate have been made during the year:

- Exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed assets, which in accordance with Accounting Standard (AS)-11 on "The Effects of Changes in Foreign Exchange Rates" were previously adjusted to the carrying values of the relevant fixed assets are now recognized in the Profit and Loss account. As a result, profit for the year ended 31st March, 2008 is higher by Rs. 37.11 crores.
- Post employment benefits (namely gratuity) are in accordance with Accounting Standard (AS)-15 on "Employee Benefits" now measured on a discounted basis by the Projected Unit Credit Method on the basis of third party actuarial valuation. As a result, profit for the year ended is lower by Rs. 2.02 crores. Also, in accordance with the transitional provisions of the Standard Rs. 7.04 crores (net of tax) has been debited to the opening reserves.

6. Employee Share based Payment Plans:

- a) During the year ended 31st March, 2008, 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 (Assistant Vice President & Above)
Date of grant	1 April 2007	1 October 2007	1 October 2007
Number granted	68,382	230,693	181,625
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 employees share-based payment plans Rs 3.09 crores.

7. Derivatives:

- I) The Company has entered into the following derivative:
- 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 following are the outstanding Forward Exchange Contracts entered into by the Company:

As at	No. of Contracts	Type	US\$ equivalent (Million)	INR equivalent (Crores)
31.03.2008	13	Buy	97.57	389.99
	94	Sell	275.09	1,099.53
31.03.2007	5	Buy	23.37	101.88
	43	Sell	154.79	674.74

- 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) Interest Rate Swaps to hedge against fluctuations in interest rate changes

As at	No. of Contracts	US\$ equivalent (Million)	INR equivalent (Crores)
31.03.2008	2	10.00	39.97
31.03.2007	7	36.67	159.83

- ii) Currency Swap to hedge against fluctuations in changes in exchange rate and Interest Rate

As at	No. of Contracts	US\$ equivalent (Million)	INR equivalent (Crores)
31.03.2008	—	—	—
31.03.2007	11	47.00	204.87

- iii) Currency options to hedge against fluctuations in changes in exchange rate

As at	No. of Contracts	US\$ equivalent (Million)	INR equivalent (Crores)
31.03.2008	—	—	—
31.03.2007	3	22.07	96.20

- II) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

- a) 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)
Purchase of goods	0.09	0.34	—	—
Sale of goods	17.30	69.16	7.98	34.80
Fixed Deposit	28.62	114.38	20.32	88.59
Interest receivable	0.61	2.46	0.18	0.80

- b) 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	403.82	1,614.09	312.33	1,361.46
Creditors	42.09	168.10	—	—
Interest payable	6.58	26.30	6.04	26.33
Loans payable	644.09	2,574.43	133.83	583.36
Redemption premium payable on FCCB's	17.84	71.31	—	—

Provision for loss through Profit and Loss account – Rs. 0.14 crores.

8. Employee Benefits:

a) Defined Contribution Plan:

Company's contribution to Provident Fund Rs. 10.66 crores.

b) Defined Benefit Plans:

		Rupees in crores
		Gratuity (Funded)
a) Liability recognised in the Balance Sheet		
i) Present value of obligation		
As at 1 April 2007		18.15
Service Cost		2.37
Interest Cost		1.79
Actuarial loss on obligation		1.78
Benefits paid		(1.12)
Liability assumed in amalgamation in nature of purchase		2.48
As at 31 March 2008		25.45
Less:		
ii) Fair Value of Plan Assets		
As at 1 April 2007		7.37
Expected Return on Plan assets less loss on investments		1.65
Actuarial gain/(loss) on Plan Assets		(0.27)
Employers' Contribution		11.19
Benefits paid		(1.12)
Assets acquired in amalgamation in nature of purchase		2.60
Expected Return on Plan assets less loss on investments		21.42
Amount recognised in Balance Sheet		4.03
b) Expenses during the year		
Service cost		2.37
Interest cost		1.79
Expected Return on Plan assets		(1.65)
Actuarial (Gain)/Loss		2.05
Total:		4.55
c) Actual Return on plan assets		1.38
d) Break up of Plan Assets as a percentage of total plan assets		
(Percentage or Value)		
Insurer Managed Funds		100.00%
e) Principal actuarial assumptions		
Rate of Discounting		8% p.a.
Expected Return on Plan Assets		8% p.a.
Rate of increase in salaries		6% p.a.
Attrition Rate		2% p.a.

The group expects to contribute Rs. 3.58 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.

This being the first year in which the Company has adopted the

Revised Accounting Standard (AS) 15 on Employee Benefits, comparatives have not been included.

9. 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 (AS) 17 on "Segment Reporting" constitute reportable segments.

I) Revenue Results and other information

Particulars	Year ended 31.03.2008			Year ended 31.03.2007		
	Steel	Power	Total	Steel	Power	Total
REVENUE						
External Sales	12,327.69	128.96	12,456.65	8,548.37	5.99	8,554.36
Inter Segment Revenue	240.83	614.82	—	150.75	449.04	—
Total Revenue	12,568.52	743.78	12,456.65	8,699.12	455.03	8,554.36
RESULTS						
Segment/Operating Results	2,525.84	440.57	2,966.41	2,053.31	273.08	2,326.39
Un-allocated Income			12.41			0.34
Interest Expenses			(573.00)			(399.59)
Provision for Taxation			(765.78)			(623.35)
Profit after Taxation			1,640.04			1,303.89
OTHER INFORMATION						
Segment Assets	24,130.58	539.24	24,669.82	12,190.84	490.19	12,681.03
Un allocated Assets			1,505.25			255.65
Total Assets			26,175.07			12,936.68
Segment Liabilities	4,015.26	7.53	4,022.79	1,197.90	1.60	1,199.50
Un allocated Liabilities & Provisions			14,071.56			5,260.84
Total Liabilities			18,094.35			6,460.34
Depreciation	716.21	25.73	741.94	482.24	16.01	498.25
Total Cash incurred during the year to acquire Segment Assets	11,343.26	10.81	11,354.07	2,381.42	34.29	2,415.71
Non cash expenses other than Depreciation	0.40	—	0.40	109.32	0.36	109.68

II) Geographical Segment

Particulars	Year ended 31.03.2008			Year ended 31.03.2007		
	India	Outside India	Total	India	Outside India	Total
Segment Revenue	9,169.08	3,287.57	12,456.65	4,960.72	3,593.64	8,554.36
Segment assets	20,934.05	5,241.02	26,175.07	12,870.60	66.08	12,936.68
Capital expenditure incurred	11,343.33	10.74	11,354.07	2,415.71	—	2,415.71

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 or significant influence exists

Associates

South West Port Limited
 JSW Energy Limited
 Jindal Praxair Oxygen Company Private Limited
 Jindal Steel & Alloys Limited
 Southern Iron & Steel Company Limited
 Jindal Stainless Limited
 Jindal Saw Limited
 Jindal Steel & Power Limited
 Jindal South West Holdings Limited
 JSoft Solutions Limited
 Art India Publishing Company Private Limited

Reynold Traders Private Limited
 JSW Energy (Vijayanagar) Limited
 JSW Jaigarh Port Limited
 Raj West Power Limited
 JSW Energy (Ratnagiri) Limited
 JSW Cement Limited
 JSW Investments Private Limited
 Jindal Industries Limited
 Nalwa Sons Investments Limited
 Nalwa Engineering Private Limited
 Jindal Systems Private Limited
 JSW Power Trading Company Limited
 St. James Investments Ltd.
 Jindal Water & Infrastructure
 Jindal Saw USA LLC
 Minera Santa Fe

Joint Venture

Vijayanagar Minerals Private Limited

Key Management 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. Naresh Kumar Mantri
 Mr. Biswadip Gupta
 Mr. Krishna Deshika
 Mr. Rajiv Garg
 Mr. Rajendra Prasad Singh

Relatives of Key Management Personnel

Mr. Naveen Jindal
 Mrs. Nirmala Goel
 Mr. P. R. Jindal

b) Transactions with related parties :

	Rs. in crores	
	Current Year	Previous Year
Purchase of Goods/ Power & Fuel/ Services		
South West Port Limited	74.89	63.75
Jindal Praxair Oxygen Company Private Limited	309.46	177.64
Others	165.66	51.68
Total:	550.01	293.07
Reimbursement of Expenses incurred		
Reynold Traders Private Limited	0.40	–
Jindal South West Holdings Limited	0.22	–
Others	0.04	–
Total:	0.66	–
Interest Expenses		
Jindal Saw Limited	1.06	–
Total:	1.06	–
Notes Payable		
St. James Investments Limited	171.87	–
Total:	171.87	–

	Rs. in crores	
	Current Year	Previous Year
Sales of Goods/Power & Fuel/ Services		
JSW Energy Limited	301.90	262.05
Southern Iron & Steel Company Limited	–	115.74
Jindal Industries Limited	130.23	84.17
Others	226.89	33.18
Total:	659.02	495.14
Other Income		
JSW Investments Private Limited	19.81	–
JSW Energy Limited	0.89	–
Total:	20.70	–
Purchase of Assets		
Southern Iron & Steel Company Limited	–	70.28
Jindal Steel & Power Limited	159.46	50.84
Others	11.50	1.67
Total:	170.96	122.79
Slump Sale Transaction (Net of liabilities Taken Over)		
Jindal Steel & Alloys Limited	1.36	–
Total:	1.36	–
Sale of Assets		
Southern Iron & Steel Company Limited	–	34.23
Total:	–	34.23
Recovery of Expenses incurred		
JSW Energy (Ratnagiri) Limited	1.09	–
Total:	1.09	–
Investments / Share Application Money given during the year		
JSW Energy (Vijayanagar) Limited	9.00	80.01
Total:	9.00	80.01
Issue of Equity Shares including Securities Premium and Share Application Money		
JSW Investments Private Limited	176.80	194.48
Mr. Sajjan Jindal	40.80	17.68
Total:	217.60	212.16
Share Application & Allotment Money Received		
JSW Investments Private Limited	159.12	194.48
Mr. Sajjan Jindal	36.72	17.68
Total:	195.84	212.16

	Rs. in crores	
	Current Year	Previous Year
Remuneration to key managerial personnel		
Mrs. Savitri Devi Jindal	0.08	0.08
Mr. Sajjan Jindal	16.73	13.25
Mr. Seshagiri Rao M. V. S.	1.00	0.80
Dr. Vinod Nowal	0.66	–
Mr. Siva Sagar Rao	0.74	–
Dr. B. N. Singh (Upto 31 May 2007)	0.23	1.03
Mr. Biswadip Gupta	0.89	–
Mr. Krishna Deshika	0.56	–
Mr. R. P. Singh	0.49	–
Mr. Naresh Kumar Mantri	0.75	–
Mr. Rajiv Garg	0.76	–
Total:	22.89	15.16

C) Closing balances of related parties:

	Rs. in crores	
	As at 31.03.2008	As at 31.03.2007
Trade payables		
Jindal Praxair Oxygen Company Private Limited	9.25	71.98
South West Port Limited	10.56	3.92
Jindal Saw Limited	15.75	–
Nalwa Sons Investments Limited	5.17	–
Others	0.15	1.18
Total:	40.88	77.08
Advance received from Customers		
JSW Energy (Vijaynagar) Limited	0.77	0.29
Jindal Industries Limited	0.61	–
Jindal Saw Limited	0.55	–
Jindal Steel & Power Limited	0.26	–
Total:	2.19	0.29
Lease deposit received		
Jindal Praxair Oxygen Company Private Limited	3.83	3.83
JSW Energy Limited	6.49	6.49
JSW Energy (Ratnagiri) Limited	3.64	0.57
Total:	13.96	10.89
Notes Payable		
St. James Investments Limited	171.87	–
Minera Santa Fe	0.32	–
Total:	172.19	–
Interest Accrued but not due		
St. James Investments Limited	5.01	–
Jindal Saw Limited	1.06	–
Total:	6.07	–

	Rs. in crores	
	As at 31.03.2008	As at 31.03.2007
Trade receivables		
JSW Energy Limited	13.90	23.91
Southern Iron & Steel Company Limited	–	34.32
Jindal Industries Limited	–	1.60
Jindal Saw Limited	24.18	–
Jindal Water & Infrastructure	49.62	–
Others	5.60	51.12
Total:	93.30	110.95
Capital Advances given		
Jindal Steel & Power Limited	32.89	25.43
Total:	32.89	25.43
Share Application Money		
JSW Energy (Vijayanagar) Limited	9.00	–
Vijayanagar Minerals Private Limited	4.05	4.05
Total:	13.05	4.05
Other advances given		
Jindal Stainless Limited	1.13	–
Jindal Saw Limited	–	0.07
Southern Iron & Steel Company Limited	–	3.01
Jindal Steel & Power Limited	–	8.86
Others	2.82	12.63
Total:	3.95	24.57
Other Current Assets		
JSW Investments Private Limited	18.62	312.82
Southern Iron & Steel Company Limited	–	29.23
Total:	18.62	342.05
Advance received		
JSW Power Trading Company Limited	20.00	–
Total:	20.00	–
Share Application Money received		
JSW Investments Private Limited	–	17.68
Mr. Sajjan Jindal	–	4.08
Total:	–	21.76
Investment held by the Company		
Jindal Praxair Oxygen Company Private Limited	128.72	143.04
JSW Energy (Vijaynagar) Limited	76.92	80.01
Vijayanagar Minerals Private Limited	@	@
Total:	205.64	223.05

	Rs. in crores	
	As at 31.03.2008	As at 31.03.2007
Guarantees and collaterals provided by the Company on behalf:		
Jindal Praxair Oxygen Company Private Limited	39.52	39.52
Southern Iron & Steel Company Limited	–	62.00
JSW Cement Limited	75.00	–
Total:	114.52	101.52

Notes:

- @ Less than Rs. 100,000.
- Related party relationships have been identified by the management and relied upon by the auditors.

11. Operating Lease:

a) As Lessor:

- The Company has entered into a lease arrangement, for renting out 2,279 houses (admeasuring approximately 1,410,997 square feet) at the rate of Rs. 100/- per house per annum and 175 houses (admeasuring approximately 93,631 square feet) at the rate of Rs. 24/- per square feet per annum, for a period of 60 months (“the term”) from the beginning of the current financial year and is renewable at the option of the lessee after the end of the term.
- Future minimum lease rental is receivable under operating lease for each of the following periods as under:

	Rupees in crores	
Particulars	Current Year	Previous Year
Not later than 1 year	0.76	0.24
Later than 1 year to 5 years	2.33	0.74
Later than 5 years	0.19	-
Total:	3.28	0.98

- Disclosure of depreciation on assets given on lease during the year:

	Rupees in crores	
Particulars	Current Year	Previous Year
Gross carrying amount of assets	118.77	100.22
Accumulated Depreciation	8.77	6.86
WDV of the leased assets	110.00	93.36
Depreciation for the year	1.93	1.10

b) As Lessee:

- Future minimum sub-lease payments expected to be received under non-cancellable sub-lease Rs. Nil crores (Previous year Rs. 2.08 crores).
- Lease Rental charged to revenue for right to use following assets are:

	Rupees in crores	
Particulars	Current Year	Previous Year
Cold Rolling Steel Undertaking	1.00	6.00
Plant & Machinery	3.71	-
Office Premises, Residential Flats etc.	4.29	3.07
Total:	9.00	9.07

The agreements are executed for a period of 11 to 60 months with a renewable clause and also provides for termination at will by other party giving a prior notice period of 1 to 3 months.

- Sub-lease payments recognised in the statement of Profit and Loss Account Rs. Nil (Previous year Rs. 0.52 crores).

12. Earnings Per Share (EPS):

		Current Year	Previous Year
Profit after Tax	Rs. in Crs	1,640.04	1,303.89
Less: Dividend on preference shares (Including corporate dividend tax)	Rs. in Crs	34.00	32.65
Profit after tax for Equity share holders (numerator) – Basic	Rs. in Crs	1,606.04	1,271.24
Less: Exchange gain on FCCB's	Rs. in Crs	6.63	-
Profit after tax for Equity share holders (numerator) - Diluted	Rs. in Crs	1,599.41	1,271.24
Earning per share – Basic	Rs.	90.30	80.86
Earning per share – Diluted	Rs.	89.26	79.62
Nominal value per share	Rs.	10	10
Weighted average number of equity shares for Basic EPS (denominator)	Nos.	177,855,318	157,208,820
Weighted average number of equity shares for Diluted EPS (denominator)	Nos.	179,194,270	159,661,527

13. a) Provision for Taxation includes:

	Rupees in crores	
	Current Year	Previous Year
Current Tax	291.60	364.06
Deferred Tax	435.17	270.64
Fringe Benefit Tax	5.50	4.35
Wealth Tax	0.35	0.35
Tax adjustment of earlier years	33.16	(16.15)
Total:	765.78	623.25

b) Deferred Tax Liability comprises timing differences on account of:

	Rupees in crores	
	Current Year	Previous Year
Depreciation	1,438.54	1,130.09
Expenses allowable on payment basis	(48.75)	(38.87)
Provision for doubtful debts/ capital advances	(41.68)	(38.80)
Unabsorbed Depreciation / Loss	(47.35)	-
Others	(49.05)	(39.76)
Deferred Tax Liability	1,251.71	1,012.66

- Previous year's figures have been regrouped, wherever necessary, to conform with current year's presentation. Current year's figures include the figures of Southern Iron and Steel Company Limited and others (see Note 4 above) and hence not comparable with that of the previous year.

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To, JSW Steel Limited C/o. Karvy Computershare Private Limited Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081 (In case of physical holding)	To, The Depository Participant concerned (In case of electronic holding)
---	--

Dear Sirs,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill-in the information in CAPITAL LETTERS in ENGLISH only.

Folio No./Client ID No.*

DP ID* I N

For Office Only	
ECS Ref. No.	<input style="width: 100%; height: 20px;" type="text"/>

* Applicable only in case of Electronic holding.

Name of Sole/First holder	<input style="width: 100%; height: 20px;" type="text"/>
Bank Name	<input style="width: 100%; height: 20px;" type="text"/>
Branch Name	<input style="width: 100%; height: 20px;" type="text"/>
Branch code	<input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <p style="font-size: small; margin-top: 5px;">(9 Digits Code number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.</p>

Account type (Please Tick (✓) wherever applicable)	→	Savings <input style="width: 40px; height: 20px;" type="checkbox"/>	→	Current <input style="width: 40px; height: 20px;" type="checkbox"/>	→	Cash Credit <input style="width: 40px; height: 20px;" type="checkbox"/>
---	---	---	---	---	---	---

A/c.No. (as appearing in the cheque book)	→	
--	---	--

I, hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, I shall not hold the Company/Karvy Computershare Private Limited, responsible. I agree to avail the ECS facility as and when implemented by JSW Steel Limited.

I further undertake to inform the Company of any change in the particulars given above to facilitate updation of records.

Place : _____

Date: _____

(Signature of Sole/First holder)

Notes :

1. Whenever the Shares in the given folio are entirely dematerialised, then this ECS mandate form will stand rescinded.
2. For shares held in dematerialised mode, ECS Mandate is required to be filed with the concerned Depository Participant.



Regd. Office : Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai 400 026.

ATTENDANCE SLIP

Regd. Folio No.....

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

** Client I.D.....

FOURTEENTH ANNUAL GENERAL MEETING - 16TH JUNE, 2008

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

I hereby record my presence at the **Fourteenth Annual General Meeting** of the Company held on Monday, 16th June, 2008 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



Regd. Office : Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai 400 026.

PROXY FORM

Regd. Folio No.....

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

** Client I.D.....

FOURTEENTH ANNUAL GENERAL MEETING - 16TH JUNE, 2008

I/We

of

being a member/members of JSW Steel Limited, hereby appoint

..... of

or failing him/her

of

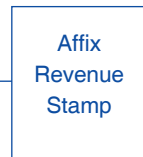
as my/our Proxy to attend and vote for me/us on my/our behalf at the **Fourteenth Annual General Meeting** of the Company to be held on Monday, 16th June, 2008 at 11.00 a.m. at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020, and at any adjournment thereof.

Signed this day of2008

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.

Signature _____



Affix
Revenue
Stamp

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

The JSW spirit

Speed: Intense desire to reach the zenith

Passion: Resilient drive to succeed across multiple-nation, product expansions and multiple-region operations

Innovation: Creative urge to raise the global benchmark

Returns: Persistent endeavour to derive more from less

Ivestment: Continuous practice of investing for the future

Technology: Persistent quest for world-beating standards



Crossing frontiers

JSW Steel is the **2nd largest** integrated private steel manufacturing company in corporate India. Young at heart and the fastest growing in its category, it has been **ranked 9th** amongst the top 30 “world class” steel makers.



Financial highlights

	(Rupees in Crores)				
	2003-04	2004-05	2005-06	2006-07	2007-08
REVENUE ACCOUNTS					
Gross Turnover	3,590.49	7,035.90	6,801.52	9,297.26	12,628.91
Net Turnover	3,273.96	6,679.36	6,215.53	8,554.36	11,420.00
EBIDTA	1,083.42	2,365.83	2,133.46	2,921.97	3,611.74
Depreciation	312.88	359.54	405.82	498.23	687.18
Interest	407.14	469.87	363.96	399.54	440.44
PBT	690.16	1,472.61	1,301.89	1,915.18	2,484.12
Provision for Taxation	161.48	602.50	445.36	623.18	755.93
PAT	528.68	870.11	856.53	1,292.00	1,728.19
CAPITAL ACCOUNTS					
Gross Block	6,226.87	7,520.30	8,368.43	10,512.76	13,952.32
Net Block	5,194.75	6,076.39	6,517.98	8,189.10	10,955.49
Capital WIP	51.18	349.30	1,861.95	2,002.93	5,612.43
Total Debt	4,787.03	3,836.41	4,096.05	4,173.03	7,546.53
Long Term Debt	4,717.94	3,714.30	3,877.42	4,031.48	7,249.00
Working Capital Loans	69.09	122.11	218.63	141.55	297.53
Equity Capital	1,291.02	129.04	156.98	163.98	187.05
Reserves & Surplus	-	2,680.59	3,859.16	5,068.25	7,140.24
Shareholders' Funds	1,631.08	3,149.72	4,356.22	5,594.05	7,677.25
RATIOS					
Book Value Per Share	9.82	195.30	240.37	312.24	394.99
Market Price Per Share	8.20	360.55	302.70	493.45	819.10
Earning Per Share (Diluted)	21.46	59.78	55.57	78.88	94.18
Market Capitalisation	1,058.63	4,652.51	4,751.65	8,091.53	15,321.15
Equity Dividend %	-	80%	80%	125%	140%
Fixed Assets Turnover Ratio	0.63	1.10	0.95	1.04	1.04
EBIDTA Margin	32.84%	35.32%	32.33%	33.59%	30.93%
Interest Coverage	1.74	4.14	4.58	5.79	6.64
Adjusted Debt Equity Ratio	2.75	1.33	0.96	0.73	0.93
Long Term Debt to EBIDTA	4.35	1.57	1.82	1.38	2.01

BOOK POST



If undelivered please return to: JSW Steel Limited, Victoria House, Pandurang Budhkar Marg, Lower Parel (W), Mumbai 400 013 Tel: +91-22-2492 7000